Questions about *Australia Together*

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

Updated January 2026

What's in this information sheet?

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Purpose of the information in this sheet

Information in this sheet is intended for use in further discussions on the design of a Universal Basic Income (UBI) that will be consistent with the Vision for *Australia Together* and any other values declared relevant to decision-making such as those in a National Accord on Wealth, Welfare and Wellbeing. Such discussions may be arranged in a deliberative democracy in the form of a citizens' jury or citizens' assembly (or similar) and these would best be facilitated by independent community-based groups with expertise in the conduct of these mechanisms. Ideally, deliberative forums of this kind should not involve politicians. Information on how these deliberations can be organised democratically is available in Chapter 5 of *The Public Interest Economy*.

Questions may be emailed to info@austcfp.com.au

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 helps 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*?

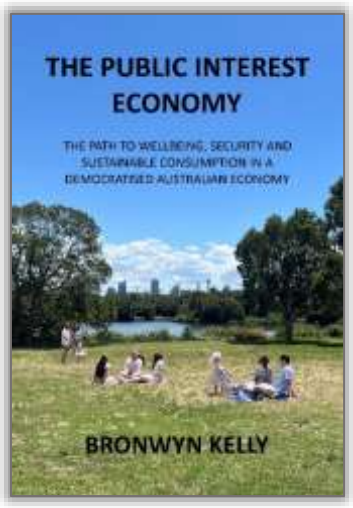
The proposal for a UBI appears in *Australia Together* under the map reference number **Econ04.02.04** and under a range of other related Targets and Strategies. Importantly, the Strategy for a UBI is:

- 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 cover the cost of the UBI, 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 20 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 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 and reduction of inequality and 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 growth of participation in the workforce, the maintenance of full employment, and continuous growth in productivity;
5. open the way to a genuinely fair personal taxation system;
6. remove the current incentives in our social security and tax systems that act to discourage many Australians, particularly women, from participation in the workforce, because on entry into the workforce they would no longer face the possibility of reduced total income after tax;
7. 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 million in Australia;
8. 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);
9. 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
10. 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 a 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 must 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 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 the poverty level (say, 50% of the median annual income for an individual after tax) 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 (moreso 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.

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 the key 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 favours 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 2024, the poverty line was 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 2019/20 equated to approximately:

- $489 a week for a single adult, or $25,428 per annum, and
- $1,027 a week for a couple with two children, or $53,404 per annum.

Assuming that the starting point is for everyone to receive the UBI at the poverty level (as it was in 2019/20, $25,428 per annum), 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). In effect, this would raise the current tax-free threshold for all Australians from $18,200 in 2024/25 to $25,428.

The graphs shown below in Figures 1 and 2 compare:

A. the current take-home pay in 2024/25 (i.e., with the low tax rates approved under the modified Stage 3 tax cuts applicable from 1 July 2024) 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 $25,428 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 $25,428 and low, medium and high tax rates:

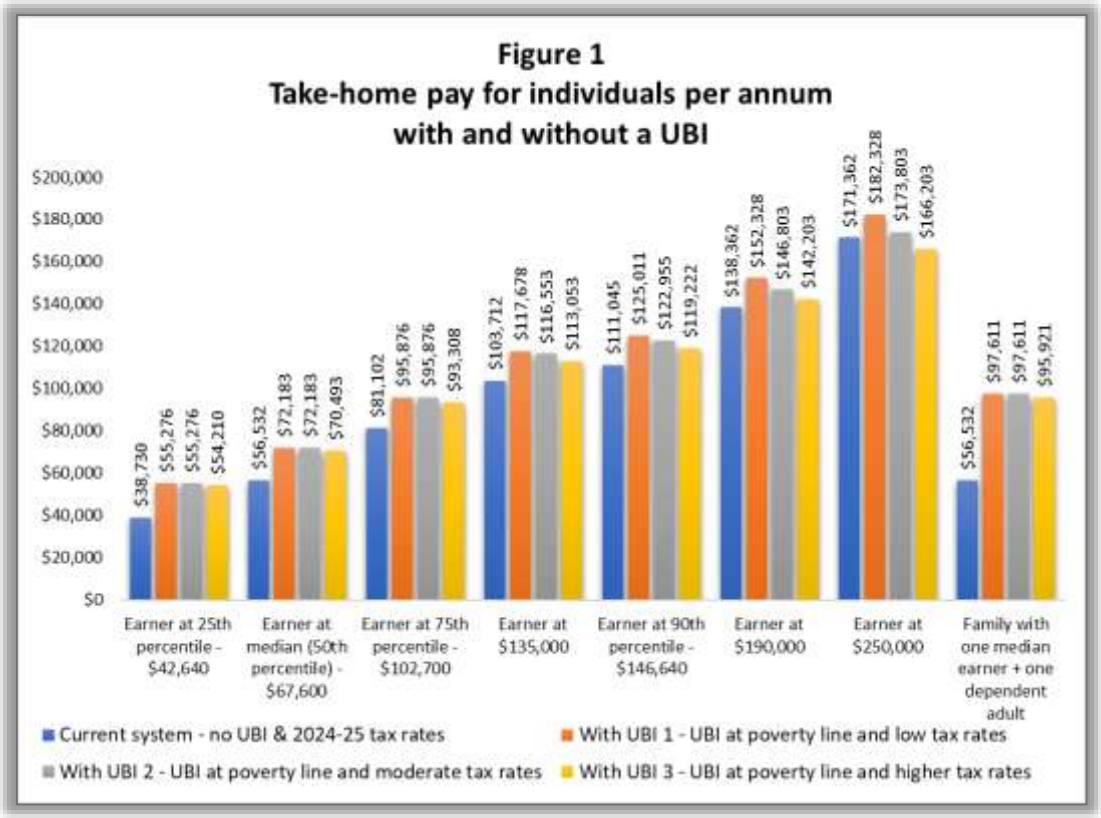
UBI 1 = $25,428 plus low tax rates,
UBI 2 = $25,428 plus moderate tax rates,
UBI 3 = $25,428 plus relatively high tax rates.

