What is the Strategy in *Australia Together* for a Universal Basic Income?

Updated June 2026

What's in this information sheet?

This sheet contains detailed modelling of the potential effect on the net incomes of Australians, the federal budget of Australia's government, and the financial security of essential services that can arise from the introduction of a universal basic income (UBI) at or above the poverty level and fair taxation reform. The scenarios modelled suggest that a UBI at or above the poverty level is feasible financially for Australians and the government and is economically advantageous. The sheet should be read in conjunction with another ACFP information sheet on the Australian Public Interest Collaboration, accessible at https://austcfp.com.au/supporting-activities#publicinterestcollaboration.

Contents

1. What is *Australia Together*?

Australia Together is the nation's first long term, integrated plan for a better future for everyone. It is being progressively developed by Australians for Australians so that we can tell our governments what we want them to do for us as a cohesive, democratic community.

The plan is being built to ensure that Australians can maximise their chances of making their vision for the best future they can imagine a reality by 2050 or sooner. This vision has been described by Australians themselves in their responses to surveys, community engagement forums and other research during the 21st century and is summarised in the **Vision for *Australia Together***.

Read the latest draft of ***Australia Together*** here.
Read the latest draft of the **Vision for *Australia Together*** here.
Read more fact sheets about ***Australia Together*** here.

***Australia Together* is a map through time of the safe routes to a destination of wellbeing and security for every single Australian by 2050 or sooner.** Every Target and Strategy in the plan has a coloured map reference number. Follow the map by using the map references or simply by searching on keywords which relate to your topic of interest.

A Universal Basic Income (UBI) for all Australians is an important Strategy in *Australia Together*.

2. What is a Universal Basic Income?

A Universal Basic Income (UBI) is a continuous uniform taxpayer funded payment to all members of a national community regardless of any other income they may freely obtain. In 2016, the Parliament of Australia Library research staff explained that:

- "A UBI is made without any work or activity tests."
- "There are a number of different UBI models. These range from more modest schemes designed to simplify the existing social security system all the way to utopian plans to transform society."
- "The idea of a universal basic income is not new but until recently had been pushed to the fringes of policy debate. A UBI has returned to the policy agenda as the result of concerns about technological change. Some commentators argue that new technology will permanently reduce the demand for labour leading to job losses, stagnant incomes and worsening inequality."

Not all commentators agree that new technology will lead to large scale unemployment. Instead they cite significant growth in inequality, poverty, and failures by wealthy western societies to achieve social justice as among the most important reasons for serious consideration of a UBI. Other exponents of a basic income, such as prominent Australia Economist Ross Garnaut, have explained that it is essential because of the efficiencies and benefits it offers. Professor Garnaut explains that a UBI (or "Australian Income Security") is a rearrangement of use of taxation revenues by integrating the social security and personal income tax systems. In Australia, social security and taxation are treated separately; but they actually can be far more efficiently administered if we run them as one.

3. Is a UBI the same as "welfare"?

Yes and No: it depends on how we define "welfare," and what sort of welfare system we might want. UBIs can be designed along a spectrum with universality of welfare at one end and targeted welfare at the other. Fairness in the design of a UBI will increase or diminish depending on which type of welfare system is preferred. Fairness in the design of a UBI will increase if universal, unconditional welfare is preferred; it will decrease if Australia's current targeted welfare system is preferred.

A distinguishing feature of a UBI that is designed to be consistent with a universal and unconditional welfare system (rather than a targeted welfare system) is that it is more likely to make equality of opportunity possible. It gives everyone a fair go from the start of their lives. The uniformity and continuity of payments under UBIs that are designed consistent with a universal and unconditional welfare system help ensure that all members of the society will start their lives and careers with the same chance of accessing opportunities available in the economy. Targeted welfare systems, by contrast, attempt to address (and usually only to a limited degree) the failures arising from the fact that all members of society have *not* had equal access to opportunity. Targeted welfare systems have also coincided with substantial growth in inequality, poverty, hunger, homelessness and ill-health in Australia in the 21st century. Introduction of a UBI designed consistent with a universal and unconditional welfare system would help reverse these trends.

4. Where do Strategies relating to a UBI appear in *Australia Together*?

The proposal for a UBI appears in *Australia Together* under the map reference number **Econ04.02.04** and under a range of other related Targets and Strategies. Importantly, the Strategy for a UBI is:

- for ***community engagement*** on various options for it via the establishment of a citizens' jury process (or similar); and is
- meant to be contiguous with other Strategies in the plan including those for:
    - community engagement on the design and establishment of a National Accord on Wealth, Welfare and Wellbeing – **Econ04.02**,
    - community engagement on a national plan for sustained full employment – **Econ02.04**,
    - development of a plan for increasing government sector participation in Australia's economy by a program of expansion of public sector employment in health, aged care, disability services, employment and welfare services, education, housing, conservation and land care, renewable energy, buildings efficiency, and transport – **Econ02.04.01**,
    - revocation of policies restricting government sector and taxpayer participation in Australia's economy – **Econ04.02.01**,
    - pilot programs for community engagement on development of long term financial plans for federal revenues and spending – **Gov01.05** and **Econ04.02.02**, and
    - various Strategies for tax reform particularly under:
        - **Econ04.04.01** – introduction of a corporate cash flow tax,
        - **Econ04.04.02** – re-introduction of a corporate super profits tax,
        - **Econ04.05** – mandating uniform royalties on mining exports,

      and most notably,
        - **Econ04.07** – introduction of an electronic financial transactions tax.

In *Australia Together*, the Strategy for a UBI is integrated with a variety of other economic strategies, including those designed to ensure fairness in taxation and, most importantly, **reintroduce fee-free tertiary education for all** – **Soc05.01**.

5. Why does *Australia Together* include a proposal for a UBI?

Australia Together includes a proposal for a universal basic income because:

1. there are extraordinary benefits that will accrue equitably to all Australians; and
2. as long as the UBI is designed in accordance with principles already agreed in a National Accord on Wealth, Welfare and Wellbeing or similar (see Question 21 for more information), the proposal is fully consistent with and supportive of the Vision for *Australia Together*.

For detailed information on the consistency of a UBI with the Vision for *Australia Together* see Appendix 3 below or Chapter 5 of *The Public Interest Economy: the path to wellbeing, security and sustainable consumption in a democratised Australian economy* by ACFP Founder Bronwyn Kelly.

6. What are the key benefits of a Universal Basic Income?

As long as a UBI is well-designed and is established consistent with the principles of a pre-agreed accord between the Australian people and their parliaments and governments – such as the above mentioned National Accord on Wealth, Welfare and Wellbeing – **a UBI would pave the way for amazing economic benefits, reduction of inequality, and elimination of poverty in Australia**. Most notably it would:

1. collapse many of the barriers to fairness in our current welfare and wealth sharing systems;
2. significantly reduce gender inequality and poverty traps particularly for women and children;
3. significantly increase the accessibility of a wide array of services, especially in health and education;
4. create a solid basis for:
    a. growth of participation in the workforce,
    b. expanding our capacity to seek out more satisfying work,
    c. the maintenance of full employment (especially in non-inflationary industries of wellbeing), and
    d. continuous growth in productivity;
5. open the way to a genuinely fair personal taxation system;
6. provide stimulus to the economy by boosting spending capacity in places where there is little or none now – that is, among the growing numbers of the poor, now numbering more than 3.7 million in Australia;
7. raise disposable income for everyone and thereby create enough new demand for jobs growth in both the public sector (especially in education, health, environmental protection and housing) and in the private sector (especially in trade-exposed industries);
8. make re-training and career transfers possible for those who are in jobs which offer them no life satisfaction or ability to reach their full potential; and
9. allow trade-exposed industries to remain more competitive than they otherwise would because, going forward, it can help keep wages affordable for those industries without lowering the standard of living for workers. New and small business owners and export industries all benefit significantly from a UBI.

In addition to the above, a well-designed UBI would ensure that during periods of economic transition – such as transitions to a post-carbon economy and transitions from the current neoliberal, profit-

driven economy to an ecologically sustainable economy – all Australians would be confident of equitable treatment and maintenance of a sufficiently decent – i.e., "basic" – standard of living.

A well-designed UBI can also provide ongoing steady stimulus to the economy and the employment and productivity growth we need without setting off uncontrollable inflation (see Question 18 below).

For detailed information on the benefits of a UBI see Chapter 5 of *The Public Interest Economy: the path to wellbeing, security and sustainable consumption in a democratised Australian economy* by ACFP Founder Bronwyn Kelly.

7. What are the features of a well-designed Universal Basic Income?

Fundamentally a well-designed UBI must be fair to all members of the Australian community – that is, it must be uniform and available to everyone and it should be of sufficient $ value to ensure that no-one falls into poverty. For more detail on the information necessary to design a fair UBI see Chapter 5 of *The Public Interest Economy*.

8. Can Australia afford a Universal Basic Income?

Yes. Any country whose government issues currency by government fiat (as Australia's government does) can afford a UBI. This applies regardless of whether a government might prefer to continue speciously insisting that it is like a household and must balance its budget or whether it might choose, to accept the truth that in an economy where currency is issued by government fiat, no federal government budget balancing is required. A fiat currency issuing government is *not financially* constrained and can pay a universal basic income at, or even above, the poverty level to every single Australian for their entire life and still cover the cost in such a way as to balance its budget, year-in, year-out if it wants to. As shown in *The Public Interest Economy*:

> Any federal government in an economy like Australia's could introduce a universal income security program – otherwise known as a universal basic income or UBI – and they could do so in a budget neutral manner if they wanted to. They wouldn't *need* to balance the federal budget for the purpose of paying all Australians a UBI, but they *could*. Any Australian government could easily arrange expenditures and revenues so that a universal basic income would be budget neutral if that was their preference; and furthermore, they could do so without having to rob essential services of any funding. There are myriad options available to any Australian government for arranging their revenues and expenditures so that spending on all things necessary for our welfare and wellbeing need make no difference at all to their ability to balance the federal budget.
>
> Other things, such as inflation, unemployment or economic contraction, may necessitate delivery of an unbalanced federal budget; but a welfare payments system sufficient to ensure that no-one lives in poverty need never, of itself, oblige a government to post a budget deficit or place it in a position of fiscal unsustainability. In fact, balancing the federal budget would be easier with a UBI than without it. It would also be much fairer than persisting with policies that cause poverty and inequality.

Any developed country where the currency is issued by fiat can afford a UBI, but Australia can afford it easily because its wealth makes the choices about how to balance the national budget easy. A government that does not attempt to do this should be regarded as incompetent.

9. What are the arguments against a UBI and do they stack up?

Some Australians argue that it is unfair to pay a UBI to rich people or to poor people who aren't in the workforce. This argument ignores the principle of social justice which suggests that a society is only fair if it is organised to work to everyone's advantage (rather than to the disadvantage of some), and to ensure that everyone gets an equal start in life. In that regard it cannot be unfair to provide a universal basic income to the least advantaged at the same rate as it might be paid to those who are (or become) rich. Despite this, if there are concerns about paying a UBI to the rich, these can be easily and fairly negated by the imposition of taxation sufficient to claw back the entire UBI (or more if that is preferred) from extremely wealthy or high income individuals.

Some commentators worry about whether a UBI would make people welfare-dependent and remove the incentive to work. A UBI set at or above the poverty level (say, 50% of the median income after deducting housing costs) would not act as a disincentive to work and no trials of a UBI in other countries have suggested this would be an outcome. If anything, the UBI frees people up to be able to escape the poverty which is inhibiting their ability to participate in the workforce and to fulfil their potential in life by working in their preferred career. For more information on trials of UBIs around the world see Brian Donaghy – *A Basic Income for Australia: A fair go for all*, 2021.

10. How does a UBI work to circulate national revenues fairly?

A UBI helps ensure that national wealth is fairly raised and fairly shared. It does this by re-ordering the sequence of circulation of money so that individuals (more so than businesses) are the first to receive disbursements. Also, if a UBI is well designed as a properly integrated welfare and taxation system, it shifts distribution of the burden and benefit of taxation onto a fairer footing, particularly insofar as it may reduce or reverse the current pattern of circulation where governments subsidise businesses upfront for their investments, many of which do not then provide returns to the community because they:

- avoid or pay no tax, often by transferring all profits offshore;
- often leave the nation with bills for damage to the environment and for financial losses; and
- reinvest little if any capital in employment-generating businesses. (For example, the mining industry in Australia receives huge subsidies, tax breaks and free access to resources but employs only 2% of the total workforce.)

11. How does a UBI help establish a sustainable economy and increase productivity?

A UBI helps to establish a sustainable economy in at least two ways:

1. by increasing productivity; and
2. by changing the way markets are formed and incentivised.

