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**GUARANTEED
MINIMUM
INCOME**
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**Towards the
Development
of a Policy**

Prepared by the
Australian Council of Social Service

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**Towards the Development
of a Policy**

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PREFACE: THE AUSTRALIAN COUNCIL OF SOCIAL SERVICE

Objectives:

The Australian Council of Social Service is a national, non government, non-profit organisation. The aim of the Council is the well-being of all Australians. Its goal is social justice and equity for all, recognising that equity means giving greater attention to the most vulnerable members of our society. All of the ACOSS work reflects this bias.

Structure:

The Australian Council of Social Service is an organisation of independent, voluntary social welfare organisations, professional groups and individuals, representative of all fields of social welfare in Australia. Associate members include individual Australians from all walks of life, social agencies, religious, labour, educational and professional groups, business and industry, and citizens, organisations of many different kinds. The total number in direct membership with ACOSS at last count was over 640. Thousands more are in indirect membership with ACOSS, through the State and Territory Councils of Social Service.

The Council is governed by a 17-member voluntary Board of Governors, which meets quarterly and is drawn from all parts of Australia and from representative groups of its membership. Standing Committees and ad hoc and project committees guide the work of the various sectors of the program. The President and Board of Governors are elected biennially by the Congress of Members which meets once a year.

A permanent group of core staff plus short-term project personnel carry out the authorised program. Currently there is a complement of five professional staff with specialised training in some of the program fields in which they work: Economics and Social Welfare; Family and Child Welfare; Housing and Urban and Regional Development; Manpower; Migrant Issues; and Social Aspects of Health Services.

Program:

The Congress of members and the Board of Governors plan, review and set program priorities to meet the expressed and foreseeable needs of all Australians.

The ACOSS program is twofold – the formulation and the promotion of social policy. Policies are formulated through research, and citizen consensus. Conference seminars, workshops and publications are important mechanisms in both developing and promoting policies.

The common features of the ACOSS programs are as follows:

- a central commitment to human rights and to means of making these effective.
- an over-riding concern for the least powerful in the community, the poor and the socially disadvantaged.

Resources:

The Australian Council of Social Service is financed by membership fees from organisations and individuals, sale of publications, grants from the Department of Social Security, and contributions from the private sector, including organisations and individuals. Some projects are financed by earmarked funds from government departments and commissions and private foundations.

INTRODUCTION

The following document points to the needs and anomalies in our present social security system and the desirable changes in any new policy/ies.

This approach was taken by the ACOSS committee because it was believed that the incentive to replace and/or change our present social security system must be in the aim of overcoming the present areas of inadequacy or inconsistency. The committee noted many needs and anomalies; and this document can be seen as setting a checklist of criteria that any restructuring or 'reform' of the social security system must aim to meet.

It was realised that in setting these recommended changes that they may have broad implications in their effects and may even conflict with other desirable objectives. An example of this latter point can be seen when stating that 'universal benefits are desirable because they are least stigmatising to recipients. With limited resources however, this criteria may conflict with the objectives of: providing an adequate level of income security to those most in need; and of minimising costs and thus the possible effects on work incentives. Thus 'trade-offs', or a ranking of priorities, maybe required when finalising the final set of criteria and/or policy. Section B deals with some of these alternatives and implications in more detail.

As a general philosophy it is stated that a guaranteed minimum income is a necessary precondition for individuals and families to plan and improve their life styles. It must be stressed however, that an adequate income support policy is not a panacea in meeting community needs. Other forms of intervention will be necessary to limit the incidence of poverty and social disadvantage. For example, educational opportunities are necessary to help people use their opportunity rehabilitation programs are required for the physically and intellectually handicapped. Child minding, housing, and health services are other important examples.

It should be noted, further, that there are dangers in the very looseness of the term "guaranteed minimum income". There is no single device which is termed as 'guaranteed minimum income'. Further it may not be a specific plan but a number of policies which aim at income adequacy throughout the community.* Indeed it could be argued that the following three areas of income support guarantee an income to many people:

- (a) Pensions to certain categories of persons not working, and to people who work part-time (earning less than the allowable means tested amount).

* The ACOSS Background Paper No. 3, Guaranteed Annual Income, July 1974, discusses some of the alternate schemes and plans which have been forwarded.

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- (b) minimum wage – for those working
 - (c) child endowment – for all who have children

It is argued, however, in the following documents that these provisions are not adequate for many people, that serious gaps exist, and that anomalies occur in the treatment of one group as compared to another.

The following recommendations and changes form the checklist of criteria that are required in any policy or plan that sets out to guarantee an adequate minimum income to all persons.

SECTION A: NEEDS & ANOMALIES IN OUR PRESENT SOCIAL SECURITY SYSTEM & DESIREABLE CHANGES

<u>Needs and anomalies in our present Social Security System</u>	<u>Desirable changes in new policy/ies</u>
<p>1. <u>ADEQUACY OF COVER*</u> 1.1 Neither the present social security system nor the wage system adequately covers those who are:</p> <p>(a) Employed but no coping on their wages. E.g. large families – child endowment is not sufficient</p> <p>(b) pensioners – pensions are not high enough for some.</p>	<p>That everybody should be raised above the poverty line.</p>

* The Interim Poverty Report showed that the overall poverty rate for Australia (August 1973) was 12.5% (below the poverty line) and a further 8.1% as rather poor (less than 20% above the poverty line). The report also showed the incidence, or likelihood, of certain selected disabilities to be in poverty, viz: –

Disability	Very poor (below poverty line) %	Rather poor (less than 20% above poverty line) %	Total poor %
Aged males (single)	36.6	13.3	49.9
Aged females (single)	31.0	19.8	50.8
Aged couples	5.0	29.6	34.6
Fatherless families	36.5	12.9	49.4
Motherless families	13.1	4.5	17.6
Large families (4 or more dependent children)	9.4	13.5	22.9
Sick or invalid	21.4	13.8	35.2
Unemployed	16.6	8.2	24.8
All income units	10.2	7.8	18.0

Source: Poverty in Australia. Interim Report of the Australian Government's Commission of Inquiry into Poverty, Australian Government Publishing Service, March 1974.

