

# BASIC INCOME AUSTRALIA LIMITED

## POLICY – OVERVIEW

**A Universal Basic Income Will Eliminate Systemic Poverty,  
Underpin Families and The Middle Class, and Boost the Economy**

Basic Income Australia Limited<sup>1</sup> (BIA) is a registered charity.



Photo by [Jonathan Francis](#) on [Unsplash](#)

We have members from across the political spectrum and all walks of life.

We include senior executives, retirees, business owners, workers, artists, and those who have been working on the front lines for major charities, as well as people who have had to navigate the welfare system for themselves.

Poverty is not a resource problem. We have the resources to meet the basic needs of all Australians without restricting the capacity of anyone to earn more.

Our policy outlines why a UBI should be regarded as a fundamental right rather than a privilege. It uncovers the systemic flaw driving poverty and shows how a UBI can fix it.

It also shows how we can use the UBI as a new tool to help balance the labour market (as new technologies disrupt it), enabling people to thrive, not merely survive.

Though the numbers become quickly outdated as incomes, taxes, prices, and benefits change, they show that funding the proposed policy is achievable without raising taxes or debt, or creating undue inflation, given the suggested risk mitigation strategies.

The policy is continually evolving, so feedback is very welcome. Send to [mhaines@basicincomeaustralia.com](mailto:mhaines@basicincomeaustralia.com)

For a complete explanation of the elements referenced in this overview, please refer to our full policy, which is available [here](#)<sup>2</sup>.

### **Core Credo**

**We are a signatory to the Core Credo for a UBI in Australia ([link](#)). It sets out the consensus attributes of a UBI which all signatories have agreed to support as a start. Each group retains their right to expand upon the core, as they consider appropriate. A summary of the Credo, and an explanation of how and why our policy differs from the Core, is set out in the full policy.**

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<sup>1</sup> <https://basicincomeaustralia.com/>

<sup>2</sup> [https://basicincomeaustralia.com/resources/Long Form Policy.pdf](https://basicincomeaustralia.com/resources/Long%20Form%20Policy.pdf)

## Overview of The Main Problem and Opportunity

Society is facing one major problem (among others): systemic poverty; and an opportunity: to transform society for the better as to humanoid robots<sup>3</sup>, automation<sup>4</sup>, virtualisation and AI<sup>5</sup>, and the electrification of everything<sup>6</sup>) disrupt the labour market.

### Problem: Systemic Poverty

Once, people could live freely off the land, as their birthright.

Since the invention of money, property rights, and paid work, this is no longer possible in most places, including Australia.

Today, we are the only species that needs money to survive.

While this system has benefited the huge majority; it has left 12-14% of the population in poverty. These are people who (for a time) have insufficient paid work, savings, or family support. That this percentage has remained relatively static over decades (as people in the group constantly change, and the economy has grown), indicates that it is a *system problem*, (more than a failing of character).

In 2022, 3.3+ million Australians<sup>7</sup> were in poverty, despite most being on welfare<sup>8</sup>.

Plainly, the welfare system is not doing its job. The gaps in the welfare system are filled by charity, and crime, as well as simply going without food, or power, or heating or cooling, or decent sanitation, or even a room to live in.

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<sup>3</sup> 2025-2035 Metatrend Report

[https://drive.google.com/file/d/1KpCSZWlYGLZ92KzTWW8WyiXPwgkbljOB/view?\\_hsenc=p2ANqtZ-94s7L\\_NsKggKX7C\\_xz6\\_F3ztCRGL5bpxvYrHoCiG4z8NTR0VqDRDONUqcrx0qEY8NimA7ADdiY9ReX8TdlIlg2DADyMA&\\_hsmi=333261459](https://drive.google.com/file/d/1KpCSZWlYGLZ92KzTWW8WyiXPwgkbljOB/view?_hsenc=p2ANqtZ-94s7L_NsKggKX7C_xz6_F3ztCRGL5bpxvYrHoCiG4z8NTR0VqDRDONUqcrx0qEY8NimA7ADdiY9ReX8TdlIlg2DADyMA&_hsmi=333261459)