Increasing productivity: A UBI increases productivity because it allows everyone to draw out from national revenues in equal measures and then put back in to their fullest capacity as individuals (by working and paying tax). This significantly enhances each individual's chances of pursuing education and employment in areas that suit their desires, talents, aptitudes, and needs – in other words in the areas where they can contribute to the national economy most productively. This in turn raises national productivity which is essential to the growth of national wealth.

Shaping sustainable markets: A UBI also helps create sustainable markets and therefore a sustainable economy because it allows individual Australians to be the first to decide how they wish to spend the extra disposable income that would arise from it. This allows buyers rather than sellers the greater capacity to shape demand. In effect, this reverses the way we tend to shape new markets now. At the moment, governments use much of our national wealth to subsidise businesses to supply whatever they prefer to supply, regardless of whether it's what we as the buyers want and need and regardless of whether there are sufficient human and natural resources to support that supply. But with a UBI, much of the money we preferentially grant to businesses now in the form of subsidies can instead be circulated first to Australians, who can then establish buying patterns that suit them, stimulating the creation of markets that match their genuine needs. This in itself also provides a natural check on inflation. It does this because a UBI draws more of us into participation in the economy as both sources of genuine domestic demand and sources of the most efficient supply of productive labour and services. It can release the potential in our economy for sustainable growth, where supply and demand are balanced. Getting both those things balanced is one of the important keys to preventing excessive inflation. (See Questions 18 and 19 for more information.) For more detailed information on why this is so, see Chapter 5 of *The Public Interest Economy*.

12. How should a UBI be designed?

The design of a UBI will differ depending on a society's objectives and values.

If a society's main aim is to promote fairness, equal opportunity and the possibility of social and political equality and freedom from poverty – in other words, if the society is one that favours support for principles of equity and a dignified life for all – then this is likely to result in a call for a UBI that is unconditional and has a higher basic payment and a progressive tax system.

If a society's main aim is to favour an economy where raw market forces will determine how income and wealth are distributed – in other words, if the society is one that favours support for principles of less or no market regulation and a small safety net for those who cannot survive in that arrangement, as well as acceptance of a degree of ongoing poverty – then this is likely to result in either a rejection of the idea of a UBI or a call for a UBI with a low basic payment and low tax rates and also a restriction of access to basic payments (such as for the rich, children, citizens who live overseas, or citizens with assets such as property and superannuation over a certain amount).

Assuming that Australian society values fairness and equity (especially of opportunity) and does not wish to rely on raw market exchange as a means of determining how incomes shall be distributed among individuals and how much poverty will be alleviated, then an Australian UBI should be designed with a higher basic payment, progressive tax rates and no conditions.

13. How would a UBI that is consistent with the Vision for *Australia Together* work in practice for individuals?

A UBI that is consistent with the Vision for *Australia Together* will seek to maximise the possibility of equal access to opportunity and to do so by ending poverty. Therefore the appropriate starting point for the UBI is to ensure no-one ever falls below the poverty line. In Australia, the poverty line has been most commonly defined as 50% of the median income after deducting housing costs. At the time of writing, the latest data supplied by the Australian Council of Social Service (ACOSS) and the Australian Bureau of Statistics (ABS) suggests this means the poverty line in 2022/23 equated to approximately $584 a week for a single adult, or $30,368 per annum.

However, it should be recognised that if a UBI is introduced it is likely to substitute for the age pension and other state funded pensions (other than superannuation pensions). Therefore, for purposes of designing a UBI, it is advisable to set a starting point that ensures that those on fixed incomes such as the age, disability or veterans' pensions do not go backwards when their pensions are replaced by a UBI. This means it would be appropriate to use the current age pension plus supplements (but not including rental allowances which would need to be maintained as additional to any UBI) as the fair starting point for the UBI. In 2026, these pensions and supplements for an individual were $1,200.90 per fortnight or $600.45 per week, equating to $31,223 per annum. (Note that this will result in a significant increase for pensioners who currently live as couples – their UBI will no longer be discounted as their pension is currently – see Appendix 5.)

Assuming that the starting point for everyone will therefore be $31,223 per annum ($600.45 per week), the graphs below show how the UBI would work in practice for a cross-section of individual income earners from the lowest 25% through to the top income brackets – once they enter the workforce. They reflect the fact that **no-one would pay any tax at all on the UBI itself** – in other words, no-one would pay tax unless and until they choose to earn income above the UBI by participating in the workforce or unless and until they earn taxable income by other means. However, every dollar of income earned in addition to the UBI by participation in the workforce or by other means would be taxed (unless exemptions are applied under legislation – for example, for superannuation in retirement phase). In effect, this would raise the current tax-free threshold for all Australians from $18,200 in 2026/27 to $31,223.

The graphs shown below in Figures 1 and 2 compare:

A. the current take-home pay in 2026/27 (with 2026/27 tax rates but before deductions which may legally reduce taxable income) for individuals earning at the top of the different income brackets shown,

with

B. total take-home pay for individuals earning at the top of the different income brackets shown once a UBI of $31,223 is applied.

The graphs provide three examples of how total annual take-home pay would change for those at the top of the income brackets shown with a UBI of $31,223 and low, moderate and high personal income tax rates:

UBI 1 = $31,223 plus low personal income tax rates,
UBI 2 = $31,223 plus moderate personal income tax rates,
UBI 3 = $31,223 plus relatively high personal income tax rates.

Figure 3 shows how **income tax will increase for individuals with a UBI in each example**. Notably, the UBI itself does not vary in the examples (because a UBI set below the poverty level is inconsistent with the Vision for *Australia Together*) but the total take-home in each case diminishes with higher tax rates. In all examples, children receive 40% of the UBI (untaxed) until they turn eighteen.

Tax rates used in modelling of UBIs 1, 2 and 3 are shown in Table 14 in Appendix 2. The modelled examples result in the following:

- All eligible recipients of the UBI receive the same payment which in this model is assumed to be $31,223 per annum (untaxed) – the equivalent of the age pension plus supplements (excluding rental allowances, which the model assumes would be retained as they are in 2026/27).

- There are **substantial net take-home pay gains** from UBI 1 (low tax rates) and UBI 2 (moderate tax rates) for individuals in all income brackets compared to the take-home pay possible under the current permissible taxation arrangements.

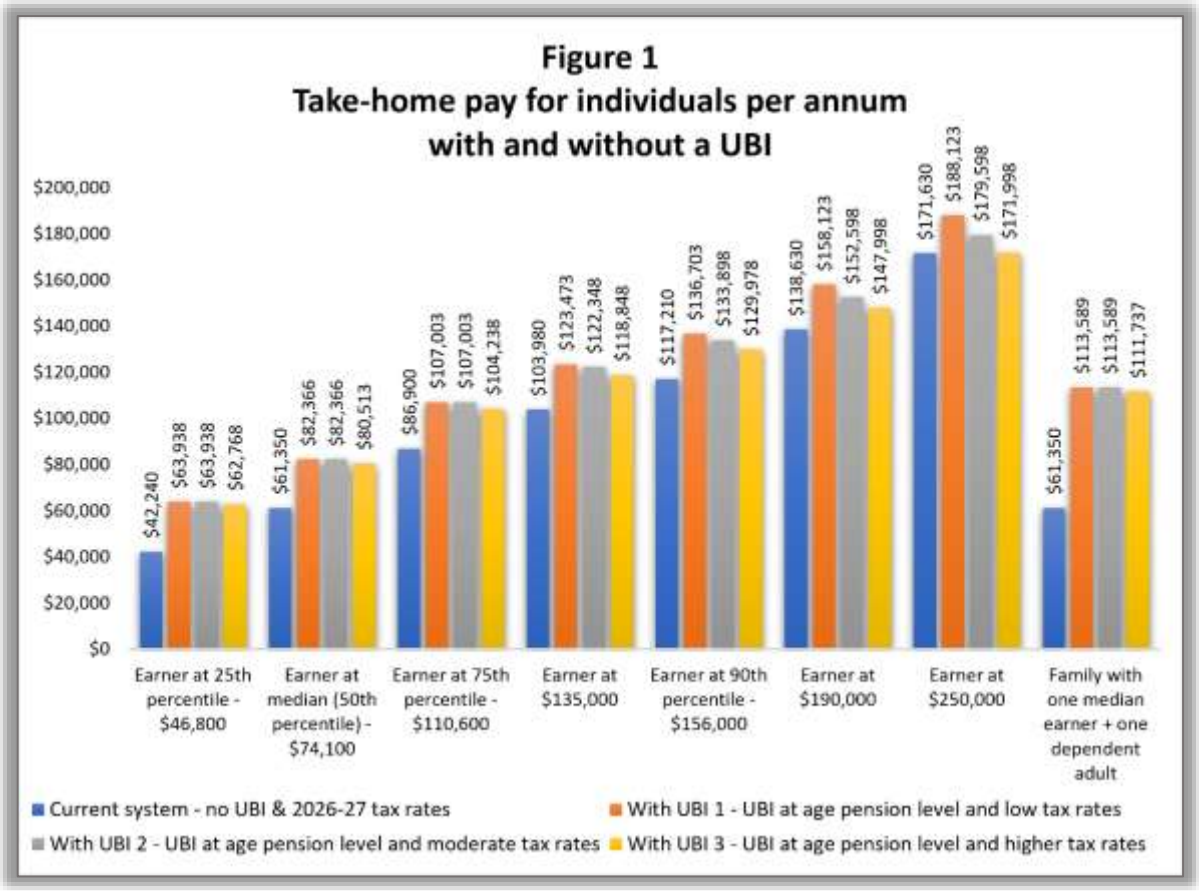
- There are also **net take-home pay gains** from UBI 3 (higher tax rates) for individuals in all income brackets, although the net take-home pay gains with UBI 3 are very small for those earning $250,000 per annum, compared to the take-home pay possible under the current permissible taxation arrangements.

- In all cases, the **biggest increases in take-home pay go to those in the bottom income brackets**.

- **Despite the fact that everyone pays more tax on income earned above the UBI (See Figure 3), no-one goes backwards in total income or take-home pay after tax.** There are net income gains for those on welfare – see Appendix 5.

- Percentage increases in income tax are highest for those in the lowest income brackets and are more than double for the lowest example income (Table 8). But dollar increases in total tax are lowest for those in the lower income brackets and highest for those in the high brackets (Table 9).

- The results are those before any hypothecated taxes that may be applied at the community's request to establish spending increases in selected vital services. If applied, these will be additional to the personal income taxes listed for each option in Table 14 in Appendix 2. They will result in lower retained income after tax than the amounts shown in **Figure 1**. See Question 16 for the impact of selected hypothecated taxes on take-home pay.