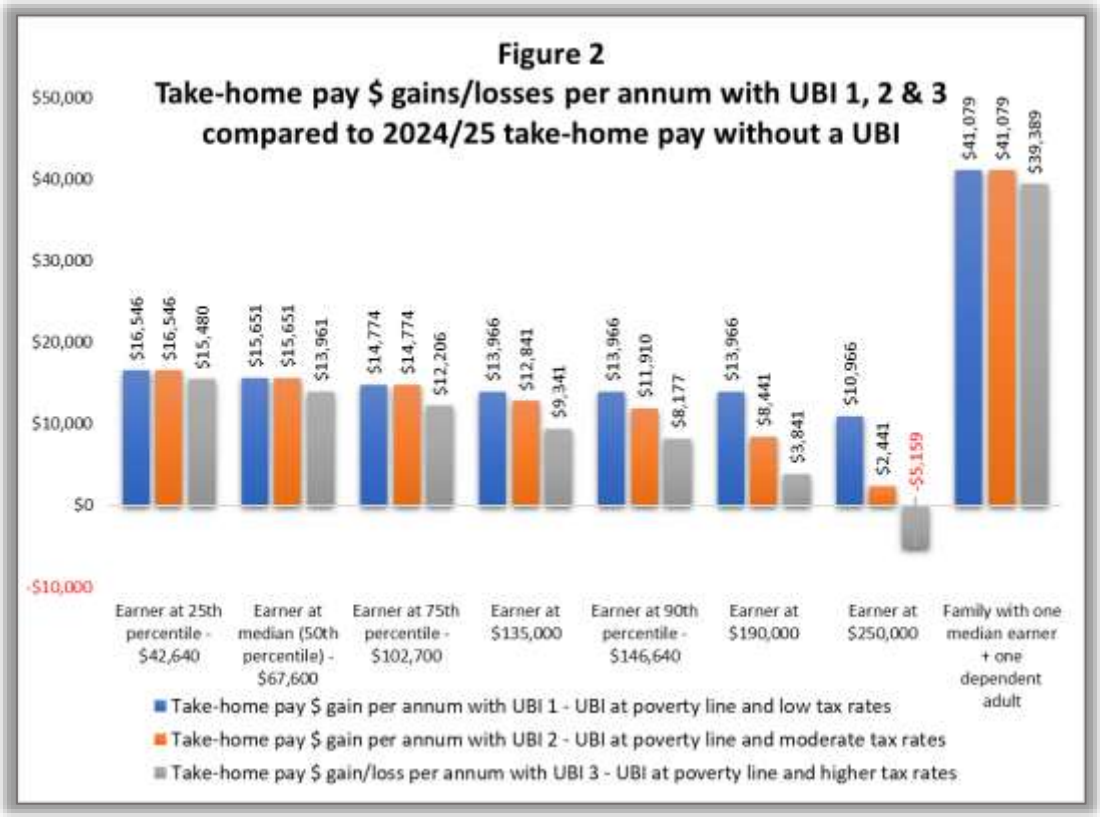
Figure 3 shows how income tax will increase for individuals with a UBI in each example. Notably, the UBI itself does not vary in the examples (because a UBI set below the poverty level is inconsistent with the Vision for *Australia Together*) but the total take-home in each case diminishes with higher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