<sup>4</sup> On LinkedIn: China's Manufacturing Muscle [https://www.linkedin.com/posts/tim-oldham-15a1b461\\_chinas-staggering-manufacturing-muscle-needs-activity-7276737710592086017-G34/](https://www.linkedin.com/posts/tim-oldham-15a1b461_chinas-staggering-manufacturing-muscle-needs-activity-7276737710592086017-G34/)

<sup>5</sup> On LinkedIn: AI Agents [https://www.linkedin.com/posts/tim-oldham-15a1b461\\_chinas-staggering-manufacturing-muscle-needs-activity-7276737710592086017-G34/](https://www.linkedin.com/posts/tim-oldham-15a1b461_chinas-staggering-manufacturing-muscle-needs-activity-7276737710592086017-G34/)

<sup>6</sup> In future, everything will run on electricity. As we shift from fossil fuels to renewable energy, combustion engines will be replaced by electric motors, disrupting the whole energy supply chain from drilling and mining, to refining and retail supply, including tankers and petrol stations; while creating new jobs in charger installations and maintenance, and everything else required to support new forms of energy production and distribution. YouTube : Welcome to the Era of Energy Disruption. <https://www.youtube.com/watch?v=VXwGvLj4rak>

<sup>7</sup> ACOSS Poverty in Australia 2022 – A Snapshot <https://povertyandinequality.acoss.org.au/a-snapshot-of-poverty-in-australia-2022/>

<sup>8</sup> ACOSS Poverty and Inequality <https://povertyandinequality.acoss.org.au/poverty/>

## Alternative Solutions

1. Raising the welfare rate becomes problematic as, if the benefit is enough to live on, it would be rational for people to take the benefit in lieu of a low-paid job (the welfare trap), requiring coercive methods to enforce compliance.
2. Nor does a 'job guarantee' or 'growing the economy' solve the problem for most people who are in poverty: those who cannot do paid work for a time (our young, sick and injured, disabled, aged, and their unpaid carers, who all have no savings or family support).
3. Universal goods and services (health, housing, and education, etc) help to underpin basic needs. However, they cannot replace the *money* required to buy goods and services from the market for daily living. Though, the more they are provided, the lower the UBI need be, and vice versa.
4. Paying a UBI as a fundamental right, in a system that requires money to live.

## Solution: Universal Basic Income (UBI)

A UBI solves systemic poverty by ensuring that every adult Australian permanent resident has sufficient *money* to survive – as a fundamental right.

This does not mean some people will not fall into poverty due to personal circumstances. Only that 'the system' will not put them there.

It would replace most welfare dollar for dollar. Any benefits in excess of the UBI would continue to be paid on existing conditions. The aim is to replace all welfare, except for child benefits and the extra costs of disability (due to the unique circumstances that need to be assessed in each case).

Initially, the UBI would target The Henderson Poverty Line<sup>9</sup>: \$500/week or \$26,000 p.a. for a single person not in work (at Jun 2024), adjusted for inflation.

Everyone would be free to earn more (to better themselves and their family), without losing their UBI entitlement.

It would restore our ancient birthright to live freely off the land by ensuring that every adult citizen had sufficient to live on in a society that requires money to access the resources needed to survive.

## Universal Payment with Targeted Tax Recovery

While the full \$500 UBI would be *paid unconditionally* to all adult permanent residents at the start of every week; it would be *recovered conditionally* via the Tax system at the end of the week (or whatever your pay period is).

