

BASIC INCOME AUSTRALIA LIMITED POLICY

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



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

Basic Income Australia Limited¹ (BIA) is a registered charity.

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 all Australians basic needs.

Our policy outlines why a UBI should be regarded as a fundamental right rather than a privilege. In doing so, it uncovers the systemic flaw driving poverty and illustrates how a UBI can fix it.

As well, the UBI can be used as a new tool to help balance the labour market, as new technologies disrupt it.

Though the numbers become quickly outdated as incomes, taxes, prices, benefits and the population change, they show that funding the proposed policy is achievable without raising taxes or debt, or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

A short Overview of this policy is available on the [BIA website](#)².

Core Credo

We are a signatory to the Core Credo for a UBI in Australia ([link to credo to be posted](#)). 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 section: [CORE UBI CREDO p. 53](#)

¹ <https://basicincomeaustralia.com>

² https://basicincomeaustralia.com/policy_short

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Context: Basic Beliefs

Before setting out our policy, we need to consider its context.

Based on our research, we believe that the Australian voting public (left and right to different degrees) holds the following beliefs which must be reconciled in any UBI proposal:

1. Welfare should be targeted to those who need it.
2. In determining need, both the assets and income of a person should be considered, along with their family circumstances.
3. 'Lifters' (workers) should not be forced to pay higher taxes to fund welfare 'leaners'³
4. Welfare benefits should be restricted to spending on 'necessities'.
5. If you make welfare too generous, people will not want to work.
6. A UBI is just welfare spread more widely, and therefore more costly and less effective.

As well, there is the practical concern that, to garner widespread support, we need to minimise the changes to our current system that would disadvantage those who benefit from the status quo.

The challenge is to design a UBI that the Australian public is most receptive to, and least likely to reject due to its perceived incompatibility with these beliefs.

This challenge can be more easily met when the UBI is understood as a fundamental right, rather than a privilege.

Why UBI Should be Regarded as a Basic Right

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.

Over the centuries, society has created and granted new rights to some people, to the exclusion of others.

The rights that have relevance to a UBI are money (which gives the holder the right to acquire resources from the community), and the right to own land (and other property).

Together, these rights have led to the invention of 'paid work', where people work for the owners of property to earn money to survive.

This system⁴ has been hugely beneficial for the great majority in Australia (and even across the world⁵, leaving aside its impact on the environment).

³ <https://australianpolitics.com/2014/05/13/hockey-federal-budget-speech.html/>

⁴ Together with the 'scientific method'

⁵ Hans Rosling 200 Countries, 200 Years, in 4 minutes: <https://www.youtube.com/watch?v=jbkSRLYSojo>

However, it has left a significant portion of our fellow citizens in poverty. People who have no property, savings, or family support, who cannot do paid work for a time: many of our young, sick and injured, mentally and physically disabled, addicted, aged, their unpaid carers, and those who lack the skills or intellect required by the market, as well as those between jobs. Others have some paid work, but with not enough income to lift them out of poverty.

This is a constantly changing group: the young grow up, the sick and injured recover, the disabled age, and the aged die, while their carers and the rest find other paid jobs - when they can. Though some people move into and out of poverty throughout their whole lives, ending up old and impoverished until they die.

In ancient times, people in this group were looked after by the tribe, or they died. The same is true today. Of course, in ancient times there were no jobs. People didn't have to worry about their car breaking down and not being able to get to work or being replaced by a machine.

This group may expand in future, not only due to job loss, but also if there is downward pressure on wages and conditions in competition with robots and AI.

That the percentage of people in poverty has remained between 12-14% of the population⁶, (despite decades of economic growth, and the ever-changing group of people), indicates that this is a system problem.

Welfare was invented to fix this system problem. But it's not working.

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 in some cases, even a room to live in, or a mobile (let alone a computer) to connect you to the resources you need.

Welfare cannot lift people out of poverty as, if the benefit is raised to a level high enough to live on, it would be rational for people to take the benefit in lieu of a low-paid job (the welfare trap).

In this context, a UBI is not a 'privilege' that is offered to 'the unfortunate few'. Which is to say, it is not 'welfare'. It is simply a 'necessary human right' to have access to a *base income* to survive — 'in a society that requires money to live'.

By paying the UBI as a right, it allows people to work to earn more, to better themselves and their family, without losing access to the UBI, avoiding the welfare trap, as it is not 'either/or'. It is 'both the UBI, and a job (if and when you can do paid work)'.

Seen in this light, a UBI would be no different to income that is yours by right of inheritance, or a gift, or from winnings, or because of owning property (including real property and securities), or through work, or an insurance payout, or superannuation, etc.

Regardless of the source of the right, we treat income as yours, to do with as you please. With two provisos that apply equally to all citizens:

1. We prohibit spending on specified illicit goods and services (eg child pornography)
2. We subject all income to the tax code (to pay for public goods and services).

⁶ ACROSS, Poverty in Australia 2022: A Snapshot <https://povertyandinequality.across.org.au/a-snapshot-of-poverty-in-australia-2022/>

Unlike normal income, welfare may include restrictions that apply only to welfare recipients (eg preventing spending on alcohol). See discussion in Restricted v Unrestricted Spending p. 30

The other main difference in conditions between welfare and normal income is that income tax is levied only on an individual basis, while welfare takes family circumstances into account⁷.

Framing a *Basic Income* as a right puts it outside the scope of welfare (and its conditions), and places it in the context of all income, which is subject to the tax code (and its conditions).

Using Tax to Target the Net UBI

The challenge is to design a UBI tax that provides a targeted net income (as a base), that leaves people free to earn other income (to better themselves and their family) without loss of their UBI entitlement, while also making the payment unconditional to all resident adult citizens.

If we simply added the UBI to everyone's income, and taxed it as normal, this would result in a major increase in the tax rates, and/or the necessity to impose new taxes, to offset the UBI.

The concern is that this approach would likely result in pushback by people negatively impacted, as it has the world over, despite the positive outcomes demonstrated by over 130 global pilots⁸.

Instead, this challenge can be met by paying the whole UBI as a right at the start of each week.

While *the conditionality is transferred to the payment of a new UBI tax* that is calculated and paid at the end of each week (or pay period), depending on each individual's gross income and assets reported for the period.

This UBI tax would be applied against the UBI itself and would not exceed the UBI. This avoids any increase in the current tax rates, or the need to impose new taxes on other income or assets, avoiding the problem of pushback.

The lower your income, the lower the UBI tax, the higher the *net UBI* received each week (or pay period) - targeting the net to those who need it, when they need it, without delay, or any need to apply or justify entitlement. How this would work is discussed in Collecting the UBI Tax p. 33

Importantly, levying the UBI tax on an individual basis has several benefits compared with levying it based on family income and assets. These are discussed in Equal Outcomes for Families and Individuals v Equal Individual Rights p. 31

A UBI, combined with a UBI Tax, would be simple and effective; and restore our basic birthright to access the resources of the land required to survive.

How the net UBI would be funded is discussed in the section UBI Funding Requirement on p. 42

⁷ In the case of the Basic Income, there is no rationale for lowering an individual's UBI tax rate based on family income. This is because every adult in the family would receive their own UBI and pay their own UBI tax based on their own total income.

On the other hand, increasing a person's UBI tax based on the income of family members, would go against the basic principle of income tax law that considers only individual circumstances.

⁸ https://github.com/jessicacychew/global_basic_income_explorer

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 by mitigating any disruption to the labour market due to humanoid robots⁹, automation¹⁰, virtualisation and AI¹¹, and the electrification of everything¹²,

Problem: Systemic Poverty

*In a system of money, property rights, and paid work -
if you have insufficient paid work, and no savings or family support... you starve.*

In 2024, Australia's population was 27.2 million¹³.

Around 47% of the population at any time cannot do paid work¹⁴. Included in this group are 3.3+ million Australians who live in poverty¹⁵ (12.7% of the population and 17% of all children in 2022).

It's likely to be higher today (2025) given recent consumer inflation and rent and mortgage interest increases.

Quite apart from the idea of a Basic Income as a 'right', it is worthwhile reflecting on the idea of 'deservedness'. How would you go if you were in a strange town and lost your wallet and phone? If you had no money to buy a drink or food, you'd go looking for someone to help you. But what if you had no one to help? What if you suddenly lost all your assets and income? What if you had no income or assets to start? Would you still deserve food, housing, security and safety? And then extend that thinking to your friends, family, neighbours... and then the wider community.

⁹ 2025-2035 Metatrend Report

https://drive.google.com/file/d/1KpCSZWYGLZ92KzTWW8WyXPwgkbljOB/view?_hsenc=p2ANqtz-94s7l_NsKggKX7C_xz6_F3ztCRGL5bpxvYrHoCiG4z8NTR0VqDRDONUqcrx0qEY8NimA7ADdiY9Rex8TdIIlg2DADyMA&_hsmi=333261459

¹⁰ On LinkedIn: China's Manufacturing Muscle https://www.linkedin.com/posts/tim-oldham-15a1b461_chinas-staggering-manufacturing-muscle-needs-activity-7276737710592086017-G34_/

¹¹ On LinkedIn: AI Agents https://www.linkedin.com/posts/tim-oldham-15a1b461_chinas-staggering-manufacturing-muscle-needs-activity-7276737710592086017-G34_/

¹² 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>

¹³ ABS Populations Statistics <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/jun-2024>

¹⁴ ABS Labour Force Statistics <https://www.abs.gov.au/statistics/labour/employment-and-unemployment/labour-force-australia/nov-2024>

¹⁵ ACOSS Poverty in Australia 2022 – A Snapshot <https://povertyandinequality.acoss.org.au/a-snapshot-of-poverty-in-australia-2022/>

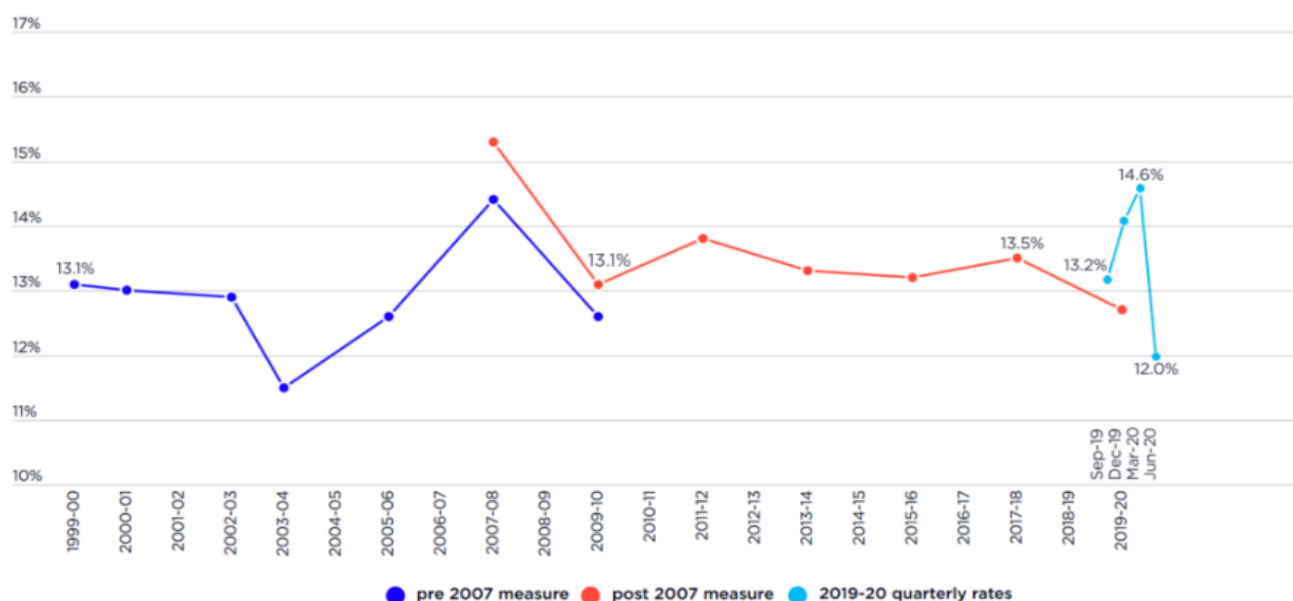


Figure 1 Percentage of all people in poverty from 1999-2019 (50% of median income poverty line, after deducting housing costs) – *ACOSS, Poverty in Australia 2022: A Snapshot*

Despite welfare, economic growth, and the ever-changing people, [Figure 1](#) shows that the percentage in poverty remains relatively static at about 12-14%, indicating it is a system problem.

Many millions more live close to the edge¹⁶, and every day, they fear tipping over it. This fear can easily be turned into anger and hate by unscrupulous people for their own financial & political ends¹⁷. We are seeing it across the world, and it threatens to overwhelm us all.

If you doubt that poverty needs solving, we strongly encourage you to listen to this short excerpt from the book [Tyranny of Kindness¹⁸](#) which provides excruciating detail of the suffering poverty entails.

While the book reflects the US system, our members (both welfare recipients and social service providers) tell us that it still rings true in Australia today.

Eliminating ‘systemic poverty’ does not mean eliminating all poverty – just that caused by ‘the system’ itself¹⁹.

¹⁶ ABC News https://www.abc.net.au/news/2024-06-05/pay-day-demographer-liz-allen-poverty-grants-perspective/103936962?utm_source=sfmc&utm_medium=email&utm_campaign=abc_newsletter_am_pm_sfmc&utm_term=&utm_id=2366040&sfmc_id=103572286

¹⁷ ABC News <https://www.abc.net.au/news/2024-04-19/who-is-causing-fear-and-anger-in-society/103709508>

¹⁸ <https://open.spotify.com/episode/6krQS7epAlkZKnsFmfAw3q?si=IT6Y4jEOTUy-XxDjRajV1w>

¹⁹ Because it requires money to live but the system fails to allocate sufficient to a significant proportion of the population.