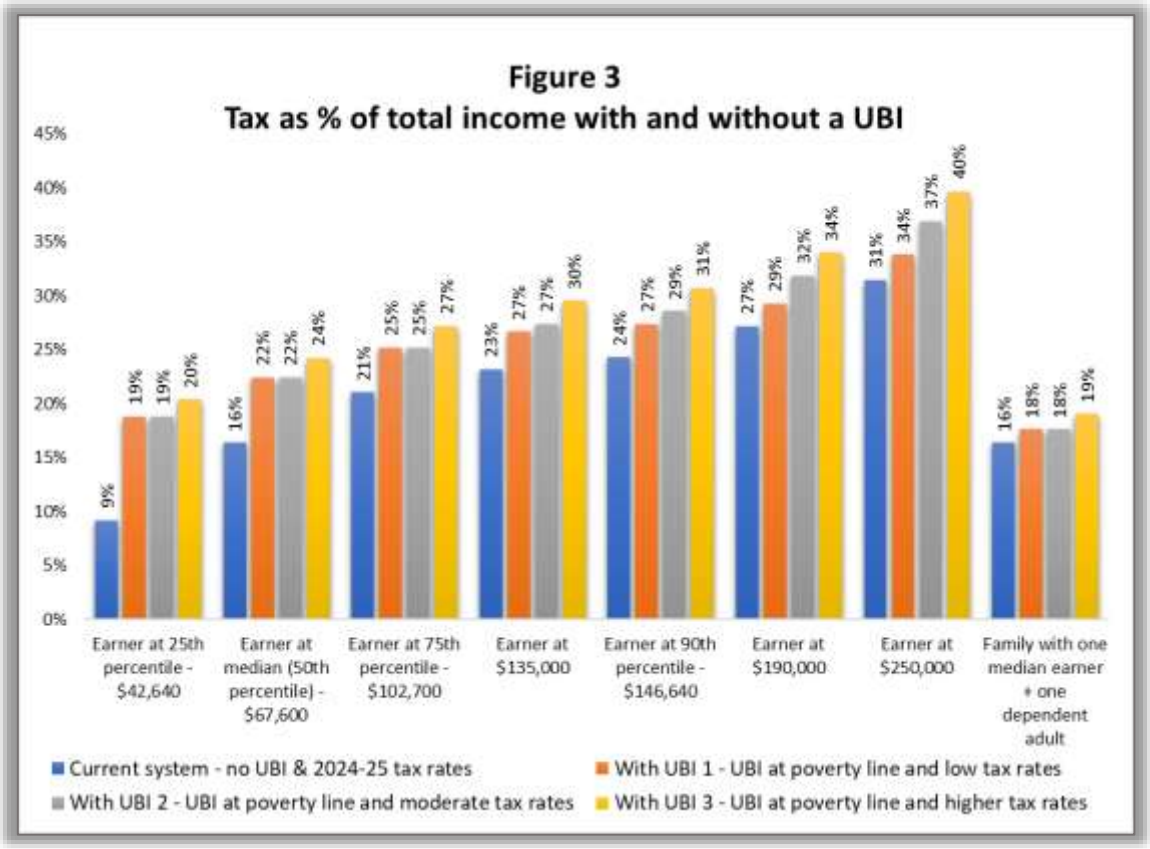
Tax rates used in modelling of UBIs 1, 2 and 3 are shown in Table 13 in Appendix 2. The modelled examples result in the following:

- **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.
- **Net take-home pay gains** from UBI 3 (higher tax rates) for individuals in all income brackets **except those earning $250,000** per annum compared to take-home pay possible under the current permissible taxation arrangements. Take-home pay reductions for those on $250,000 are very small. Under the tax rates applied in UBI 2, most of the UBI would be recovered from those on $250,000. Under UBI 3, all of it and a little more would be recovered.
- 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, no-one goes backwards in total income or take-home pay except**:
    - those earning $250,000 in the case of UBI 3, and
    - the government (because in all examples the government loses tax revenues).

- Percentage increases in income tax are highest for those in the lowest income brackets and are more than double for the lowest example income. But dollar increases in total tax are lowest for those in the lower income brackets and highest for those in the high brackets.
- The results in all cases reflect fair sharing of the burden and benefit of taxation.







14. What is the cost of a UBI at the poverty level?

Table 11 in Appendix 2 shows that a UBI at the poverty level ($25,428 for a single earner in 2019/20), if applied to all Australians (including children who would receive 40% of the UBI until they turn eighteen) would cost almost **$592 billion in its first year**.

15. How can the cost of a UBI at the poverty level be covered?

The above graphs show that with a UBI personal income tax for all individuals is higher than the 2024/25 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). Poverty has been eliminated. However, this leaves the government with a deficit in the federal budget.

Some economists such as those advocating Modern Monetary Theory (MMT) or those who have a different understanding the economic purposes of federal budget surpluses and deficits, may suggest that this need not matter, especially if the deficit caused by the UBI isn't a lasting one. However, it is incumbent on budget managers to engage in responsible budget management to ensure that public funds are spent wisely and fairly, for example in places where they will enhance productivity or lift the standard or living for all. Balancing the federal budget is an important but secondary consideration here (because even if the budget weren't balanced the country could not go broke), but the activity of balancing the budget over the long term (not necessarily in every year) is nevertheless a very useful discipline in ensuring that public funds and national wealth are distributed fairly and according to need and to where they can do the most good for the nation. Accordingly, introduction of a UBI should occur simultaneously with the introduction of long term national financial planning – a process which Australia does not yet have. For more information on this process and how it can be implemented see this video

explainer on Long Term Financial Planning within National IP&R or ACFP's webpage on National Integrated Planning & Reporting.

Regardless of whether the government introduces long term national financial planning, the cost of a UBI at 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 the poverty level makes possible (but which a UBI below the poverty level does not);
2. savings and improved revenues for the federal budget arising from re-composition of the national economy (such as those suggested in *Australia Together*); and
3. fair taxation reforms.

The cost of a UBI at the poverty level can be fully offset by the first and third of these. Savings and revenue growth from re-composition of the national economy are highly desirable but are not necessary for purposes of offsetting the cost of a UBI as the following examples of savings and offsets show.

Savings in the federal budget made possible under a UBI at the poverty level

A UBI at the poverty level will enable the federal government to delete current expenditures for a wide array of welfare payments and associated administrations. For example, the government will no longer need to pay the aged pension because the assumption in the model is that it will be replaced in full by the UBI. (If the UBI is set below the aged pension, compensation will be necessary to ensure pensioners are not worse off. (See Question 17.)

Based on the cost estimates in the 2024/24 budget for certain items related to current welfare payments, ACFP has estimated that it should be possible to delete $138 billion of existing payments because they will no longer be needed if the UBI is set at the poverty level. This does not require deletion of funding for health. For a breakdown of the selected savings see Table 12 in Appendix 2.

Increases in taxation revenue are made possible with a UBI at the poverty 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 2024). 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 such as for superannuation). 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 to $258.6 billion.