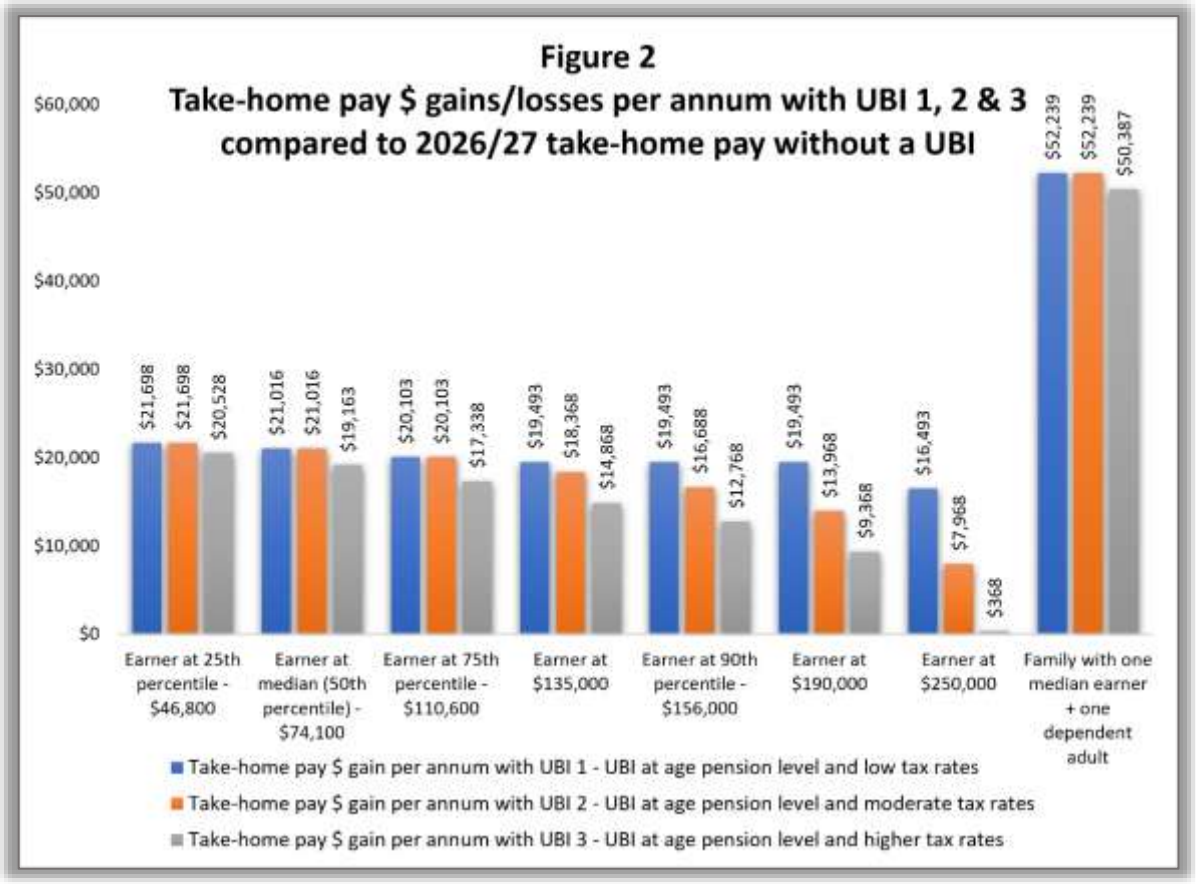


Figure 2
Take-home pay $ gains/losses per annum with UBI 1, 2 & 3 compared to 2026/27 take-home pay without a UBI
$60,000
$50,000
$40,000
$30,000
$20,000
$10,000
$0
$21,698
$21,698
$20,528
$21,016
$21,016
$19,163
$20,103
$20,103
$17,338
$19,493
$18,368
$14,868
$19,493
$16,688
$12,768
$19,493
$13,968
$9,368
$16,493
$7,968
$368
$52,239
$52,239
$50,387
Earner at 25th percentile - $46,800
Earner at median (50th percentile) - $74,100
Earner at 75th percentile - $110,600
Earner at $135,000
Earner at 90th percentile - $156,000
Earner at $190,000
Earner at $250,000
Family with one median earner + one dependent adult
Take-home pay $ gain per annum with UBI 1 - UBI at age pension level and low tax rates
Take-home pay $ gain per annum with UBI 2 - UBI at age pension level and moderate tax rates
Take-home pay $ gain per annum with UBI 3 - UBI at age pension level and higher tax rates

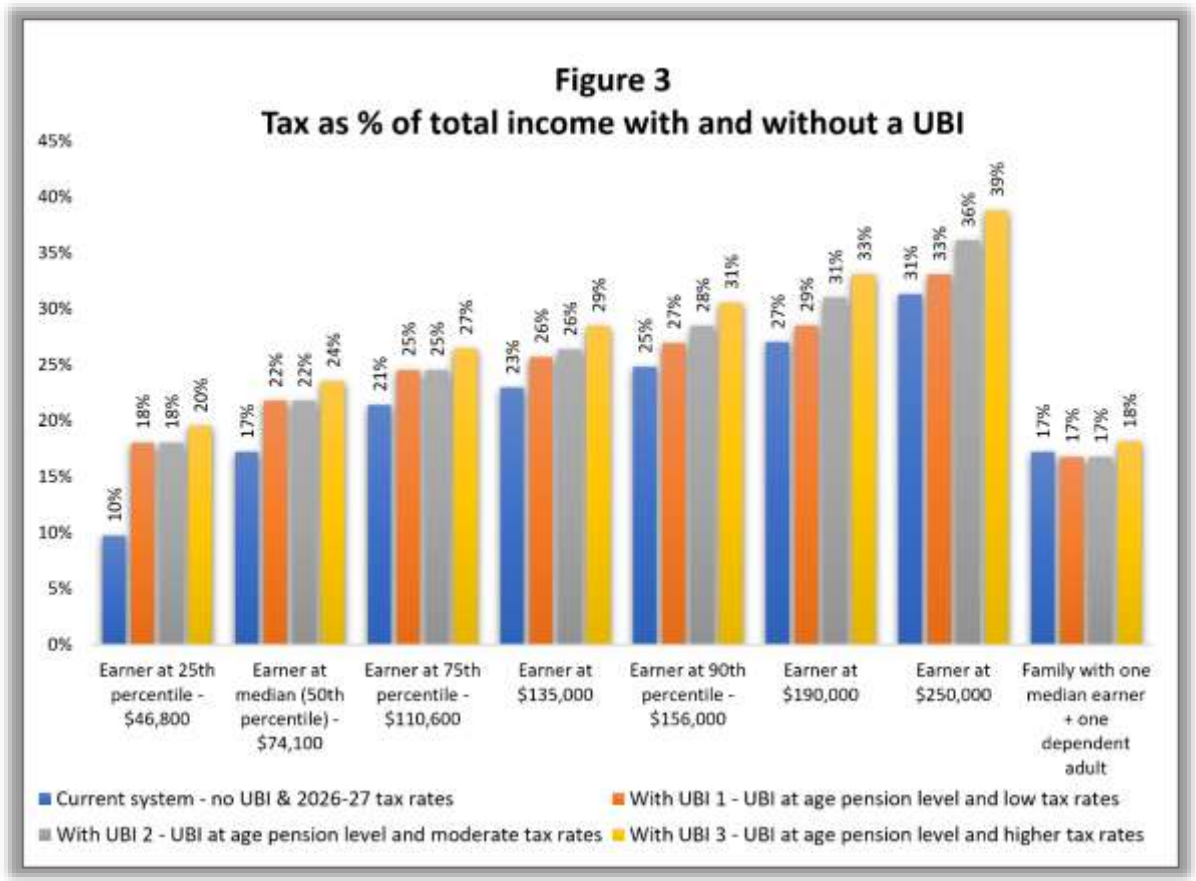


Figure 3
Tax as % of total income with and without a UBI
45%
40%
35%
30%
25%
20%
15%
10%
5%
0%
10%
18%
18%
20%
17%
22%
22%
24%
21%
25%
25%
27%
23%
26%
26%
29%
25%
27%
28%
31%
27%
29%
31%
33%
31%
33%
36%
39%
17%
17%
17%
18%
Earner at 25th percentile - $46,800
Earner at median (50th percentile) - $74,100
Earner at 75th percentile - $110,600
Earner at $135,000
Earner at 90th percentile - $156,000
Earner at $190,000
Earner at $250,000
Family with one median earner + one dependent adult
Current system - no UBI & 2026-27 tax rates
With UBI 1 - UBI at age pension level and low tax rates
With UBI 2 - UBI at age pension level and moderate tax rates
With UBI 3 - UBI at age pension level and higher tax rates

14. What is the gross cost of a UBI at the age pension level?

Table 10 in Appendix 2 shows that a UBI at the age pension level ($31,223 for an adult in 2026/27), if applied to all Australians (including children who would receive 40% of the UBI until they turn eighteen) would have a gross cost (before offsets) of just under **$763.9 billion in its first year**.

15. How can the cost of a UBI at the age pension level be offset in the government's accounts?

The above graphs show that with a UBI, personal income tax for all individuals is higher than the 2026/27 tax rates but take-home pay goes up more than the increases in tax, leaving everyone substantially better off overall (except for those on $250,000 in the case of UBI 3 where they are only slightly better off). Poverty has been eliminated. However, this leaves the government with a deficit in the federal budget.

This deficit may or may not matter. It will matter if there is demand-driven inflation. It will not matter if there is no inflation. So to the extent that any deficit in the government's accounts caused by the introduction of a UBI at the age pension level has not been offset by increases in personal income tax rates (such as those shown in UBIs 1, 2 and 3 above), it will be advisable to seek further cost offsets. Or to put that another way, it will be advisable to balance the federal government's budget to remove enough of any remaining inflationary potential as is necessary to ensure that the whole advantage of net income increases for recipients of the UBI is not lost because prices have risen by more than the net benefit of the UBI after tax. Nobody wants to be worse off after tax increases and price rises with a UBI.

Strictly speaking, it is not necessary to cover the full cost of a UBI at the age pension level in the federal budget to avoid a government deficit. Australia's federal government can tolerate any level of budget deficit because it is a currency issuer and can never run out of money. But the practice of balancing the federal budget will always act as a very useful way of ensuring that the total money supply (the amount circulated in and back out by the government spending and taxing) is kept at an optimal level – that is, not so low that it causes an economic contraction (by a credit squeeze) but not so high that it causes demand-led inflation (too much money chasing too few goods).

So in the event of the introduction of a UBI, it will be essential to balance the federal budget to the extent necessary to manage excessive inflation. This is not difficult to do. The cost of a UBI at or above the poverty level for all Australians should be, and can easily be, offset by means of:

1. savings for the federal budget that a UBI at or above the poverty level makes possible (but which a UBI below the poverty level does not); and
2. fair taxation reforms.

15.1 Savings and offsets in the federal budget with a UBI at the age pension level

A UBI at the age pension level will enable the federal government to delete current expenditures for a wide array of welfare payments and associated administration. For example, the government will no longer need to pay the age pension because the assumption in the model is that it will be replaced in full by the UBI. In effect, this means that welfare payments will not really be deleted – they will simply undergo a name change in the government's accounts. But because those payments do not represent additional expenditure (injections of new money) beyond what was already being paid in 2026/27, they do not add to the amounts we will need to offset in the governments accounts to bring its budget back into balance. Hence, they need to be represented in an accounting sense as deletions or savings.

Based on the cost estimates in the 2026/27 federal budget for certain items related to current welfare payments, ACFP has estimated that it should be possible to delete almost $198 billion of existing payments because they will no longer be needed if the UBI is set at the age pension level. For a breakdown of the selected savings see Table 11 in Appendix 2. It should be noted that this does not require deletion of funding for essential human services (for example, health). In fact, no funding that is for essential services will need to be depleted to balance the federal budget after a UBI. On the contrary, depending on the way taxation is rearranged, funding for services can increase. See Question 15.3 and Question 16 below for insights into how spending on services can expand and be secured.

Increases in taxation revenue are made possible with a UBI at the age pension level and these can also be reliably used to offset the cost. The increased taxation revenues arise from the fact that the UBI will increase consumption (aggregate demand) which will therefore lead to job creation and more people paying tax.

Increased revenue from taxation will also arise because there will no longer be a tax free threshold (set at $18,200 in 2026). Everyone who has a job will pay tax from the first dollar earned above the UBI.

The UBI also makes it possible to delete some "tax expenditures" (revenue currently being foregone by the government in tax concessions). See Appendix 2 Table 12 for a breakdown of assumed deletions of tax expenditures.

Additional GST revenue will also arise due to increased spending with a UBI. Estimates of these savings and offsets are shown in **Table 1**. They would reduce the UBI cost in Year 1 by $441.6 billion from $763.8 billion to $322.3 billion.

Table 1 – Estimates of reliable savings and offsets of the cost of a UBI at the age pension level	
	$ million **2026/27**
Starting gross cost of a UBI at the age pension level (2026)	$763,877
Current welfare and other payments that can be deleted (the health budget is unaffected). See Table 11 in Appendix 2 for a breakdown.	-$197,525
Increased total tax revenue to government from jobs created due to more consumption	-$69,443
Increased tax revenue from tax on income earned up to $18,200 (which is currently tax free)	-$85,962
Deletion of certain tax expenditures (see Table 12 in Appendix 2)	-$86,980
Additional revenue from GST from increased spending under UBI	-$1,700
Subtotal - net cost of UBI before other measures	**$322,267**

15.2 Further measures to fully offset the cost of a UBI at the age pension level

The above listed savings and revenue increases are conservatively estimated. Subject to assessment by Treasury or the Parliamentary Budget Office (PBO), it is reasonably likely that they can be relied upon as lasting savings and net increases in revenue. But more offsets are needed if the objective is to balance the federal budget on the item of the UBI and also ensure that inflation is controlled or minimised. It should be noted that if inflation occurs with a UBI it will be a one-off event. Prices will stabilise after the first year of the UBI and prices for essential services may even fall if increased public spending is directed to those services by hypothecation of taxes as listed in Table 13. Nevertheless, it will be advisable to reduce the potential for inflation in the first year of the UBI as much as possible.

There are many options that Australians can consider for the purpose of controlling inflation. For instance, we can consider savings made by deleting current expenditures for:

- fossil fuel subsidies;

- certain subsidies and other financial incentives which have the effect of encouraging business investment in unproductive or environmentally damaging (and therefore, inflationary) ventures; and
- programmed increases in defence spending as a proportion of GDP.