The Solutions to Systemic Poverty

The Current System

Currently, we provide support for people who cannot do paid work via a mix of: Workcover (if you were a worker with cover), Income Insurance (if you have it), Sick Leave (for a limited time, if you have it), Litigation (if you're lucky enough to have someone to blame, and can afford a good lawyer), Superannuation (compulsory, unless you are self-employed), Welfare (if you qualify), Charity (when you are desperate), and Crime (when you are even more desperate, or you don't care because it's a 'dog eat dog' world, and society doesn't seem to care).

Under the current welfare system, the government monitors each applicant and forces them to undergo specific tests of motivation (e.g. requiring them to apply for a certain number of jobs, etc) to prove they qualify, as well as considering their assets, income and family circumstances.

As a result of the complexities of the system, combined with the vagaries of individual assessment, many people miss out on the small benefits that they are entitled to, creating even worse outcomes.

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, let alone a mobile that could connect them to services and the world.

*This system is patently inadequate,
given the millions who are still in poverty, and living on the edge.*

Job Guarantees and Growing the Economy

We recognise that guaranteed public jobs could be made available when demand for private sector labour is weak, with the labour being released as the private market firms. Though the administration of such a scheme and the possibility of 'make-work' (simply to keep people occupied), as well as 'rorting' at the local level make the idea questionable.

If there are public works that need doing, then the government should fund them to be done. In this case, the jobs would simply form a part of the jobs market, which the UBI can help to keep in balance (as discussed in section [Solution: Balancing the Labour Market](#) p.19).

Regardless, whether made available through a guarantee, or simply growing the economy, more jobs will only help to reduce the percentage of people in poverty by a point or two (by making it easier for people between jobs to find one).

'More jobs' cannot help the great bulk of people in poverty (who cannot do paid work for a time).

The only solution for them is 'more money', or 'universally provided goods and services'.

Universal Goods and Services and UBI

The more universal we make the provision of goods and services (health, housing, and education, etc), the lower the UBI can be. Conversely, the less they are provided universally, the greater the UBI must be.

Regardless, universal goods and services are not currently sufficient and cannot provide the money that people need for daily supplies, and to pay their regular bills.

Universal Basic Income (UBI)

The UBI would be *paid unconditionally* at the start of every week to every adult permanent resident – as a fundamental right.

It would be set at or above The Henderson Poverty Line²⁰, currently (Jun 2024) around \$500/week (\$26,000 pa).

The UBI would be adjusted to keep pace with inflation in the basics.

It would also be set off against all welfare dollar for dollar (except child welfare, see Child UBI p. 14). In effect, the UBI would replace a conditional dollar with an unconditional one.

Despite the UBI being paid universally, it can be very simply targeted to those who need it, using the Tax System to recover a proportion based on other earned income.

In effect, the conditionality of the current welfare system would be shifted from the payment of the income, to the taxation of the income.

The UBI itself should never be subject to any recovery proceedings (by the government or any private individual or company), to ensure no one is ever forced into poverty. However, other income and assets would still be available to recover over-payments and penalties. The section on Under-reporting Income p.49 covers other strategies to limit fraud.

A UBI not only removes the threat of destitution, but it also allows every person to take on paid work (when they can) to better themselves and their family, without fearing they will lose access to the benefit, and have to reapply (and wait to get approved), if things go wrong again.

As importantly, it can be raised above the poverty line to give people the means to live a fulfilling life when the market no longer needs them due to automation. This aspect of a UBI is considered more fully in the section on Opportunity: Work and Meaning in a Changing World. p.18

Eliminating ‘systemic poverty’ does not mean eliminating all poverty (some people will still fall into it due to personal circumstances). Having a UBI simply means that ‘the system’ will not put them there.

²⁰ https://melbourneinstitute.unimelb.edu.au/data/assets/pdf_file/0006/5148069/Poverty-Lines-Australia-June-2024.pdf



Jason is a great person to be around. He has worked hard in minimum pay jobs all his life.

But since retail spending has declined, most jobs seem to be casual. No one wants to commit to regular staff hours as they once did. With his rent increases, some weeks Jason could make ends meet but as other bills came in, he sometimes needed to survive on one meal a day.

Like you and I, Jason had dreamed of a better life, but it always seemed out of reach.

With the UBI in place, Jason's life looks very different. He now wakes up in the morning without the gnawing anxiety of wondering whether he'll get enough shifts this week. He no longer has to skip meals or turn off the heater to save money.

Over time, the stability provided by the UBI has allowed Jason to think about more than just surviving. He now feels more optimistic and has noticed that his work colleagues seem more upbeat too. He's even started taking a day a week to do a management course that he's been told will give him an edge in going for a supervisor's role. With the UBI, he can afford to drop a shift and still be OK.

Universal Basic Income hasn't just changed Jason's life—it's empowered him to thrive.

Joe has noticed a change in his staff too. They are definitely more engaged. He was sceptical before, but now he's seen how the UBI has really helped his staff, and at no extra cost to the business!

It's meant that he's been able to keep prices down, and there certainly seems more buzz around town as the extra money flowing in from the UBI has led to a mini renaissance along the whole shopping strip.

He wished now it had happened sooner!

He's realised too, that if the business goes through a rough patch again, he'll be OK.

He really could have used the UBI a couple of years back when he thought it'd be the end of his business. He was eating the leftover donuts just to survive.



Slow Start

We advocate starting at just \$10/week/adult to mitigate the potential for the UBI to disrupt the labour market and create inflation, which could happen if implemented fully all at once. We discuss this in detail in the sections covering [Risk Mitigation](#) p. 45.

A UBI Works

While the provision of universal goods and services takes time (and is forever caught up in the dispute between ‘socialism’ and ‘capitalism’), we know from the global pilots that unconditional cash has the effect of immediately alleviating poverty.

Tellingly, we saw the same impact from cash payments made by governments during COVID, combined with the removal of ‘mutual obligations’²¹.

At the time, one of our members worked for a major charity and said that she had clients ringing in tears. For the first time since they had been on welfare, they would not need to come in for a food parcel, saying that the food should be given to someone else who needs it. Instead, they could use the normal means of food distribution: shops! And, they could buy clothes and shoes for their kids for winter, get their teeth or car fixed, and generally live a basic life without the constant stress of wondering how they will pay their bills. And then, when the supplement was removed and mutual obligations reinstated, they again were ringing in tears to arrange a food parcel.

Significantly, Canadian Food Banks have said that they need to be disbanded in favour of a UBI²².

UBI and Motivation

Over 131 pilots from around the world²³, undertaken over the last 50 years, have repeatedly shown that when people are given unconditional cash, in the main, *they spend both the money and their time wisely*. This may include sacrificing a few hours of work for more leisure, family time, or education. That is: ‘living life’!

Not everyone is highly motivated. Some just want a simple life. If everyone has the same access to the UBI, we should not be concerned if some people are happy to live on it. While they are putting little in, they are also taking little out. And, if the labour market is in balance, it means that there is no demand for their labour anyway.

Though the UBI is the same for everyone, it does not mean that people will end up in the same position.

For those who are talented and motivated, a UBI will simply provide a floor to explore new opportunities.

Child UBI

Children get caught up in many different dependencies, including foster care. The problem is which parent/carer gets how much money for each child (who all have different ages, living arrangements, and needs). For this reason, we advocate leaving existing child welfare in place. At least to start.

²¹ <https://www.servicesaustralia.gov.au/mutual-obligation-requirements>

²² <https://www.cbc.ca/player/play/video/9.6590670>

²³ https://github.com/jessicacychew/global_basic_income_explorer

Once the adult system is bedded down, to ease young adults into a UBI, we are also advocating that (perhaps) from age 10, a child could be paid \$10/week, increasing to the full UBI by age 18. The money would be paid into an account in the child's name. The idea would be to have budgeting and household management included in school, from age 10, with practical challenges to achieve certain goals, using their own money.

We should expect a child to learn early on that they need to contribute to the cost of running the household.

Ultimately, it will be up to the parents how much their children should contribute, until they reach adulthood. As children get older, their parents should be encouraged to give the child a greater say in how the child's UBI is spent. By age 18, with years of learning how to manage their money, including saving for some future goals, we limit the possibility of a kid suddenly getting \$500/week and going crazy.

The gradual increase in the UBI from age 10 would allow us to monitor impacts on children's behaviour as their independence grows; and modify the policy to suit, depending on how it pans out across the whole population.

Any Child UBI would need to be offset against other child welfare.

Disabled, Aged, and Other Welfare Payments

During the gradual phase-in, to the extent that any existing payment exceeds the UBI, the extra would continue to be paid.

Ultimately, the aim is to bring the UBI to the poverty line and to exceed all other welfare payments except those required to meet the additional costs of disability.

Prisoners

The UBI should continue to be paid while a person is in custody, but most of the money should be taken as a contribution towards the cost of incarceration. Some money should be left to save towards their rehabilitation on release, allowing them to buy new clothes, and to pay a bond for a new rental, as well as needed household goods. Once released, the UBI would underpin their reintroduction into society, without having to apply to anyone. The money would simply continue to be paid into their account, without deduction... allowing them to sort out their own lives (with the support of charities set up for the purpose). This should help ex-prisoners re-integrate into society.

With a UBI, we could expect to see a decrease in the prison population due to less recidivism, and due to less pressure to engage in crime in the first place, which would be another plus.

Targeting the Net Benefit via Tax

While a UBI could be used to achieve redistribution, it is not necessary to fix the system flaw; and only creates unnecessary push-back from people who are negatively impacted.

This push-back has been one of the major reasons why the pilots have not led to full adoption - despite showing net positive outcomes for the participants, and the community²⁴.

This policy proposes no change to existing taxation. Instead, it would levy a new tax (UBI tax) against the UBI itself.

The UBI Tax would be calculated at the rate of 32.26% of your Gross Income (excluding the UBI), up to a cutoff of \$80,600 pa. income or \$1,550/week.

$$32.26\% \text{ of } \$80,600 = \$26,000 = \text{UBI/year.}$$

$$32.26\% \text{ of } \$1,550 = \$500 = \text{UBI/week}$$

Above the cutoff, the full UBI would be recovered, but no more.

It would mean that on any week that you don't earn (say you lose shifts, or your car breaks down and you can't get to work, or you get sick or injured and have no leave, or you need to care for a dependent, or for any other of the many reasons people lose income for a period), the UBI would keep coming in - without tax, or any delay, or need to apply, or justify entitlement.

For example, if you were earning \$93,600 p.a. net (\$1,800/week), you'd still receive the \$500 UBI into your bank account at the start of the week; but have the full \$500 taken back as UBI Tax when you get paid. It means that you don't benefit from the UBI, but nor are you any worse off.

If the next week, you are told your employer has gone bankrupt and there's no money for you, the \$500 would still come in, and without any income for the week, there'd be no UBI tax.

It means that you'd always have money to buy food and meet other bills until you could start earning again (when the UBI tax would recommence, based on your earnings at the time).

For people with 'lumpy' income, a final adjustment could be done in your year-end tax return. As well, if you are subject to income averaging (eg farmers and artists) the same would apply to your UBI Tax.

It would always remain a floor to stand on (because you could never fall below it), not a ceiling to achievement (as you will always be free to work to earn more, without losing the UBI).

²⁴ <https://www.scottisantens.com/did-sam-altman-basic-income-experiment-succeed-or-fail-ubi/>

Wide Coverage and No Redistribution to Avoid Pushback

The \$80,600 cut-off covers around 60% of wage earners²⁵ and would be raised to keep it in line with inflation.

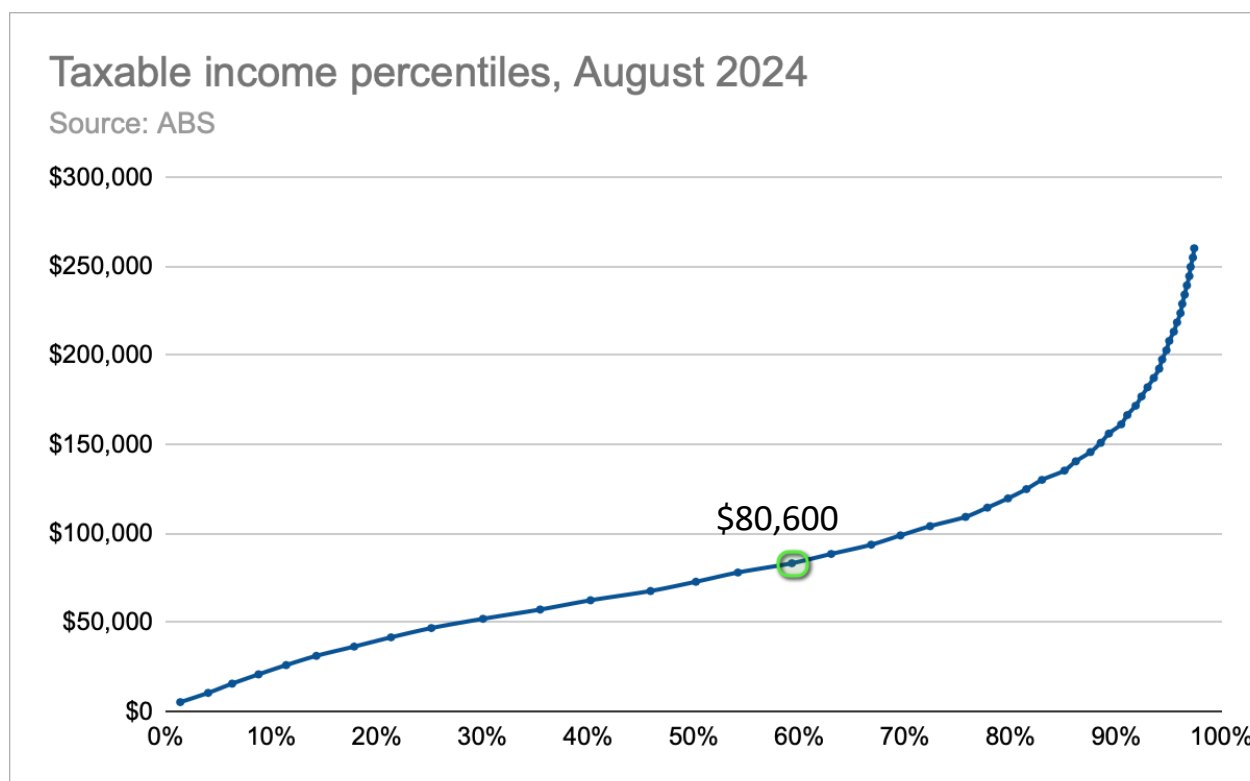


Figure 2 Taxable income percentiles, August 2024

As well, it will benefit even more the people who currently have no paid work, bringing the total number in society who will directly benefit above 70%

Importantly, even those earning more than the cutoff will receive a potential benefit. If the worst happens and they lose income (say due to illness or injury, or their business goes bust, or they are caught up in a natural disaster and can't work, etc), the UBI would be there for them also, without delay or the need to apply. They only need to change their reported income to zero.