Table 1 – Estimates of reliable savings and offsets of the cost of a UBI at the poverty level

	$ million **2024/25**
Starting cost of a UBI at the poverty level	$591,992
Current welfare payments that can be deleted (the health budget is unaffected). See Table 12 in Appendix 2 for a breakdown.	-$138,132
Increased total tax revenue to government from jobs created due to more consumption	-$53,197
Increased tax revenue from tax on income earned up to $18,200 (which is currently tax free)	-$85,962
Deletion of certain tax expenditures	-$54,390
Additional revenue from GST from increased spending under UBI	-$1,700
Subtotal - net cost of UBI before other measures	**$258,611**

Further measures to fully offset the cost of a UBI at the poverty level

The above listed savings and revenue increases are conservatively estimated. They can be relied upon as lasting savings and net increases in revenue. But more are needed if the objective is to balance the federal budget on the item of the UBI and ensure that enough public funds can still be allocated to essential programs such as education, health, environmental protection and investment in industrial development and other programs that are likely to boost productivity and generate employment.

There are many options that Australians can consider to reduce the cost of the UBI in the federal budget to zero or to a surplus. 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. They negatively affect the federal budget bottom line while adding nothing to national wealth, productivity or environmental sustainability. However, this does not necessarily make them suitable offsets for the UBI. For example, savings made by eliminating fossil fuel subsidies (currently costing Australians approximately $11 billion per annum – and much more than that in lost environmental and resource capital) should ideally be allocated to new projects for environmental sustainability in the age of climate change. In any case, these sorts of savings on current expenditure do not add up to a great deal. The three listed above would reduce the remaining net cost of the UBI by only a relatively small amount (2%). Hence, they have not been used in ACFP's models of potential cost offsets.

More effective and sustainable cost offsets for a UBI at the poverty level will arise from fair reforms to taxation and from the increased taxation revenue that will arise from the application of higher taxation rates than the 2024/25 rates for those enjoying higher incomes. Marginal tax rates can rise under a UBI without negatively affecting take-home pay. 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 cost of the UBI at the poverty level by the amounts shown in Table 2. These estimates are conservative. Tax rates used in the model for each UBI are shown in Table 13 in Appendix 2. Where lower tax rates are applied, the government recovers less revenue. Where higher tax rates apply, the government recovers more.

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

	UBI 1 (low tax rates)	UBI 2 (moderate tax rates)	UBI 3 (higher tax rates)
Starting cost of a UBI at the poverty level	$591,992	$591,992	$591,992
Less savings in Table 1	-$333,381	-$333,381	-$333,381
Subtotal - net cost of UBI before other measures	**$258,611**	**$258,611**	**$258,611**
Increase in 2024/25 federal budget tax revenues from higher marginal tax rates (estimate only)*	-$48,975	-$65,300	-$97,950
Net cost of UBI after higher marginal tax rates are applied	**$209,636**	**$193,311**	**$160,661**

* Assumes increases in federal budgeted taxation revenue from individuals in 2024/25 ($326.5 billion) of 15% with UBI 1, 20% with UBI 2, and 30% with UBI 3.

The above selected potential cost offsets for a UBI at the poverty 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 poverty 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 – will, over time, be sufficient to offset the remainder of the cost of the UBI. But there are options for tax reform that could fully offset it immediately. One option here is to introduce 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 progressive, is easily collected (via the banking system, not individuals or businesses), and raises very large volumes of revenue at very small percentage tax rates per dollar transacted. The annual impact of the tax on individuals would be tiny, as shown in Table 15 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 poverty level is introduced with either low, moderate or high tax rates and introduction of an electronic financial transactions tax as proposed in *Australia Together* **Econ04.07**. For assumptions on the electronic financial transactions tax see Table 14 in Appendix 2.

Table 3 – Further cost offsets for a UBI at the poverty 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 cost of a UBI at the poverty level	$591,992	$591,992	$591,992
Less savings in Table 1	-$333,381	-$333,381	-$333,381
Subtotal - net cost of UBI before other measures	**$258,611**	**$258,611**	**$258,611**
Increase in 2024/25 federal budget tax revenues from higher marginal tax rates (estimate only)	-$48,975	-$65,300	-$97,950
Net cost of UBI after higher marginal tax rates are applied	**$209,636**	**$193,311**	**$160,661**
Australia Together **Econ04.07** – Electronic Financial Transactions Tax	-$251,820	-$251,820	-$251,820
Net federal budget result with a UBI = a surplus	**$42,184**	**$58,509**	**$91,159**

Caution: Substantial budget surpluses may be highly inadvisable economically.

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

16. Should a UBI be introduced at a higher or lower poverty line estimate?

The above estimates reflect net results for the federal budget with introduction of a UBI at the 2019/20 poverty level for a single adult earner. However, estimates of poverty levels vary depending on whether the cost of housing is included and, of course, they change through time. For instance, in 2024 the Melbourne Institute of Applied Economic and Social Research estimated that the poverty line (generally known as the Henderson poverty line) for a single adult earner in the workforce was $612.47 per week or $31,848.44 on an annual basis after housing costs are included. This is obviously higher than the 2019/20 UBI used in the above models (where in fact housing costs were deducted in estimating the poverty line). Were the higher Henderson poverty level to be chosen as the basis for the UBI, this would reduce the above surplus in the federal budget to a deficit, as shown in Table 4.