<u>Needs and anomalies in our present Social Security System</u>	<u>Desirable changes in new policy/ ies</u>
<p>1.2 That the pension levels are eroded by in. inflation.</p>	<p>That the minimum income guarantee should be linked formerly with some economic indicator that ensures that the relative position of social security beneficiaries should not deteriorate over time.</p> <p>This is discussed further in section B, paragraph 1.</p>
<p>2 RESPONSIVENESS OF THE SYSTEM</p> <p>--</p> <p>2.1 The present system assumes that people into a permanent category.</p> <p>Those that; change their circumstances frequently are in most trouble e.g. two parent families where the man can only work spasmodically.</p> <p>For others their circumstances may change more permanently e.g. birth of child, death of bread-winner.</p>	<p>That the system should be immediately responsive to the changing circumstances of families.</p>
<p>2.2 Degree of inflexibility in regard to special circumstances of families e.g. long term needs arising out of special dietary requirements; mentally or physically handicapped persons.</p> <p>Special needs (or circumstances) may also arise out of a change in circumstances e.g. debts.</p>	<p>System should be responsive to the particular circumstances of families</p> <p>supplementary benefit and availability of services (e.g. domiciliary care).</p> <p>Emergency relief</p> <p>Low interest loans</p>
<p>2.3 The time lag</p> <p>There is at present a statutory waiting period of 7 days and there is in effect a 9-10 day processing period. Eight percent of all persons are not getting their pensions for 21 days or more.</p> <p>The present system dictates need since the application for a pension is payable from the next pay date.</p>	<p>That cash should be available at the time of need.</p> <p>That the statutory waiting period of seven days for unemployment benefits be removed.</p> <p>Administrative changes.</p> <p>That the payment of pensions be backdated to the date of application.</p>

<p>2.4 Delays caused by the bureaucracy at present forms get lost and two departments must be dealt with (social security and labour and immigration).</p>	<p>Administrative changes, particularly in regard to mailing and filing system.</p>
<p>3. IRREGULARITY OF EXPENSES</p> <p>The social security system assumes constant expenditures and constant incomes.</p> <p>Considered that the irregularity of expenditures is quite often as important as the level of income</p>	<p>Bills, such as telephone, gas etc., should come out more frequently</p>
	<p>Promotion of credit unions and/or credit co-operatives which provide credit counselling and debt consolidation services.*</p> <p>The advantage of credit co-operatives lies in the fact that the members of the co-operative are involved in it and learn how to handle money. It is important therefore, that such credit co-operatives are not part of the Department of social security but that they should involve smaller numbers of people</p> <p>Considered that the AAP could provide a structure for such services. The role of the department of social security would be in guaranteeing low income groups when credit was given, and providing personnel for credit counselling services.</p> <p>Considered that the department of social security should subsidise a credit counsellor in some of the present credit unions.</p>
<p>4 STIGMATISATION[^]</p> <p>4.1 Checks on consumers re the validity of their claims – is stigmatising and involves a loss of privacy.</p>	<p>Non-discretionary benefits; where eligibility criteria are fairly objective and clear.</p>

* The Victorian Council of Social Service is currently being funded by the Social Welfare Commission to carry out a feasibility study of a credit and debt counselling bureau

[^]The concept of stigmatisation is discussed further in Section B, paragraph 4.

<u>Needs and anomalies in our present Social Security System</u>	<u>Desirable changes in new policy/ ies</u>
<p>4.2 Attitudes of counter staff. In some cases unsympathetic and antagonistic with no understanding of human relations.</p>	<p>Special training for counter staff.</p> <p>That the whole function of inter-face should be stressed.</p> <p>That the counter staff should not be overworked (at present meant to deal with 80 people or more a day).</p> <p>That the counter staff should be given more power and greater responsibility.</p> <p>That the counter staff should be trained, and fully briefed by their supervisors, to understand the over-all rationale of what they are doing.</p> <p>(It is considered that the counter staff at present come in for a lot of scapegoating for the mistakes and/or inefficiencies of people above them).</p>
<p>5. <u>SEXUAL STEREOTYPES AND VALUE JUDGEMENTS</u></p> <p>5.1 Today's social security policy appears to be based on various assumptions in regards to sexual stereotypes. For example</p> <p>(a) A pension is not available for lone fathers in need of financial support.</p> <p>(b) A six months waiting period for social security pension is imposed on single mothers, deserted wives, and wives of prisoners.</p>	<p>That the provision of pensions and/ or benefits should be made the basis of economic need rather than kin relationships.</p> <p>That a social security pension be provided for the lone father as well as the lone mother.</p> <p>That a discriminatory waiting period and/or treatment should not be placed on certain groups.</p>

<p>5.2 The rules of the department of social security discourage people from forming the relationships which are their choice. Far example, the defacto relationship.</p> <p>The moment a woman sets up a defacto relationship she can be cut off a widows pension in the first week, because it is said that she is living in a defacto situation and that the man can support her. On the other hand for her to be entitled for a widows pension she has to be living with that man for 3 years before she is recognised as a sort of common law marriage.</p>	<p>That the department of social security should not make moral or implicit value judgements.</p> <p>It should not be assumed that a man will provide for a woman and her off-spring; particularly if the children are not his</p>
<p>5.3 The social security system assumes that the household will pool their income.</p> <p>For example, the invalid pension can be divided into a husband's and wife's allowance. It is often assumed with the invalid pension that the wife is going to manage the household on the smaller wife's allowance. With unemployment benefits the wife might not necessarily receive any part of the pension.</p>	<p>To ask the consumer how he would like the sum of the services delivered.</p>
<p>6. <u>ACCESS TO INFORMATION</u></p> <p>Difficulty of disseminating information to potential consumers as to what benefits they are en-titled to. This difficulty is increased during periods of inflation and the added frequency of pension changes.</p>	<p>Mechanism of scheme and entitlements must be clearly understood.</p> <p>Easy access to information.</p> <p>That a news sheet showing the new rates should be mass produced and available the day after the pension, change.</p> <p>That such a statement should be written in as easily understood fashion and in several different languages.</p> <p>That the counter staff should be fully briefed on all changes.</p>