<sup>9</sup> [https://melbourneinstitute.unimelb.edu.au/\\_data/assets/pdf\\_file/0006/5148069/Poverty-Lines-Australia-June-2024.pdf](https://melbourneinstitute.unimelb.edu.au/_data/assets/pdf_file/0006/5148069/Poverty-Lines-Australia-June-2024.pdf)

## Targeting the Net Benefit

The recovery would be calculated at the rate of 32.26% of your gross earnings - up to \$1,550/week (\$80,600 p.a.), which covers about 60% of workers<sup>10</sup>.

Above that gross income, the full \$500/week UBI would be recovered, but no more

The recovery is referred to as UBI Tax. It taxes the UBI payment itself, not your normal earnings. In effect, a person would receive two payslips:

- Your Normal Pay, with your Normal Tax (which would be untouched)
- Your UBI pay (at the start of the week), less your UBI Tax (paid at the end of the week, or normal pay period, based on your actual earnings for the period)

Everyone would be free to take on any work they can, to better themselves and their family, without losing their UBI – avoiding the welfare trap.

With welfare, if you don't report every 2 weeks, your payment will stop. If you report late, your payment will be late. And, if you fail to meet your mutual obligations, penalties apply<sup>11</sup>, including having to wait up to 4 weeks to have your money reinstated. What do you do in the meantime... most likely rely on charity, begging, and perhaps crime.

As Figure 1 illustrates, by targeting the net income to benefit zero-paid and low-paid people the most, it ensures that no one falls below the poverty line.

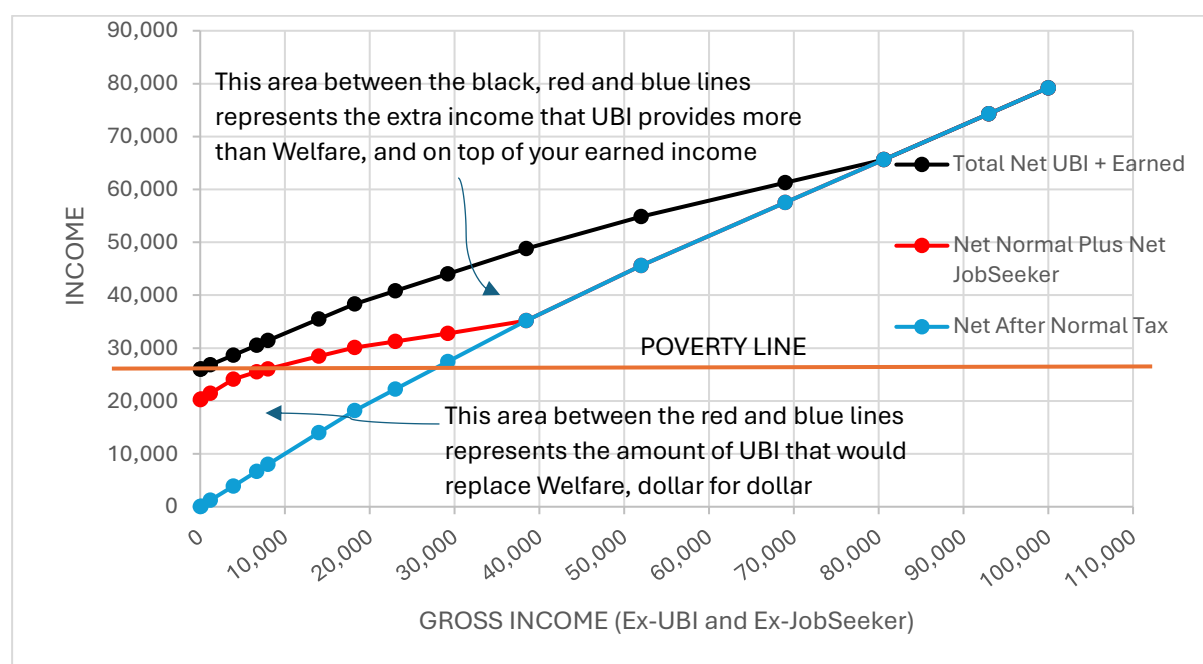


Figure 1 Compares your TOTAL NET INCOME (blue line) plus NET UBI (black line), and shows the NET Welfare that the UBI would replace (between the red and blue lines).