Table 4 – Federal budget balance with a UBI at the Henderson poverty level in 2024 for a single adult earner in the workforce – $ million

	UBI 1 (low tax rates)	UBI 2 (moderate tax rates)	UBI 3 (higher tax rates)
Starting cost of a UBI at the Henderson poverty level	$741,467	$741,467	$741,467
Less savings in Table 1	-$333,381	-$333,381	-$333,381
Subtotal - net cost of UBI at the Henderson poverty level in 2024 before other measures	**$408,086**	**$408,086**	**$408,086**
Increase in 2024/25 federal budget tax revenues from higher marginal tax rates (estimate only)	-$48,975	-$65,300	-$97,950
Net cost of UBI at the Henderson poverty level after higher marginal tax rates are applied	**$359,111**	**$342,786**	**$310,136**
Australia Together **Econ04.07** – Electronic Financial Transactions Tax	-$251,820	-$251,820	-$251,820
Net federal budget result with a UBI at the Henderson poverty level = a deficit	**$107,291**	**$90,966**	**$58,316**

Options for balancing the federal budget in the event of a preference by Australians for a UBI at the Henderson poverty level would include:

- higher marginal tax rates than those modelled,
- a small increase in the rate of tax on electronic financial transactions, and
- a wide range of other savings and revenue measures.

In short, it would be possible to cover the cost of higher UBIs but we should make sure this does not involve diversion of public funds away from services essential for wellbeing. Austerity should be avoided at all times.

The above option of a UBI at the Henderson poverty line after housing costs are included has been provided here to describe the quantum of fiscal measures that would be necessary to offset the cost of higher UBIs. However, it is probably inadvisable to select a poverty line that includes the cost of housing as the basis for a UBI. This is because it might encourage the government to try to balance its budget by diverting funds away from direct public investment in housing itself. Increased provision of housing by the public sector is the most cost-efficient way of reducing the poverty and cost of living pressures arising from increased housing costs. This is a subject for community discussion but, in general terms, if the intention is to eliminate poverty at the least cost, permanently and more quickly, the distribution of government funds should be arranged to favour creation of an expanded supply of

public housing rather than expending those funds on a higher UBI. Expenditure of the funds on the UBI would dissipate the effect that could be gained in reduction of poverty by aggregated direct funding of public housing supply.

Balancing the federal budget is deemed to be a vital consideration by public sector budget managers. If that is true for most Australians then the good news is that, should they wish, after a democratic deliberation process, to introduce a UBI at the higher poverty line (Henderson) estimate, adjustments necessary to balance the federal budget are actually quite small and well within the capability of competent budget managers, especially if long term national financial planning is undertaken.

17. Would anyone be worse off with a UBI at the 2019/20 poverty level?

If a UBI were to be introduced in 2024 at the 2019/20 poverty level ($25,428 per annum) no-one who is in the workforce would suffer an income reduction (except those earning over $250,000 in UBI 3). However, some recipients of welfare benefits who are not in the workforce would be worse off if no adjustment was made to compensate them for that loss. This would mainly apply to aged pensioners and those on the Disability Support Pension who are not in the paid workforce. Those on Jobseeker would be significantly better off. Net gains and losses for those who are entirely dependent on these benefits are shown in Table 5.

Table 5 – Impact for welfare recipients not in the paid workforce			
	Unemployed or Sick on JobSeeker	**Disability Support Pension with supplements**	**Aged Pensioner with supplements**
Current benefits per annum for single adults	$19,830.20	$29,023.80	$29,023.80
UBI at the 2019/20 poverty level	$25,428	$25,428	$25,428
Net gain/loss after UBI	**$5,597.80**	**-$3,595.80**	**-$3,595.80**

In order to ensure equity and no disadvantage for anyone, **pensioners would need to be compensated if a UBI is introduced at the 2019/20 poverty level.** The compensation would best be applied in the form of top-up to the UBI to the level of the value of the welfare payment at the time of introduction. This compensation would not affect the estimates of federal budget results shown in Table 3 above because an estimate of the cost of the compensation has been taken into account.

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 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 (such as the Stage 3 tax cuts) are legislated. In any case, if a UBI causes inflation at all it will not have the dreadful impact 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 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 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.

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, without having to deal with Centrelink, 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, 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 poverty level will play an important part in ensuring ongoing parity between the supply of labour and the demand for it.

20. 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* as such, 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:

i. universal and unconditional welfare – that is, universal income security, and
ii. targeted welfare payments.

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]

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

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:

- 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. 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 implies 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 different 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 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 16 in Appendix 3 provides a summarised high-level comparison of a UBI at 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.

21. 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 (see Question 20), 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 for securely and sustainably funding vital services for 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 net 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.