By leaving current taxes untouched, and welfare only reduced dollar for dollar, the UBI leaves no one worse off.

Structuring the UBI in this way ensures that the great majority of people will see actual or potential benefit - which should also aid in gaining community support.

With three exceptions discussed in section Who Will Lose? P.48

²⁵ <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings/latest-release>

Opportunity: Work and Meaning in a Changing World

While there is no end of work to be done, humanoid robots, automation, virtualisation and AI, and the electrification of everything portend massive changes in the job market for paid work, over the next decade, and beyond.

This could be a blessing or a curse, depending upon how we view and manage it.

On the positive side, we should not fear automation, as humans have something no AI has, the ability to experience life, and boundless ways to enjoy it...

As long as people have the time *and the money* - to not only pay for life's necessities, but also to fund participation in whatever activities interest them.

Like **Extreme Wingsuit flying**



Of course, most people will not be going for the extremes. Instead, they'll be able to do what humans have always done, spend more time caring for their family, participating in their local community, and linking into like-minded groups locally & around the world to learn & research, (speeding human advancement), as well as to write, compose, make, perform & play. There are literally tens of thousands of sports, hobbies, and arts and crafts, and music, games, and trades, etc. that can be enjoyed for the experience alone... *with enough money to underpin not only daily life, but also the cost of participation.*

That, and simply keeping up with repairs and maintenance and the beautification of our homes and cities, and gardening, offers plenty of opportunities to live life to the full *when 'the market' no longer needs us...*

On the negative side, technology alone cannot deliver abundance, as wages and conditions will tend to fall to the cost at which machines and AI can do the work²⁶. 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.

However, it's not all negative. There is opportunity also.

²⁶ <https://youtu.be/OL9Eucq6sps>

Overall, as Hans Rosling has so eloquently demonstrated²⁷, the long-run trend is for improved health and lifespan across the world.

Once many people worked 60–70-hour weeks in factories, and on farms. Today, the norm is closer to 35–40 hours, with many hundreds of millions of people around the world filling their spare time with meaning in other ways.

The data shows a clear trend, that the richer the country the shorter the working hours²⁸. However, this did not happen naturally²⁹.

Solution: Balancing the Labour Market

One way to avoid the problem of falling demand during the transition to a new more automated, renewable, circular³⁰ economy is via a rising UBI *which is not a cost to business*.

As workers lose their traditional jobs to machines and AI, and unemployment increases, the UBI can be raised. As it rises, some people will choose to cut back their hours or drop out of paid work altogether.

At some point, the market will come back into balance, where most vacancies will be filled in a reasonable time, people who want paid work will have it, and those not in paid work will be doing other things with their lives, as they choose. These choices will likely change over time, with people moving in and out of the labour market over their life, as their circumstances, the economy, automation, and the UBI changes.

Ultimately, we may get to a stage where very few people are needed to do paid work. They are likely to be uniquely talented and very highly paid. Who knows when that may be. It's been coming for 100 years or more!

For the rest, while they will be paid the same UBI, most will have a different asset base, and all will spend their UBI and their time differently, as they choose. It will be their choice, otherwise, they would still be looking for paid work, which would force the UBI to rise. But if it rose too high, this would result in a shortage of labour, as people opt out. Finding the balance will require a set of measures that balance the interests of both employers and employees.

²⁷ <https://www.youtube.com/watch?v=jbkSRLYSojo>

²⁸ <https://ourworldindata.org/rich-poor-working-hours>

²⁹ It was hard fought during the early part of the 1900's. https://en.wikipedia.org/wiki/Eight-hour_day_movement

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 (<https://leglobal.law/2024/08/27/spain-four-day-work-week/>) and ultimately regulation. Ideally, as with the adoption of the 40-hour week, we will see some firms take the initiative early on, demonstrating the viability of the improved wages and conditions, not only for the firm, but also for the whole community. There is already a 4-day week leader board in Australia (<https://4dayweek.io/companies/australia>)

³⁰ <https://www.ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview>

How the measures are designed needs to take into account Goodhart's Law³¹.

This is an adage often stated as, "When a measure becomes a target, it ceases to be a good measure" (because people game the system).

This problem can be mitigated in the case of the UBI by having two opposing measures:

- a) 'average time for jobs to be filled', as reported by employers (longer indicating a tight market), and
- b) 'average time for people to find jobs', as reported by job seekers (longer indicating a slack market).

Taking both these into account should assist in determining how tight the labour market is. Signalling either the need to hold the rate where it is (as the market tightens), or to go on increasing it to get the market back into balance as jobs continue to be lost. In this scenario, needed government jobs would be included in the market (but not 'make work', simply to keep people occupied).

Of course, there is no 'one job market', as it can vary State to State and even city to town, but that is just as true when it comes to managing unemployment using monetary policy.

By making the UBI a set amount for all Australians, each person will have to choose to move to where the work is, or where living is cheaper; or to live on the basic income where they are. At least, the basic income will give them some money to make a move. Welfare often locks people into place as they can never save enough to afford a new bond or the costs of moving.

It will never be perfect, but paying a rising UBI aimed at drawing people out of the labour market while stimulating spending (through a higher UBI), should offer a direct and immediate fix for rising unemployment. Much better than trying to stimulate employment, by stimulating production, through stimulating spending, through stimulating borrowing and discretionary income, by dropping interest rates!

The more the supply chain becomes automated, the less the current strategy (of lowering interest rates) will impact employment.

If we don't implement a 'balancing' UBI, as people are laid off, they will no longer have the money required to demand what the system can supply (both goods and services).

As noted earlier, this will cause a downward spiral, as supply is cut back to match the falling demand, causing even more people to be made redundant.

This would be a crazy situation, as the whole point of replacing people with machines and artificial intelligence is to be able to provide more goods and services at a lower cost for everyone – including those who lose their jobs because of it!

Automation should result in a flourishing society, not a contracting one.

If we get it right, it will benefit rich and poor alike.

³¹ https://en.wikipedia.org/wiki/Goodhart%27s_law?utm_source=substack&utm_medium=email

Benefits

Although a UBI is not a silver bullet, it still has many benefits.

We've identified:

- 28 Benefits for Individuals
- 8 Benefits for Business
- 7 Benefits for the Economy in General
- 6 Benefits for Government, and
- 12 Benefits for Society in General

The 28 Benefits of a UBI for Individuals

Restores Each Person's Ancient Birthright to the Resources Needed to Survive

1. We are the only species that now needs money to survive. A UBI provides the money to replace our ancient birthright to live off the land, which private property has constrained. This constraint (together with the inventions of money and paid work) has benefited the huge majority but has left a substantial minority (12-14% of the population) still in poverty. The one thing all these people lack is enough cash to live on. A UBI solves this system problem, without detriment to the economy. In fact, it helps to sustain economic activity.

Provides Income Insurance

2. Should you lose your business, job, or just some shifts, or even passive income - for any reason – the UBI ensures you still have money coming in, without delay or the need to apply, or to prove entitlement. Which then...

Reduces Reliance of Individuals on Short-term Debt

3. By replacing 'pay day' and other short-term loans when their income runs out.

Provides a Wage Rise for Low-paid Workers

4. Because the UBI is only reduced at 32.26% of income up to \$80,600 (and thereafter the full UBI is repaid) it means that people on low pay receive a net benefit, helping to offset recent inflation.

Underpins Casual Work

5. Many people like casual work because of the flexibility it provides, as long as they can get enough income to live. Because the UBI keeps coming in every week, people in casual work are assured of a minimum amount of income whether they get shifts or not.

Eliminates the Welfare Poverty Trap, Motivates People to do Paid Work if they Can

6. A UBI allows every person to take on work to boost their total income to better themselves and their family - without loss of access to the UBI when they need it, and without the need to apply, or justify entitlement.

Eliminates Bureaucracy for Individuals

7. Job seekers would not have to apply for jobs they know they'll never get - just to prove they are really looking for work. Instead, people could spend all their time doing the things needed to find work and/or care for their family. And it avoids the humiliation of having your life questioned in minute detail to get a scrap of support.

Eliminates Social Stigma

8. As the UBI is paid as a right to everyone, it removes the stigma of being dependent on others.

Underpins Life-long Learning

9. It would allow people to take time off paid work in short bursts to learn new knowledge and skills before applying them in the economy, without trying to get grants, or starving while you do it.

Underpins Individual Creative Endeavours

10. It would allow people to pursue creative endeavours. In the process enriching their lives, and the lives of those who appreciate their art, without detriment to the economy, as the labour market would be kept in balance by the UBI.

Empowers People to Do the Right Thing

11. A UBI gives everybody the security to say "no" to unsafe, illegal, or unethical working conditions. We teach our children the importance of consent in other aspects of their life. A UBI extends the same values into the workplace.

Provides Added Flexibility Regarding Where You Work and the Type of Work

12. It would also help people to move and/or change their living and working circumstances because they have the money to do so.

Increases Employment Opportunities

13. As the money is spent into the economy, it will boost demand for goods & services, requiring more labour (where labour is still an input), opening new opportunities for all workers (and sole entrepreneurs).

Provides Part Recognition of the Value of Home-care Work

14. For unpaid stay-at-home carers it would provide part paid recognition of the huge value they can contribute to society³².

Helps to Provide Respite for Home-carers

15. Either by allowing carers to pay for some in-home help, or to pay for their dependent to be placed in outside care for some periods.

Helps to Share Dependent Care

16. With a UBI, domestic partners can more easily share time in paid work and in caring, without suffering deprivation.

Improve Outcomes for Frail and Disabled People

17. Total incomes would be increased by treating people as individuals, regardless of their living arrangements (while retaining additional welfare support to cover the extra health and carer costs of people who are elderly or disabled).

³² On some accounts, the value of this work is more than 50% of Australia's GDP <https://www.abc.net.au/news/2021-03-07/international-womens-day-calculate-who-does-most-in-your-home/13202778>

Reduces the Risk of Family Violence While Facilitating Escape from Abuse

18. A UBI could avert much of the violence and neglect that is triggered by financial stress³³. It would also provide a practical means of escape, as it would be paid separately to each individual; and it would continue when a person leaves a relationship without any need to advise anyone of the change in their living arrangements.

Improves Cognitive Function and Reduces Behavioural Disorders

19. Improved cognition³⁴ and behaviours are evidenced in all members of a family once they have sufficient income to survive. As important, is the assurance that the UBI cannot be taken away.

Prevents Suicide

20. Financial stress is one of the main drivers of suicide. A UBI directly addresses this.

Reduce Necessity for Crime & Assists Prisoners to Rehabilitate, Reducing Recidivism

21. The UBI would remove pressure to commit petty crime just to survive, And, by saving some UBI payable while they are in prison (with the bulk used to pay for their own incarceration), it means when they are released, they can afford to buy clothes, and household essentials, as well as pay a bond. Combined with the full payment of the UBI from day one of release, they are better resourced to start training and/or look for work. With on-going charitable support, they would feel like they have a chance to escape their criminal past.

Helps Children to Focus on Education and Improves Long-term Outcomes

22. Just as poverty degrades the ability of adults to manage their own lives, so it harms the ability of children to learn³⁵. With a more stable home and better education, long-term outcomes improve³⁶

Improves Nutrition and Reduces Alcohol and Tobacco Use

23. Studies show that with sufficient income (and availability) the consumption of fresh food increases, while that of alcohol and tobacco falls³⁷.

Improves Pre-natal and Neo-natal Care

24. Studies also show³⁸ that with sufficient income, birth weights improve through better nutrition, while mothers extend their maternity leave to better care for their newborns.

