

A TRIAL OF UNIVERSAL BASIC INCOME

SECURING A FUTURE FOR ALL OF US

The Greens are announcing a \$55 million plan for Australia's first-ever universal basic income trial, to be undertaken on the NSW South Coast and funded by the NSW government. We need a universal basic income (UBI) in Australia to tackle inequality, to give people economic security and to fairly share this country's wealth.

Regional unemployment in NSW sits at around six percent while youth unemployment is double that. Labour underutilisation (unemployment + underemployment) is at the highest level it's been since the 1990s. In some regional areas youth unemployment is over 25 percent.

There is only enough work in Australia's labour market to keep just half of us working on a full time equivalent basis. There are 16 jobseekers for every job. The response from Labor and the Liberals is to punish people for being unable to find work that doesn't exist. With battles now forming over Newstart, work for the dole, Robodebt and exploitative schemes like ParentsNext, it's time to stop punishing and to start helping.

The Greens don't accept that our neighbours, friends and families should be driven into

grinding poverty, stress and suicide for being unable to find jobs that aren't there. It's time to think big, it's time for Australia's first trial of universal basic income and to fight for a future for all of us.

Under a UBI everyone receives a limited 'wage' that is enough to allow them to pay for the essentials. This universal basic income is payable if you are in or out of work and regardless of whether you are actively seeking work or not. It would allow us to shut down much of Centrelink and redeploy those resources towards directly helping people and not just chasing the poorest amongst us for 'breaches'. It would give us all a greater sense of economic security.

A UBI isn't just the answer to automation – it will ensure that everyone in Australia can

live comfortably. It is not just the answer to unemployment, it will help promote the idea that a person's worth is not dependant on their economic productivity. A UBI will help redefine the worth placed on traditionally unpaid labour like caring and childrearing and help break down the labour divide between genders.

A UBI allows for more free time, more time to be creative and more time to work for community good. It is a tangible alternative for mining and regional communities which have been told mining is the only solution to high levels of unemployment. It will reduce poverty, mean reductions in petty crime and less invasive state bureaucracy. While it would be a fundamental economic reform, it is not the only solution to economic inequality. It must be implemented along with improved workplace rights and fairer working conditions and a stronger public sector.

We are already working with academics and the Greens Mayor of Shoalhaven in developing a trial project for a UBI in Nowra. This would be the first UBI trial in Australia and would put the South Coast at the front of an exciting international movement.

THE TRIAL OF A UNIVERSAL BASIC INCOME

The Greens NSW have a plan for a three-year trial of a universal basic income in Nowra in NSW. This will be a NSW government funded initiative costed at \$55 million over three years.

It would operate best with close co-operation with Commonwealth bodies such as the tax office and Centrelink and agreement where appropriate to maintain existing Commonwealth benefits such as health care and PBS funding.

Working with the local council and NGOs, a locally based independent body would be established to work with the Department of Premier and Cabinet to implement the trial.

The UBI trial would be a regular unconditional payment, paid to every single adult living within the trial area regardless of whether they are working, studying, caring or anything else. It would be paid at \$700 a fortnight which is a level sufficient to live modestly but with dignity.

A UBI gives people the freedom to take risks and make choices they otherwise might not. As well as enabling people to take time off or reduce hours in order to care for young children or sick parents, it also gives people the capacity to start their own small business, or start a community garden that can help feed their street.

A universal basic income must always sit alongside comprehensive social services, health and education. The NSW Greens have announced a plan for universal housing which would give everyone an affordable social housing home.

The trial would be administered and evaluated by a new State government authority, the Future of Work Authority. The Authority would measure the impacts of the trial on poverty, health, civic activity, volunteering, work activity and personal, family and community life.

The trial would not affect NDIS payments, or other special payments for disability services. Rent assistance would continue to be paid. A fundamental principle of the trial is that participation is voluntary and no participants would be worse off than under the current arrangements.

HOW DOES IT WORK?

The Future of Work Authority would be responsible for evaluating the trial and assessing outcomes in a broad range of areas including:

- Health and wellbeing;
- Paid work activity;
- Unpaid work activity, including domestic caring work, volunteering and civic engagement;
- Social, family and community impacts; and
- Poverty and inequality.

Residents who move away from the trial site would continue to receive the income, since one likely hypothesis of the trial is that recipients will have more security to move to find paid work. People who move into the trial area during the trial would not receive the income.