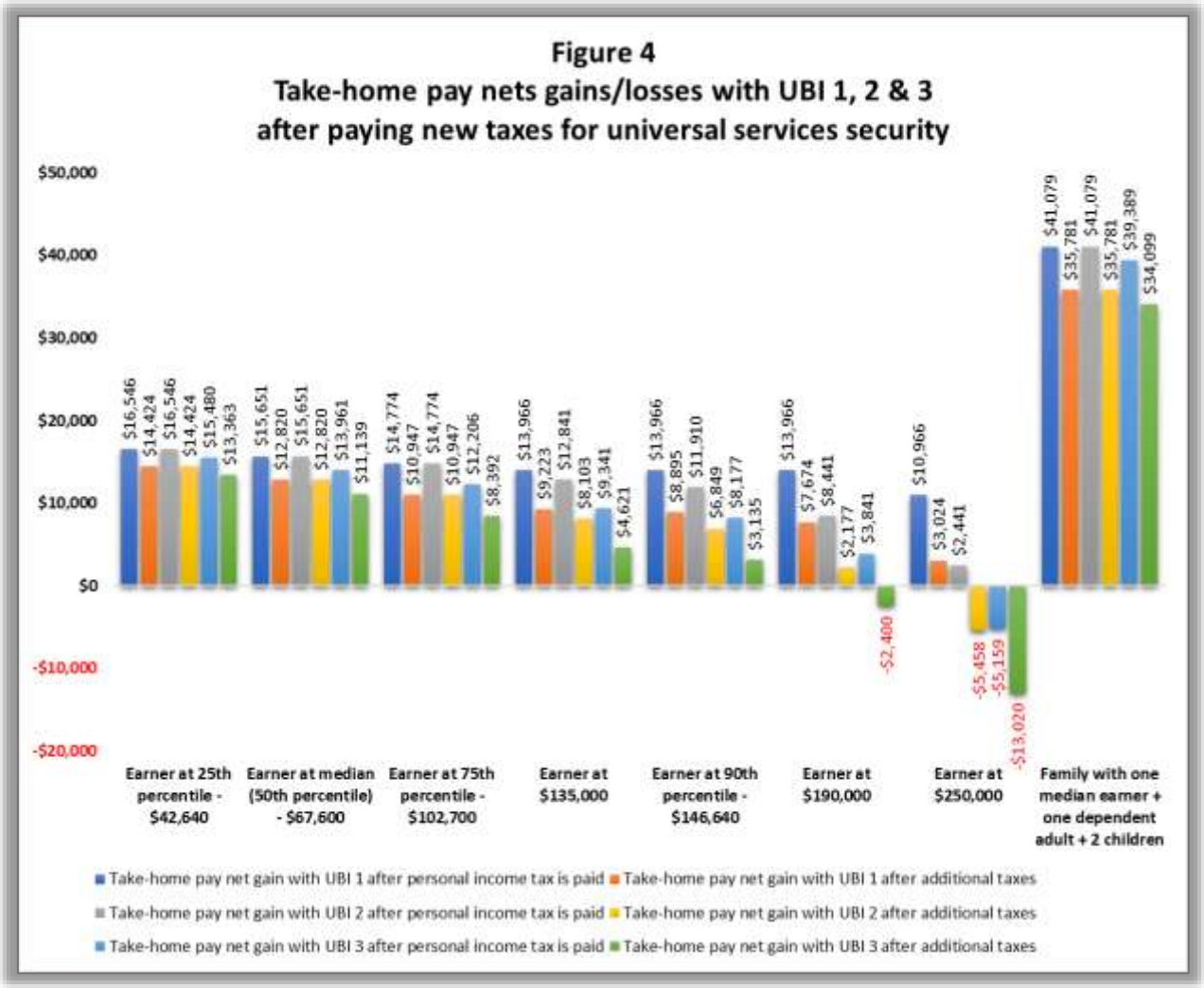
Broadly this would mean paying back some but not all of the total increase in net income with a UBI in the form of income tax but also in the form of additional taxes for specified purposes. Australians could choose to establish new taxes for anything they deemed essential. This system is called "hypothecation 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 poverty 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 high marginal tax rates are preferred for very high income earners. **Figure 4** below shows the net gains in take-home pay for earners after payment of personal income tax modelled at low, medium and high rates. It compares each of these to the net result in take-home pay after some additional taxes for universal income security 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 15 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 for the National Disability Insurance Scheme (NDIS) of 0.5% of pre-tax income;
- a new levy for aged care of 0.5% of pre-tax income;
- a new levy for lifelong education – 0.5% of pre-tax income – intended to secure funding for early education and childcare as well as higher education;

- 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 2024/25) after the imposition of the modelled 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 2024/25 (although most would still be better off than they were before the Stage 3 tax cuts and they would have security of services). For assumptions behind the options in **Figure 4** see Appendix 4 - Tables 17 to 19.



It should be observed that in all cases of a UBI at the poverty 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 in a different sequence. Effectively, introduction of a UBI gives Australians the opportunity to change the way in which decisions about tax and public spending are made. 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.

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?
- If a higher UBI than that modelled in this paper is preferred, what are the choices for offsetting the budget cost?
- 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's book – Reset: Restoring Australia after the pandemic recession, 2021;
- Brian Donaghy's book – A Basic Income for Australia: A fair go for all, 2021; and
- ACFP's video on YouTube – Snapshots from Australia Together, Episode 2 Part 3: A New Economy Based on an Accord on Wealth, Welfare and Wellbeing - The benefits of a social wage for all Australians, 2021. This video shows how incomes for individual Australians and wealth for the nation would both rise if a social wage or UBI were to be introduced consistent with the principles of a National Accord on Wealth, Welfare and Wellbeing.

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 poverty level for all Australians.