<sup>10</sup> <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings/latest-release>

<sup>11</sup> <https://www.servicesaustralia.gov.au/demerits-and-penalties-for-not-meeting-mutual-obligation-or-participation-requirements?context=51411>

With the UBI paid upfront, if in any week a person earns less than the cutoff (\$80,600 p.a. on the chart), or no income, there would be less or no UBI tax to pay for that week.

*In this way, the net benefit is targeted to those who need it, when they need it, without the need to apply, or justify entitlement.*

*The only requirement is to report your gross taxable earnings, which you must already do for income tax purposes.*

## Tax Administration

As we are already obliged to report our taxable income, administration can be streamlined.

The UBI tax percentage can be built into Group Tax software, the GST system (for those earning more than \$75,000 per year), and Annual Tax reporting.

As well, a new app can be made available by each bank for self-employed people earning less than \$75,000 (as well as those with multiple sources of income, and/or assets that would impact their UBI). This app could help with budgeting, cash flow management, and to keep track of income and deductible expenses for income tax reporting purposes. It would be connected to the person's bank account and would calculate the UBI tax each day (based on your reported earnings). As with any payment, it would require approval before paying the UBI Tax.

People who believe that they will never need the UBI, would be able to elect to have a permanent offset via their annual tax return. However, this could be reversed by their own action online at any time - just in case they suffer an emergency and lose their income overnight. Once notified, any reduction in a person's UBI Tax would take effect immediately, ensuring anyone in these circumstances could never miss out on the UBI when they need it.

Where people have 'lumpy' income, a final adjustment would be made via your year-end tax return.

As with all taxable income, it is assumed that most people will report most of their income; with the Tax Office continuing to undertake checks and audits (potentially bolstered by AI).

People under-reporting their taxable income would continue to be subject to penalties.

While there may be worries about a repeat of '[Robotdebt](https://robodebt.royalcommission.gov.au/)<sup>12</sup>', the difference is that the reporting for the UBI will be the same as required for income tax. If you are in strife over the UBI, you will be in strife over your normal tax, and vice versa.

Also, the use of the app to help monitor your income and expenses should make a huge difference. It puts you in control.

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<sup>12</sup> <https://robodebt.royalcommission.gov.au/>

As well, you would always retain your *ongoing* UBI without diminishment, as it could never be subject to any legal recovery, even by the government (though other income and assets would be). As well, there are several strategies we can employ to limit the extent of under-reporting of income. These are discussed in the section ‘Gaming the System’ at the end of the full policy.

### Conditionality: Accounting for Assets

Obviously, assets provide a person with the capacity to fund their own ‘base level income’ from savings.

Taxing income from assets becomes an issue if people choose to draw a minimal amount from any investment/superannuation/property, so as to continue to build up capital, while minimizing their UBI tax.

One way around this could be to modify the Tax system to require taxpayers to declare the amount of any beneficial interest they have in assets, and (as with pensions), simply deem a return. The current asset limits for a pension could also apply (excluding your home).

So long as it is clear from the outset, if people know that they will have their UBI taxed (based on their assets), they know that they may have to sell assets to meet their on-going needs. Changes in circumstances can be managed online with immediate effect.

## Opportunity of Automation and AI

While the extent and timing of the disruption is uncertain, the new technologies now being developed portend massive changes to the job market.

“We are now confident we know how to build AGI as we have traditionally understood it. We believe that, in 2025, we may see the first AI agents ‘join the workforce’ and materially change the output of companies. We continue to believe that iteratively putting great tools in the hands of people leads to great, broadly distributed outcomes. We are beginning to turn our aim beyond that, to superintelligence in the true sense of the word”.