EXAMPLES AROUND THE WORLD

ONTARIO, CANADA, 2017

The Canadian provincial government in Ontario began a groundbreaking three-year trial of a guaranteed minimum income in three communities across the province. The trial gives income to 4,000 people who receive up to \$16,989 per year. Recipients do not need to demonstrate they are working or seeking work, but the payments will reduce if they earn extra income.¹

FINLAND

Finland has recently launched a groundbreaking two-year trial of a basic income. The trial is limited since it only includes those already receiving income support payments. Participants receive 560 euros per month, and do not have to demonstrate that they are seeking work.²

NETHERLANDS

In the Dutch city of Utrecht, the local government is running a two-year trial of a guaranteed minimum income for people currently receiving government payments. The trial, called 'Know What Works', will include 250 residents who will receive up to 960 euros per month.³

SCOTLAND

Local councils in the cities of Glasgow and Fife have run a UBI trial since 2017. Both areas suffer from significant poverty, including in-work poverty.⁴

BARCELONA, CATALONIA

The city of Barcelona began an EU-funded trial of a form of basic income in October 2017. It is taking place in a poor region of the city and involves 2,000 households. Payments are up to 1,676 euros per month, but are means-tested.⁵

INDIA

In the Indian state of Madhya Pradesh, a trial of a basic income began in 2010 involving 20 randomly selected villages in a certain area. In some villages, everyone received the basic income, while in the 12 remaining villages no one received it.

KENYA

A charity called GiveDirectly will trial a guaranteed income in Kenya. It will give a guaranteed, universal basic income to about 6,000 people in a series of villages for 10 years.⁶ The trial will pay recipients between \$250 and \$400 USD per year – more cash than they would usually earn.⁷

OAKLAND, USA

The Silicon Valley investment firm Y Combinator

will run a trial in Oakland involving 3,000 people receiving payments of \$1000 USD per month for up to five years.⁸

NAMIBIA

In 2008 the Namibian Basic Income Grant Coalition conducted a two-year basic income pilot, providing \$100 per month to every person under the age of 60 in the Otjivero – Omitara settlement.

CANADIAN 'MINCOME' MANITOBA TRIAL, 1970S

In the 1970s, the rural Canadian town of Dauphin in Manitoba was the site of a groundbreaking trial of a 'Basic Income Guarantee' called 'Mincome'. Mincome was a mildly means-tested payment of up to \$3,800 per year, or about \$22,000 in today's Canadian dollars, paid to every resident of the town regardless of whether they were working. Prominent Canadian expert on the 'Mincome' trials, Evelyn Forget, describes the impacts of the trial:

"The money flowed into Dauphin for only three years, but the impact was profound. High school completion rates increased. People were hospitalised less often, particularly for accidents and injuries and mental health complaints. They visited family doctors less often for mental health complaints. Some of the participants reflected on their experiences and reported that the extra money made life just a bit easier.⁹

Studies of other unconditional cash transfer programs in USA have concluded that people do not generally 'drop out' of work.¹⁰ Instead, some people use their new economic security to scale back their work hours to get extra training, care for children or sick relatives, or take longer between jobs looking. These

payments had a positive effect on school attendance, test scores, parenting and mental health, and reduced drug and alcohol addiction."

FAQS ON BASIC INCOME TRIAL

Q: WHAT IS BASIC INCOME?

Basic income is a payment made to all adult individuals that allows people to meet their basic needs. It is made without any work or activity tests. It is generally accepted that a basic income must have three distinct characteristics, it must be:

- (i) Universal;
- (ii) Adequate; and
- (iii) Unconditional.

Q: WHY NOWRA?

Nowra is a significant regional centre with sufficient geographic distance from a major capital city. This allows for a more controlled study than would otherwise be available in a broader metropolitan area.

The suggested site for the study would be the suburb of South Nowra. The 2016 census shows South Nowra to have the following characteristics:

- Population: 1,928
- Working age population (15 – 64): 940
- Aboriginal and/or Torres Strait Islander people: 156 (8.1% - national 2.8%)
- Median weekly household income: \$1,330 (national \$1,438)

With a median income slightly below national average and relatively high ATSI population, South Nowra is an excellent site to see if basic income can reduce economic inequalities and improve living standards more broadly.

A trial in South Nowra it would provide extensive economic benefits to the Shoalhaven region. Shoalhaven would also be seen as taking a leadership role in an emerging economic and social debate. Being the site of Australia's first basic income trial, would showcase Council and the Shoalhaven on both a national and international stage.

Q: WHO WOULD PARTICIPATE?

Most academic studies suggest that for a trial to be effective it will require working age saturation, that is, universal coverage for all residents aged 18-64.

There would be no requirement for people to participate, it would be on an opt-in basis with no penalties for not participating. The likelihood is that it would be economically attractive to the overwhelming majority of South Nowra residents.

Q: HOW LONG FOR THE TRIAL?