³³ <https://www.businessinsider.com/la-basic-income-domestic-violence-survivors-2024-8>

³⁴ http://www.bignam.org/BIG_pilot.html Which is in keeping with Maslow's Hierarchy of Needs

³⁵ http://www.bignam.org/BIG_pilot.html

³⁶ <https://web.archive.org/web/20151009173154/http://www.washingtonpost.com/news/wonkblog/wp/2015/10/08/the-remarkable-ways-a-little-money-can-change-a-childs-personality-for-life/>

³⁷ <https://dailyhive.com/vancouver/ubc-homelessness-study-new-leaf-foundations-for-social-change>

³⁸ http://www.bignam.org/BIG_pilot.html

Helps to Address Homelessness

25. By giving people a steady income, a UBI offers people the chance to pay for shelter without relying on charity. Of course, we will still need emergency shelter and more low-cost homes to be provided. And we also need to recognise that homelessness is not purely a monetary problem. Mental health and drug and alcohol and gambling addictions also play a big part. But to the extent that money is the issue, a UBI can help. And only having to engage once with the bureaucracy to set up your account and card also helps to alleviate pressure. By providing a stable income, a UBI would also help charities that are focused on homelessness to work with individuals based on their specific needs.

Enhances Self-determination for First Nations Peoples

26. Importantly, for Aboriginal and Torres Strait Islander people, by providing them with the same unconditional UBI as everyone else – as a right, it offers a way of lifting many from the trap of welfare dependency. Enabling them to focus on thriving, rather than surviving. They (and/or their elders) can take back control.

Improves Work-Life Balance

27. With a UBI the opportunity is to take more time with family and friends and in the community. This can be done without detriment to the economy where the UBI is set to keep the labour market in dynamic balance.

Enhances Individual Wealth

28. As the money is spent into the economy, the additional sales that it generates will help to boost small business profits and share prices, enhancing the value of anyone's own business, as well as any superannuation or private investments they may have.

The 8 Benefits of a UBI for Business

Boosts Profits and Investment

1. For business, as the money is spent into the economy boosting sales, the higher profits that are generated, and the stability the UBI provides, will make it easier to raise investment capital.

Delivers Zero Cost (to Employers) Wage-Rise, Limiting Cost-push Inflation

2. For the low-paid, a UBI would provide a substantial wage increase - without cost to employers, avoiding the trap of 'cost-push' inflation³⁹. If workers had to get the same lift through a wage increase, this would be a cost to employers who would try to pass it on to customers by increasing prices, which would increase inflation.

Promotes Automation and Productivity While Sustaining Demand

3. As humanoid robots, automation, virtualization and AI reduce the demand for labour, the UBI will sustain demand. Without the UBI set to balance the labour market, when people are laid off, they would no longer have the money to buy what they need (and which the system could supply), resulting in lower demand, resulting in more layoffs and further reduced supply. Instead of the new technologies leading to flourishing, they could send the economy into a downward spiral. With the UBI, businesses can pursue automation and productivity for their own benefit, while benefiting

³⁹ <https://www.investopedia.com/terms/c/costpushinflation.asp>

society in general as people can reduce their work hours while enjoying the standard of living they choose, as the UBI balances the labour market.

Increases Labour Flexibility

4. With their basics covered, more people may be willing to work fewer hours, sharing the available work with others – important as automation takes hold. Spain is already looking at a 4-day work week⁴⁰, with The Australian reporting other initiatives⁴¹. This flexibility would remove the need for business to manage absences, or employ temporary labour at extra cost, as the people who are job-sharing can work out how to cover absences between them.

Increases Labour Force Participation

5. Some trials have shown increased labour force participation arising from a greater confidence to go out and seek a job without any concern about the loss of benefits - increasing the pool of labour for business. However, the effect has been small. This is understandable where pilots only provide extra money for a limited time. After that, people know they are going to have to go back to their old life, so they may as well enjoy a bit of extra money while they have it. Once they know that the UBI is permanent and will never be reduced, they are more likely to have the confidence to take work when they can, simply to better themselves and their family.

Improves Employer/Employee Work Relations

6. Without the ever-present threat of poverty due to job loss, some studies show conscientiousness and agreeableness improve significantly⁴².

Reduces Bureaucracy Related to Meeting Current Welfare Job Applications

7. A UBI would free business from engaging with applicants who apply simply to meet their 'mutual obligations', without any real prospect of getting the job.

Reduces Reliance on Debt

8. Extra sales generated by UBI can fund expansion in lieu of some borrowings.

The 7 Benefits of a UBI for the Economy in General

Boosts Small Towns and Depressed Suburbs

1. The UBI would not only help its recipients, but it would also help local businesses, indeed whole communities, to remain viable as the money is spent in regional towns and depressed areas of our cities that have low-income levels - especially as more people choose, and are able, to work remotely from home. In more remote communities they may also benefit from pooling their resources to obtain (say) community wide solar power or other infrastructure that provides a net benefit to everyone in the town. This can be facilitated by discussion within the community prior to the start of the UBI.

⁴⁰ <https://leglobal.law/2024/08/27/spain-four-day-work-week/>

⁴¹ The Australian https://www.theaustralian.com.au/life/fourday-week-could-be-covids-greatest-gift/news-story/50bdb5d831ab289299043827670a0e6c?type=curated&position=4&overallPos=4&utm_source=TheAustralian&utm_medium=email&utm_campaign=editorial&utm_content=TATodaysHeadlinesSubPM&utm_source=TheAustralian&utm_medium=email&utm_campaign=editorial&utm_content=TATodaysHeadlinesSubPM

⁴² https://www.scottisantens.com/universal-basic-income-ubi-increases-social-cohesion-capital-trust/?utm_source=chatgpt.com

Increases Economic Activity Overall

2. While the immediate benefits of the UBI would flow to individuals, local businesses and communities, the money would soon percolate through the whole economy increasing turnover and profit, driving investment and employment nationwide⁴³. While this is a positive in economic terms, it also highlights the need to shift to a sustainable circular economy (topic for another day).

Results in a Better Educated Citizenry

3. Due to the improvement in cognitive ability and the time to focus on 'self-improvement', a UBI may also help to lift the overall level of education.

Promotes Entrepreneurship and Creative Endeavours

4. A broader range of educated people would have the security and mental space to start new businesses and explore new creative opportunities.

Reduces Reliance on Debt to Fund New Economic Activity helping System Stability

5. With the UBI replacing some debt-based money with newly created debt-free money – it would help to stabilize the economy by lessening the need for individuals, businesses and government to borrow to finance all economic activity. This would mitigate the business cycle and reduce financial stress overall. How this would work is discussed in UBI Funding Requirement p. 42

Increases Savings and Home ownership

6. While marginal, the evidence⁴⁴ is again positive, showing some small increase in savings and home ownership.

Makes Australia More Competitive

7. It would do this by enhancing entrepreneurship and facilitating automation and providing a better educated and more flexible and committed workforce (due to the underpinning security provided by the UBI).

The 6 Benefits of a UBI for Government

Delivers Administrative and Welfare Cost Savings.

1. The savings come from the huge reduction in welfare administration costs, as well as the ultimate elimination of Jobseeker, and a part reduction in disability and age care costs due to their offset by an automatic fixed payment which is simple and cheap to administer. The savings for the community are even greater when accounting for the cost of charitable services and crime now needed to fill the gaps in welfare.

Requires No Change to Other Government Services

2. As the UBI would not be funded by tax (but from new money), it would have no negative impact on other government services. Discussed in UBI Funding Requirement p. 42

⁴³ Overseas studies have shown a 2.5x multiplier effect, meaning that every \$1 of cash delivered generated \$2.50 in additional spending or income for the surrounding economy
<https://www.givedirectly.org/debunking-myths/>

⁴⁴ http://www.bignam.org/BIG_pilot.html

Enables Better Use of Government and Charitable Resources

3. With more people able to look after themselves, public and private resources can be refocussed on those with special needs including disabled people, the aged, and their carers, as well as more support for people with mental health problems and addictions, as well as helping ex-criminals re-enter society. Some Centrelink staff can also move to the Tax Office to bolster compliance.

Helps to Mitigate Major Upheavals

4. With the infrastructure already in place to give everyone a UBI, it would enable us to quickly identify and pay people a supplement (based on their place of residence, which must be declared for income tax purposes) to counter adverse economic and societal circumstances within defined localities (or more broadly), such as in the case of natural disasters, disease epidemics and economic crises. Even without a supplement, the UBI itself would provide a minimum amount to cover the basics in the event of disaster, without any need to apply, and without delay.

Helps to Manage Unemployment and the Transition to New Jobs and Shorter Hours

5. Once the UBI reaches the poverty line, the UBI can be set to balance the labour market. This would be much more effective than reducing interest rates, as it directly impacts each person's income. This will smooth the transition to a more automated supply chain for both goods and services, as well as underpin shorter hours. It would mean that everyone would have enough to live life on their own terms, while ensuring that the economy continues to operate at full capacity (ideally shifting towards circular production).

Reduces Social Unrest

6. While relativities would remain, the people at the bottom and those living on the edge would know that they will not be abandoned when they are unable to contribute (for a time), enhancing social cohesion. This sense of community would be heightened by the fact that everyone would be receiving the same UBI and also taxed using the same percentage of their gross income as everyone else.

The 12 Benefits of a UBI for Society in General

Leads to a More Democratic Society

1. For democracy to function, people need to be engaged politically, and in their community. They need to feel that they belong. A UBI tells them they are a full member of society with basic rights.

Puts More Decision-making Power in the Hands of the People to Allocate Resources

2. This power is exercised as they spend their money, directing how society's resources are deployed to meet their needs. This power is not taken at the expense of government. It is in addition. Government still has the same power to levy taxes and to run deficits and to spend money in pursuit of social goals.

Improves the Cultural Life of Australia

3. A UBI could also lead to increased cultural activity (in art and music and performance and literature and video, etc.,). In many cases, these activities may not provide any (or enough) monetary value to live on. Their value is in the enjoyment and social engagement within the local community... with some breaking out to become masters in their field (to then earn the big bucks).

Improves Health and Well-being with Little Impact on Employment

4. With their basics covered, health and well-being rise⁴⁵, measured in lower hospitalisation rates. With little adverse impact on employment (mostly related to kids staying in school longer, and parents taking more time to care for their children and enjoying a little more leisure – hardly a problem).

Helps to Address Homelessness

5. For people who worry about seeing ‘homeless people on the street’, by giving people a steady income, a UBI offers people the chance to find shelter without relying on charity. Of course, we will still need emergency shelter and more low-cost homes to be provided.

Shifts Risk of Labour Market Flexibility from the Casual Worker to the State.

6. Under permanent employment arrangements, the risk of a temporary fall in demand was absorbed by the employer. Over recent decades, this risk has shifted more and more to workers as the gig economy has grown. Given the benefits of labour market flexibility to society in general, it is unfair to place the cost of this flexibility on the individual. By paying the UBI out of new money, it reduces the burden of flexibility on the casual worker without cost to the community (as it comes out of new money) see UBI Funding Requirement p. 42. There are of course ‘opportunity costs’ which are discussed in section What are the Opportunity Costs? p. 48

Empowers Communities to Solve Their Own Problems

7. The introduction of a UBI can effectively assist with community mobilisation and empowerment⁴⁶, with community groups working together to advise residents on how to spend the UBI money wisely. In some places, it has led to the establishment of local markets by increasing household buying power, including buying local renewable power generation.

With the Basics Covered, Charities can Focus Their Resources Where Needed

8. Instead of simply meeting the basics, charities could focus on supporting mental and physical health, enhancing life skills, and in dealing with disasters, etc.

Reduces Crime and Lowers Costs

9. Many studies⁴⁷ also show that with a base income available, crime goes down⁴⁸. Not only avoiding the trauma of the victims but also saving on the costs of justice and downstream victims⁴⁹.

⁴⁵ <https://www.degruyter.com/document/doi/10.1515/bis-2022-0003/html?lang=en&srsId=AfmBOor-4KcpAk4clWKP22pl1qQ6aREupiKk1HZF2wULhfDKPJYyf1O>

⁴⁶ http://www.bignam.org/BIG_pilot.html

⁴⁷ https://en.wikipedia.org/wiki/Universal_basic_income

⁴⁸

<https://www.researchgate.net/publication/344457955> The Impact of an Experimental Guaranteed Income on Crime and Violence

⁴⁹ <https://www.thejusticegap.com/six-out-of-10-women-in-prison-are-victims-of-domestic-abuse-says-new-report/>

Assists Ex-Prisoners to Re-enter Society Reducing the Likelihood of Reoffending

10. This can be achieved by providing a lump sum of UBI upon release (less accommodation cost) accrued during their prison term to enable them to afford a bond for a place to rent, some clothes, and other household goods needed to set up life again.

Aligns with Social Norms and Political Realities

11. A UBI reflects Australia's history of egalitarianism, while embracing the country's liberal democratic principle of self-reliance to better yourself. That is, it provides a floor, not a ceiling.

Fulfills the Social Contract

12. A UBI also fulfills the implied social contract that the rulers ought to ensure the welfare of the ruled, in the interests of both.

UBI is Not a Silver Bullet

Despite all its benefits, the UBI works only on the demand side, and only where there are functioning markets. We still need Government and the private sector to ensure the supply of health, housing and education, and other needed goods and services. The more that these are provided on a universal basis, the lower the UBI needs to be.

As well, there are some concerns which need to be addressed.

Concerns re UBI

There are six primary concerns with an unrestricted UBI which have been raised in the course of researching this policy:

1. It will cause people to stop working
2. People will waste the money in unproductive or immoral ways, so
3. We should deny spending on restricted categories to promote good order.
4. We should aim for equal outcomes not equal rights (explained below)
5. It will cause inflation and/or higher taxes
6. Targeting is cheaper and better because the money only goes to those who need it

Countermeasures for the Concerns

The global pilots⁵⁰ have debunked no. 1 and 2. They show that a cash payment has little adverse impact on undertaking paid work. At most, it may result in a small drop in hours worked in favour of taking on a bit more family care, leisure, and education which is hardly a negative.