All these savings are desirable and should be implemented regardless of whether a UBI is introduced. However, this does not necessarily make them suitable offsets for the UBI, as far as controlling any of its initial inflationary potential is concerned. Savings made by eliminating fossil fuel subsidies (currently costing the federal government approximately $13,264,477,000 or $13.2 billion per annum – and much more than that in lost environmental and resource capital) would help reduce inflation because they would safeguard the capacity of the natural environment to renew natural resources and prevent their scarcity (and therefore price increases for these resources). But they would not necessarily address the demand driven inflation that may be expected in the introductory phase of a UBI. Hence, they have not been used in ACFP's models of potential cost offsets.

More effective and sustainable offsets for a UBI at the age pension level will arise from fair reforms to taxation and from the increased taxation revenue that will arise from the application of higher personal income tax rates than the 2026/27 rates for those enjoying higher incomes. In the model, the lowest marginal tax rate is doubled from 15% to 30% (32.5% in UBI 3) and is applied from the first dollar earned above the (tax free) UBI of $31,223. The revenue from this has not been counted in the savings for the federal budget shown in **Table 1**. If it were applied, ACFP has estimated that it would offset the UBI at the age pension level by the amounts shown in **Table 2**. These estimates are likely to be conservative. Tax rates used in the model for each UBI are shown in Table 14 in Appendix 2.

Table 2 – Further cost offsets for a UBI at the age pension level arising from higher taxation – $ million

	UBI 1 (low tax rates)	UBI 2 (moderate tax rates)	UBI 3 (higher tax rates)
Starting gross cost of a UBI at the age pension level (2026)	$763,877	$763,877	$763,877
Less savings and offsets in Table 1	-$441,610	-$441,610	-$441,610
Subtotal - net cost of UBI before other measures	**$322,267**	**$322,267**	**$322,267**
Increase in 2026/27 federal budget tax revenues from higher marginal tax rates (estimate only)*	-$58,635	-$78,180	-$117,270
Net cost of UBI after marginal tax rates are applied	**$263,632**	**$244,087**	**$204,997**

* Assumes increases in federal budgeted taxation revenue from individuals in 2026/27 ($390.9 billion) of 15% with UBI 1, 20% with UBI 2, and 30% with UBI 3. Treasury or the PBO will need to check these assumptions.

The above selected potential cost offsets for a UBI at the age pension level do not include a number of savings that would be made in the federal budget as a result of introduction of a UBI at the age pension level. Those savings are difficult to calculate but they would be substantial. They would arise from the fact that if no-one is living in poverty there will be substantial cost reductions in:

- health and hospitals,
- tax avoidance, and
- fees currently paid to private sector employment placement businesses.

Costs avoided by the federal government due to mismanagement would also be substantial. For instance, introduction of a UBI would prevent a repeat of the Robodebt scandal and its devastating impacts on the physical and mental health of thousands of Australians, because a UBI is a payment for life with no questions asked and no formal hoops to jump through to qualify.

It is likely that these types of savings and others that can arise from a UBI – due to its potential to help Australians maintain full employment in the most productive and environmentally sustainable sectors – would be sufficient to offset the remainder of the cost of the UBI in the government's accounts. But they are neither necessary nor particularly useful for the purpose of reining in any inflation of the type that may arise with the UBI. The more effective way to prevent inflation that may arise with a UBI is not to book these savings in the government's accounts but to select taxes that will draw down the possibility of demand-driven inflation.

In this regard it is worth considering the option of introducing a tax on certain types of electronic financial transactions. This option was proposed by supporters of the UBI in Switzerland and it has been raised by supporters of the UBI in Australia.[1] It is a significantly better option than, for example, raising the GST because it is:

- fair and reasonably progressive;
- is easily and inexpensively collected (via the banking system, not individuals or businesses);
- imposes hardly at all on low income earners;
- is unavoidable by everyone (including high wealth individuals and large corporations); and
- in total raises very large volumes of revenue at very small percentage tax rates per dollar transacted.

An electronic financial transactions tax is, in short, a very robust, efficient and fair tax, the annual impact of which would be tiny on individuals, as shown in Table 16 in Appendix 2. In fact, the impact for individuals is so small and the benefit for national revenues so large that this tax should be introduced immediately, regardless of whether a UBI is introduced. This is why an electronic financial transactions tax has already been included as a Strategy in *Australia Together* (from Issue No. 8 onwards) under map reference number **Econ04.07**.

Table 3 shows that the federal budget would move into substantial surplus if a UBI at the age pension level is introduced with either low, moderate or high tax rates and the introduction of an electronic financial transactions tax as proposed in *Australia Together* **Econ04.07**. For assumptions on the electronic financial transactions tax see Table 15 in Appendix 2 and Table 16 in Appendix 2.

Table 3 – Further cost offsets for a UBI at the age pension level arising from higher taxation and fair taxation reform – $ million

	UBI 1 (low tax rates)	UBI 2 (moderate tax rates)	UBI 3 (higher tax rates)
Starting gross cost of a UBI at the age pension level (2026)	$763,877	$763,877	$763,877
Less savings and offsets in Table 1	-$441,610	-$441,610	-$441,610
Subtotal - net cost of UBI before other measures	**$322,267**	**$322,267**	**$322,267**
Increase in 2026/27 federal budget tax revenues from arising higher marginal tax rates (estimate only)	-$58,635	-$78,180	-$117,270
Net cost of UBI after higher marginal tax rates are applied	**$263,632**	**$244,087**	**$204,997**
Australia Together **Econ04.07** – Electronic Financial Transactions Tax	-$267,155	-$267,155	-$267,155
Net federal budget result with a UBI = a surplus	**$3,523**	**$23,068**	**$62,158**

Caution: Substantial federal budget surpluses are likely to be highly inadvisable economically. Deficits are generally safer (see Chapter 2 of *The Public Interest Economy*).

[1] Brian Donaghy, A Basic Income for Australia: a fair go for all, Adelaide Independent Reporter, 2021.

15.3 Additional taxes that can be hypothecated to achieve universal services security and further offset the cost of the UBI at the age pension level

The above selected taxes have been built into the model at levels which will not negatively affect take-home pay. This means that with a UBI at the age pension level and the applied tax rates there is still a lot of space in the disposable income that will be newly available to individuals to enable them to choose some extra taxes that can be hypothecated to particular expenditures favoured by the community. This space diminishes as income increases, but for incomes below $190,000 there is still plenty of space for adoption of extra taxes.

Hypothecated taxes are those that provide Australians with control over what the revenue raised will be spent on. In short, they can be devoted to services that are essential for our wellbeing and cannot be diverted for other uses. Australians already enjoy the benefit of one such hypothecated tax – the Medicare levy, which guarantees their health services.

Question 16 below provides insights into the substantial advantages of including certain hypothecated taxes when designing how tax can be re-arranged to:

- offset the cost of the UBI in the government's accounts;
- counter some of its inflationary potential; and
- simultaneously increase the security of essential services while lowering their price (for example, we can lower the price of tertiary education).

Table 6 in Appendix 1 shows the gains in disposable income with a UBI at the age pension level after personal income taxes are applied for taxable income earned above the UBI.

Tables 18 to 20 in Appendix 4 show how disposable income – after personal income taxes have been applied – would be further depleted if a selection of hypothecated taxes and the electronic financial transactions tax under *Australia Together* **Econ04.07** were applied in addition to the personal income taxes under UBI 1, UBI 2, and UBI 3.

Table 13 in Appendix 2 provides estimates of the potential revenue that may be raised in the federal budget by application of the selected hypothecated taxes mentioned in Question 16 below. Assuming the rates (percentage levies) shown in **Table 13**, this selection of hypothecated taxes may be estimated to further offset the cost of the UBI in the federal budget by the amounts shown in the following **Table 4**. The expected revenues have been conservatively estimated but further research will be required to confirm their feasibility.

Application of the selected hypothecated taxes results in very significant increases in federal revenue and therefore significant budget surpluses with a UBI at the age pension level compared to those achievable without the hypothecated taxes.

Important Note: These surpluses are inadvisable – they over-compensate the federal budget and so may slow the economy by imposing too much total taxation. This is likely to have deflationary effects which may flow onto higher unemployment. However, as a starting point, they open up the options for reducing personal income tax rates, compared to those used in the model, or for lowering other taxes such as the electronic financial transaction or the GST. Any number of options are available.

Finally it should be observed that the hypothecated taxes selected in the model do not negate the increases in take-home pay available with a UBI at the age pension level, except to a very small extent for those earning $190,000 in the case of UBI 3 and to a somewhat greater extent for those earning

$250,000 per annum in the cases of UBI 2 and UBI 3. Tables 19 and 20 show that after the selected hypothecated taxes are applied, an earner on $250,000 suffers a net loss compared to the take-home pay in 2026/27 of $4,960 with UBI 2 (moderate personal income tax rates) and $12,522 with UBI 3 (high personal income tax rates). This may imply that there would be some individual financial advantage and economic advantage if the low personal income tax rates under UBI 1 are selected in preference to the moderate or high interest rates under UBI 2 and UBI 3 respectively. Preferably no-one should lose disposable income on the introduction of a UBI.

Table 4 – Estimated effect of further cost offsets for a UBI at the age pension level arising from the introduction of hypothecated taxes listed in Table 13 – $ million

	UBI 1 (low tax rates)	UBI 2 (moderate tax rates)	UBI 3 (higher tax rates)
Starting gross cost of a UBI at the age pension level	$763,877	$763,877	$763,877
Less savings and offsets in Table 1	-$441,610	-$441,610	-$441,610
Subtotal - net cost of UBI before other measures	**$322,267**	**$322,267**	**$322,267**
Increase in 2026/27 federal budget tax revenues from arising higher marginal tax rates (estimate only)	-$58,635	-$78,180	-$117,270
Net cost of UBI after higher marginal tax rates are applied	**$263,632**	**$244,087**	**$204,997**
Australia Together **Econ04.07** – Electronic Financial Transactions Tax	-$267,155	-$267,155	-$267,155
Net federal budget result with a UBI = a surplus	**$3,523**	**$23,068**	**$62,158**
Apply hypothecated taxes (see Table 13)	-$42,300	-$42,300	-$42,300
Net federal budget result after application of hypothecated taxes as per Table 13 = enhanced surplus	**$45,823**	**$65,368**	**$104,458**

16. How can a UBI help Australians establish security of both income and vital services?

If Australians in an open community collaboration were to decide that they prefer to abandon the current system of targeted welfare in favour of the new system of universal income security that is obtainable with a UBI at or above the poverty level (see Question 3, Question 12 and Question 21), this would open up the opportunity to also establish **universal services security.** It would mean that, for the first time, Australians could choose to establish a fair system of taxation and at the same time secure sufficient expenditures on health, disability, aged care, childcare, lifelong education, housing, food, and nature conservation but still be ahead financially as individuals and families, compared to where they would be without a UBI.

This opportunity would arise because the increase in income for each UBI recipient would allow Australians as a collective to:

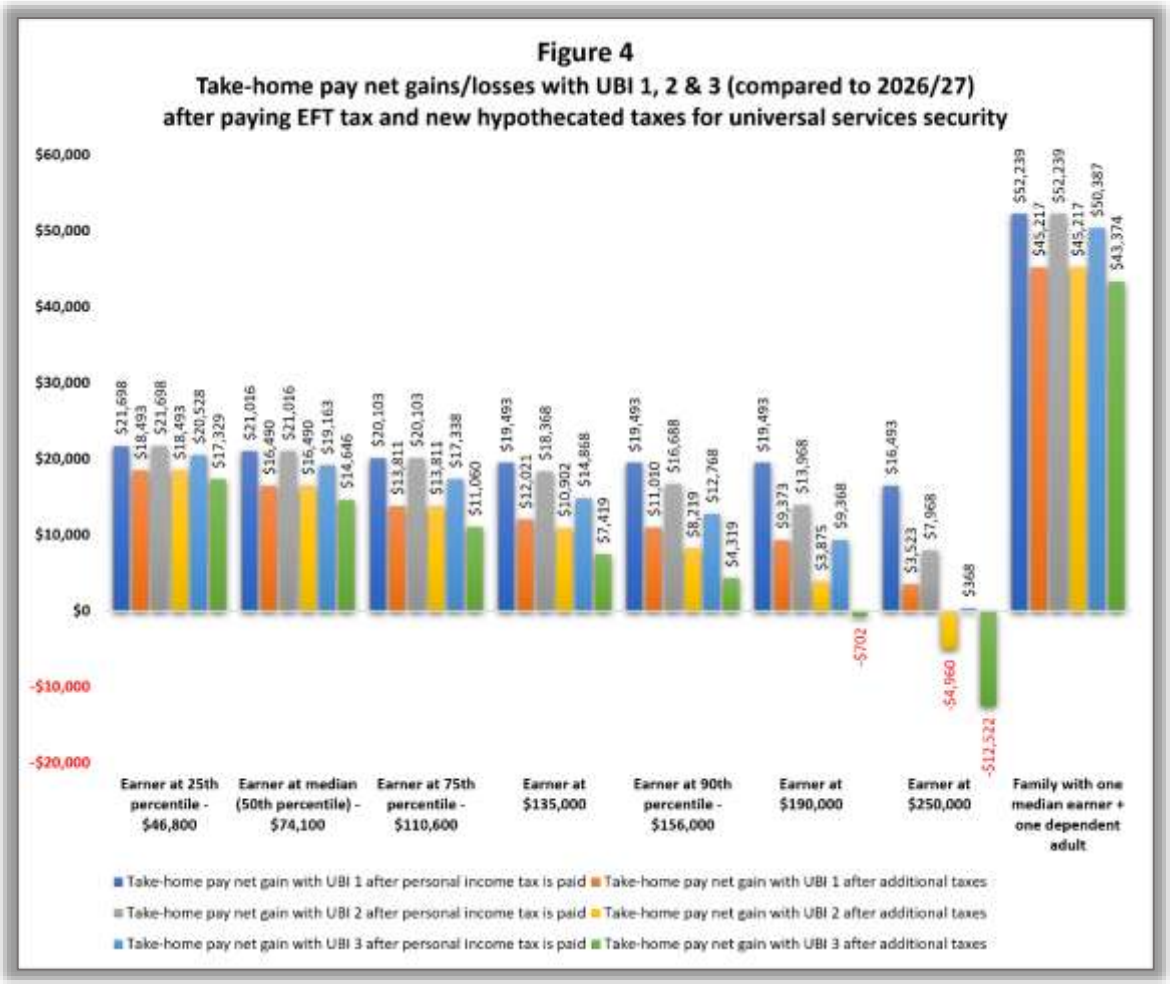
- select the fairest new personal income taxation rates; and
- combine that with selection of other types of taxes to produce security of funding for services.