<p>6.2 Problem not so much getting into the system but getting the right amount. The amount may be wrong initially or persons may change their "status" or circumstances. Rarely reapply because do not know entitlement.</p>	<p>With first payment of pensions, and any alteration of pensions, a notice should be sent explaining how the amount was arrived at.</p> <p>Information centres, or claimant's unions outside the social security system.</p>
<p>7. <u>RELATIONSHIP BETWEEN THE TAXATION AND SOCIAL SECURITY SYSTEM</u></p> <p>7.1 The relationship between the taxation and social security system is ignored</p>	<p>Rationalisation of the taxation and social security system.</p>
<p>7.2 That the effective marginal tax rate caused by the operation, of the social security and taxation system can be very punitive.</p> <p>In particular, means testing together with the tax schedule can provide odd effective taxation patterns. In some cases the effective marginal tax rate may be more than 100%.</p>	<p>That the effective tax rate should be taken into account.</p> <p>That the effective tax rate should be no more than 50% (because of incentive question) – 50% seems logical since basis of present social security taper.</p> <p>Question of work incentives is discussed in section B, paragraph 7.</p>
<p>7.3 At present persons below the poverty line pay tax</p>	<p>That no-one below the poverty line should pay tax.</p>
<p>7.4 Tax deductions are regressive in nature:</p> <ul style="list-style-type: none"> a) As they are available only to taxpayers they discriminate against those without taxable income. b) Because of the progressive tax structure, the benefit per dollar of the deduction is greater for the higher income earner. c) Where the deduction is related to expenditure greater benefit is given to those who can afford the pay more. 	<p>Replaced by a tax credit rebate?</p> <p>Alternate government programs, e.g. health insurance, education facilities which provide for the "necessities" of life?</p>
<p>7.5 Indirect and/or sales taxes are regressive in nature since the lower income group will by necessity spend a larger proportion of their income on services and commodity goods. (The incidence of taxes on expenditure will obviously depend on the items on which they are levied and the nature of the demand for such goods or services.)</p>	<p>That government revenue should not be raised by placing indirect or sales taxes on goods and services required in everyday living.</p>

7.6 The ability to pay tax is judged mainly on the basis of personal income and omits many non-monetary and non-income components. This means that taxation can be a greater burden to lower income groups	That the definition of 'income' should be broadened to include e.g. capital gains.
8. <u>OPERATION OF MEANS TEST*</u> 8.1 The means test (the income and assets allowable) is different for different categories of social security recipients.	The mechanisms of the scheme must be clearly understood. The means testing arrangement should be appropriate to the purpose that that benefit sets out to cover.

* The advantages and disadvantages of means tested schemes are examined in Section B, paragraph 5.

ACOSS is currently being funded by the Social Welfare Commission to undertake a project on means tested benefits. This study will examine the take up rate of means tested benefits and the different methods of operation.

<u>Needs and anomalies in our present Social Security System</u>	<u>Desirable changes in new policy/ ies</u>
8.2 Different forms of resources are treated differently. For example, an old person may not be able to live by himself and sell his house. By so doing it is likely that he will be placed above the means test even though it is only a matter of transferring assets. The advantages given to owner occupancy compared to persons renting, needs to be examined since this is closing of options to people in regard to housing and this in turn has undesirable social and economic implications.	Access to information. Access to a social security consultant to advise how to arrange income and assets to achieve maximum benefits. That the owner occupier should not be treated more favourably than a person renting a home.
8.3 The tax rate on earned income differs between the categories of benefits. For example supplementary assistance and aged pension.	That the effective tax rate should be taken into account and that it should not exceed 50%.
8.4 The effective tax rate caused by the operation or the different means test is in some cases very punitive. For example, a number of fringe benefits offered by federal, state, and local governments bodies will cut out at a certain level of income.* These fringe benefits include: free medical, hospital	That the effective tax rate caused by the means testing of certain pension, fringe benefits, and other assistance should be taken into account. This must be co-ordinated with the effective tax rate caused by the inter-relationship between the taxation and social security

<p>and dental care; reductions in government transport, council and water rates, ambulance travel costs, telephone rental. The value of such fringe benefits will vary according to usage but in most cases, loss of eligibility would cause a very high marginal tax rate. It is possible that in some cases the effective tax rate could be over 100%.</p>	<p>system (noted in paragraph 7.1).</p>
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In July 1975 this level was \$33 for a single pensioner and \$57.50 for a married couple.

<p><u>Needs and anomalies in our present Social Security System</u></p>	<p><u>Desirable changes in new policy/ies</u></p>
<p>8.5 The present system of determining the appropriate level of pensions and/or benefits includes factors which cause disincentives to work.</p> <ul style="list-style-type: none"> (a) Double taxing component of social security benefits. The social security department takes into account the gross income of beneficiaries and not the net income. (b) Taxing spouses income. For example, in unemployment benefits the spouses income is counted and the total benefit is reduced \$1 for \$1 (c) The high taper used in some means tested benefits e.g. supplementary assistance. 	<p>That net income should be used in assessing the level of pension or benefit that a person should receive.</p> <p>The effective tax rate should not exceed 50%.</p>
<p>9. <u>INCONSISTENCIES BETWEEN SCHEMES</u></p> <p>9.1 That a family where the breadwinner is receiving a pension may receive a higher income than a family of the same size where the breadwinner is working.</p>	<p>That a family where the breadwinner is working should have an income at least as high as a family where the breadwinner is not working.</p> <p>That the social security system should not disadvantage an individual who wishes to work.</p>

<p>9.2 Different provisions and minimum income guarantees for different categories of persons with the same needs.</p> <p>For example:</p> <ul style="list-style-type: none"> * The unemployed may come under: unemployment benefits PEDS, or NEAT. * Those being educated at the tertiary level may come under TEAS, NEAT, or apprenticeship schemes. * The proposed National Compensation Bill existing social security pensions. 	<p>Rationalisation of schemes.*</p>
<p>9.3 Different eligibility criteria for pensions and benefits cause serious gaps and anomalies in the transfer of one payment category to another.</p> <p>For example: The residence requirement for an invalid pension is five years out of ten for an age pension. Sickness, unemployment, and special benefits are paid without residential restrictions to people who meet the other eligibility criteria for the benefit and who plan to reside in Australia permanently.</p> <p>The following example indicates the anomalies that may occur in the transfer of categories. A married man recently arrived in Australia became ill and a sickness benefit was granted. Medical tests showed the illness to be incurable therefore he became ineligible for further sickness benefits (payable for temporary illness only). The man was not eligible for an invalid pension because he had not resided in Australia for 5 years and, because of his savings, he was not eligible for a special benefit because he did not fall within the stringent means test requirements. When he died his wife and children were eligible for a class A widows pension.</p>	<p>Eligibility should be made on the basis of economic need alone.</p>

- * ACOSS will be continuing in its study and comparison of the differences and anomalies between the present government provision and of the possible ways of rationalising such schemes.
- ^ Research report by M.T. Lewis for the Australian Association of social Workers, Values in Australia Income Security Policies, for the Commission of Inquiry into Poverty, Australia Government Publishing Service, 1975, P. 9.