Table 6 – Total take-home pay per annum for individuals with UBIs 1, 2, and 3 (Figure 1)

Table 6 – 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 - $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 & 2024-25 tax rates	$38,730	$56,532	$81,102	$103,712	$111,045	$138,362	$171,362	$56,532
With UBI 1 - UBI at poverty line and low tax rates	$55,276	$72,183	$95,876	$117,678	$125,011	$152,328	$182,328	$97,611
With UBI 2 - UBI at poverty line and moderate tax rates	$55,276	$72,183	$95,876	$116,553	$122,955	$146,803	$173,803	$97,611
With UBI 3 - UBI at poverty line and higher tax rates	$54,210	$70,493	$93,308	$113,053	$119,222	$142,203	$166,203	$95,921

Table 7 – Take-home pay gains/losses per annum for individuals with UBI 1, 2, and 3

Table 7 – Take-home pay $ gains/losses per annum with UBI 1, UBI 2, and UBI 3 compared to 2024/25 take-home pay without a UBI (Figure 2)								
	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**
Take-home pay $ gain per annum with UBI 1 - UBI at poverty line and low tax rates	$16,546	$15,651	$14,774	$13,966	$13,966	$13,966	$10,966	$41,079
Take-home pay $ gain per annum with UBI 2 - UBI at poverty line and moderate tax rates	$16,546	$15,651	$14,774	$12,841	$11,910	$8,441	$2,441	$41,079
Take-home pay $ gain/loss per annum with UBI 3 - UBI at poverty line and higher tax rates	$15,480	$13,961	$12,206	$9,341	$8,177	$3,841	-$5,159	$39,389

Table 8 – Tax as a percent of total income with and without a UBI

Table 8 – 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 & 2024-25 tax rates	9%	16%	21%	23%	24%	27%	31%	16%
With UBI 1 - UBI at poverty line and low tax rates	19%	22%	25%	27%	27%	29%	34%	18%
With UBI 2 - UBI at poverty line and moderate tax rates	19%	22%	25%	27%	29%	32%	37%	18%
With UBI 3 - UBI at poverty line and higher tax rates	20%	24%	27%	30%	31%	34%	40%	19%

Table 9 – Percentage increases in tax payable with UBI 1, 2, and 3

Table 9 – UBI 1, UBI 2 & UBI 3 % Tax increase compared to tax for individuals in 2024/25 without a UBI								
	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**
Tax % increase UBI 1	227%	88%	49%	37%	32%	22%	18%	88%
Tax % increase UBI 2	227%	88%	49%	40%	38%	33%	29%	88%
Tax % increase UBI 3	254%	104%	61%	51%	48%	42%	39%	104%

Table 10 – $ increases in tax payable per annum for individuals with UBI 1, 2, and 3

Table 10 – UBI 1, UBI 2 & UBI 3 $ Tax increase per annum compared to tax for individuals in 2024/25 without a UBI								
	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**
Tax $ per increase per annum with UBI 1	$8,882	$9,777	$10,655	$11,462	$11,462	$11,462	$14,462	$9,777
Tax $ per increase per annum with UBI 2	$8,882	$9,777	$10,655	$12,587	$13,518	$16,987	$22,987	$9,777
Tax $ per increase per annum with UBI 3	$9,948	$11,467	$13,222	$16,087	$17,251	$21,587	$30,587	$11,467

For information about the tax rates used in UBI 1, UBI 2 and UBI 3 see Table 13 in Appendix 2.

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

Table 11 – Calculations for the total cost of a UBI at the poverty level

The total cost of the UBI will depend on its $ value and the number of people who receive it. Table 11 assumes:

- Australians 18 years or over will receive a UBI at the 2019/20 poverty level of $25,428 for the first year of its introduction. (The poverty level is defined here as 50% of the median annual income for an individual after tax and after deducting housing costs.)
- Australians under 18 years will receive a UBI of 40% of the adult UBI - $10,171 – paid to their parent or guardian.

Table 11 – Total cost of a UBI at the poverty level	
Total population of Australia – September 2023	26,821,557
Assumption of those below 18 years of age	22%
Assumption of those 18 years and above	78%
Total cost of UBI set at the poverty level	
Population over 18 years of age	20,920,814
Population under 18 years of age	5,900,743
UBI per adult	$25,428
UBI per child (40% of adult UBI)	$10,171
Total UBI for adults	$531,974,470,089
Total UBI for children	$60,017,632,523
Total cost of UBI set at the poverty line	**$591,992,102,612 (≈$591.992 billion)**

Source of population statistics: ABS, https://www.abs.gov.au/statistics/people/population/national-state-and-territory-population/sep-2023#rebasing-of-australia-s-population-estimates-using-the-2021-census

Table 12 – Savings on welfare payments made possible with a UBI at the poverty level

Based on their projected cost in the 2024/25 budget, the following savings can be made on welfare payments if a UBI is set at the poverty 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 poverty with a UBI.

Table 12 – Welfare payments that can be deleted if a UBI is set at the poverty level	
	$ millions 2024/25
Support for Seniors	$52,421
Financial Support for People with a Disability	$18,703
Financial Support for Carers	$13,419
Family Assistance	$20,742
Parents Income Support	$7,911
Child Support	$1,923
Support for the Child Care System	$460
Families and Children	$1,065
Assistance to the unemployed and the sick	$16,100
General administration	$5,388
Subtotal of savings	**$138,132**

Table 13 – 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 poverty level are based on the following income tax brackets and rates. Results can be adjusted according to any adjustment Australians may wish to make.

