

Dear Members of the Standing Committee on Community Affairs,

Re: Inquiry into the Economic Inclusion Advisory Committee Bill 2023 [Provisions]

Thank you for the invitation to contribute to this Inquiry. As all three authors received an invitation to respond to this Inquiry, we will make our submission as the three Co-Directors of the [Australian Basic Income Lab](#) (ABI). Our recommendations do not necessarily reflect the views of the Fellows of ABI.

About the Australian Basic Income Lab (ABI)

Growing interest in basic income reflects widespread concern over entrenched poverty, insecure work and rising inequality. Basic income pilots, political campaigns and ‘natural experiments’ have raised the profile of basic income and attracted the attention of diverse researchers from around the world. ABI partners with academics, civil society organisations, governments, unions and business to inform and advance interdisciplinary research and public debate regarding a new social and economic security agenda.

About the proposed Bill:

Whilst we are not against any of the measures proposed for inclusion in the report of the Committee, we are especially happy to see the following aspects listed :

- The adequacy, effectiveness and sustainability of income support payments, including options to boost economic inclusion and tackle disadvantage: The introduction of the Coronavirus Supplement and the relaxation of conditionality and means-testing applied to JobSeeker and other social payments during the pandemic created a ‘natural experiment’ that should continue to inform social policy. As [Klein, et.al. \(2021\)](#) show, these changes saw marked improvements in recipients’ health and wellbeing, as well as increased time engaged in job search activities. [Davidson \(2022\)](#) also reported dramatic reductions in income poverty due to these policy interventions among relevant cohorts. [International research](#) also points to the mental health benefits of cash transfers that enhance adequacy and reduce conditionality. These findings support a move towards a social payments system anchored around both higher base rates and less onerous and stigmatising conditionality would significantly reduce the problems the Committee is investigating while also enhancing labour force participation. We encourage the Committee to consider the ‘adequacy’ criterion from multiple perspectives, not limited to the quantum and indexing of payment levels. For example, the burdens of conditionality (see below) create opportunity costs for recipients that reduce the real value or ‘adequacy’ of a given payment.
- Options to reduce barriers and disincentives to work, including in relation to social security and employment services: Our current social security system creates numerous barriers to people’s economic participation. Very high withdrawal rates create high effective marginal tax rates. Liquid asset tests often force people to run down savings, placing them in a more vulnerable position with less capacity to invest the time and resources needed to effectively participate. Partner and parent tests

assume relations of support which are often not realised in practice, interact with other eligibility criteria, and often do not reflect contemporary social norms. This can lead to overly intrusive and disciplinary forms of surveillance, and creates strong forms of economic insecurity for no obvious social benefit. Much of the current employment services framework creates, rather than tackles, barriers to participation through time wasting, deskilling and bureaucratic interventions that are often demoralising. These barriers must be addressed by the future Committee, and the costs of any eligibility requirements be comprehensively assessed. We suggest any such consideration ensure that respect for the autonomy, skills and knowledge of social security recipients is made central to potential proposals.

- Specific focus on gender inequality and impacts on people with disability and First nations people: We know also that questions of adequacy of payments, conditionalities and economic inclusion are highly gendered, racialised and ableist. We support these aspects being essential in the analysis of the Committee's report.

We also recommend including the following areas for inclusion in the Committee's mandatory report:

- Recognising diverse contributions to the economy: There are many ways that people productively contribute to society and the economy. However, this work is often obscured by the narrow criterion that defines work exclusively as 'formal paid employment'. Researchers have long shown how social reproductive work such as care, largely undertaken by women, is subordinated to conventional economic output, or what is commonly called the formal economy. Further, Indigenous work on country is extremely productive, yet similarly overlooked and obscured by mainstream economic measures. More recently, the contributions of carers have been recognised through the Carer's Payment, but the social security system only partially supports those unable to work through age, disability or unemployment, or through the need to care for young children and elderly parents. Support for all these categories has been cut back and subjected to conditionality under successive governments operating in accordance with the ideology of market liberalism. Not only do current approaches to employment and benefits presume a very narrow definition of work, the system of unemployment benefits in place work on the assumption that there are generally plenty of jobs for anyone capable of filling them. Unemployment is therefore seen as reflecting personal defects, either unwillingness to work or, more charitably a lack of particular skills needed for 'job readiness'. This assumption is clearly untrue as demonstrated by entrenched long-term unemployment and the record levels underemployment seen pre-pandemic. We suggest a greater focus on the broad contributions people make to the economy is essential for considerations of economic inclusion.
- The importance of economic security: The focus on income adequacy is important but incomplete. Most definitions of adequacy emphasise point in time measures, rather than fostering confidence in support over time. The current structure of the social security system, particularly the use of strong means tests that cover an individual's, income, assets and relationships, reinforce the emphasis on bare social minimums at a point in time. We suggest such an approach poorly reflects a

commitment to social *security* as a human right and to building social and economic capacity. Ensuring social security provides financial and economic security facilitates inclusion and wellbeing directly, and allows people to invest time, energy and resources to improve outcomes in the future. Explicitly referencing the goal of economic security, in addition to adequacy, would strengthen the proposal.