Broadly this would mean paying back some but not all of the total increase in income with a UBI in the form of income tax but also in the form of additional taxes for specified purposes. Australians could choose to establish new taxes for anything they deemed essential. This system is called “hypothecation of tax” and it would allow Australians more say in how they want public money to be raised and spent. If designed in line with principles for fair sharing of wealth that may be agreed between the Australian community and parliamentarians in a National Accord on Wealth, Welfare and Wellbeing as proposed in

Australia Together, we might expect that the community would prioritise devotion of certain taxation revenues to essentials such as health and education before more discretionary items.

In an arrangement where a UBI at the age pension level is implemented simultaneously with new taxes, Australians would all pay more in total tax than they do now. But they would still be ahead in disposable income, unless higher marginal tax rates than those used in the model were selected. **Figure 4** below shows the net gains in take-home pay for earners after payment of personal income tax modelled at low, moderate and high rates. It compares each of these to the net result in take-home pay after some additional taxes are also paid. The additional taxes modelled are:

- an Electronic Financial Transactions tax under *Australia Together* **Econ04.07** – the maximum expected impact of this on individuals in various income brackets (with and without a UBI) is shown in Table 16 in Appendix 2;
- an increase the Medicare levy of 1.0% of pre-tax income – that is, from the current 2% to 3%;
- a new levy hypothecated to the National Disability Insurance Scheme (NDIS) of 1.0% of pre-tax income;
- a new levy hypothecated to aged care of 0.5% of pre-tax income;
- a new levy hypothecated to lifelong education – 1.0% of pre-tax income – intended to secure funding for early education and childcare as well as higher education;
- a new levy hypothecated to construction of public housing at 1.0% of pre-tax income; and
- application of the GST to food – this assumes a cost of $15 per week per person, all to be hypothecated to a Stewards of the Earth Program under *Australia Together* **Env11.02**.



Australians may wish to choose other types of taxes and to support different services, in which case the taxes modelled will provide useful points of comparison during any community-led programs for design of a UBI integrated with a fairer tax system. For the selected new taxes modelled, however, no-one goes backwards in net income (compared to their take-home pay in 2026/27) after the imposition of the modelled hypothecated taxes for universal services security, except:

- those earning above $250,000 in the case of UBI 2 and 3; and
- those earning above $190,000 in UBI 3.

This means that if all the modelled additional taxes were applied as well as the highest marginal tax rates in UBI 3, about 3% of earners – all on very high incomes – would be worse off with a UBI compared to their income after tax in 2026/27. For the impact of the assumptions behind the options in **Figure 4** see Appendix 4 – Tables 18 to 20.

It should be observed that in all cases of a UBI at the age pension level, Australians end up with a taxation and public expenditure system that is far fairer and more efficient than the current disintegrated approach where decisions on public spending and taxation are made separately and in a different sequence. Effectively, introduction of a UBI gives Australians the opportunity to integrate decision processes for tax and public spending. With a UBI, Australians choose what they want to fund in services and then design the best and fairest range of taxes to fund it. That opportunity is far less likely to arise in the absence of a collaborative process for design of a UBI.

17. Should a UBI be introduced with a higher or lower starting point than the age pension?

In 2026/27, the age pension in Australia (including supplements) is only slightly higher than what might equate to the poverty level. The pension at $31,223 and the poverty level (at the latest estimate of $30,368 in 2022/23) are very similar. To the extent, then, that the poverty level is a very good starting point for any UBI, the selection of the age pension as the starting point makes sense inasmuch as it can be reasonably assumed that the UBI will eliminate poverty and no-one on a government funded pension for age, disability or veteran status will go backwards. This should be regarded as a valuable economic benefit as well as a social benefit. It will significantly reduce income inequality and lift disposable income for everyone to help make up for the losses in real wages they have suffered in the last two decades.

Selection of a starting point for a UBI that is below the age pension will leave a residual of the population in poverty. From an economic point of view this would be a disadvantage; and in terms of the government's accounts, it is obviously unnecessary. As **Tables 1, 2, 3 and 4** above show, if a UBI is introduced at the age pension level, the government's budget can be balanced (if that is what the government wants) by taxation. Neither individuals nor the government gain anything by introducing a UBI which does not eliminate poverty.

There are no obvious arguments for introducing a UBI that is higher than the age pension; but the value of the UBI should be protected by indexation at least to the CPI.

18. Would a UBI result in price rises?

Price increases within an economy are caused by a myriad of factors and the interaction between them. As such, a UBI – of *itself* – would be unlikely to cause inflation, especially if economic

arrangements and taxation are appropriately adjusted to prevent any potential disproportionate effect on prices arising from its introduction.

However, if we consider the effect of a UBI in isolation from all other economic factors at play, it should be noted that it would increase aggregate demand, especially from those in the lowest income brackets. This is precisely what we would want it to do because it is that increase in aggregate demand from those on the lowest incomes that is most likely to create employment growth. But in the unlikely event that there is an inflationary side-effect caused solely by the UBI, it would be temporary.

Any increase in inflation caused by introduction of the UBI would be a one-off and would not extend to subsequent years. And whatever inflation might arise in that first year is likely to be no greater than that thought acceptable whenever tax cuts are legislated, unless of course the UBI is introduced without the sort of tax offsets shown in **Tables 1 to 4** (or similar). In any case, if a UBI causes inflation at all, it will not have the dreadful impact that inflation currently has on poor people, because they will have the UBI. Inflation is only a problem when its *effects* cannot be fairly managed. With a UBI, they can be.

The fact is that a UBI is no more or less inflationary than anything else that raises incomes. Therefore if it is to be rejected on the grounds that it might lead to price increases, all other forms of increasing income and aggregate demand should be rejected forthwith, nonsensical though that would be.

The causes of inflation are many and varied but history provides no evidence that pulling people out of poverty is one of them. Nor is it an acceptable argument in a fair society to suggest that some people should be kept in poverty – or in unemployment, housing stress or other forms of severe financial stress, as reserve banks tend to argue – so that prices may be controlled. For instance, the Reserve Bank of Australia's approach to reducing inflation is to raise interest rates so that people with mortgages have less money to spend. The RBA's expectation is that the withdrawal of money circulating in the economy will function as a break on price increases. But it is an unacceptable argument because in this arrangement the vast majority of the burden of controlling inflation falls on one financially stressed group – those with mortgages – and it often doesn't work to control inflation anyway, especially if the inflation itself is not caused by excessive demand. In a fair society, subsets of the population should not be expected to bear the whole burden of price control and nor should those in financial stress be denied a decent standard of living to reduce the cost of living for those not in financial stress.

What matters in a fair society is not inflation *per se* but parity between wage price increases and other price increases. Competent governments can and should arrange economies to achieve this parity and they can actually be aided in this endeavour by the introduction of a UBI. A UBI at or above the poverty level is more likely to help Australia achieve parity between wage and price increases due to the stabilising effect it would have on the relationship between aggregate demand and our ability to produce or supply essential goods and services. It is only when a country's demand for essential goods and services outstrips the capacity of its human and natural resources to produce and supply those essentials that we should worry about unsustainable inflation. A UBI can play a major role in helping governments to prevent a disequilibrium between wage and price increases for essentials by releasing untapped human capacity in the economy and by putting more money in the hands of those who will shape demand so that we prioritise production of the essentials and thereby build a sustainable economy. A UBI that includes the adoption of taxes that are hypothecated to services essential for health and wellbeing can play an even greater role in stabilising prices for essential services.

For more information on how a UBI structured with appropriate tax rates can actually contribute to control of inflation and is far more effective in that regard than interest rate adjustments, see Chapters 2 and 5 of *The Public Interest Economy*.

19. Would a UBI result in wage reductions?

If Australian wage markets are poorly regulated, unscrupulous employers might attempt to argue that wages can be reduced on the introduction of a UBI. However, the more likely outcome is that wages will rise. The fact that people will know they will still get the UBI if they quit their job greatly strengthens the workers' bargaining power, especially in lower-paid industries. Nevertheless, governments would need to be wary of this and they should (as always) design regulations to prevent unscrupulous employers from exploiting workers.

But to prevent wage reductions, an even more important step that must be taken by the government is to ensure that the UBI is introduced concurrently with an expansion of the public sector as proposed in *Australia Together* under **Econ02.04.01**. Wage reduction, particularly in the private sector (in the casual, low-wage "gig" part of the economy), will be more likely to occur with introduction of a UBI if the economy is structured so that the private sector is the only game in town – i.e., the overwhelming source of employment opportunities. The solution to this (and to many other economic problems) is to build up the public sector – restoring it to the much wider role it had in the economy before privatisation was so vigorously pursued under neoliberalism. Public sector jobs need to be increased in number in order to recreate opportunities for permanent and well paid employment in productive work. This is in fact the best use of fiscal stimulus (in contrast to, say, the use of stimulus for business owners during Covid-19) because it creates employment in socially useful and productive work that is also less likely to consume non-renewable resources and create carbon emissions. If more decent, permanent, full-time and well paid jobs are created in the public sector, this will attract people to those roles which in turn will create scarcity in less productive jobs in the private sector. That will push private sector wages back up again at the same time as it steers the composition of the economy towards industries that are environmentally sustainable.

Regardless of the above, businesses won't need to resort to wage cuts to derive significant advantages from a UBI. Going forward, a UBI will reduce pressure on wages that can arise from shortages of labour. Because it is a stimulant (not a discouragement) to participation in the workforce, it is likely to minimise labour shortages. This will help control the costs of employing more people. And it can do so without lowering the standard of living for workers. In that regard a UBI at the age pension level will play an important part in ensuring ongoing parity between the supply of labour and the demand for it.

20. Would a UBI result in austerity in public funding for essential services?

Introduction of a UBI is in no way meant to be a permission for governments to reduce or stop funding for services essential to the health and wellbeing of people or the natural environment. Nor is there any financial or economic necessity to impose austerity. However, it will be expected (regrettably) that with the introduction of a UBI and introduction of more taxes that are hypothecated to human and environmental services, some unscrupulous governments will be tempted to reduce public spending on services, despite the fact that such reductions are entirely unnecessary and economically harmful.

Australians will need to guard against such politically opportunistic behaviour by governments, if only because a UBI should not be the occasion for reducing the affordability and accessibility of services essential to health, wellbeing and security.

It should be impressed on governments that there is no necessity and no excuse for a fiat currency issuing government to ever cut back on funding for essentials. On the contrary, austerity should be prohibited by law in modern economies given that it is entirely unjustifiable on economic grounds and

fully inconsistent with obligations under international law on economic, social and cultural rights. However, recognising the habit of unscrupulous or incompetent governments to make excuses for austerity (and expecting their unwillingness to legislate against it), there is an alternative approach to ensuring sufficient public funds are always spent on essential services. An agreement can be made between people and governments in the form of a "**social new deal**". In this deal, the community and the government can exchange certain guarantees about tax and public spending that will guard against austerity. For more information see the ACFP information sheet on the Australian Public Interest Collaboration, accessible at https://austcfp.com.au/supporting-activities#publicinterestcollaboration.