SECTION B: SPECIFIC QUESTIONS AND/ OR CONDITIONS

1. WHAT IS THE MINIMUM LEVEL OF INCOME PROPOSED?

- 1.1 The primary objective of a guaranteed minimum income must be as an effective anti-poverty measure.
- 1.2 The minimum income guarantee should be set at the currently defined poverty line.

It is considered that poverty should be seen as a relative condition rather than in absolute terms.

- 1.3 The minimum income guarantee should be linked formerly with some economic indicator that ensures that the relative position of social security beneficiaries should not deteriorate over time.

It is considered that such adjustments should be made quarterly in line with post-tax (or a disposal income form) average weekly earnings for a man with a wife and two children.

- 1.4 It is noted that there are certain difficulties in using average weekly earnings as an adjustment index if poverty is to be viewed as a relative concept. In particular it is noted that there are marked differences in the level of average weekly earnings according to the city and/or geographic area.

2. QUESTIONS OF REDISTRIBUTION

- 2.1 As a general philosophy it is considered that we should accept redistribution because we believe that all people are entitled to a guaranteed minimum income. Such redistribution should be in terms of access to resources.

- 2.2 To whom should the redistribution be directed?

Considered that the money should be directed to people with low income adjusted according to need (family size, work status, age etc.).

- 2.3 From who should the money be taken from?

Considered that the costs should not be borne by people just above the poverty line. A spreading of costs involved should be borne more heavily by those with a high adjusted income than low adjusted income groups. Considered that those earning less than twice the poverty line should not be paying more taxes than they are presently and that those earning less than the poverty line should not have to pay any taxes at all.

This implies that the cost would be borne by single people earning high incomes, and the middle-age group where their families have become independent.

It is recommended further that income should be defined as the means by which an individual has access to resources. In particular this should include capital gains. It is obvious that ability to pay, which is judged solely or mainly on the basis of income, omit many non-monetary and non-income components. This omission mean that taxation can be a greater burden ta the lower income groups.

3. COST FACTORS

- 3.1 The total cost will be affected by the numbers estimated to be in poverty; the minimum income guarantee established; the marginal tax rate; and thus the breakeven point (i.e. the income level or point at which no further payments are made).
- 3.2 It is considered that because of these cost factors a universal (non-selective) system is too expensive if an adequate minimum income guarantee is the primary objective. (The advantages and disadvantages of a means tested scheme are discussed further in paragraph 5).
- 3.3 If the guaranteed income is to be set at or above the poverty line then it is illogical for people below the poverty line to pay tax.

At present many people earning less than the poverty line are paying tax. If this undesirable feature is to be overcome then there will be e significant reduction in the tax revenue available. Further if revenue is not to be obtained form the lower income groups then the higher income groups must pay a higher tax.

It is often argued that such a redistribution of income may affect, for example, work incentives and the rate of economic growth (through investments). It is considered however that although such possible affects should be minimised that we should accept this redistribution of income. (The question of work incentives are discussed further in paragraph 7).

- 3.4 It is noted, however, that to talk about the necessity of increased taxation is an assumption about total pending. It is considered that expenditure priorities should be examined, with first priority given in all programs to those most in need; the poor and the socially disadvantaged.

It is considered further that the social costs of poverty are often ignored-not only in human terms but those costs measured in more traditional economic terms. For example, the costs of maintaining a child in institutions (compared to welfare payments made). Further inadequate income is seen to be the most important cause in family tension, and of individual dysfunction.*

In Jesse Bernards study of the relative effects of income, education, and occupation income was the most powerful correlate. At the end of 10 years of marriage, a woman married to a man with earnings in the poverty range is twice as likely to have lost her husband through divorce or desertion as is the woman in the medium income or more range.

Source: Work in America- Report of A Special Task Force to the Secretary of Health, Education and Welfare, M.I.T. press, Massachetts, Institute of Technology, 1973.

4. STIGMATISATION

4.1 Concept of Stigmatisation

Stigmatisation will depend on such factors as: the nature of the category, size of the group, method of delivery, peoples attitudes, what choice is allowed etc.

The concept of stigmatisation can be regarded as one of degree. For example, there will be stigmatising characteristics involved in universal benefits or provisions, such as medibank, so long as there is the option of other services through, private insurance or private facilities. Where-ever differentiation is possible there is the possibility of stigmatisation and thus there is no way of completely removing the stigmatising effects except by providing one bureaucratic provision.

It is considered that the stigmatising elements of pensions may be exaggerated since:

- it is impossible to remove all the stigmatising elements.
 - community attitudes have changed. Further people have been brought up with non-contributory schemes and therefore consider it as a right to have access to pensions e.g. aged, sickness.
 - recipient groups have become much larger in proportion to the total population.

This does not, however, lessen the importance of decreasing the present stigmatising factors as much as possible. In particular stigmatisation is undesirable if it involves unnecessary differentiation to the rest of the community.

4.2 IMMEDIATE STIGMATISING ELEMENTS

- (a) Nature of condition. For example supporting mothers benefits. Stigmatisation is seen to depend on the degree of discretion and investigation. Eligibility criteria must be fairly objective and clear, with the right of privacy being an important factor.
- (b) Lack of means. The degree of stigmatisation will depend on how punitive the means test is.
- (c) Convenience, general atmosphere and attitudes given at the point of delivery. It was noted earlier that in some cases the attitude of counter staff were in some cases unsympathetic and antagonistic with no understanding of human relations. Several suggestions were made as to how this could be improved, in Section A, paragraph 4.

5. SELECTIVE AND CATEBORICAL PAYMENTS

- 5.1 Provisions and/or pensions maybe directed towards people according to a criteria of 'selectivity' or 'categorisation'. The 'selectivity' of a payment is seen to relate to the means of person with a selective payment going to specific

income groups. A 'categorical' payment is directed towards a person according to their condition, circumstance or category.

The advantages and disadvantages of both these methods of payment are discussed below.

5.2 The advantages of a non-selective payment (or alternatively the disadvantages of a selective scheme) are said to be:

- (a) It eliminates the stigmatising effects caused by lack of means.
- (b) The concept is easier to explain since people know that the particular pension and/or benefit are available to all income groups.
- (c) It is likely to be considered as a right rather than a discretionary handout.
- (d) Equal benefit treatment to all income levels usually according to a certain condition or category).
- (e) The administrative procedures and costs of screening are lower in a non-selective scheme.
- (f) The 'pick up' rate of a selective payment may be low unless the difficulties of administration, publicity, and 'stigmatisation' can be overcome.
- (g) Administrative difficulties and assumptions are less with a non-selective scheme. For example: In a selective scheme how is income to be defined – should it include capital gains, gifts from relatives, personal deductions and exemptions, house property, insurance policies etc.? Should those with unearned income have an advantage over those with earned incomes? Should those who save be penalised as compared to those who don't?