- Sam Altman, [samaltman.com/reflections](https://samaltman.com/reflections)<sup>13</sup>

Doubtless, the new technologies could herald an age of abundance (as the techno-optimists promise). Indeed, most people once worked 60–70-hour weeks<sup>14</sup>. Today, 35–40 is the norm. So, potentially, we could see working hours fall by half again as new technologies take hold. However, history suggests that abundance for all will not happen on its own<sup>15</sup>.

## Solution: Balancing the Labour Market

With a UBI in place, we can use it as a new tool to help keep that labour market in balance. As automation and other factors put people out of work, the UBI can be raised. As it rises, some people will cut back their hours or drop out of paid work altogether, leaving room for those who still want the work. This will help to smooth the transition from old jobs to new forms of work, while boosting demand.

The full policy explains how this can be done more effectively than using monetary policy.

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<sup>13</sup> <https://blog.samaltman.com/reflections>

<sup>14</sup> <https://ourworldindata.org/working-hours>

<sup>15</sup> Technology alone cannot deliver abundance, as wages and conditions will tend to fall to the cost at which machines and AI can do the work. We’ve seen a similar scenario with work outsourced to lower cost countries over the last few decades, which has led to downward pressure on real wages and conditions in import competing sectors, or a complete loss of local jobs.

With the current system, the effect of widespread job loss is to further reduce demand, as those thrown onto welfare don’t even have enough to survive, let alone buy what the more productive system can produce. This could lead to a vicious cycle where declining sales result in more redundancies putting more people on welfare, leading to even lower consumption. It’s very evident in towns that lose their main employer. This would be a crazy situation when we are told that the whole point of automation is to provide more for less for everyone.

While it’s outside the scope of a UBI, we recognise that any improvement in real wages and conditions (including shorter hours) will have to be done via a combination of collective and individual bargaining, as well as through government sponsored trials, and ultimately regulation. Ideally, as with the adoption of the 40-hour week, we will see some firms take the initiative, demonstrating the viability of the improved wages and conditions. There is already a 4-day week leader board in Australia.



## A Major Outcome

A Universal Basic Income (UBI) offers a way to bring the temperature down<sup>16</sup> in an increasingly fearful and angry world by eliminating financial insecurity – a major driver of family violence, crime, and hatred (as unscrupulous people prey on people's fears to blame 'others' for their plight).



## Other Benefits, Concerns and Opportunity Costs

There are many other benefits detailed in the [full policy paper](#), along with several concerns and their countermeasures. The paper also looks at the opportunity costs and considers why a UBI should be adopted in priority.

## Funding

Using a traditional funding method, re-purposed from the banking system, it's possible to implement a UBI that will not require a net increase in taxes, or debt, or create undue inflation, or disadvantage anyone already reliant on government programs.

Any small residual inflation can be dealt with as normal, through a lift in interest rates.

The [full policy paper](#) explains how, while [this video](#)<sup>17</sup> provides context for the idea.

## Risk Mitigation

To forestall any potential problems in the labour market, and to give the supply chain time to adapt to the new demand (without causing shortages that drive inflation), we propose introducing the UBI gradually. Starting at just \$10/week/person, it would be increased to the (then) poverty line over 5-6 years.

This slow ramp also lets us test the system before the amount becomes significant.

It also means that we don't have to theorise about its impacts on behaviour, the labour market, or inflation. If the negatives look as though they may overwhelm the positives, we can simply halt the increase until they are corrected. Or, more likely, (based on global pilots) speed up the roll out as we observe better outcomes.

<sup>16</sup> <https://www.degruyter.com/document/doi/10.1515/bis-2022-0003/html?lang=en&srsltid=AfmBOor-4KcpAk4cIWKP22pl1qQ6aREupiKk1HZF2wULhfDKPJYyf1O>

<sup>17</sup> <https://mail.google.com/mail/u/0/#inbox/FMfcgzQZSjirStFgtZLqdcQJqWwqdLkC?projector=1>