The pilots also show that a cash payment actually reduces negative behaviours (such as drinking and drug taking⁵¹), by relieving the stress of poverty.

Items 3. and 4. reflect different philosophies which are contrasted below

As for no. 5, as will be explained, our proposed system will not require any increase in tax on existing incomes and will not create undue inflation. See UBI Funding Requirement p. 42

In terms no. 6, our system is indeed targeted, but at the taxation end, rather than at the point of distribution of the income.

Restricted v Unrestricted Spending

On one side, we have the philosophy that to promote good order, we should restrict UBI spending, so that people using public money cannot waste it on ‘non-essentials’.

The example is the Cashless Welfare Card⁵² which restricted spending on alcohol, gambling goods and services (excluding lottery tickets and scratchies), cash-like products, gift or prepaid cards that allow cardholders to access cash or purchase alcohol or gambling products. And, any other goods or services determined by the Commonwealth of Australia in accordance with the (*Social Security Administration*) Act 1999 (Cth).

⁵⁰ https://github.com/jessicacychew/global_basic_income_explorer

⁵¹ <https://medium.com/age-of-awareness/universal-basic-income-vs-addiction-9be994f6acc5>

⁵² <https://www.anao.gov.au/work/performance-audit/implementation-and-performance-the-cashless-debit-card-trial-follow>

On the other side, we have the philosophy that the UBI is a fundamental right⁵³. Which means that upon payment, the UBI would become a person's own money.

As noted earlier, it is no different to income that is yours by right of inheritance, or a gift, or from winnings, or as a result of owning property (including real property and securities), or through work, or an insurance payout, or superannuation, etc.

Regardless of the source of the right, we treat income as yours, to do with as you please.

Also, we struggle to see any government extending restrictions to pensioners so they cannot buy a bottle of wine for a celebration or spend on some other item 'deemed inappropriate' for them, (which is not unlawful for anyone else). And if you cannot do it for pensioners, what is the rationale for restricting the rights of anyone else?

Nevertheless, if the community in general feels that there ought to be some restrictions, one way to address this concern (that also respects individual rights) would be to allow individual people (or their guardians) to opt in (say gamblers, drug addicts, and alcoholics) to restrict their own spending by issuing them with a special credit card⁵⁴. And/or we could allow communities to opt in. For example, remote community elders may decide that it is best for their own community to restrict spending to limit alcohol abuse.

Another, less intrusive way, would be to offer an app which is directly connected to your UBI bank account. The app could help to budget and manage your cash flow, as well as enable you (or your guardian) to restrict your own spending.

Equal Outcomes for Families and Individuals v Equal Individual Rights

This also comes down to a matter of philosophy.

- Do we seek to deliver equal support in terms of outcomes? To ensure, as far as possible, that the State leaves each person (whether living in a family or alone), in roughly the same basic condition. This approach appeals to many people's idea of fairness, as it restricts the ability of people who already have enough, from getting more. It also has the benefit of limiting the total payout. Or,
- Do we provide equal access to every individual as a right? As discussed at the start, we believe that there are strong grounds to treat the UBI as a right.

Regardless, we also believe that there are practical reasons for paying the UBI individually.

First, trying to account for family circumstances would incur considerable administrative cost.

The added problem for the State is that we cannot know what every person's true family situation is. A member of any family may be cut off from 'family' money, even if living in the same house.

⁵³ To correct the flaw in our current system that requires people to have money to live while not providing a basic amount to survive.

⁵⁴ This could be done through their bank, so it looks like any other credit card, so there is no stigma in using it.

A UBI ensures that everyone legally has their own funds.

- It supports the exercise of individual rights and responsibilities, without adversely impacting collective rights and responsibilities. How people live their lives is then up to them, and the vagaries of life.
- It's simple to administer.
- It encourages share housing at any age, as people are treated as individuals with their own UBI entitlement, regardless of their living arrangements⁵⁵.
- It helps to mitigate the epidemic of loneliness (by encouraging share housing).
- It facilitates support for people as they age or become sick or injured or disabled, as they can have another person living with them who is also receiving some UBI (plus other income).
- It encourages the formation of families as both parents can receive the UBI (less UBI Tax) and then share paid work and home care. This is especially important as the stats show that children with good home support do much better in life.
- It reduces the need to pay for childcare⁵⁶ because both parents are not forced to go to work to pay the bills.
- It recognises in a small way the value of people providing unpaid home and dependant care, regardless of how poor or wealthy their partner is.
- It provides financial independence that may allow people to flee an abusive relationship.
- It could assist young people living with their parents to save for their own home.
- Balancing the labour market can be done more easily if the UBI is paid on an individual basis.
- It avoids people lying about their family situation, or getting divorced, to get single benefits.

⁵⁵ This may encourage the design of houses to accommodate more than one person, while still allowing the occupants to live separate lives. This will increase the available stock of houses, making houses more accessible and affordable.

⁵⁶ Where we now have the crazy situation that other people are paid to look after your kids, while you are paid to do other work, instead of everyone looking after their own children. Though, there would be nothing to stop anyone from taking on paid work and paying or childcare if they choose.

Collecting the UBI Tax

Accounting for Income

Effectively, you'd have two pay slips:

1. Your Normal Pay, with your Normal Tax⁵⁷ (which would be untouched)
2. Your UBI pay (at the start of the week), less your UBI Tax (paid at the end of the week)

UBI Tax would be assessed based on your normal taxable income, and would be recovered via the tax system: either through:

- the Group Tax system (if you are employed in one job)
- the GST system if you are self-employed earning more than \$75,000⁵⁸, or
- weekly, via a new App (if you earn < \$75,000, or have multiple jobs, or taxable assets).
- your Annual Tax Return

The UBI tax percentage can be built into Group Tax software, the GST and Annual Tax reporting.

The 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 impact their UBI tax). This app would 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 the earnings you enter). As with any payment, it would require approval before paying the UBI Tax. The government would only see the tax payment. However, the data in the app could be used to help answer any tax audit.

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. 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, though the app should help to smooth out the UBI tax, so there are no year-end shocks.

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', 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.

⁵⁷ <https://www.ato.gov.au/tax-rates-and-codes/tax-rates-australian-residents#ato-Australianresidenttaxrates2020to2025>

⁵⁸ <https://business.gov.au/registrations/register-for-taxes/register-for-goods-and-services-tax-gst>

Also, automating the calculation of the UBI Tax, and the use of the app to help monitor your income and expenses should make a huge difference, helping to avoid any tax debt.

As the UBI would be a fundamental right, you would always retain your *ongoing* UBI without diminishment, as it could never be subject to any legal recovery, even by the government (unless incarcerated). Other income and assets would remain subject to garnishee. As well, there are several strategies we can employ to limit fraud, as discussed in the section Under-reporting Income p. 49.

The problem then arises in how to deal with assets.

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. Also as with pensions, your home should be excluded. The current asset limits for a pension could also apply.

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.

But what happens if things suddenly change, and they lose some or all of the income they were relying on?

Here again, we suggest that any person can submit to their income, either online change or via the app. This would reduce or eliminate their UBI tax, leaving them with some or all of their UBI to spend. This will give people some breathing space to meet their immediate needs while they deal with the emergency. However, they will still have to reconcile their assets and income in their annual return and, if necessary, sell assets to meet their obligations. In this case, the family home would be excluded from forced sale. The debt would crystalize when the home was sold, or the person moved out, or died.

Comparing Welfare and UBI Tax Outcomes

The graphs below illustrate that both Welfare and the UBI are targeted, but with different requirements and outcomes. And both add to a person's normal Net Income, which is the base.

It's important to note that the calculations are done only using the base Tax rate (ex-Medicare levy) and the base JobSeeker rate (ignoring other entitlements a person may have, such as rent assistance, or an energy supplement).

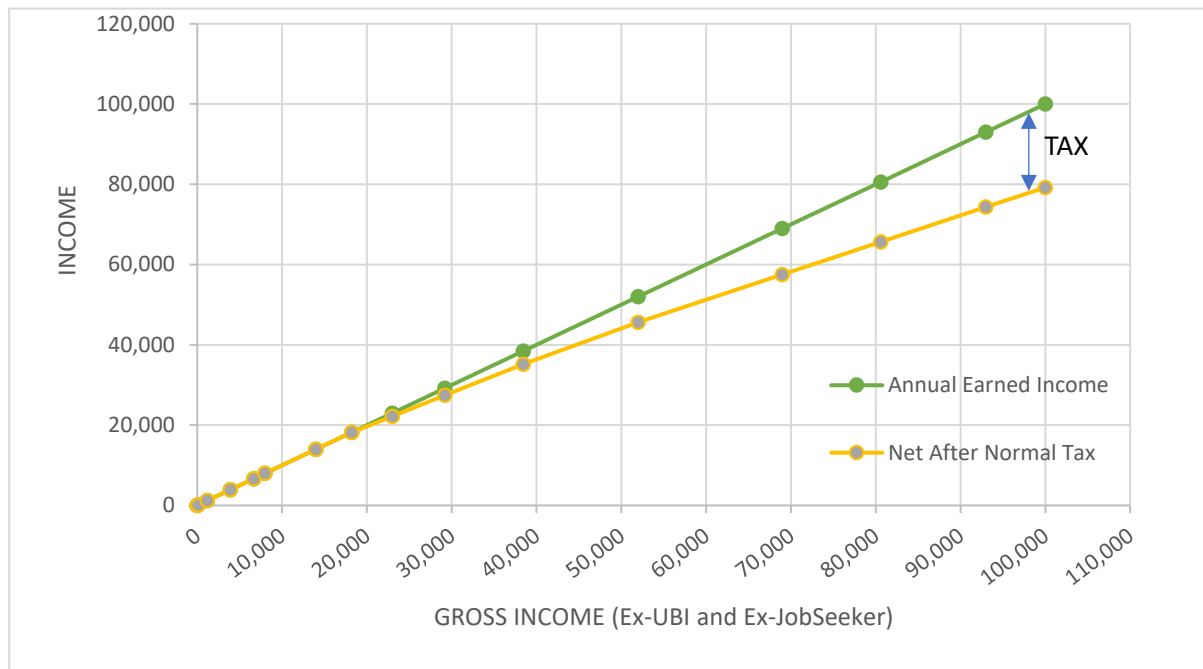


Figure 3 (above) This chart shows your Gross & Net Incomes after Normal Tax (ex-Medicare Levy)

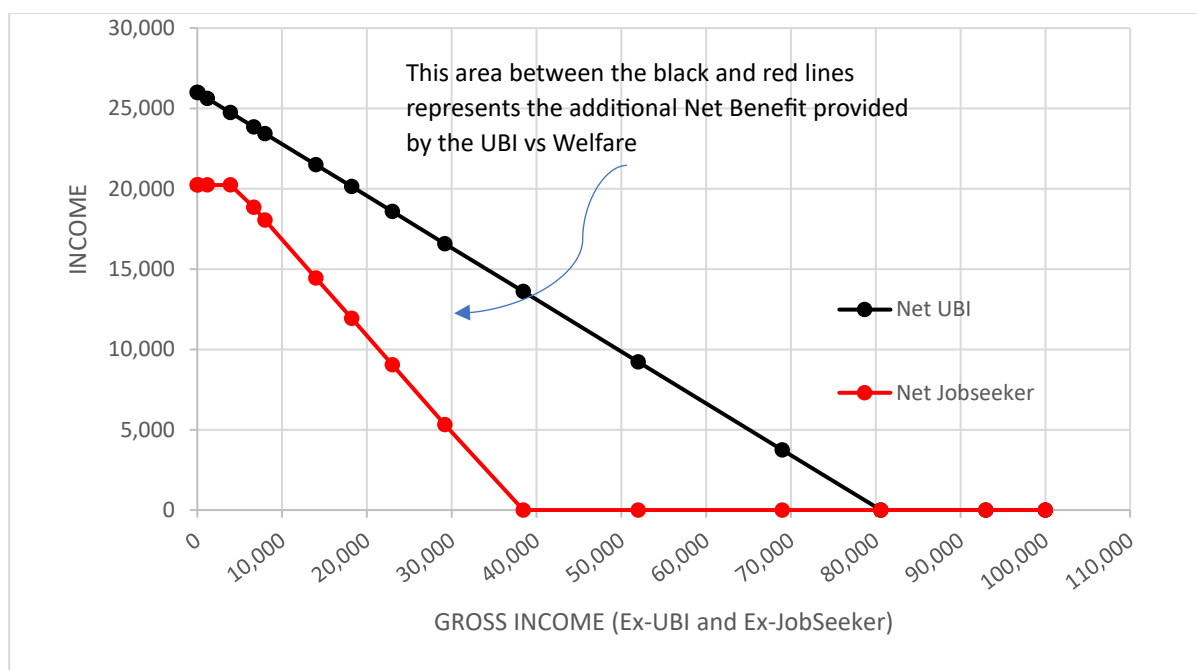


Figure 4 (above) This chart compares the Additional Net from UBI vs the Net from JobSeeker

As illustrated, the UBI would be \$26,000 pa (\$500/week), which is at zero gross income on Figure 4. (above). The tax payable on the UBI would be calculated at 32.26% of Gross Income (excluding either JobSeeker or the UBI). This tax reduces the net UBI to zero at a Gross Income of \$80,600 pa.

The JobSeeker starts out at \$20,228⁵⁹ and declines to zero at a Gross Income of \$38,454⁶⁰.