5.3 The advantages of selective schemes, (or alternatively the disadvantages of a non-selective scheme) are said to be:

- (a) A selective scheme directs resources to those most in need. With limited resources it is important that priority is given to raising the guaranteed income to an adequate level, for those relying on it as their only source of income, to providing other essential services, and to using all resources efficiently.
- (b) A non-selective payment is an expensive method of payment. It involves a larger number of people, and it is unlikely that most of the benefits will ever be taxed back giving a leakage of money to higher income groups who are not in need of the money.
- (c) Because of the cost constraints the level of minimum income guarantee considered in a non-selective scheme would probably be lower than would otherwise be considered.
- (d) Because of cost constraints the idea of a non-selective payment presents problems because of:
 - the high level of tax required
 - community feelings against high levels of taxation
 - may involve almost penal rates of tax on those not really well off.
- (e) There may even be problems of coverage in an apparently non-selective payment. For example, if tied to the tax schedule this will only cover wage and salary earners. Many low income earners do not fill in tax form. The high mobility (job and home) of low income earners also causes problems.

5.4 Conclusions in Regard to Selectivity of Payments

It is considered that because of limited resources and cast factors an income security policy should be selective in its coverage. That is, does it provide help to those who need it most? The principle for selectivity is enforced by the urgency of raising the standard of social security benefits for people in poverty while minimising the increase in total expenditure.

It is considered that the administrative problems mentioned, for example, definition of income, should be overcome to ensure a more equitable distribution of income throughout the community. In particular it seems desirable to extend the concept of income beyond the one currently applied in the positive income tax system.

5.5 The advantages of a non-categorical scheme (or alternatively the disadvantages of categorical payments) are said to be that it:

- (a) eliminates the discriminatory effects of categorical payments. As noted earlier the stigma involved will depend on the nature of the condition.
Equal treatment is given to all categories.
- (b) Some people don't fit into a permanent category or frequently change their category e.g. in and out of work; change in marital status etc.
- (c) Those presently not covered because they fall into a 'gap' between categories will be covered.
It is extremely difficult to define a set of categories which does not result in either major gaps or overlaps in coverage (or both). Both situations create inequities and target inefficiencies.
- (d) Apparatus of screening in a categorical scheme is costly and administratively difficult.
Multiple categorical programs serving similar purposes are likely to lead to multiple administrative units (where consolidation would be more efficient), arbitrary and inequitable differences in program elements, and greater frustration on the part of the recipient.
- (e) The more categories with differential treatments the more likely it is that undesirable incentive questions are being created by people trying to fit into specific categories.
- (f) Fundamental issues of moral values and equity are introduced with categorical payments since they give different treatment to persons in certain circumstances. For example, the treatment of the defacto situation, deserted wife etc.
The distinction between 'deserving' and 'non-deserving' poor is extremely difficult to justify on any objective grounds.
- (g) With a set of categorical programs it is much more difficult to co-ordinate and implement any future policy changes with respect to the low income population and to sensibly relate the means-tested parties of the income support system with other components.
- (h) Concept is easy to explain.

5.6 The advantages of a categorical scheme (or alternatively the disadvantages of non-categorical schemes) are said to be:

- (a) Different categories of people have different needs, e.g. special diets, medical rehabilitation services. Needs will also vary with age, marital and household status, dependants etc.
- (b) With non-categorical payments selected groups may do worse since it is politically easier to get higher pensions for clearly definable groups (e.g. aged, infirm).
- (c) Possible abuse by those not in need. It is considered however, that this loss should be compared with that of the loss through abuse of e.g. the taxation system; inefficiency of bureaucracy; and the psychological costs of stringent tests.
- (d) Sometimes argued that some subgroups of the low income population should be given such assistance only under conditions sufficiently stringent and different from others that it requires separate programs. Reasons for this could be either that they do not deserve it as much as others, or because it is feared that it will have deleterious effects on such things as work incentives, or that the income security program should encourage thrift, self-help and self-reliance.
It is considered, however, that such principles are not appropriate. Thrift, for example, pre-supposes an adequate level of income and a commitment to the principle of avoiding unnecessary expenditure of money. Working class people exist from week to week, largely without the security of permanent employment or of an income in excess of their day to day needs. Their life style does not permit them to consider making provisions for future life contingencies.*
- (e) Political acceptability. It is considered that the taxpayers and/or the community will want criteria to ensure that only those eligible should receive benefits. In particular it is considered that a work test would be required in any politically feasible scheme.

5.7. Conclusions in Regard to categorical Payments

It is considered that a social security system should be non-categorical, allowing coverage and flexibility to the groups who may change their circumstances and decreasing the possibility of stigmatisation. That is, the payment of benefits and/or pensions should be made on the basis of economic need rather than kin relationship or other such circumstances.

The concepts of thrift, self-help, and self-reliance bear no necessary relationship to the notion of the right of citizens to an adequate level of income. In fact, a commitment to this right negates the necessity for these values. They appear to be useful and necessary only for people who wish to achieve a level of income or standard of living above that which is achievable on a government guaranteed income.

* Further many low income persons are often forced into more expensive buying, for example, hire purchasing, instead of discount or wholesale buying; purchasing

goods in small quantities instead of bulk buying. Our economy also depends on public spending, rather than saving, in the consumer area to keep it buoyant. Finally many savings which are achieved through e.g. good home management, or buying nutritious diets at minimum costs, are essentially middle class and/or 'educated' skills.

This is discussed further in a research report by M.T. Lewis for the Australian Association of Social Workers., Values in Australian Income Security Policies, to the Commission of Inquiry into Poverty, Australian Government Publishing, 1975, P.29.

As noted, some groups may have special needs over and above those covered by the minimum income guaranteed (adjusted for family size, work status, age etc.) It is considered that these additional needs should be covered by an emergency relief program, or if the need is of a continuing nature a supplementary allowance.* An adequate minimum income guarantee, and administrative changes (for example, to eliminate the waiting period for pensions) should reduce the number of occasions on which such emergency relief will be required.

Finally it was noted that any politically feasible scheme may require a work test— While ACOSS does not agree with this criteria it considers that it may be the one eligible criteria required, particularly in the short term. It should be noted however that if a work requirement is imposed then there is a moral obligation for the social security system to provide those supportive programs which will make such work possible. For example, child care services, drug rehabilitation programs, and other supportive work programs. The question of work incentives is discussed further in paragraph 7.