- Recognising the economic, social and ecological benefits of social security: A focus on long-term sustainability is typically understood to refer to limiting the *costs* of social security. These costs are framed in fiscal terms (budget expenditures) and economic terms (dead weight loses from taxation or opportunity costs from public borrowing). We suggest such a frame is misguided and asymmetric. As research on social investment suggests, social spending often brings social, economic and fiscal *benefits*, which are poorly captured in traditional fiscal and economic accounting systems. We specifically note the growing body of evidence from basic income trials that demonstrates significant individual, social and economic benefits from ensuring payment adequacy and security. We also note references from the Interim Committee's 2023 report (Recommendations 27 and 28) to the need to better capture the many benefits of alleviating disadvantage. Sustainability should include the benefits of strengthening payment adequacy, autonomy and security. We also suggest any reporting should prioritise social, ecological and economic measures, rather than purely fiscal measures. Fiscal positions and actions should ultimately be evaluated against social and economic goals.
- The importance of including considerations around autonomy/no conditionality: Welfare conditionality is an ongoing feature of the Australian social security system. Unemployment is framed not as a structural issue of advanced capitalist economies, but a problem stemming from individual behavioural deficiencies, in which people are unable or unwilling to use their time productively and are considered to be lazy, 'bludgers', and/or faulty citizens. This approach has resulted in 'conditional' welfare programs, (or 'mutual obligation' as it is referred to in Australia), where payments are conditional on recipients undertaking tasks such as attending provider appointments, training, submitting job applications and undertaking 'work-like' activities for their payments. Mutual obligation is mandatory, and so people are often met with sanctions, including having their payment suspended, if they do not undertake these obligations and report them in a timely manner.

Critiques of welfare conditionality are diverse but often include the failure of policy to recognize not only the limited availability of dignified and suitable jobs, but also that people draw on social security for various reasons, not just because they cannot find work. These reasons may include an illness, a disability or other work such as undertaking care and social reproduction, and whilst there are some specialty payments for these groups of people, tight eligibility criteria makes it hard to access them and so many people remain on JobSeeker. This latter point is particularly important as many people, particularly women, need social security to supplement their reduced incomes due to unpaid, albeit productive, work such as unpaid care work. These tensions arising from ideology are at the heart of questions of productivity and what and who counts as a productive member of society.

Therefore, questions of the suitability of conditionalities used in social security policies need to be considered to understand economic inclusion.

Research on Basic Income and Economic Inclusion

Fellows of the Australian Basic Income Lab have produced research that proposes concrete ways forward regarding policies for economic inclusion. Research published in the *Economic and Labour Relations Review* outlines a plausible policy path to move Australia's current social payments settings towards the principles of a basic income, suggesting these changes would substantially reduce poverty and inequality. [Spies-Butcher, Phillips and Henderson \(2020\)](#) find an Australian basic income model could be fully realised within international fiscal norms.

Furthermore, during the COVID-19 pandemic a respected group of scholars presented a plan for a Liveable Income Guarantee (LIG). [Quiggin et.al. \(2020\)](#) demonstrate how reforms to conditionality and improvements in adequacy can be maintained outside the context of a pandemic. While retaining a form of reciprocity, obligations within the LIG mimic those within the tax system, where random auditing, rather than individual monitoring and enforcement, is used to ensure compliance, and where a range of non-employment contributions are accepted.

Social survey evidence suggests the experience of COVID-19 saw a shift in public attitudes towards social payments, with growing numbers of the public supportive of measures like a universal basic income. [Spies- Butcher and Patulny \(2023\)](#) reported preliminary results of survey evidence from the Australian Survey of Social Attitudes, consistent with other survey evidence, suggesting a shift in attitudes, see [Hutchens \(2020\)](#).

Australian and international Basic Income research suggests that compared to the highly bureaucratic and stigmatising approach currently taken to social payments, greater integration of the tax and transfer system, as well as raising payment base rates and abolishing mutual obligations, can reduce compliance costs, improve wellbeing, enhance equity and aid efficiency.

Recommendations

We support the formation of the committee and suggest the following recommendations to improve the Economic Inclusion Advisory Committee Bill 2023 [Provisions]:

- We support not only the inclusion of members with lived expertise but believe they need to play a central role in the design, management and governance of the Committee,
- The inclusion of an explicit reference to ending poverty and ensuring the right not to live in poverty, we propose any measure of adequacy used by the Committee should clearly relate to the empirically determined needs of recipients, and be regularly updated to account for changes in social expectations and patterns of prices and consumption.
- Consideration in the report of providing greater economic security for people receiving Social Security,
- The inclusion of a reference to the economic, social and fiscal benefits of ensuring adequate support in the report,

- Consideration of how people’s diverse contributions to the economy can be recognised, valued and supported within the social security system, regardless of their proximity to employment, and how these contributions can be gendered and connect to Indigenous and disability status.
- An inclusion in the report to recognise and promote autonomy.

Sincerely,

Associate Professor Elise Klein, Crawford School of Public Policy, The Australian National University.

Associate Professor Ben Spies-Butcher, Macquarie School of Social Sciences, Macquarie University.

Dr Troy Henderson, University of Sydney.