⁵⁹ <https://www.servicesaustralia.gov.au/how-much-jobseeker-payment-you-can-get?context=51411>

⁶⁰ <https://www.servicesaustralia.gov.au/income-and-assets-tests-for-jobseeker-payment?context=51411>

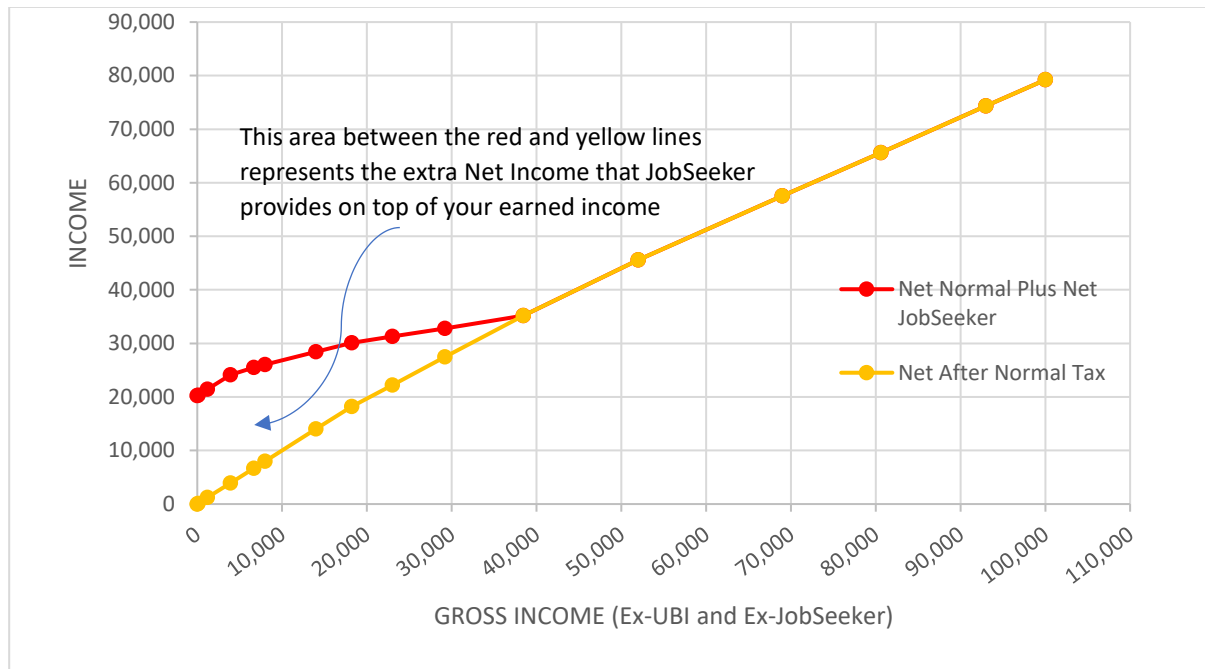


Figure 5 (above) This chart shows your **NORMAL TOTAL NET EARNED INCOME plus NET WELFARE**

As can be seen from [Figure 5](#) (above), your Net JobSeeker (red line) adds to your Net Earned Income (yellow line) up to a Gross of \$38,454. Above that, your Net Income is unchanged.

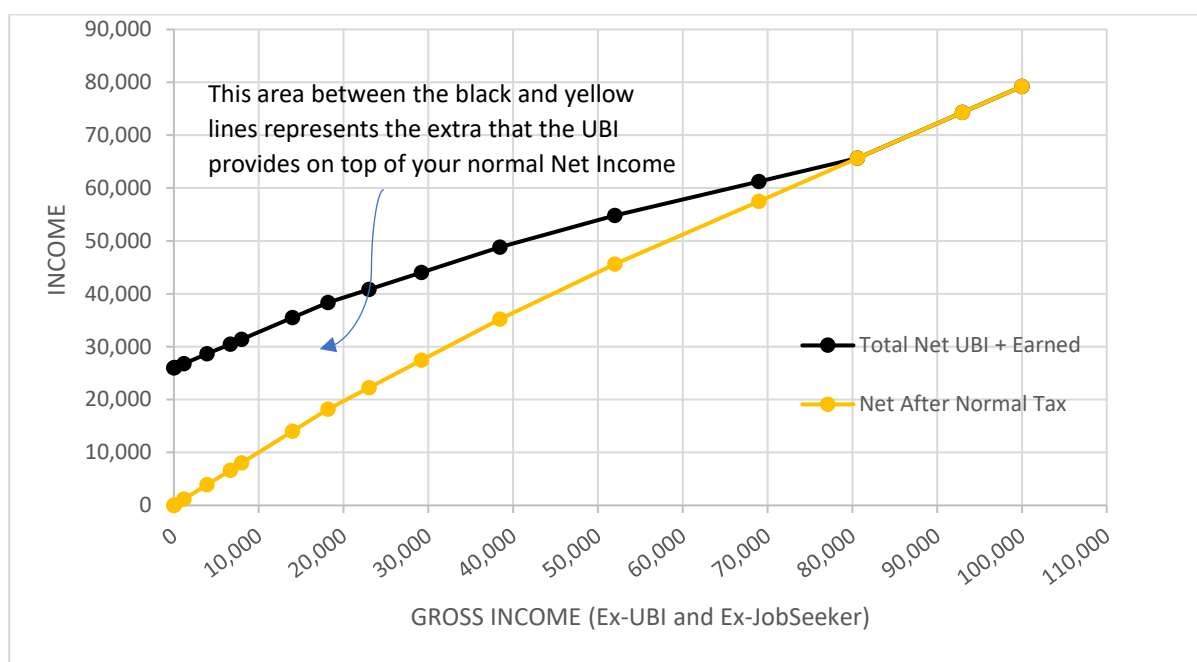


Figure 6 (above) This chart shows your **TOTAL NORMAL NET EARNED INCOME plus NET UBI**

As you can see from [Figure 6](#) your Net UBI (black line) adds to your Net Earned Income (yellow line) up to a Gross of \$80,600. Above that, your Net Income is unchanged.

People on the median salary of \$72,600⁶¹ (\$60,032, after normal tax) would still net \$2,580 UBI - a 4.3% lift in their Net Income. A real boon for people trying to manage the increased interest cost on their housing loan, or higher rentals, as well as the last few years' inflation on essentials... without cost to employers!

⁶¹ <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/employee-earnings/latest-release>

UBI to Absorb Welfare

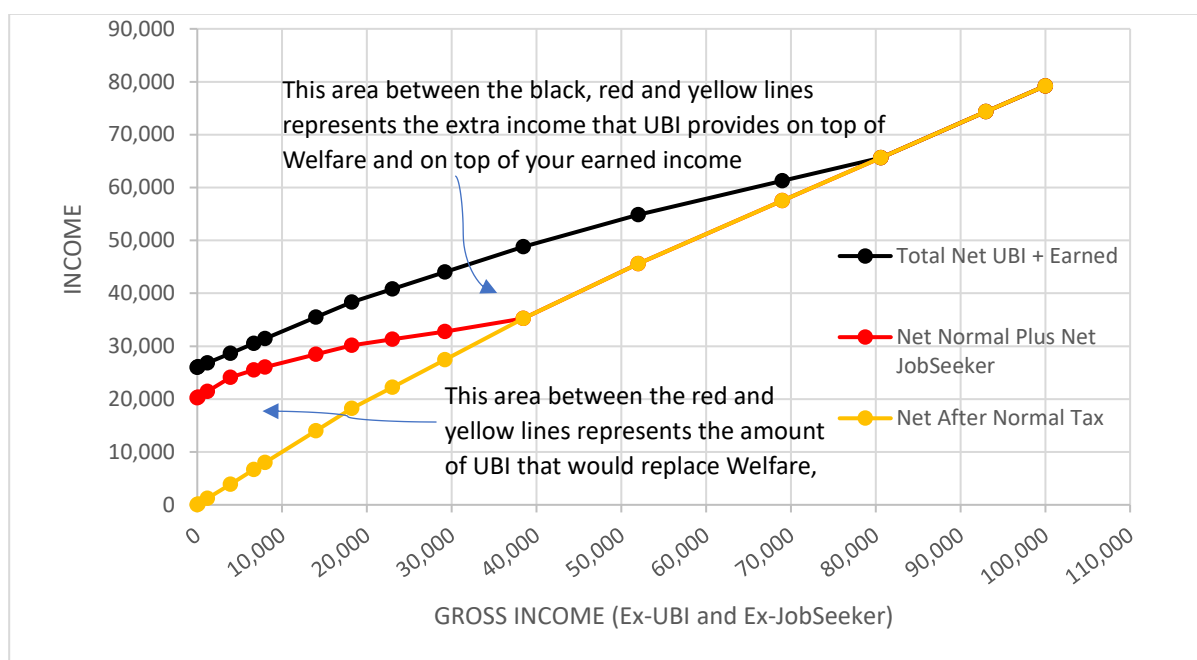


Figure 7 (above) This chart compares your **TOTAL NET INCOME** after **NET UBI** and after **NET WELFARE**

As you'll see from Figure 7, the UBI would absorb the JobSeeker payment.

People earning at the level of the current JobSeeker cutoff (\$38,454) will get the biggest net lift from the UBI (an extra \$22,000), encouraging them to take on paid work.

With JobSeeker, you only get \$15,000 more by working vs not working. After you take account of the costs of going to work and the time you give up, it can make the work very marginal.

In total, when you combine the UBI and a gross income of \$38,454 you get a net of \$48,808.

This compares with a net of only \$35,213 under JobSeeker.

The area between the black, red and yellow lines also represents the additional funding requirement for the UBI over and above Welfare.

Comparing UBI and Welfare Requirements and Outcomes

<ul style="list-style-type: none"> The net UBI is based on income, and it is targeted to those who need it. <p>Similar to Welfare.</p>
<ul style="list-style-type: none"> The UBI is simple and effective at solving the core problem of getting money to people who need it, when they need it. <p>UBI can be administered at a much lower cost than the current system, especially when accounting for the cost of charitable services and crime needed to fill the gaps in welfare.</p> <p>Welfare is complex, costly, and still leaves millions of people in poverty.</p>
<ul style="list-style-type: none"> The UBI is set at a level that substantially helps the working poor, as well as those without a job, lifting them to (and above) the poverty line. It also provides some benefit for middle income earners and families (who have been hit hard by inflation and rising interest rates). All at no wage-cost to employers. <p>Welfare is set so low and cuts out so quickly that it leaves millions of people in poverty; and provides little comfort to people 'living on the edge'.</p>
<ul style="list-style-type: none"> The UBI would be paid on an Individual basis, particularly benefiting families, while providing unpaid carers with some small recognition of the value of work in the home. <p>Welfare is based on 'family' income and assets and can lock people into dependent (potentially abusive) relationships. It means that as a society, we are forcing low-income parents to work (while having to subsidise the cost of childcare); instead of supporting the child's own parents to care for their own children!</p>
<ul style="list-style-type: none"> The UBI can be paid at a higher rate than welfare as there are no restrictions on earning money. If you do take on work, you just pay your normal tax, plus appropriate UBI Tax, all through the same system. <p>With welfare, if you earn above the limit, your benefit is completely cut off.</p> <p>It means that if the welfare benefit was set high enough to survive on, it would then be rational⁶² for people to take the benefit in lieu of a low-paid job, limiting supply of labour.</p>

⁶² Why take on low-paid work, as you would lose all your benefit and give up 40 hours of your time for no or little extra money. And if the job didn't work out, you would need to apply again and wait to get re-approved.

- A UBI is always available, without delay, or any need to apply, or justify entitlement.

Welfare requires you to collect and submit extensive information; and undergo review and requests for additional information you may have missed; and wait to be approved, or possibly not approved.

- The UBI is paid unconditionally, allowing people to either take on paid work (when they can), without losing their entitlement to the UBI; or live on it (if they choose). By keeping the job market in balance, the fact that some people are not in paid work will have no adverse impact on supply.

Welfare provides a benefit only if you cannot work and is deliberately set below the poverty line to force those who can work to take the available low-paid jobs... forcing millions into poverty⁶³.

- The UBI leaves people free to manage their own lives, allowing them to take on paid work when they can... to better themselves and their family, without putting their UBI at risk.

Welfare requires a lot of work just to comply with requirements. Time and mental capacity that could be better spent doing things that the person knows would more directly benefit themselves and their family.

- A UBI removes dependency upon government bureaucracy, and begging from charities, as all adults would receive it as a right.

Welfare keeps people dependent upon meeting the demands of a complex system, as well as upon the individuals empowered to decide if you are entitled to any benefit. It means that some who really need support inevitably miss out, while delays in receiving it are also inevitable.

- A UBI can be used as a new tool to keep the labour market in balance as workers transition to a more automated and greener world; leaving people free to do paid work, or other things with their life, as they choose – without detriment to the paid economy. Importantly, the UBI, enables people to continue to consume what the new automated economy can produce. Without the UBI, those sales would be lost, and the economy would decline.

Welfare cannot be used in this way.

⁶³ Those who have insufficient paid work, and who have no savings or family support.

UBI Funding Requirement

Gross Funding Reduced by UBI Tax Recovery and Welfare Offset

In the absence of any recoveries, the gross funding requirement for the UBI would be \$556 billion per year (21.4 million eligible adults⁶⁴ x \$26,000 p.a. UBI).

Plainly this would be unsustainable given Australia's \$2.8 trillion GDP by the end of 2024⁶⁵.

Which is why it is necessary to offset the UBI against welfare and to also levy a UBI tax. These two measures focus the net benefit on those who need the money, while significantly reducing the net inflow of money from the UBI into the economy.