5.8 In comparing the advantages and disadvantages of such schemes a matrix of four different payments can be seen with policy implications for each.

	Non-selective payment	Selective payment
Categorical	For example, Child endowment	For example, Means tested: invalid pension, widows, old aged pensions etc.
Non-categorical payment	“Universal”^ pension e.g. McGovern's promise of 1,000 per person	For example, Negative income tax, taxed demogrant.

* The way in which such emergency relief should be delivered is discussed in: David Griffiths, Emergency Relief, A Social Welfare Commission Report, Canberra, April 1975.

^ In actual fact there can be no such thing as a non-selective/non-categorical payment because the payment will have to be financed from somewhere and therefore, will have to be taxed back from some groups. The above matrix, however, is concerned with the criteria by which the payment is made.

In comparing the advantages and disadvantages of both selectivity and categorisation the ACOSS Committee has shown its preference towards a non-categorical/selective payment. This was done by taking into account the importance of: decreasing stigmatisation, directing limited resources to those who need them most to ensure an adequate minimum income, cast constraints, and coverage of all groups in need.

The other method of payment illustrated in the matrix can be evaluated by examining the varying combinations of 'selectivity' and 'categorisation'.

6. CASH VS. INKIND SERVICES

6.1 Advantages of Cash

- (a) Benefits in-kind circumscribe choice more than cash. In particular, where relief is seen as temporary, short-term measure for every immediate crisis, emphasis is on small amounts of financial relief with more relief in mind-especially food, clothing, and accommodation. In these cases the element of choice is removed for the recipient of relief and the agency is given greater control over the situation.

Cash allows the consumer to choose his own preference of goods and services

- (b) Cash benefits can be more efficiently administered in terms of cost per dollar reaching beneficiaries. Cash is easier to distribute than goods or services.
- (c) Anomaly that certain sorts of services or benefits in-kind are more available or valuable to certain people than to others. The actual provision of services may vary from one category to another, for example, medical benefits for the widow compared to the supporting mother. Also some services may be more available to certain people according to location, tastes, etc., for example, public transport concessions.

6.2 The Advantages of Inkind Services (or alternatively the disadvantages of cash)

- (a) In some cases the provision of assistance in-kind may ensure that all the members of the family share the benefits. Education and housing may be examples of this.
- (b) Where the market doesn't exist for essential services, or is limited, inkind services may be directed to the e persons with specific needs.
- (c) It is politically easier to ensure a minimum level of a number of specific "necessities", such as food, shelter, and clothing. This then may be a further argument for in-kind benefits.
- (d) The level of minimum income guarantee discussed in any 'feasible' scheme is too low to buy all the needs of a family e.g. education, health.
- (e) People will differ in how effectively they can use money. Resources are required to teach people how to effectively utilise their opportunities.
- (f) There may be inflationary implications in providing cash instead of, for example, housing facilities. With limited supply a rent subsidy may be passed on in the form of higher rents.

6.3 Some Conclusions

It is a value statement to say whether cash or services are better, although it is considered that where-ever possible the consumer should have as much choice as possible in the goods and services that he wishes to use. In practicality, however, both are required and a continuum of cash and in-kind services are required.

7. WORK INCENTIVES AND THE WORK ETHIC

7.1 It is often argued that the tax schedule is important in determining the incentives of people to work. The incentive to work is seen to be effected in the following ways:

- (a) for low income workers – something for nothing feeling. Both the level of income guarantee and tax schedule is seen to be of importance.
- (b) for higher income groups – further effort by those faced with a high marginal tax rate.

7.2 Of the two effects put forward by economists viz substitution effect; (i.e. trade-off between leisure and extra pay) and income effect (i.e. aiming for a certain level of take home pay) it is considered that the latter is more significant.

It is noted however that to be able to predict the disincentive aspects of taxation that: extensive information and the distribution of income and of attitudes to work are required. It is an assumption therefore to state that tapering tax rates and/or low minimum guarantees are required. The evidence from overseas indicates that monetary incentives may not be the only factor involved. Further all assumptions made about work incentives assume that people are aware of the costs and benefits involved.

As noted earlier it is recommended that the tax rate should be no more than 50%. Fifty percent was chosen because it is the basis of the present social security taper. It has been recommended, further, that the social security system should not disadvantage an individual who wishes to work. In particular the present anomaly of 'poverty trap' must be eliminated. (i.e. where the effective tax rate is over 100% and the consumer will be worse off if he starts, or increases, his work effort than if he relies solely on social security).

7.3 It is a fundamental belief that most people desire to be active and productive. If jobs allow this people will continue to work (and the option, and/or right, for such employee. it must be given to all people). It is considered, however, that the nexus between work and income security should be broken and that we should strongly question the 'work ethic'.

- (a) In terms of social justice priority must be given to allowing families and/or individuals to survive rather than requiring them to work. This follows the philosophy stated by the present government when it stated that it is 'genuinely committed to a belief in the supreme importance of human

worth, the individuals entitlement to treatment with dignity and his right to self respect'.*

- (b) In certain circumstances the person who is continually or chronically unemployed may be unable to work because of other social factors and/or disabilities. For example family problems, poor health, emotional instability, lack of supportive services (e.g. child care). Further unemployment has been noted to create a sense of frustration, loss of self esteem and resentment which may be misinterpreted as a 'work-shy' attitude.[^]

It is considered that these social factors may be as disabling as a more obvious physical disability.

- (c) People should not be forced to work in meaningless or demeaning employment.

Because people are currently forced to work there is no compulsion in improving the quality of jobs made available. The human and community costs are manifested in worker alienation, family instability, alcohol-ism, drug addiction and other symptoms of poor mental health. Likewise industry is paying though low worker productivity, sabotage, absenteeism and labour turnover.

There are other costs involved in maintaining a strong work test. The immediate costs include investigation and other administrative procedures. It has been noted further than if a work test is imposed that many supportive programs are required to back up that one requirement. For example: child care, retraining, counselling, sheltered working conditions etc.*

* Hayden, Debates, 28th February 1973. P.45.

[^] S. Spooner, Relationship between work incentives and receipt of welfare benefits, in Social Security Quarterly, Australian Department of Social Security, Winter 1973.