It should also be noted that governments can easily avoid the need for austerity in all circumstances by undertaking reforms of their management of the macroeconomy, including by switching to the use of functional finance. For more information, see the ACFP information sheet, What is functional finance? Extracts from The Public Interest Economy, accessible at https://austcfp.com.au/publications#public-interest-economy

21. What principles should be used to design a UBI?

As stated above, decisions on how a UBI should be designed, and indeed whether Australia should introduce a UBI at all, should be the subject of community engagement, preferably in a deliberative democratic forum such as a citizens' jury, assembly or similar. However, in considering whether Australia should introduce a UBI, it should be recognised that **adoption of a universal basic income would (depending on how well it is designed) amount to full replacement of Australia's targeted welfare payments system**. It would not abolish welfare *services* (services for health and wellbeing), but the targeted *payments* to individuals would no longer be provided. They would be replaced with a system of uniform payments to all members of the Australian community for life, with no means testing or other qualifying tests or restrictions.

This is transformative on a society-wide scale. Essentially it means that when Australians are contemplating introduction of a UBI, they are actually making a choice between two fundamentally opposed systems of providing for their particular society's welfare and wellbeing:

1. universal and unconditional welfare – that is, universal income security; and
2. targeted welfare payments – which embed precarity.

In **systems of universal income security**, a secure income is acknowledged as a human right to which everyone is equally entitled (from birth, as all other human rights are); and further, that a government is correspondingly obliged to secure that right by taking all steps "especially economic and technical, to the maximum of its available resources, with a view to achieving progressively the full realization of the right."[2]

Systems of targeted welfare, by contrast, do not accept that there is a societal obligation to provide a secure income for all its members. Societies that tend to think of themselves as "fair" might accept that income security for all should be an ideal, but not necessarily that it is an entitlement or right that is common to and equal for all. These societies function on a different value system by accepting, often tacitly, that its members have no (or limited) obligations to each other instead of equal and minimum obligations to each other. This divides their community at birth into two classes:

[2] Article 2, International Covenant on Economic, Social and Cultural Rights.

- those who are considered productive and therefore worthwhile members ("lifters") on one hand, and
- those who are considered mendicant clients ("leaners" or drains on society) on the other.

The division ensures that those who start with less will be disadvantaged from the beginning. They will not have the same opportunity to flourish as individuals because they are starting from behind. This disadvantage is not a wilful choice by individuals (nobody chooses to be born into poverty). It is inherent in a targeted welfare system. It embeds social and economic inequality into the foundations of the society itself.

Noting the above, it is suggested that if the Australian community wishes to decide on whether a UBI or a targeted welfare system is preferred in the future, its members should first decide what sort of society they wish to form and be members of. Indeed, it is highly inadvisable for either the government or the Australian community to make a decision on such a significant transformation without creating a principled decision framework. This might imply a two-stage, democratic deliberative process for decisions on the most suitable form of a UBI for Australia:

- Stage 1 might involve a citizens' jury that could develop the decision principles. These could be designed by reference to reports from experts about Australian values, and preferences for their society and future. The process would be very likely to provide an opportunity for the group to develop the basics of a National Accord on Wealth, Welfare and Wellbeing as envisaged in *Australia Together* under **Econ04.02**. This could then be used in all manner of decision processes about fair and sustainable management of the national economy.
- Stage 2 could involve a jury that is tasked with looking at options for design of a UBI and testing each of them to assess which design best suits the principles or whether the "do-nothing" option of retaining the targeted welfare system is preferable.

Without pre-empting the outcome of such a process, an observation can be made about the decision principles that Australians are more likely than not to support. Principles of fairness and equal opportunity have been part of the professed character of Australians since federation. This is not to say that governments in their policy and administrative decisions have lived up to those principles. But if they are endorsed in this deliberative process as fundamental to the Australian character and preferences for the sort of society they wish to build, then there is a high likelihood that a UBI at or above the poverty level will emerge as an economic arrangement that is more fully consistent with the principles than retention of the targeted welfare system. This is because the targeted welfare system constitutes a rejection of the "fair go" and equal opportunity. These are values that Australians are highly unlikely to abandon.

Continuation of a targeted welfare system is also more likely to result in travel away from rather than towards several aspects of the Vision for *Australia Together*. Table 17 in Appendix 3 provides a summarised high-level comparison of a UBI at or above the poverty level and continuation of targeted welfare in terms of their general potential to help Australians move towards or away from the Vision. On balance, the UBI propels the nation towards rather than away from the Vision whereas the targeted welfare system tends more to travel away from it. Analyses of this kind indicate why the UBI is currently selected as an acceptable Strategy in *Australia Together* and why maintenance of targeted welfare is not. The analysis should be reviewed during community engagement on the UBI but it is apparent that substitution of the UBI with a strategy favouring continuation of targeted welfare would imply a preference by Australians for movement away from the Vision and perhaps a full reversal of some aspects of it which support fairness, equality and justice. These are decisions that Australians will need to make in a clear, considered and explicit manner in fully open, democratic deliberative

processes. One of the most democratic ways to do this is to use National Integrated Planning & Reporting (National IP&R). Find more information on National IP&R here.

Another process in which Australians can develop principles for design of a UBI has been proposed by Australian Community Futures Planning as the Australian Public Interest Collaboration. For details on the Collaboration visit the ACFP website at https://austcfp.com.au/supporting-activities#publicinterestcollaboration

Questions and matters for consideration in community engagement on introduction of a UBI.

As stated above, the information in this sheet is intended for use in further discussions on the design of a UBI that will be consistent with Australian values and with the preferences of Australians for the future of their society, environment, economy and democracy. Community groups may wish to consider a range of questions in these forums including but not limited to:

- Does the draft Vision for *Australia Together* reflect what group members want for their future?
    - If yes, how well does a UBI fit with that Vision?
    - If no, what objectives for our future should be used for assessing the suitability of a UBI in Australian society?
- Are there better options than a UBI that are consistent with Australian values[3] or the Vision for *Australia Together*? For example, would a "job guarantee" be better?
- What is the most efficient administrative system for a UBI? Is a UBI more administratively efficient than targeted welfare?
- Are there other reforms that should be introduced with a UBI to ensure economic sustainability, and social justice, cohesion and equality? If yes, what are they?

More information about the pros and cons of different types of UBIs.

Debates are live on the topic of a Universal Basic Income as internet searches will show. For further information see:

- Professor Ross Garnaut – *Reset: Restoring Australia after the pandemic recession*, 2021;
- Brian Donaghy – *A Basic Income for Australia: A fair go for all*, 2021;
- The Common Sense Policy Group, Matthew Johnson, Kate Pickett, Daniel Nettle, Howard Reed, Elliott Johnson and Ian Robson – *Basic Income: The Policy that Changes Everything*, Bristol University Press, 2025; and
- Guy Standing – *Basic Income: And How We Can Make It Happen*, Penguin Books, 2015.

Read the latest draft of *Australia Together* at **https://www.austcfp.com.au/australia-together**

[3] For information on Australian values as expressed by Australians in the 21st century, see Bronwyn Kelly, *The People's Constitution: the path to empowerment of Australians in a 21st century democracy*, ACFP Publications, January 2023, Chapter 5.

Appendix 1 – Tables showing net benefits of a UBI at the age pension level for all Australians.

Table 5 – Total take-home pay per annum for individuals with UBIs 1, 2, and 3 (Figure 1)

Table 5 – Take-home pay for individuals (income after tax) per annum without a UBI compared to take-home pay per annum under UBI 1, UBI 2, and UBI 3 (Figure 1)								
	Earner at 25th percentile - $46,800	**Earner at median (50th percentile) - $74,100**	**Earner at 75th percentile - $110,600**	**Earner at $135,000**	**Earner at 90th percentile - $156,000**	**Earner at $190,000**	**Earner at $250,000**	**Family with one median earner + one dependent adult**
Current system - no UBI & 2026-27 tax rates	$42,240	$61,350	$86,900	$103,980	$117,210	$138,630	$171,630	$61,350
With UBI 1 - UBI at age pension level and low tax rates	$63,938	$82,366	$107,003	$123,473	$136,703	$158,123	$188,123	$113,589
With UBI 2 - UBI at age pension level and moderate tax rates	$63,938	$82,366	$107,003	$122,348	$133,898	$152,598	$179,598	$113,589
With UBI 3 - UBI at age pension level and higher tax rates	$62,768	$80,513	$104,238	$118,848	$129,978	$147,998	$171,998	$111,737

Table 6 – Take-home pay gains/losses per annum for individuals with UBI 1, 2, and 3 (Figure 2)

Table 6 – Take-home pay $ gains/losses* per annum with UBI 1, UBI 2, and UBI 3 compared to 2026/27 take-home pay without a UBI (Figure 2)								
	Earner at 25th percentile - $46,800	**Earner at median (50th percentile) - $74,100**	**Earner at 75th percentile - $110,600**	**Earner at $135,000**	**Earner at 90th percentile - $156,000**	**Earner at $190,000**	**Earner at $250,000**	**Family with one median earner + one dependent adult**
Take-home pay $ gain per annum with UBI 1 - UBI at age pension level and low tax rates	$21,698	$21,016	$20,103	$19,493	$19,493	$19,493	$16,493	$52,239
Take-home pay $ gain per annum with UBI 2 - UBI at age pension level and moderate tax rates	$21,698	$21,016	$20,103	$18,368	$16,688	$13,968	$7,968	$52,239
Take-home pay $ gain per annum with UBI 3 - UBI at age pension level and higher tax rates	$20,528	$19,163	$17,338	$14,868	$12,768	$9,368	$368	$50,387

*** Note:** Because of the selected tax rates, there are no losses in take home pay in this particular version of the model.

Table 7 – Tax as a percent of total income with and without a UBI (Figure 3)

Table 7 – Tax as a percent of total income without a UBI compared to tax as a percent to total income under UBI 1, UBI 2, and UBI 3 (Figure 3)								
	Earner at 25th percentile - $42,640	**Earner at median (50th percentile) - $67,600**	**Earner at 75th percentile - $102,700**	**Earner at $135,000**	**Earner at 90th percentile - $146,640**	**Earner at $190,000**	**Earner at $250,000**	**Family with one median earner + one dependent adult**
Current system - no UBI & 2026-27 tax rates	10%	17%	21%	23%	25%	27%	31%	17%
With UBI 1 - UBI at age pension level and low tax rates	18%	22%	25%	26%	27%	29%	33%	17%
With UBI 2 - UBI at age pension level and moderate tax rates	18%	22%	25%	26%	28%	31%	36%	17%
With UBI 3 - UBI at age pension level and higher tax rates	20%	24%	27%	29%	31%	33%	39%	18%

Table 8 – Percentage increases in tax payable with UBI 1, 2, and 3

Table 8 – UBI 1, UBI 2 & UBI 3 – % Tax increase compared to tax for individuals in 2026/27 without a UBI								
	Earner at 25th percentile - $46,800	**Earner at median (50th percentile) - $74,100**	**Earner at 75th percentile - $110,600**	**Earner at $135,000**	**Earner at 90th percentile - $156,000**	**Earner at $190,000**	**Earner at $250,000**	**Family with one median earner + one dependent adult**
Tax % increase UBI 1	209%	80%	47%	38%	30%	23%	19%	80%
Tax % increase UBI 2	209%	80%	47%	41%	37%	34%	30%	80%
Tax % increase UBI 3	235%	95%	59%	53%	48%	43%	39%	95%

Table 9 – $ increases in tax payable per annum for individuals with UBI 1, 2, and 3

Table 9 – UBI 1, UBI 2 & UBI 3 – $ Tax increase per annum compared to tax for individuals in 2026/27 without a UBI								
	Earner at 25th percentile - $46,800	**Earner at median (50th percentile) - $74,100**	**Earner at 75th percentile - $110,600**	**Earner at $135,000**	**Earner at 90th percentile - $156,000**	**Earner at $190,000**	**Earner at $250,000**	**Family with one median earner + one dependent adult**
Tax $ increase per annum with UBI 1	$9,525	$10,208	$11,120	$11,730	$11,730	$11,730	$14,730	$10,208
Tax $ increase per annum with UBI 2	$9,525	$10,208	$11,120	$12,855	$14,535	$17,255	$23,255	$10,208
Tax $ increase per annum with UBI 3	$10,695	$12,060	$13,885	$16,355	$18,455	$21,855	$30,855	$12,060

For information about the tax rates used in UBI 1, UBI 2 and UBI 3 see Table 14 in Appendix 2.