Other Tax Recoveries

The net inflow from the UBI can be further reduced by capturing the extra GST, Income, and Profits taxes generated by the UBI spending, and using it to offset the UBI, rather than funding other government expenditure. The amount can be estimated by Treasury. It does not have to be exact.

Net Funding

The numbers in the following table are indicative only based on a UBI of \$500/week/adult. Given recent increases in wages, prices, and benefits, it is likely that the minimum UBI will need to be increased soon. While this would increase the funding requirement, it will also increase the recoveries which are conservative. Also, the numbers will be sensitive to changes in population.

We welcome assistance to refine the estimates.

ITEM	TOTAL UBI \$ Per Year
21.4 million Eligible Adults x \$26,000 UBI	556,000,000,000
<u>Less</u> UBI Tax Recoveries	272,000,000,000
<u>Less</u> Welfare Offset (including govt. & private sector Admin savings, while allowing for ongoing child, and some disability & other payments in excess of the UBI)	- 170,000,000,000
NET	114,000,000,000
<u>Less</u> Additional GST, Income & Profits Tax when UBI is Spent	28,000,000,000
NET	86,000,000,000

The \$86 billion Net UBI does not have to be funded by tax.

⁶⁴ <https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/jun-2024>

⁶⁵ <https://www.worldeconomics.com/Country-Size/Australia.aspx>

Instead, the UBI can be funded by a direct injection of new money via the Reserve Bank.

We'd then have two primary ways of injecting new money into the economy via private hands:

- a) via the Reserve Bank via UBI to meet basic needs (fixing the system flaw), and
 - b) via the Reserve Bank via bank lending to meet the needs of all borrowers
- (See [BACKGROUND](#) p. 55 for an explanation of how this works).

Apart from targeting the net UBI to those who need it, the other purpose of the UBI Tax, Welfare Offset, and Other Tax Recoveries is to reduce the Net Inflow of new money into the economy, to avoid inflation.

Measuring the Inflation Impact of the Net UBI

While the effect of the injection of a UBI on inflation is often looked at in relation to its impact on the money supply, this compares a stock (the money supply) with a flow (the regular payment of the UBI).

We regard the better measure to be [Household Final Consumption Expenditure](#)⁶⁶, as this represents the flow of money through the economy that includes the great majority of items that the UBI will be spent on. In the last year, this has amounted to [\\$1,308 billion](#).⁶⁷

The Net UBI of \$86 billion represents a 6.6% lift in this spending, which alone could be quite inflationary. However, there are other factors that will further mitigate its inflationary impact.

Other Uncosted Recoveries, Offsets and Market Factors

- Some people who are unable to work will receive compensation, via: Workcover, Income Insurance, Sick Leave, Superannuation, and/or Litigation payouts. This compensation will be treated like any other income, giving rise to an extra UBI Tax recovery that has not been fully accounted for in the tax recovery calculation above.
- There will also be a reduced need for charity, freeing resources for more productive work.
- As noted, the pilots show that there are [benefits to mental and physical health](#)⁶⁸, and [improved education outcomes](#)⁶⁹, as well as [less domestic violence](#)⁷⁰, and [lower crime](#)⁷¹ (petty

⁶⁶ <https://www.abs.gov.au/statistics/detailed-methodology-information/concepts-sources-methods/australian-system-national-accounts-concepts-sources-and-methods/2020-21/chapter-10-gross-domestic-product-expenditure-approach-gdpe/household-final-consumption-expenditure>

⁶⁷ <https://tradingeconomics.com/australia/consumer-spending>

⁶⁸ https://jamanetwork.com/journals/jama/article-abstract/2821454?guestAccessKey=552cd0c8-8665-4c5f-abbd-5d608d7517e8&linkId=516833861&ref=scottssantens.com#google_vignette

⁶⁹ <https://www.the-sun.com/money/12331962/guaranteed-basic-income-new-orleans-teens-high-school/>

⁷⁰ <https://www.businessinsider.com/la-basic-income-domestic-violence-survivors-2024-8>

⁷¹ https://www.researchgate.net/publication/344457955_The_Impact_of_an_Experimental_Guaranteed_Income_on_Crime_and_Violence

crime in not a petty number⁷²), all resulting in community savings that help to offset the inflationary impact of the inflow of the net UBI into the economy.

- As the UBI circulates within the real economy, money (in the form of profits and higher incomes) will flow out and into the financial economy, where it will be invested in (mainly) existing securities and property. This outflow will further reduce the pressure of the UBI inflow on consumer prices in the real economy, as once the flow of money leaves the real economy, it barely trickles back in.
- On-going technological deflation⁷³ will continue to act as a counter to inflation pressures arising from the Net UBI. Part of the reduction in cost arises as the price of old models falls and the second-hand market expands. The overall result is a fall in average prices for the functionality people want.
- As many basic goods are imported, a slight lift in demand from Australia is not going to boost import prices as it will not significantly affect global production.
- The economy is never static. As new money flows into the economy, local producers expand capacity to meet the rising demand, as well as employing new tools to increase productivity, further limiting the inflationary impact of the UBI... *if given enough time to adapt their facilities and supply lines.*

By the time these additional recoveries, offsets, and market factors kick in, it is quite likely that we'd see no significant impact on inflation at all.

Housing is a separate problem that requires its own solution – regardless of the UBI.

⁷² <https://www.nationalretail.org.au/policy-advocacy/safe-retail/retail-crime/>

⁷³ Mainly in imported electrical goods such as computers and phones, and soon to include cars and many industrial machines, as well as a much wider array as automation continues to spread throughout the supply chain

Risk Mitigation

Mitigating the Inflation Risk by Starting Low

Though we regard the inflation risk as relatively small, we suggest a cautionary approach to mitigate risks, as many of the factors cannot be precisely modelled.

We recommend starting the UBI at just \$10/week⁷⁴ and increasing it over 5-6 years to the poverty line. This will give the supply chain time to adapt, without causing shortages that drive inflation.

Managing Residual Inflation

If, despite the Tax recoveries, Welfare and other offsets, and a slow start, the UBI does lead to some small lift in inflation, the Reserve Bank can simply raise interest rates to dampen borrowing and discretionary spending, to dampen demand, as it does now to deal with inflation⁷⁵.

Importantly, the UBI itself would continue to be increased in line with any price increases in the goods and services that make up the Henderson Poverty Line.

While our policy aims to implement a UBI without raising taxes, as an absolute last resort, there is still capacity to increase the GST⁷⁶ to dampen demand across the board, (with the UBI raised to offset the rise in GST).

Rebalancing Economic Activity

Though we don't anticipate the need to lift interest rates because of the UBI (nor increase the GST), if one or both are necessary, the combination of

- a) the Net UBI, increasing demand, and
- b) a lift in interest rates, (and as a last resort an increase in the GST), dampening demand

Together, these will simply shift more economic activity to meeting basic needs, and less on other spending, while keeping the economy operating at full capacity.

Testing the System, Mitigating Other Risks, and Confirming the Benefits

Starting small and moving slow also enables us to test the systems to ensure everyone is covered, and there is no double dipping, etc, before the amounts become too significant.

Phasing also gives time for businesses and people providing social services within the current system to refocus their resources: to provide their clients with the knowledge and skills to thrive, instead of merely survive. And, with less need for emergency relief, more charitable resources

⁷⁴ Even just \$10/week, will make a difference to someone in poverty. It could still buy them some food for a day.

⁷⁵ Ideally, rather than raising rates across the board, the Reserve Bank should be given the power to only raise them on loans for existing housing and non-productive borrowings – to encourage the supply of new homes and productive assets - to reduce prices. But this is a separate topic entirely

⁷⁶ <https://www.oecd.org/content/dam/oecd/en/topics/policy-sub-issues/global-tax-revenues/revenue-statistics-australia.pdf>

can be devoted to helping those who cannot look after themselves for reasons of mental health, addiction, or otherwise.

The gradual phase-in also gives people working in social services ample time to find other work, if necessary... knowing they too will be underpinned in the future by a UBI set above the poverty line to balance the labour market (as well as by generous payouts once the UBI removes the need for their services, as discussed in the section Who Will Lose? P. 48).

And it lets us observe actual changes, so we don't have to theorise about the UBI's impact on individual behaviour, the labour market, and inflation.

If any adverse impacts appear, we can simply halt the rise in the UBI until they are counter-measured.

*It's important that once introduced, the rate is never dropped.
People need to know that they can rely on it,
so they adapt their behaviour accordingly.*

Based on global pilots, we expect to see many benefits that cause us to speed up the pace of the roll out, not slow it down.

Administration

The UBI is not a ‘tax benefit’ or a ‘welfare payment’. Rather, it reflects the fundamental right of everyone to have enough money to survive, in a society that requires money to live.

For this reason, a new Authority should be set up with its own charter (like the Reserve Bank). It would have four primary objectives:

1. Pay the UBI to all adult Australian permanent residents, directly into their designated bank account (while tracking births, deaths, immigration & emigration).
2. Ensure the UBI remains at or above the Henderson Poverty Line, as the cost of basics increases.
3. In tandem with the Tax Office, increase the \$80,600 cutoff to keep the recovery rate at 32.26% of Gross Income as the UBI rises; and periodically review the opportunity to increase the cutoff in real terms (thereby lowering the recovery percentage), based upon the increased productivity evident in the economy.
4. Keep the Labour Market in Balance as Automation, Virtualisation and AI disrupt it.

The New Authority would also need to liaise with the government to recover the UBI Tax, the Welfare Offset, and the additional GST, Income and Profit taxes raised as the UBI is spent. This money would be written back by the Reserve Bank, taking it out of the economy, to offset the injection of the UBI.

While most of the setup can be streamlined based on tax and welfare records, there will still need to be a confirmation process. To encourage participation, we could perhaps offer an initial \$500 payment for anyone registered by a certain date. Even so, there will still be people who miss out, requiring an ongoing review process until the system is up and running fully.

The other reason for a separate Authority is that it alleviates a point of political pressure.

The Federal Government has just strengthened the Reserve Bank of Australia’s independence. If interest rates are felt to be too high or too low; people target the RBA, not the Federal Government.

The same would happen with an independent UBI Authority and the UBI. The Authority can resist pressure by pointing to independent data that determines the poverty line.

Regarding keeping the labour market in balance, both the empirical measures would also be open for all to see, namely: ‘the average time for a job to be filled’, and ‘the average time for a person to find a job’.

Overall, the system will be much simpler and less costly to administer than current Welfare and charity because payment will be unconditional to all adults. Once you’re registered, you get it for life. The tax recoveries can be handled via the Australian Tax Office as part of their normal procedures at very little extra cost.

Opportunity Costs, Negatives, and Gaming the System

What are the Opportunity Costs?

Plainly, given we can create an extra \$86 billion a year to provide a Net UBI, we could instead spend this money on all sorts of other things. Like infrastructure, or sports stadiums, or cancer research, or any other of a million different projects.

It is our contention that for the sake of human decency, social cohesion, and a vibrant economy, basic needs must take precedence - stimulating the economy from the bottom up.

The cost of not providing a targeted UBI is that basic needs go unmet, and sales go unmade.

Who Will Lose?

People Employed in the Social Services Sector

In the first instance, it will be those who earn a living from the current system.

As the need for their services diminishes, many in both the public and private sectors who now make a living out of unemployment and poverty (Centrelink, Employment Services, and Charities) will have to find alternative employment. Or at least retrain to focus on helping the much smaller section of society who cannot help themselves (due to mental health, or addictions, or some form of incapacity).

As a society, we need to ensure people working in these organizations (as well as the private businesses themselves) are given time and generous resources to adapt. If we don't, they will fight us every step of the way.

If we do support them, they will come on board.

Also, we need people to stay working in the current system until the UBI is fully implemented. Offering a generous payout provides incentive to stay to the end.

We know this can be done.

Back in 2006, Toyota closed its Port Melbourne plant following the shift of production to a new plant in Altona. By giving four years' notice and helping employees to prepare for a new future with generous termination benefits, they had no instances of sabotage and retained all their good people to the end. In the year it closed, it was the only plant among Toyota's global network to achieve all 8 of its KPIs; with laughing and cheering on the last day - despite 600 people losing their jobs; and contrary to the dire warnings of other companies that it would be a disaster to provide such a long lead time. The head of the Vehicle Builders Union said it was the best close he'd seen in his 35 years in the Union movement.

By targeting a start for the UBI within the next 10 years and supporting those who are adversely impacted until the transition is complete (another 5 years), all the work to make the change can be accomplished without undue trauma.

The cost of the transition can be amortised over an indefinite period, as once in place, the benefits will continue to flow continuously into the future.

Prospective Borrowers

This second group will only be impacted if inflation did start to become a problem as a result of the rising UBI. In that case, the interest rate on new bank loans may have to be increased to curtail new borrowings. In which case some new borrowers would miss out on having their wants met, in favour of the new money going into the economy via the UBI, to meet basic needs instead.

This hardly seems unfair.

Mortgagees would also see their discretionary spending reduce as the interest rates on existing variable rate loans was increased. For many this would be offset by the UBI providing extra income.

Again, we suggest that spending on basics must take precedence over other spending.

On the upside, it is quite likely that this trade-off need never be made because the market adapts over time to the new pattern of spending without creating additional inflation.

Banks

It's arguable that banks miss out on making some loans as rates are raised, and borrowing dips. However, they also increase their margins, so the net impact on bank's bottom line is less clear.

Gaming the System

Boosting Prices

Some have expressed concern that landlords and others will just boost rent and prices to absorb the UBI. While this is possible, it is not a foregone conclusion.

