

## Paying all Australians a living wage isn't out of reach

Written by The Conversation USA

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Just imagine if all Australians were given \$A1,600 per month untaxed (equivalent to around \$A20,800 per annum) to keep us above what [ACOSS defines](#) as the poverty line. Not only would this ensure that Australians can meet their basic needs, even if they lose their jobs, it would lift approximately [2.55 million Australians](#) out of poverty.

The promises made by proponents of a universal basic income are many, from [job creation to poverty eradication](#). Finland may implement such a scheme, while Switzerland will hold [a referendum](#) on June 5 to decide if Swiss citizens should be paid 2,500 francs per month.

[According to Swiss campaigners](#), the idea of basic income extends beyond a solution to poverty – it also gives the middle class the choice “to walk away” from the rat race, bid a bad job farewell and have the freedom to pursue a more meaningful life.

The same can be said for people in other democracies like Australia's.

### Basic income sounds great – but how to pay?

Basic income [certainly has its critics](#). The chief one is that if everyone — rich and poor — started to receive basic income payments at the expense of other important social safety nets (such as disability and child-support payments) the new system will simply be privileging individuals with more money. Which would, of course, be a perverse outcome.

But a basic income doesn't necessarily need the government's budget to happen. It can be brought to bear through a sovereign wealth fund, a second or alternative Treasury in other words, outside of government's reach. A fund of the people, for the people and by the people.

### A sovereign wealth fund to ease our worry

A number of controlled experiments may soon be taking place in Finland (potentially [involving](#)

### [100,000 Finns](#)

) and the

### [Netherlands](#)

to see what happens when people are given a basic income. According to the

### [BBC's Maija Unkuri](#)

, Finland is considering a 400 to 700 Euro per month basic income experiment to see if the evidence stacks up in favour of reforming a complicated, and costly, welfare system and to see if this income, given on top of existing welfare payments, will encourage some of the 280,000 unemployed Finns to take up work.

The worry right now about the idea of basic income is that it's unaffordable and that it will require a reduction in existing services already provided by the state. How will the Finns, or any other nation for that matter, afford it?

One answer to this worry is to bypass the Treasury altogether by creating a sovereign wealth fund. It is, after all, Australians who create the wealth of their nation through their work. It's only right that they should have more control over the money they make together.

## How might this fund work?

One approach, [among many](#), to building a sovereign wealth fund for Australians would involve passing the following policies:

(a) The creation of a sovereign wealth fund that's owned by all Australians and kept separate from government (the question of how to [establish this fund](#) and how it is to be [governed](#) and [administered](#)

with

[high transparency](#)

and

[low corruption](#)

is for the people to decide); and

(b) The introduction of what is known as a [Robin Hood tax](#) on Australia's biggest economic sectors, highest-earning corporations and wealthiest citizens to put into their savings.

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Let's take a very simple look at the numbers. [Australia's GDP](#) is approximately \$A16.2 trillion. A 1% tax on these earnings would put \$A162 billion into savings every year. If that were invested in a balanced portfolio, like a superannuation fund, Australians could expect average returns of about 2% a year, generating \$3.24 billion in interest (enough to give Australia's 2.5 million poorest about \$A1270 per annum).

That interest would only be enough to pay [24 million Australians](#) \$A135 pa. But if returns stay the same, and factoring in compound interest paid monthly, Aussies could save roughly \$4.219 trillion over 20 years — even more if they get creative with other Robin Hood taxes and if Australia's GDP continued to grow over this period.

That said, \$4.219 trillion would be able to pay all Australians about \$A3,500 per annum (or \$4,327 per annum if children between [ages 0 and 14](#) aren't paid), from interest alone, on top of the services the state already provides.

Recognising that \$A3,500 per annum is only a sixth of the way to achieving a basic income for all Australians, arguments from across [the political spectrum](#) show Aussies would likely be better off *with* that amount than *wi* *thout* it. And although the Finns, Dutch and Swiss may soon be providing the world with evidence for how basic income works (or doesn't work) for them, this shouldn't preclude Australians from trying it.

What for instance would you, or your kids do, with an extra \$A135, \$A3,500, or even \$A20,800 per annum tax-free? Would this slowly dawn a fairer, more equal Australia? Or simply be the birth of a bludger's paradise?

*Jean-Paul Gagnon does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.*

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