Appendix 2 – Tables showing costs and cost offsets for a UBI at the age pension level for all Australians.

Table 10 – Calculations for the total cost of a UBI at the age pension level

The total cost of the UBI will depend on its $ value and the number of people who receive it. Table 10 assumes:

- Australians 18 years or over will receive a UBI at the age pension level of $31,223 for the first year of its introduction. (It would be advisable in designing the UBI to ensure that it is indexed to CPI thereafter to keep pace with inflation.)
- Australians under 18 years will receive a UBI of 40% of the adult UBI - $10,171 – paid to their parent or guardian.

Table 10 – Total cost of a UBI at the age pension level	
Total population of Australia – 31 December 2025	27,801,023
Assumption of those below 18 years of age	20%
Assumption of those 18 years and above	80%
Total cost of UBI set at the age pension level	
• Population over 18 years of age	22,240,818
• Population under 18 years of age	5,560,205
• UBI per adult	$31,223
• UBI per child (40% of adult UBI)	$12,489
Total UBI for adults	$694,433,969,231
Total UBI for children	$69,443,396,923
Total cost of UBI set at the age pension level	**$763,877,366,154 (≈$763.9 billion)**

Source of population statistics: ABS, https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/dec-2025

Table 11 – Savings on welfare payments made possible with a UBI at the age pension level

Based on their projected cost in the 2026/27 budget, the following savings can be made on welfare payments if a UBI is set at the age pension level. Current recipients of these benefits would be more than compensated under UBI 1, 2 and 3. This includes aged pensioners who would be lifted out of risk of poverty with a UBI.

Table 11 – Welfare and other payments that can be deleted if a UBI is set at the age pension level	
	$ millions 2026/27
Support for Seniors	$68,727
Veterans' Community Care and Support	$1,434
Financial Support for People with a Disability	$27,566
Financial Support for Carers	$13,960
Family Assistance	$22,848
Child Care Subsidy	$17,021
Parents Income Support	$8,688
Child Support	$2,163
Support for the Child Care System	$1,640
Families and Children	$1,210
Assistance to the unemployed and the sick	$18,304
General administration of welfare	$6,067
Other select savings - Elimination of private health insurance subsidy	$7,897
Subtotal of savings	**$197,525**

Table 12 – Cost offsets for a UBI at the age pension level by deletion of selected tax expenditures and other subsidies

Table 12 – Federal revenues currently being foregone by tax expenditures and subsidies that could be deleted to offset a UBI[4]	
	$ millions 2026/27
Concessional taxation of superannuation entity earnings	$25,950
Capital Gains Tax Discount for individuals and trusts	$21,790
Exemption for National Disability Insurance Scheme amounts	$12,180
Exemption of Child Care Assistance payments	$4,600
FBT exemption for public benevolent institutions (excluding hospitals)	$3,150
Exemption from interest withholding tax on certain securities	$3,000
Exemption of certain income support benefits, pensions or allowances	$2,800
Concessional taxation of capital gains for superannuation funds	$2,550
Deductibility of life and total and permanent disability insurance premiums provided inside of superannuation	$2,450
Seniors and pensioners tax offset	$2,050
Exemption of Family Tax Benefit payments	$1,860
Cost of managing tax affairs and other deductions	$1,700
Exemption of the Private Health Insurance Rebate	$1,550
Small business capital gains retirement exemption	$830
Private health insurance (GST)	$520
Total	**$86,980**

Table 13 – Estimations of cost offsets for a UBI at the age pension level by introduction of selected hypothecated taxes

Table 13 – Revenue from the introduction of selected hypothecated taxes.	
	$ millions 2026/27
Medicare levy at 3.0%* (increasing the 2% levy applicable in 2026/27 by an additional 1%)	$8,000
New levy of 1.0%* hypothecated to the NDIS	$8,000
New levy of 0.5%* hypothecated to Aged Care	$4,000
New levy of 1.0%* hypothecated to Lifelong Education (for early learning and tertiary education)	$8,000
New levy of 1.0%* hypothecated to Housing (for building public housing)	$8,000
Apply GST to fresh food[5] hypothecated to a Stewards of the Earth Program (*Australia Together* Env11.02)	$6,300
Total	**$42,300**

***Assumes that every 0.1% increase in the Medicare levy rate yields approximately $850 million to $900 million in additional annual revenue. Therefore assumes that every 0.5% levy on taxable income will yield conservatively $4 billion.[6]

[4] Australian Government, The Treasury, 2025–26 Tax Expenditures and Insights Statement

[5] John Daley and Danielle Wood, The Grattan Institute, A GST Reform Package, 2015.

[6] Historically, Australian Treasury and independent economic modelling estimate that each **0.5% increase** in the Medicare levy yields roughly **$4 billion to $4.25 billion** in extra revenue annually, based on current taxpayer numbers and average income levels. https://www.acoss.org.au/budget-2017/election-revenue/

Table 14 – Assumptions for tax rates under UBI 1, 2 and 3

ACFP's models for benefits to Australians and costs to the federal budget of a UBI at the age pension level are based on the following income tax brackets and rates. Results can be adjusted according to any adjustment Australians may wish to make. **The rates do not apply to the UBI itself, which is tax free; they only apply to legally taxable income earned above the UBI.**

Table 14 – Assumptions for income brackets and tax rates in models of benefits and costs of UBIs 1, 2 and 3, compared to 2026/27 rates and brackets (where the UBI itself is tax free)							
Applicable tax rates 2026/27		**UBI 1 – low tax rates**		**UBI 2 – moderate tax rates**		**UBI 3 – high tax rates**	
Bracket	**Rate**	**Bracket**	**Rate**	**Bracket**	**Rate**	**Bracket**	**Rate**
$0 to 18,200	0%						
$18,201 to $45,000	15%	$0 to $45,000	30%	$0 to $45,000	30%	$0 to $45,000	32.5%
$45,001 to $135,000	30%	$45,001 to $135,000	32.5%	$45,001 to $110,000	32.5%	$45,001 to $110,000	35%
				$110,001 to $135,000	37%	$110,001 to $135,000	40%
$135,001 to $190,000	37%	$135,001 to $190,000	37%	$135,001 to $190,000	45%	$135,001 to $190,000	47%
$190,001 and over	45%	$190,001 and over	50%	$190,001 and over	55%	$190,001 and over	60%

Assumptions in relation to introduction of an electronic financial transactions tax – *Australia Together* Econ04.07.

Table 15 – Taxation revenue to be gained from introduction of an electronic financial transactions tax

Table 15 – Assumptions in relation to revenue to be gained from introduction of an electronic financial transactions tax	
	$ million
Assumed value of transactions*	
In 2018/19 the value of ATM withdrawals debit and credit card transactions, direct debits and credits and EFTPOS transactions through the banks	$10,897,000
In 2016/17 the value of foreign exchange turnover	$37,000,000
In 2016/17 the value of turnover in the interbank cash market	$1,000,000
Total value of the above types of transactions	$48,897,000
Rate applied - half a cent per dollar	$0.005
$ amount of tax raised per annum	$244,485
Assumed $ amount in federal taxation revenue in 2026/27 with 3% increase per annum	$267,155

* Source: Brian Donaghy – *A Basic Income for Australia: A fair go for all*, 2021, page 53.

Table 16 – Annual impact on individuals from introduction of an electronic financial transactions tax

Table 16 – Annual impact on individuals from introduction of an electronic financial transactions tax under Australia Together Econ04.07 Without a UBI and with UBIs 1, 2, or 3								
	Earner at 25th percentile - $46,800	**Earner at median (50th percentile) - $74,100**	**Earner at 75th percentile - $110,600**	**Earner at $135,000**	**Earner at 90th percentile - $156,000**	**Earner at $190,000**	**Earner at $250,000**	**Family with one median earner + one dependent adult**
Current take-home pay (2026/27) without a UBI	$42,240	$61,350	$86,900	$103,980	$117,210	$138,630	$171,630	$61,350
Assumed rate per dollar	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005
Total annual tax paid by individuals assuming all earners transact their entire take-home pay	$211	$307	$435	$520	$586	$693	$858	$307
Take-home pay with UBI 1	$63,938	$82,366	$107,003	$123,473	$136,703	$158,123	$188,123	$113,589
Assumed rate per dollar	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005
Total annual tax paid by individuals assuming all earners transact their entire take-home pay	$320	$412	$535	$617	$684	$791	$941	$568
Take-home pay with UBI 2	$63,938	$82,366	$107,003	$122,348	$133,898	$152,598	$179,598	$113,589
Assumed rate per dollar	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005
Total annual tax paid by individuals assuming all earners transact their entire take-home pay	$320	$412	$535	$612	$669	$763	$898	$568
Take-home pay with UBI 3	$62,768	$80,513	$104,238	$118,848	$129,978	$147,998	$171,998	$111,737
Assumed rate per dollar	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005	$0.005
Total annual tax paid by individuals assuming all earners transact their entire take-home pay	$314	$403	$521	$594	$650	$740	$860	$559

Appendix 3 – Table 17 – A UBI or targeted welfare: do they help Australians travel towards the Vision for *Australia Together*.

Targets and Strategies are assessed for inclusion in *Australia Together* on the basis of whether they will help the nation travel towards the sort of future described in the draft Vision. The following table provides preliminary indications of whether a UBI and targeted welfare are likely or unlikely to steer the nation towards each of the 17 elements of the Vision. Read the full Vision for *Australia Together* here.

Likely travel towards the Vision is denoted as	→
Likely travel away from the Vision is denoted as	←
No effect either way is denoted as	←/→

All results are indicative only. Community engagement may result in different conclusions.

Table 17 – A Universal Basic Income compared to Targeted Welfare Payments
Do they support travel towards or away from the Vision for *Australia Together*?

Vision element	UBI at or above the poverty level	Targeted Welfare
1. We are all safe	→ On balance it is more likely that all will be safe.	← or ←/→ On balance it is more likely that only some will be safe.
2. We have achieved a lasting reconciliation between First Nations peoples and non-Indigenous Australians, based on our shared values of justice and self-determination	→ On balance we might expect increased acceptance or greater equality of outcomes for Indigenous Australians.	← On balance we might expect continued differential treatment of Indigenous Australians, especially if targeted welfare does not alleviate poverty.
3. Everyone is welcome to participate positively in community life	→ On balance more Australians will feel welcome to participate and will be enabled to contribute positively.	← On balance we might expect a decrease in social inclusion, especially if targeted welfare does not alleviate poverty.
4. We are inspired and able to renew our physical and spiritual wellbeing	→ On balance more Australians will be able to stay healthy.	← or ←/→ On balance, health outcomes will be the same or worse.
5. We act together as a compassionate society	→ On balance there will be an increase in togetherness (social cohesion) and support for values of compassion, particularly during times of crisis.	← or ←/→ On balance, there will the same or more division in society and less compassion particularly in times of crisis such as in bushfires and floods with climate change and in pandemics.