- (d) It may not always be desirable for people to work. For example people caring for young children, or sick and incapacitated persons.
- (e) With increased technology, and the shorter working hours required, the importance attached to work must be shifted from the notion that work has a value in itself.
The anomaly exists that the community seems to fear the provision of adequate welfare lest jobs go wanting while desperately seeking to create new jobs, however socially worthless are ecologically destructive, as old ones disappear. Further in the name of protecting jobs we have often handicapped production by delaying the introduction of more efficient equipment yet in the name of maintaining production levels we have opposed the introduction of anti-pollution devices and refused to accept restraints on environmental destruction.
- (f) The 'trade-off between inflation and unemployment, where government policy necessitates that a certain percentage of the population must be unemployed is seen to be in contradiction with the 'work ethic'.

It is considered that because of this 'trade off' the economy can afford to have a few people drop out of the work force, particularly if the trade continues that more women wish to work. If the community can only absorb a certain number in the work force then it should allow some other groups to drop out. In particular there may be some people who at some point in their life may want to opt out of work for a while.

It is noted further that part-time employment should be encouraged. It could be argued also that those working overtime are forcing other people out of work.

* While pointing to these costs it should be noted that such support services are of extreme importance and should be developed in their own right to facilitate people's opportunity and/or desire to work.

(g) Basic anomaly that work may not offer enough money for the needs of the family.

It is noted that the community does not worry about certain groups not working e.g. women (without dependents) and the aged, and that it regards other people as working (for example, those on Arts Council Grants). Thus it is seen to be a contradiction that the community should be concerned when other people do not wish to work.

Finally it is considered important to stress the need to move away from the traditional definition of work as "paid employment" since the definition ignores the personal and social aspects of work and leads to a distorted view of society. Viewing work in terms of pay alone has produced a synonymy of "pay" and "worth". We came closer to a multi-dimensional definition of work if we define it as "an activity that produces something of value for other people". This definition broadens the scope of what we can call work and places it within a social context. Housework, care of children and 'voluntary' work for instance, are seen to be work since they are being productive for other people.

8. COVERAGE AND SCREENING

8.1 If it is accepted that some screening is necessary, for example work tests, then it is necessary to discuss the best means of doing this.

8.2 The primary criteria of evaluation used should be for the minimisation of stigmatisation and of administrative costs. It is considered further that too stringent a test should produce a great deal of inflexibility.

8.3 The following two proposals are forwarded as two possible alternatives:

- (a) that screening should be at the local level.
- (b) the American system of statutory declaration and random checking.

9. METHOD OF PAYMENT

9.1 It is considered that the administration and/or method of payment should ensure that people are guaranteed a minimum income each week.

If the individual has no other income then the full guarantee should be paid, if the individual has substantial other income then the guarantee may be absorbed by tax.

9.2 For the lowest income group the frequency of payments is of equal importance to the adequacy of benefits. Thus the benefit payments need to be made at short intervals—if possible weekly.

9.3 The payment must meet the needs of the individual or family in that week.

In particular it is noted that the circumstances of an individual and/or family may change frequently. They may move in and out of work, obtain part time employment, or their family circumstances may change. For the low income earner in particular, it is important that the amount received should relate to that particular period since it is extremely unlikely that he will have any savings.

9.4 Those regularly employed could have the option to be paid through 'Pay-As-You-Earn' (P.A.Y.E.) with their principal or main employer; and those not employed, irregularly employed, or self employed could be paid through local agencies such as the department of social security, commonwealth employment service, medibank branches, and/or possibly banks.

It is noted that it would appear to be necessary to develop a centralised record system on a computer base

9.5 It is considered that many of the administrative difficulties of providing responsive and immediate payments would be decreased if a proportional tax was imposed over a wide range of income levels.

The main advantages of a proportional tax are:

- it would remove the problem of fluctuating incomes;
- it would allow an accurate payment at the point of income and is easier to administer (especially in the case of multiple job holders);
- it removes some of the problems involved in the concept of the 'family unit'; and
- It reduces much of the need to vary and/or index tax scales with inflation.

It is noted further that if a minimum income is guaranteed to all persons that the combined effect of that guarantee and the proportional tax will give a progressive tax structure on average tax rates.

10. THE FAMILY UNIT*

10.1 The Advantages of a family tax unit (or alternatively the disadvantages of an individual tax unit)

Special consideration must be made as to the welfare of dependant children and the economic burden placed on those supporting them. In particular it has been

noted that the minimum income guarantee must vary' with the size and composition of the family. This is primarily an issue of equity in comparing the relative costs of living for family units of different size. Thus from a welfare point of view the family should be the basic unit for the assessment of tax liabilities (and/or credits).

We have noted further the need to rationalise the taxation and Social Security System. The present individual tax system is seen to be biased gain t the poor, the single income family, and those with large families.

- (a) The following points draw out in more detail the advantages or need for a family unit taxation:
- (b) taxation of the family as a unit most accurately reflects the community consensus that the family is the economic unit of society.
- (c) the family tax unit is more likely to achieve vertical equity since a structure based on taxation of the individual members of a family provides an incentive to divert taxable income to the members of the family with the lowest marginal tax rate. In this way the whole progression principle is compromised.

Horizontal and vertical equity distortion result when certain families have opportunities to split their incomes which others lack. Such opportunities are not available to most wage and salary earners; and this form of tax avoidance is concentrated in taxpayers of the higher income bracket who are in the best position to transfer to income producing properties, and establish family trusts, partnerships, gifts and other forms of income splitting.

- (d) The anomaly may arise that two families have approximately the same total family income and non-discretionary expenditure, but one family has a considerably higher tax bill because its income comes predominantly from one breadwinner rather than being spread among two approximately equal pay packets. This situation distorts the principle of horizontal equity.
- (e) Horizontal inequity arises out of the treatment of children as separate tax units from their parents since most parents meet the expenses of bringing up children out of tax paid income.

It has been noted further that the present concessional deductions for the maintenance of children are regressive in nature giving most help to the higher income groups. Greater benefit to children would be achieved by directing payments to the area in which they are most needed, by direct grants.

- (g) Administrative difficulties associated with who to give a tax credit to in an individual tax unit. Generally if directed to the husband a high marginal tax rate would be imposed (regardless of the total family income) if directed to the working wife high disincentives to work would occur. If directed to the non-

working wife however the payment would be universal to all family groups (regardless of the total income of the family).

ACOSS is containing in its study of 'the family' and how this is affected by social security and taxation policy. Included in this study will be further examination of the taxation unit.

10.2 The Disadvantages of a family tax unit

There are several difficulties and /or issues arising out of the concept of the family tax unit:

- (a) It is not always clear as to who should be included in the 'family' tax unit. Whether the 'family' should be regarded in a traditional or expanded way.