Table 13 – Assumptions for income brackets and tax rates in models of benefits and costs of UBIs 1, 2 and 3, compared to 2024/25 rates and brackets

Applicable tax rates 2024/25		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	16%	$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 14 – Taxation revenue to be gained from introduction of an electronic financial transactions tax

Table 14 – 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 2024/25 with 3% increase	$251,820

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

Table 15 – Annual impact on individuals from introduction of an electronic financial transactions tax

Table 15 – 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 - $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 take-home pay (2024/25) without a UBI	$38,730	$56,532	$81,102	$103,712	$111,045	$138,362	$171,362	$56,532
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	$194	$283	$406	$519	$555	$692	$857	$283
Take-home pay with UBI 1	$55,276	$72,183	$95,876	$117,678	$125,011	$152,328	$182,328	$97,611
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	$276	$361	$479	$588	$625	$762	$912	$488
Take-home pay with UBI 2	$55,276	$72,183	$95,876	$116,553	$122,955	$146,803	$173,803	$97,611
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	$276	$361	$479	$583	$615	$734	$869	$488
Take-home pay with UBI 3	$54,210	$70,493	$93,308	$113,053	$119,222	$142,203	$166,203	$95,921
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	$271	$352	$467	$565	$596	$711	$831	$480

Appendix 3 – Table 16 – 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 16 – 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 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 16 – 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 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 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 16 – 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 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 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 17 to 19 – Assumptions for funding services security

Table 17
Impact of additional taxes for universal services security on the take-home pay under UBI 1 (Figure 4)

	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
Take home net gain with UBI 1 (after income tax but before additional taxes for services security)	$16,546	$15,651	$14,774	$13,966	$13,966	$13,966	$10,966	$41,079
Add new additional taxes for services security								
Electronic financial transactions tax under *Australia Together* Econ04.07	-$276	-$361	-$479	-$588	-$625	-$762	-$912	-$488
Increase the Medicare levy by 1.0%	-$426	-$676	-$1,027	-$1,350	-$1,466	-$1,900	-$2,500	-$676
Add new NDIS Levy at 0.5%	-$213	-$338	-$514	-$675	-$733	-$950	-$1,250	-$338
Add new Aged Care Levy at 0.5%	-$213	-$338	-$514	-$675	-$733	-$950	-$1,250	-$338
Add new Lifelong Education Levy	-$213	-$338	-$514	-$675	-$733	-$950	-$1,250	-$338
Apply GST to food – assume $150 per week per person is spent on food – so $15 per week per person is hypothecated to a Stewards of the Earth Program (*Australia Together* Env11.02)	-$780	-$780	-$780	-$780	-$780	-$780	-$780	-$3,120
Net take-home in UBI 1 (low income tax rates) after new additional taxes for services security	**$14,424**	**$12,820**	**$10,947**	**$9,223**	**$8,895**	**$7,674**	**$3,024**	**$35,781**

Table 18
Impact of additional taxes for universal services security on the take-home pay under UBI 2 (Figure 4)

	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
Take home net gain with UBI 2 (after income tax but before additional taxes for services security)	$16,546	$15,651	$14,774	$12,841	$11,910	$8,441	$2,441	$41,079
Add new additional taxes for services security								
Electronic financial transactions tax under *Australia Together* Econ04.07	-$276	-$361	-$479	-$583	-$615	-$734	-$869	-$488
Increase the Medicare levy by 1.0%	-$426	-$676	-$1,027	-$1,350	-$1,466	-$1,900	-$2,500	-$676
Add new NDIS Levy at 0.5%	-$213	-$338	-$514	-$675	-$733	-$950	-$1,250	-$338
Add new Aged Care Levy at 0.5%	-$213	-$338	-$514	-$675	-$733	-$950	-$1,250	-$338
Add new Lifelong Education Levy	-$213	-$338	-$514	-$675	-$733	-$950	-$1,250	-$338
Apply GST to food – assume $150 per week per person is spent on food – so $15 per week per person is hypothecated to a Stewards of the Earth Program (*Australia Together* Env11.02)	-$780	-$780	-$780	-$780	-$780	-$780	-$780	-$3,120
Net take-home in UBI 2 (moderate income tax rates) after new additional taxes for services security	**$14,424**	**$12,820**	**$10,947**	**$8,103**	**$6,849**	**$2,177**	**-$5,458**	**$35,781**

Table 19 Impact of additional taxes for universal services security on the take-home pay under UBI 3 (Figure 4)								
	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**
Take home net gain/loss with UBI 3 (after income tax but before additional taxes for services security)	$15,480	$13,961	$12,206	$9,341	$8,177	$3,841	-$5,159	$39,389
Add new additional taxes for services security								
Electronic financial transactions tax under *Australia Together* Econ04.07	-$271	-$352	-$467	-$565	-$596	-$711	-$831	-$480
Increase the Medicare levy by 1.0%	-$426	-$676	-$1,027	-$1,350	-$1,466	-$1,900	-$2,500	-$676
Add new NDIS Levy at 0.5%	-$213	-$338	-$514	-$675	-$733	-$950	-$1,250	-$338
Add new Aged Care Levy at 0.5%	-$213	-$338	-$514	-$675	-$733	-$950	-$1,250	-$338
Add new Lifelong Education Levy	-$213	-$338	-$514	-$675	-$733	-$950	-$1,250	-$338
Apply GST to food – assume $150 per week per person is spent on food – so $15 per week per person is hypothecated to a Stewards of the Earth Program (*Australia Together* Env11.02)	-$780	-$780	-$780	-$780	-$780	-$780	-$780	-$3,120
Net take-home in UBI 3 (high income tax rates) after new additional taxes for services security	**$13,363**	**$11,139**	**$8,392**	**$4,621**	**$3,135**	**-$2,400**	**-$13,020**	**$34,099**