While we have seen cycles of wage and price inflation, we have also seen long periods of real wage growth.

A targeted UBI is effectively a wage rise for low-paid workers, no different to the minimum wage being increased. If we can manage normal wage rises, we can manage the impact of the Net UBI.

Regarding rents spiking, the only complete solution is to address the shortage of affordable housing, which is a whole other topic.

Under-reporting Income

It is possible, and even quite likely, that people will under-report income, especially as their UBI cannot be taken away.

However, if they have other income above the UBI, that can be used to recover any overpayment, and to pay any penalty.

As well, over time, the level of the UBI could become quite high in real terms as labour hours are reduced and productivity benefits are shared via the UBI. In this case, a major incentive to not

port the system could be to penalise people who under-report their income by keeping their UBI at the poverty line for a period of time (the larger the fraud, the longer the time). This incentive could be invoked from the start, by warning people that it would apply to ‘retrospective fraud’ that occurs before the UBI is raised above the poverty line. It would mean that any fraud puts future real increases at risk.

In egregious cases, gaol is also an option.

In the justice system, we prefer some guilty to go free, to limit the chances of punishing the innocent.

Similarly, we need to accept some level of fraud as an unavoidable cost to prevent people being consigned to poverty *by the system*. On the positive side, some fraud is also a small cost if it helps to see us through the automation of more and more work, in a way that leads to a flourishing society, and not a contracting one.

Regardless, with improved data tracking, AI analysis, and heavy penalties for fraud (focusing on the ‘big’ offenders), it can be minimized to a tolerable level.

Also, as the cash economy continues to decline, this will make it easier to audit those sectors where cash and under-reporting remains a temptation.

UBI would Not be Government Spending

Some people regard a UBI as ‘big government’ and ‘socialism’ (which are seen by them as pejoratives).

Yet, they don’t treat the new money issued to bank-borrowers as ‘government spending’ - even though the money is underpinned by the Reserve Bank, and ultimately, the Government. Perhaps because the money is not spent by the government, but by the borrowers.

Similarly, the money issued to pay the UBI would come directly from the Reserve Bank (see [UBI Funding Requirement](#) p. 42, via the proposed new UBI Authority. The Government would have no direct say in how much it is.

The UBI payment amount would be determined by the new Authority to keep the UBI above the poverty line, and the labour market in balance (in accord with its charter).

Nor would the money be spent by the government. It would be spent by the people who receive it.

It really is citizen spending (not government spending), which will drive the market to meet the needs of each individual as they determine.

Summary

In a system that requires money to live, all we are discussing is how best to provide money to those who cannot do paid work (for a time), or where there is insufficient paid work for them to do.

Welfare was the 20th Century's solution. It was better than nothing, but it has still left a substantial minority (12-14% of the population and 17% of all children) reliant on charity (and even petty crime) to survive. And still, they end up in poverty (going without food at times, or heat or cooling or power, or crammed into tiny spaces, often without good sanitation, or living in their car, or on the streets).

A UBI offers a more advanced approach based on 21st Century morals, and economic and financial understanding.

Paying a UBI as an unconditional right and then taxing some or all of it back until it is needed, is like providing roads for everyone. Not everyone uses every road, but they are there when you need them.

It's effectively national basic income insurance, without any need to make a claim.

NEXT STEPS – COMMUNITY SUPPORT

We are now in discussion with a couple of major Australian councils to undertake community engagement sessions to raise awareness of what a UBI is, why we need it, and how it can be made to work. We are also actively engaged with representatives several political parties, and independents at the Federal level.

Unfortunately, some parties seem to have no interest at present, despite wide support from the electorate, as evidenced by the October 2020 YouGov poll⁷⁷ in which the great majority expressed support for a UBI, with only 18% somewhat or strongly opposed.

The aim is to change this lack of interest by activating local communities through direct engagement. If you've read this far, perhaps you can help.

ENGAGEMENT

We'd love to talk more and answer any questions, especially if you have specific suggestions or concerns regarding this policy. Please address them to mhaines@basicincomeaustralia.com

If you're already convinced, come and join us at <https://basicincomeaustralia.com/membership/>. It costs \$10/year to become a full member... or nothing to become an affiliate, or simply a supporter. Just having your name added to our list helps people to see our growing support! We especially need more volunteer graphic designers, and anyone who can tell a story and who is good at making short videos to highlight how a UBI will impact different people, from: businesses and entrepreneurs, to creatives and local communities, and of course people in poverty.

WORKING OUT WHAT YOU WOULD GET

You can use this calculator⁷⁸ to see what you would get based on your current income. If you have a partner or adult family member living with you, they can also calculate their own UBI payment, as the calculator assumes the UBI is paid separately to each person.

HOUSEKEEPING

The policy has been refined over the last couple of years and is still evolving, as we consider feedback from the community. Your feedback too will be very welcome.

Figures quoted are correct as of January 2025, unless otherwise dated. The funding estimates are based on a range of sources including, the Australian Bureau of Statistics, the Tax Office, Centrelink, and The Reserve Bank of Australia, as well as the Australian Council of Social Services, The Melbourne Institute (publisher of The Henderson Poverty Line), The US Federal Reserve and Our World in Data, together with our own data referencing 131 global UBI pilots.

⁷⁷ <https://www.abc.net.au/news/2020-12-11/survey-says-most-australians-welcome-universal-basic-income/12970924>

⁷⁸ <https://bia-calculator.jessicacychew.com/>

CORE UBI CREDO

Summary of Core Credo

The UBI is a fundamental right aimed at eliminating systemic poverty; as well as helping to manage the transition to a new more automated, renewable, and circular⁷⁹ economy, in which all people flourish to the best of their abilities.

1. The UBI would be a right of citizenship (not a tax or welfare benefit).
2. The initial target would be The Henderson Poverty Line, adjusted for inflation.
3. It would also be raised above the poverty line to help keep the labour market in dynamic balance - to better manage changes in the job market due to new technologies - enabling all of society to thrive, not merely survive.
4. The payment of the UBI would be unconditional.
5. It would be paid to every adult Australian citizen not in prison.
6. It would be set off dollar for dollar against any welfare (except child welfare that would continue to be paid under current regulations).
7. Any welfare benefits in excess of the UBI would continue to be paid, based on whatever terms and conditions now apply.
8. It would be paid at the start of each week by the Reserve Bank, directly into each bank account.
9. It would be funded without levying any additional taxes.
10. The UBI itself would be taxed to reduce its inflationary impact.
11. The UBI tax would be conditional. It would be based on each person's gross earnings. These would include deemed income on assets to account for capital gains and losses.
12. The UBI tax would be no more than 33.33% of gross earnings up to \$80,600. Above that the full UBI would be recovered, but no more. This targets the net to those who need it without making anyone worse off.
13. The UBI tax would be collected via the current tax systems (Group Tax, GST and Annual Return), as well as via a purpose designed app, offered through each bank, and connected to the person's bank account. While calculated automatically, the payment of the UBI tax would not be automatic. As with any payment out of your account, it would require your approval.
14. In effect, a person would receive two payslips:
 1. Your Normal Pay, with your Normal Tax (which would be untouched)
 2. 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 income for that week)

⁷⁹ <https://www.ellenmacarthurfoundation.org/topics/circular-economy-introduction/overview>

15. As the UBI would be a right of citizenship, it would be administered by a new Authority set up for the sole purpose of paying the UBI. This Authority would have its own charter, with clear objectives and measures of performance.
16. The UBI would be introduced slowly, over a period of 5-6 years, starting at just \$10/week to give the supply chain time to adapt to the new pattern of demand, without causing shortages that drive inflation. Other risk mitigation strategies are detailed in the Credo ([insert link once posted](#)).

How and Why BIA Policy Differs from the Core Credo

Core Credo 5.

The Universal Basic Income should be paid to all adult citizens of Australia, excluding prisoners.

Basic Income Australia Proposal

BIA policy extends the UBI to permanent residents. If we welcome people here, we must ensure we do not leave them in poverty, if their circumstances change.

It also extends the UBI to prisoners, with most of the money going towards the cost of their incarceration, but with enough saved to provide for a bond, clothes, and household goods, on release. Together with the ongoing UBI, this will allow ex-prisoners to re-enter society from a stable base, reducing recidivism.

Core Credo 11.

The UBI tax would be conditional. It would be based on each person's gross earnings. These would include deemed income on assets to account for capital gains and losses.

Basic Income Australia Proposal

BIA prefers that the UBI be taxed only on individual gross income, as assets either generate income or are illiquid. We recognise that this does leave open the opportunity for people to game the system by drawing limited income from investment funds, to lower their UBI tax, while having their investment capital grow. One way around this, could be to modify the Tax system to require that taxpayers declare the amount of any beneficial interest they have in investments above a specified limit (excluding the family home) and simply deem a return. This complication should only matter for people who can afford to get the advice required to meet their obligations.

Core Credo 12.

The UBI tax would be no more than 33.33% of gross earnings. (Based on a UBI of \$500/week, this equates to a cutoff at gross income of \$78,000 p.a.)

Basic Income Australia Proposal

BIA policy extends the cutoff to \$80,600 which covers around 60% of wage earners, resulting in a recovery rate of 32.26%. The slight drop in the recovery rate and extension to cover 60% of wage earners provides slightly more incentive to take on work (as you keep more of your earnings) and expands the percentage of people who will benefit from the UBI to a clear majority when you include all adults not in paid work. Everyone else remains a potential beneficiary if they lose their income, or must stop work to care for dependents, or because of sickness, or injury, or to take on education or to start a business, etc.

BACKGROUND

Money Creation, Allocation and Destruction.

When new money gets created and allocated, the person to whom it is allocated gets to say what it is spent on, which determines which resources are used for what purpose.

Unlike an individual, society does not need to save before it spends.

Society must first create the money and allocate it to certain people to spend into the economy:

First, to politicians and bureaucrats (via deficit spending)⁸⁰.

The new money is recovered when the government runs a surplus, and

Secondly, to borrowers (via loans from commercial banks)⁸¹.

As this Bank of England paper⁸² explains:

“whenever a bank makes a loan, it simultaneously creates a matching deposit in the borrower’s bank account, *thereby creating new money*”.

The money is recovered (and written back into the thin air from which it came) when the loan is repaid, and the entries in the bank’s books are reversed.

Other people get access to the new money (to spend, pay taxes, and save) as they work to provide the goods and services demanded by the politicians, bureaucrats and borrowers.

For as long as the total of new money (from all sources) exceeds total recoveries, the money supply will continue to grow.

Inflation becomes a risk if it grows too quickly, beyond the capacity of the local and global economy to respond to the extra demand generated by the new money.

The Reserve Bank attempts to moderate this growth by raising interest rates to stem demand for new loans, while also reducing the amount of discretionary spending available after interest on existing variable-rate loans.

While this system of money creation and allocation works well for most, as noted, it leaves a significant proportion of the population without the money they need to survive (those who cannot work for a time, who have no savings or family support).

The simple answer is to add a third group of people for whom money is created, and to whom it is allocated: people who require it to meet their basic needs. This can be done by paying the UBI as of right to all permanent residents and then taxing it back based on individual income. In this way, we only have to fund the net UBI.

⁸⁰ https://www.milkenreview.org/articles/the-deficit-myth?utm_source=substack&utm_medium=email

⁸¹ <https://www.bankofengland.co.uk/-/media/boe/files/quarterly-bulletin/2014/money-creation-in-the-modern-economy.pdf>

⁸² <https://www.bankofengland.co.uk/-/media/boe/files/quarterly-bulletin/2014/money-creation-in-the-modern-economy.pdf>

Priority

It is contended that money should be created and allocated in the following order:

1. Basic Needs (as the moral imperative).
2. Critical Social Goods (health, education, transport, energy, and housing, etc.) upon which we all depend⁸³.
3. Discretionary Private Spending (with the focus on new productive investment)⁸⁴.

Money Flows

As the new money is spent by UBI recipients, bureaucrats, and bank borrowers, it circulates through the economy, adding to income and profits to businesses. Some is invested in growing the business, while dividends flow into the 'financial economy' where it continues to circulate. Some trickles back down into the real economy when it is re-invested in new share issues that fund business expansion, or new property, but most stays circulating in the financial economy.

It's a truism that 'money flows up' much faster than it 'trickles down'!

From this it is clear, while people at the bottom are the initial beneficiaries of a UBI, the rich are its ultimate beneficiaries. Both are winners. (In fact, the rich win from all new spending.)

The problem then is how to control spending to ensure that it does not become inflationary.

Constraints on Money Creation

1. The UBI can be constrained first by an empirical measure (what is the poverty level), secondly by determining the income at which the UBI is fully recovered, and then through keeping the labour market in balance, which should also mitigate inflation.
2. Governments can be constrained by having to pay all current spending out of tax.

It's recognised that this is the perennial goal of every government, and that they perennially fail to achieve it (except for brief periods). We list it here simply for the record. Governments will tax and spend as they choose. We also recognize that deficits are not inherently bad if the economy is 'balanced' with low unemployment & inflation (a whole other topic).

3. Private borrowing can be constrained by 'capacity to pay' which will be determined by the borrower's assets and income, the prices for goods and services set in the market, plus market interest rates.
4. Overall, inflation must be managed by the Reserve Bank managing interest rates, as well as through government deficit management; and importantly, regulation and enforcement to ensure competitive markets – also another topic for another day.

⁸³ Of course, much of the actual work to create our social goods, and to provide some of our social services, will be carried out by private sector firms. But the work ought to be decided by the government in furtherance of social ends

⁸⁴ Unfortunately, much new lending simply goes to boosting house prices. But that too is a topic for another day