Table 17 – A Universal Basic Income compared to Targeted Welfare Payments Do they support travel towards or away from the Vision for *Australia Together*?		
Vision element	**UBI at or above the poverty level**	**Targeted Welfare**
6. Equality is valued as enriching human community, cultural harmony and social progress	→ On balance there will be an increase in appreciation of the benefits of equality.	← On balance, there will be a decrease is appreciation of equality and particularly a decrease in equal opportunity.
7. Diversity is positively appreciated as the basis for a successful Australian society	→ On balance there will be an increase in appreciation of the benefits of Australia's multicultural diversity and from inclusion of diverse genders, cultural groups, sexual orientations, ages and ethnicities.	← On balance, there will be a decrease is appreciation of the benefits of Australia's multicultural diversity and growing exclusion of diverse genders, cultural groups, sexual orientations, ages and ethnicities.
8. Everyone can realise their full potential in life, as individuals, members of a family and citizens through unlimited opportunities in education and employment of choice	→ On balance there will be a significant increase in self-actualisation and the capacity of individuals to attain education and pursue their career of choice both in the paid and unpaid workforce.	← On balance there will be a decrease in the capacity of individuals to attain education and pursue their career of choice both in the paid and unpaid workforce. Life satisfaction is likely to decline for many.
9. Vital services are fully accessible for all	→ or ←/→ On balance a UBI at or above the poverty level will increase the accessibility of services unless, of course, governments cut back on services by imposing austerity.	←/→ On balance targeted welfare will not directly affect accessibility of services either way. Accessibility of services is determined by whether a government spends enough to provide welfare and wellbeing for all.
10. Scarce resources are conserved and fairly shared	→ On balance a UBI will assist in increasing sustainable patterns of consumption.	←/→ On balance targeted welfare will do little to increase sustainable consumption.
11. National wealth is fairly raised and fairly shared	→ On balance a UBI will significantly improve fair sharing on the national wealth that Australians work hard to generate and fair sharing of the burden and benefit of taxation.	← On balance targeted welfare will ensure that the national wealth Australians work hard to generate is not fairly raised or fairly shared.
12. Our economy is sustainable and supports rewarding opportunities and continuous improvements in living	→ Assuming no other economic settings change, on balance the economy is likely to be more	← Assuming no other economic settings change, on balance the economy is likely to be less

Table 17 – A Universal Basic Income compared to Targeted Welfare Payments Do they support travel towards or away from the Vision for *Australia Together*?		
Vision element	**UBI at or above the poverty level**	**Targeted Welfare**
standards, wellbeing and security for everyone	sustainable because demand and supply are more likely to be balanced. If a UBI is introduced with other appropriate economic measures productivity is likely to be greater and consumption of is likely to be more sustainable. Also, a UBI at or above the poverty level is significantly more likely to improve living standards and equal opportunity for *everyone*, not just some.	sustainable due to the greater chance of growth in inequality and numbers of Australians in poverty. (Economies are smaller when inequality and poverty grow.) Also, the targeted welfare system is significantly less likely to improve living standards and opportunities for *everyone*.
13. As a nation we have the courage to take a leading place in achieving the environmental aims of a global society	→ or ←/→ To the extent that a UBI leads to more sustainable consumption, it is more likely to help Australians move towards the environmental aspirations of the Vision.	← or ←/→ On balance, continuation of targeted welfare is more likely to result in continued overconsumption of limited natural resources.
14. Stewardship of ecology is affirmed as fundamental to planetary and human survival		
15. Democracy is assured by a well informed and engaged community of political equals	→ On balance, it is likely that there will be an increase in trust and confidence in parliaments, governments and democracy as a result of the removal of inequalities and observance of human rights.	←/→ Retention of targeted welfare is likely to result in a continuation of distrust trust and a failure of confidence in parliaments, governments and democracy because unfairness will not substantially diminish.
16. We can confidently trust our parliaments, governments, and courts to act fairly and justly in accordance with the rights and interests of the public and future generations		
17. We take pride in Australia as a responsible international citizen, active in building a safe, peaceful and united world	←/→ On balance, there is no direct effect either way, although there may be indirect effects.	←/→ On balance, there is no direct effect either way, although there may be indirect effects.

Appendix 4 – Tables 18 to 20 – Assumptions for funding services security

Table 18 –
Impact of additional taxes for universal services security on the take-home pay under UBI 1 (Figure 4) compared to take-home pay with 2026/27 tax rates and no UBI

	Earner at 25th percentile - $46,800	Earner at median (50th percentile) - $74,100	Earner at 75th percentile - $110,600	Earner at $135,000	Earner at 90th percentile - $156,000	Earner at $190,000	Earner at $250,000	Family with one median earner + one dependent adult
Take home net gain with UBI 1 (after personal income tax but before additional taxes for services security)	$21,698	$21,016	$20,103	$19,493	$19,493	$19,493	$16,493	$52,239
Add new additional taxes for services security								
Electronic financial transactions tax under *Australia Together* Econ04.07	-$320	-$412	-$535	-$617	-$684	-$791	-$941	-$568
Increase the Medicare levy by 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Add new NDIS Levy at 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Add new Aged Care Levy at 0.5%	-$234	-$371	-$553	-$675	-$780	-$950	-$1,250	-$371
Add new Lifelong Education Levy at 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Add new Housing Levy at 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Apply GST to food – assume $150 per week per person - all to be hypothecated to a Stewards of the Earth Program (*Australia Together* Env11.02)	-$780	-$780	-$780	-$780	-$780	-$780	-$780	-$3,120
Net take-home gain in UBI 1 (low income tax rates) after new additional taxes for services security	**$18,493**	**$16,490**	**$13,811**	**$12,021**	**$11,010**	**$9,373**	**$3,523**	**$45,217**

Table 19 –
Impact of additional taxes for universal services security on the take-home pay under UBI 2 (Figure 4) compared to take-home pay with 2026/27 tax rates and no UBI

	Earner at 25th percentile - $46,800	Earner at median (50th percentile) - $74,100	Earner at 75th percentile - $110,600	Earner at $135,000	Earner at 90th percentile - $156,000	Earner at $190,000	Earner at $250,000	Family with one median earner + one dependent adult
Take home net gain with UBI 2 (after personal income tax but before additional taxes for services security)	$21,698	$21,016	$20,103	$18,368	$16,688	$13,968	$7,968	$52,239
Add new additional taxes for services security								
Electronic financial transactions tax under *Australia Together* Econ04.07	-$320	-$412	-$535	-$612	-$669	-$763	-$898	-$568
Increase the Medicare levy by 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Add new NDIS Levy at 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Add new Aged Care Levy at 0.5%	-$234	-$371	-$553	-$675	-$780	-$950	-$1,250	-$371
Add new Lifelong Education Levy at 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Add new Housing Levy at 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Apply GST to food – assume $150 per week per person - all to be hypothecated to a Stewards of the Earth Program (*Australia Together* Env11.02)	-$780	-$780	-$780	-$780	-$780	-$780	-$780	-$3,120
Net take-home gain in UBI 2 (moderate income tax rates) after new additional taxes for services security	**$18,493**	**$16,490**	**$13,811**	**$10,902**	**$8,219**	**$3,875**	**-$4,960**	**$45,217**

Table 20 – Impact of additional taxes for universal services security on the take-home pay under UBI 3 (Figure 4) compared to take-home pay with 2026/27 tax rates and no UBI								
	Earner at 25th percentile - $46,800	**Earner at median (50th percentile) - $74,100**	**Earner at 75th percentile - $110,600**	**Earner at $135,000**	**Earner at 90th percentile - $156,000**	**Earner at $190,000**	**Earner at $250,000**	**Family with one median earner + one dependent adult**
Take home net gain/loss with UBI 3 (after personal income tax but before additional taxes for services security)	$20,528	$19,163	$17,338	$14,868	$12,768	$9,368	$368	$50,387
Add new additional taxes for services security								
Electronic financial transactions tax under *Australia Together* Econ04.07	-$314	-$403	-$521	-$594	-$650	-$740	-$860	-$559
Increase the Medicare levy by 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Add new NDIS Levy at 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Add new Aged Care Levy at 0.5%	-$234	-$371	-$553	-$675	-$780	-$950	-$1,250	-$371
Add new Lifelong Education Levy at 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Add new Housing Levy at 1.0%	-$468	-$741	-$1,106	-$1,350	-$1,560	-$1,900	-$2,500	-$741
Apply GST to food – assume $150 per week per person - all to be hypothecated to a Stewards of the Earth Program (*Australia Together* Env11.02)	-$780	-$780	-$780	-$780	-$780	-$780	-$780	-$3,120
Net take-home gain in UBI 3 (high income tax rates) after new additional taxes for services security	**$17,329**	**$14,646**	**$11,060**	**$7,419**	**$4,319**	**-$702**	**-$12,522**	**$43,374**

Appendix 5 – Gains for pensioners with a universal basic income

ACFP has modelled the net benefit for individuals if a UBI is introduced at the age pension level.

The age pension level has been chosen for the UBI in the model because it is currently the highest payment made to any of Australia's welfare recipients, significantly higher than the Jobseeker payment. Introduction of a UBI at the age pension level should ensure that no-one is disadvantaged when their current welfare payments are replaced by the UBI – as they will be.

The model assumes that on introduction of a UBI at the age pension level, all other welfare payments will be deleted (cancelled), including the age pension and other state funded pensions (other than superannuation pensions). Jobseeker payments will also be abolished, as will any other welfare payments. They will all be replaced by UBI.

The model has been constructed on an assumption that tax rates should be set so that no-one in any income bracket goes backwards after personal income tax when their pensions or other welfare payments are replaced by a UBI.

Assuming that the starting point for everyone with a UBI at the age pension level will be $31,223 per annum ($600.45 per week), the graphs below show how the UBI would work in practice for age pensioners and others who currently receive the equivalent of the age pension (such as veterans and disability pensioners).

The results reflect the fact that **no-one will pay any tax at all on the UBI itself** – in other words, no-one would pay tax unless and until they choose to earn income above the UBI by participating in the workforce or unless and until they earn taxable income by other means. However, every dollar of income earned in addition to the UBI by participation in the workforce or by other means would be taxed (unless exemptions are applied under legislation).

The graphs shown below in **Figure 5** (Table 21) and **Figure 6** (Table 22) compare: **(A)** the current take-home pay for age pensioners in 2026/27 (with 2026/27 tax rates but before deductions which may legally reduce taxable income), with **(B)** total take-home pay for pensioners once a UBI of $31,223 is applied.

The graphs provide examples of how total annual take-home pay would change for pensioners with a UBI of $31,223 and low, moderate and high personal income tax rates:

UBI 1 = $31,223 plus low personal income tax rates,
UBI 2 = $31,223 plus moderate personal income tax rates,
UBI 3 = $31,223 plus relatively high personal income tax rates.

Tax rates used in modelling of UBIs 1, 2 and 3 are shown in Table 14 in Appendix 2.

The modelled examples result in moderate increases in net income for single pensioners due to the removal of the tax they currently pay on their pension (the UBI is tax free). The result for pensioners who live as a couple is a significant gain in net income due to the fact that the age pension is currently 25% lower for members of a couple than it is for singles. With a UBI, each person would receive the same amount as a single pensioner who is not part of a couple. The model assumes that a universal basic income is an equal entitlement for all adults.

Table 21 – Take-home pay for age pensioners per annum without a UBI compared to take-home pay per annum under UBI 1, UBI 2, and UBI 3 (Figure 5)			
	Age pensioner - single (with no other income)	Age pensioner - couple each (with no other income)	Age pensioner - couple (with no other income)
Current system - no UBI & 2026-27 tax rates	$42,240	$61,350	$86,900
With UBI 1 - UBI at age pension level and low tax rates	$63,938	$82,366	$107,003
With UBI 2 - UBI at age pension level and moderate tax rates	$63,938	$82,366	$107,003
With UBI 3 - UBI at age pension level and higher tax rates	$62,768	$80,513	$104,238

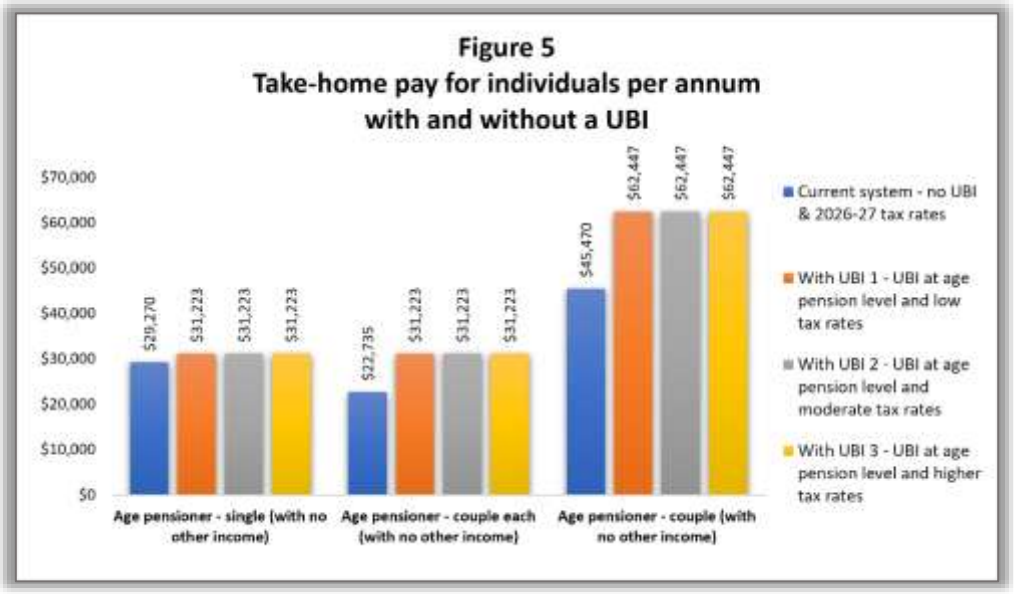


Table 22 – Take-home pay $ gains per annum for age pensioners with UBI 1, UBI 2, and UBI 3 compared to 2026/27 take-home pay without a UBI (Figure 6)			
	Age pensioner - single (with no other income)	Age pensioner - couple each (with no other income)	Age pensioner - couple (with no other income)
Take-home pay $ gain per annum with UBI 1	$1,954	$8,488	$16,977
Take-home pay $ gain per annum with UBI 2	$1,954	$8,488	$16,977
Take-home pay $ gain per annum with UBI 3 3	$1,954	$8,488	$16,977