In the paper following the February newsletter - "Introducing a Support Income System" - I addressed the question why proposals for unconditional universal income support are rarely given any lasting political support. In particular I drew attention to the need for greater community awareness and understanding.

In the paper following this newsletter - tentatively titled "Introducing a Support Income System - Part Two" - I take up a similar theme by questioning whether there are economic and political influences fostering a strong resistance to change, or what may be more accurately described as a strong apathy to consider change.

One of the dominant features of a support income system is the inherent wide range of social influences and pressures. A support income proposal cannot, for example, be neatly packaged and presented as a better way of providing income support on a national scale. The introduction of such a scheme will have wide ranging implications in areas such as employment and unemployment, labour contracts and workplace agreements, income distribution, superannuation and retirement incomes. Indeed such a proposal will have an influence in most areas of social relationships and interactions.

This wide ranging influence of a support income system is not sufficient for it to be declared another "ism", but it is a system which is equally compatible with the major "isms", i.e. capitalism and socialism. This in itself adds to the problem of community acceptance, for it is only too easy for believers in capitalism to declare a support income system as a socialist ploy, and for believers in socialism to declare the system as a capitalist ploy.

There is no doubt the introduction of a support income system would be a major change, and politicians in a democracy where they must face the people at regular intervals do not readily accept major change. (Unless, of course, the government is the major beneficiary, as was the case with the recent introduction of a Goods and Services Taxation (GST) system.)

Just how wide ranging are the implications of a support income system can be illustrated by two events which occurred in Australia in recent weeks.


It is always difficult, or dangerous, to draw worthwhile conclusions from statistics for a single month, but the April figures are of particular interest because they are indicative of the trend towards part time and casual jobs at the expense of full time jobs. They also highlight the importance of the participation rate in determining the rate of unemployment.

In the month of April full time employment fell by 40,400, while part time and casual employment rose by 80,500. A net increase in total employment of 40,100. However, this increase was not sufficient to outweigh the effects of the slight growth in the labour force and the more significant growth in the participation rate of 0.4 percentage points to 63.9%. The rate of unemployment rose by 0.3 percentage points to 6.8%.

The changes in the number of full time and part time/casual jobs highlight how employment can be increased by greater sharing of the available work. Assuming the average hours of work for the new part time and casual workers was in line with previous estimates of approximately 17 hours per week, the total hours worked by the workforce would have fallen slightly as a result of these changes - (i.e. one full time worker worked on average slightly more than two part time or casual workers). However, net employment increased! Approximately two part time and casual workers replaced each full time worker lost.

Part time and casual jobs, by their very nature, provide less job and income security than full time jobs, and the existing income support system in Australia aggravates rather than alleviates this reduction in security. With this income support system in place, work sharing through growth in more flexible working hours and conditions creates a Catch 22 situation.

If the objective is to reduce the rate of unemployment, then greater sharing of work through growth in part time and casual employment will increase total employment, but job and income insecurity will also increase.
If the objective is to increase job and income security, then reducing the sharing of work through growth in full time employment will increase this security, but total employment will decrease and the rate of unemployment will rise.

Changing the nature of the income support system is the key to resolving this situation. One of the major objectives of a universal income support system is to increase the level of job and income security for part time and casual workers, thus permitting the objective of a lower rate of unemployment to be pursued through work sharing without creating greater hardship through higher job and income insecurity.

2. Auditor-General's report on the age pension system.

As reported in the national press on 18 May, a report by the Auditor-General claims to have found errors in more than half the pension applications processed by Centrelink staff.

"The auditor concludes Centrelink "could not assure payment at the right rate, from the right date, to the right person, with the right product, for approximately half of new claims for age pension." (The Australian, 18 May 2001, p.2)

Reference has frequently been made to the unsuitability of a system of means tested income support for the provision of pensions and benefits on a national basis. In the paper following the February newsletter, for example, it is stated- "One can question, however whether the sheer scale of operations, with somewhere in the vicinity of one in four Australians being dependent to some extent on national income support is having an impact on the efficiency of the system."

Any system of income support on a national basis should have as a core element simplicity of administration. Australia seems destined to favour complexity rather than simplicity, with rigid means testing for most pensions and benefits, and with increasingly complex conditions for labour force aged beneficiaries.

New Website

We have been advised of a new Canadian website promoting welfare issues including basic incomes.

www.ourlives.ca

The message advising of this website-

There are plenty of websites out there dealing with poverty issues from the perspective of social workers and academics. There is a shortage of news and information specifically for the growing numbers of socially marginalised people. At the same time, more people with very low incomes are able to afford computer access.

ourlives.ca will deal with three main topics;

a. The need for a Basic Income,
b. The need for a new housing program that does not repeat old mistakes,
c. The need for a real, locally based democracy that everyone can participate in.

The home page is laid in, and it is organised to grow outward like a tree. An information list on the same topics has been operating for awhile. Go and take a look at it. Tell more people about it.

Superannuation Tax Concessions

The 2001 budget was presented yesterday, and there has not been time to consider fully all the changes affecting welfare and social issues. And there are plenty. With an election looming later this year this is obviously a pre-election budget, with carefully targeted benefits to compensate for a lack of long term social planning. Social policy appears to be directed towards electoral success rather than any long term social aims, confirming of a lack of
Last year, with the introduction of the new tax system, tapering of the means test for age and other pensioners was eased, extending the range of incomes within which there is eligibility for a part pension and increasing the level of benefit for people in receipt of a part pension.

This change raised an important long term policy issue at the time, for it seemed to negate the recognised justification for taxation concessions for occupational superannuation. At first glance the budget does not provide anything to challenge this view.

These taxation concessions were introduced on the grounds of saving future age pension payments which were likely to escalate with an ageing population. Last year the government did not appear to have any great concern regarding future pension costs, and there does not appear to be anything in the budget to change this view. Perhaps the time is now appropriate to review the policy of taxation concessions for superannuation, and more fundamentally the role of superannuation in future welfare policy. In the interest of greater transparency, should there be a split between the meeting the need for retirement income and meeting the need for increased savings?

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Allan McDonald

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