Further the status of couples may change over time e.g. single, married, defacto, separated, divorced. It has been noted earlier that we need to move away from any "investigations" and loss of privacy.

It should be noted also that the definition of the family may affect the stability and concession of the family. If, for example, there is a substantial per capita differences between large families and small families there could be an incentive to split large families into smaller units. It has been noted further that the implicit values imposed on, for example, the defacto situation, inhibits people in the formation of relationships of their choice.

- (b) Social objection. Arguments against the use of the family unit for taxation purposes by advocates of the womens right's movement who see this as a re-introduction if a view of woman in the workforce as non-independent end as causing disincentives for women to work.

Both men and women may also take objection to a universal and co-mingling of their tax affairs with those of their wives.

- (c) The family tax unit may cause disincentives a work – particularly to the second income earner. These effects will vary according to whether aggregation of income, or income splitting (averaging of income) is used; the level and difference of income between the income earners in the family; and tax rates imposed,
- (d) administrative difficulties s in assessing the tax liabilities and/or credits of a family at the point of income.
- (e) Difficulties in the concept of income and e.g. the real (or imputed) values of the wife doing housework or minding the children. It is noted that such "work" may be a significant; factor in the welfare of the family.

10.3 Interim conclusions in regard to the tax unit

It is considered that although the treatment of a family as one tax unit is desirable when judging the welfare of the family that the adoption of a

compulsory family unit base must be rejected on grounds of social principle. It appears to be necessary that there remains some freedom of choice to be taxed either as an individual or as part of a family.

It is considered however that the ways of treating the family as a tax unit for taxation purposes (e.g. aggregation of income, income averaging between income earners, or a quotient system); and the choice of tax scale (e.g. between those being taxed as an individual and those as a family should be studied with a view to maximising the social advantages which would flow from this.

Finally it is noted that many of the difficulties of tax levels and the disincentives and/or anomalies which occur between family compositions may be removed if a proportional tax rate was used over a wide range of incomes. It is suggested that the possible use and implications of such a tax scale should be examined further.

SECTION C: CONCLUSIONS

The following points summarise the criteria that we have detailed in this document and which any social security system should aim to meet.

- (a) Are benefits adequate for all persons in need?
- (b) Are benefits "selective" and/or efficient in their coverage? i.e. Does it provide help to those who need it most? (Enforced by the urgency of raising the standard of social benefits for people in poverty while minimising the increase in total public expenditure).
- (c) Does it enhance rather than destroy human dignity? Are all stigmatising factors minimised?
- (d) Flexibility and Responsiveness. Does it meet the needs of various categories or groups of people?
Is it comprehensive in its coverage?
- (e) What moral and implicit value judgements does it impose?
Eligibility should be on the basis of economic need alone.
- (f) Is information easily accessible, and understood, by the public?
- (g) Is it equitable to all concerned?
- (h) Does it rationalise and simplify existing social security schemes?
- (i) Does it co-ordinate and rationalise the taxation and social security system?
- (j) Is it administratively efficient?
- (k) Does it allow regular and frequent payment of benefits?
- (l) Is it economically feasible?
- (m) Is it politically and socially acceptable?
- (n) Is it an improvement over existing programs?

Two more questions must be answered:

Is the guarantee of a minimum income today's answer to poverty? And should we devise a specific plan to cover all the criteria set out above or a series of policies?

It has been noted that an adequate minimum income, while a necessary precondition for families and individuals to plan and improve their life styles, should not be seen as a panacea in meeting community needs. Other forms of intervention will be necessary to limit the incidence of poverty and social disadvantage. Any

consideration of poverty must be in the context of a national goals of social justice for all people in Australia. Poverty can thus be defined as a life condition created by a constellation of deprivation factors which result in a standard of living significantly below that acceptable for and by the community.*

This approach therefore rejects a definition of poverty which considers only minimum income levels necessary to subsist and which fails to take into account the multifarious factors which influence the life style and standard of living of deprived persons and groups in the community. A basic list of factors required to meet the needs of individuals and families would include: housing, environment, health (including mental wellbeing), education, material goods and services (including income and access to credit), leisure, employment, mobility and transportation, opportunities to pursue and express personal values, civil and legal rights and services, political participation and power, safety, and personal social services and sense of community.

Thus although seen as a basic criterion, the alleviation of poverty is based not only on financial assistance. A large number of other resources are required to achieve a new level of autonomy, where the 'poor' become active participants in the community. This autonomy can be expressed as: power over information; power over decision making; and power over relationships.^

Secondly, should we devise a specific plan or a series of policies?

To re-iterate the comments above. Income is a basic criterion for the alleviation of poverty but cannot be regarded as a panacea for meeting community needs. It has been noted also that a continuum of cash and in-kind services will still be required, that one cannot totally substitute the need for the other. Finally, it has also been noted that an adequate income guarantee, efficiently administered, will not do away with the need for emergency relief, although it should reduce the number of occasions on which it is required, special and/or abnormal circumstances cannot be covered by a scheme or plan which aims to cover all groups on an equal basis.

* Australian Council of Social Service, 'Poverty – the ACOSS evidence', prepared for the Australian Government's Commission of Inquiry into Poverty, Sydney 1973, chapter 1.

^ Research report by Jan Salmon,, Brotherhood of St. Laurence, to the Commission of Inquiry into Poverty, Resources for Poor Families: An experimental Income Supplement Scheme, Australian Government Publishing Service, 1974.

Thus it appears unlikely that one plan will be able to meet all the criteria and circumstances set out above. It is recommended however, that in developing a policy or policies to guarantee a minimum income that the criteria of rationalisation and simplification are adhered to (as well as the other criteria elaborated above). "Rationalisation" and/or "consistency" does not necessarily mean that benefit sub-systems need take exactly the same form. Rather the form the various sub-systems take should differ far as possible, rational reasons and far clearly defined purposes.* The criteria of simplification and of removing the categorisation of groups is more difficult

and it is here that perhaps one 'plan' appears to be more advantageous. There is no guarantee however, that any such plan will be simple or easily understood in its approach.

In conclusion, the principal recommendation made in this report is for the provision of an adequate minimum income as a matter of right for all citizens. If we are to include the poor in our society we shall need to shift the emphasis from poverty to inequality, from ad hoc programs to integrated social rights, and from economic growth to social growth.^

This is commented on further in a discussion document. The Social Welfare Commission, A Comprehensive Income Security Program, March 1975.

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