To see the effects of basic income the study will need to have adequate time to see if individual and community behaviours alter. For this reason a minimum three years is proposed.

If the trial is implemented by the NSW government then three years will also allow the trial to be implemented and evaluated within a single NSW parliamentary term. This avoids what has been seen in a number of overseas trials where one political party implements the trial and an opposing party defunds it when they gain power.

Q: HOW DO WE SET THE REPORTING AND EVALUATION METHODS?

Before it commences, a detailed scoping study will be undertaken to determine a detailed budget, reporting criteria and evaluation methods and establish the appropriate local structure to implement the program.

A key part of the scoping study would be identify not just the budget and implementation strategy but also the evaluation criteria. Criteria could include:

- Overall – what is the impact of giving more low income people access to more income, unconditionally?
- What is its impact on rates of employment?
- What is its impact on poverty and median incomes?
- Does it impact on crime rates?
- Has it produced more or less family stability, e.g. has it impacted on child removal rates?
- Are there mental and physical health indicators that can be tracked?
- Is it impacting on social engagement and volunteering rates? (perhaps tracked through optional time use diaries).
- What are the community impacts, especially social and cultural?
- Are there any savings to government?
- What is the impact on consumption patterns and the local economy?

Q: HOW MUCH WILL IT COST?

The scoping study will more accurately identify the estimated costs of a trial. Assuming an 85% take-up among the 940 eligible working age participants would see 800 participants.

If 800 participants are provided a basic income of \$18,000 per annum, this is a \$14.4 million annual cost. Assuming administering the trial would incur a further 20% of on-costs this has an annual budget of approximately \$17.3 million.

With additional set-up costs including community outreach and advertising and a post implementation evaluation the overall budget for a three year trial and evaluation would be in the order of \$55 million.

Q: HOW WILL IT BE IMPLEMENTED?

This is proposed as a NSW government funded initiative. It would operate best with close co-operation with Commonwealth bodies such as the tax office and Centrelink, and agreement where appropriate to maintain existing commonwealth benefits such as health care and PBS funding. Ideally a locally based independent body would be established to work with the Department of Premier and Cabinet to implement the trial.

Q: HOW WILL WE KNOW IF IT WORKS?

Robust independent evaluation of any trial is essential. A potential evaluation network would include:

- A group of academics specialising in the field of basic income.
- The project convened and led by a specific institution with links to the region.

MEDIA RELEASE

GREENS ANNOUNCE AUSTRALIAN FIRST UNIVERSAL BASIC INCOME TRIAL IN NSW

The Greens have today announced a \$55 million plan for Australia's first-ever universal basic income (UBI) trial, to be undertaken on the NSW South Coast and funded by the NSW government.

The trial would be an Australian first in an effort to tackle inequality, to give people economic security and to fairly share the country's wealth.

Greens MP David Shoebridge said:

"This is an Australian first UBI trial that we are proposing and it's exciting to be launching it in regional NSW.

"We need to find innovative ways to more fairly share wealth in this country and when we look around for answers UBI is pretty much top of the list.

"We have more than enough in this country to ensure that no one lives in chronic poverty and everyone has enough to eat and a safe home. It's politics not economics that punishes people for being poor.

"Last financial year payments were cut off a staggering 1.6 million times.

Under a UBI everyone receives a limited "wage" that is enough to allow them to pay for the essentials. This universal basic income is payable if you are in or out of work and regardless of whether you are actively seeking work or not.

"A UBI is genuinely universal and it does away with harmful and wasteful programs like ParentsNext, work-for-the-dole and RoboDebt calls from Centrelink.

"No state government can fund a comprehensive UBI for all its residents but we can definitely afford to fund this trial and show the way for a national reform.

"Government should be about solutions, about lifting up the most vulnerable and driving us towards a fairer society and that's why we are championing this for Nowra," Mr Shoebridge said.

Greens Candidate for Kiama Nina Digiglio said:

“Local residents I talk to are really worried about their economic security and they are worried that Australia is getting less fair.

“People in work aren’t getting a pay rise while people out of work can’t find a job, and this is not their fault. Many of us in work can’t get enough hours to make ends meet.

“I’m excited by what this will bring to the area by freeing people from the ugly parts of Centrelink and by the possibilities for creativity,

community work and start-ups that this trial would bring,” Ms Digiglio said.

Greens Candidate for South Coast Kim Stephenson said:

“This is an exciting opportunity to improve our local community and it really benefits all of us. A UBI trial would inject millions of dollars into the local economy and really put Nowra on the map.

“Even those of us who don’t get a direct payment from the trial will see more money in town. Our whole community will benefit from this plan,” Ms Stephenson said.

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