

Written Submission for the Pre-Budget
Consultations in Advance of the Upcoming Federal
Budget

Submitted by:

Coalition Canada Basic Income - Revenu de base



July 30, 2021

List of Recommendations

- 1. Recognize that indigenous people must be key players with the Federal Government in designing the Basic Income Guarantee in ways suited to the needs of their communities both on reserve and off.**
- 2. Introduce a national Basic Income Guarantee using local costs of living, indexed annually and delivered monthly, to residents of Canada aged 18 to 64.**
- 3. Design a national Basic Income Guarantee program conditional only on residency in Canada that delivers the greatest support to working-aged adults with lowest incomes.**
- 4. Engage with each province and territory to harmonize the income transfers they receive as the federal government assumes responsibility for income transfers to working-age adults.**

Coalition Canada Basic Income - Revenu de base is a cross-country organization of basic income advocacy groups and networks. We advance the development of a national movement for basic income in Canada, building alliances and collaborating with advocacy groups, networks and individuals supporting a just recovery in Canada from the COVID-19 pandemic.

Coalition Canada is a non-partisan volunteer organization. Our members are experienced basic income and anti-poverty advocates from the Yukon and all Canadian provinces. We work with representatives from basic income and anti-poverty organizations. Decisions are made collectively by all members.

We work in concert with Basic Income Canada Network (BICN) and with Basic Income Canada Youth Network (BICYN), advocating for the implementation of a national basic income guarantee program for those who need it.

Coalition Canada's recommendations are based on our research and discussions with numerous groups and people from all walks of life across Canada.

- 1. Recognize that indigenous people must be key players with the Federal Government in designing the Basic Income Guarantee in ways suited to the needs of their communities both on reserve and off.**

Collaboration between Canada and Indigenous Governments must be undertaken. Mere pro forma consultations are inadequate to meet Canada's constitutional obligations in implementing a Basic Income Guarantee that works for all Canadians.

- 2. Introduce a national Basic Income Guarantee using local costs of living, indexed annually and delivered monthly, to residents of Canada aged 18 to 64.**

It should be paid monthly to residents of Canada aged 18 to 64. Other federal income transfers, such as the Guaranteed Income Supplement for seniors should be adjusted to the level of the Basic Income to ensure fairness.

- 3. Design a national Basic Income Guarantee program conditional only on residency in Canada that delivers the greatest support to working-aged adults with lowest incomes.**

Those with no income should receive the full benefit. As income increases, the benefit should be reduced by a proportion of the other income. Design the benefit to vary monthly in response to changing needs.

- 4. Engage with each province and territory to harmonize the income transfers they receive as the federal government assumes responsibility for income transfers to working-age adults.**

Start with the Government of Prince Edward Island, which has already requested to enter into discussions with the federal government to provide a Basic Income Guarantee for the people of PEI.

Canada's social safety net must be renewed to meet the social and ecological challenges of the 21st Century: climate change; energy transition; disruptive technologies; job loss and retraining; racism and discrimination; reconciliation with Indigenous peoples; vast income inequality; deep poverty; pandemics; the opioid crisis and food insecurity.

Targeted income and social supports are insufficient. When the pandemic hit, the CERB/CRB response, despite some flaws, demonstrated this. But Canada has a suite of successful income transfers that can be built upon. An income guarantee is a rational, proven model already used in Canada to provide income to vulnerable populations. The Canada Child Benefit has raised hundreds of thousands of children and their parents out of poverty, as have Old Age Security and the Guaranteed Income Supplement for seniors. These programs have reduced inequality, and increased financial security, health and well-being, and reduced both the incidence and depth of poverty in Canada. The Canada Pension Plan and Employment Insurance are integral components of Canada's income security system, although the pandemic revealed how inadequate and outdated our EI system is. In 2018, only 40% of workers qualified for EI when they needed it. We recognize now that EI must be redesigned to be more inclusive, particularly for the new class of workers we now call the precariat.

A well-designed basic income program would ensure there is no disincentive to work. Fears that people receiving a basic income would stop working are unfounded. Canadian research from basic income experiments found only two groups that left the workforce: mothers of very young children and young people furthering their education.

How much a national basic income guarantee would cost depends on how it is designed. It would be paid for by streamlining and reallocating government resources through a review and redesign of current income transfer programs, tax credits and deductions, and other tax reforms. For example, the Parliamentary Budget Office (PBO, April 2018) based its estimates on the Ontario Basic Income Pilot and estimated the gross cost at \$76 billion, minus current spending of \$32.9 billion from refundable and non-refundable tax credits and special programs for a total of \$43.1 billion. However, as experts have pointed out, the Pilot was set up as an alternative to Ontario Works and Ontario Disability Support Programs. Assuming there are costs related to similar types of programs in the other provinces and territories, this represents an additional \$20 billion dollars of current spending that can be replaced, not including the cost of administration. **The net cost would then fall to \$23 billion** by reallocating these provincial and territorial costs to a national basic income guarantee program. Additional savings from the administration of these programs, and future savings resulting from reduced hospitalizations (a savings of 8.5% identified from the Mincome experiment in the 1970s), reductions in visits to family doctors, and savings in other social systems^{1,2} make a Basic Income Guarantee an even more valuable investment.

Support for basic income is growing among parliamentarians. Support for a basic income guarantee crosses party lines. Prince Edward Island's all-party Special Committee on poverty just released its report calling for the creation of a full basic income guarantee program that maintains all of PEI's social programs and services that support people with low-income which was adopted unanimously. Two basic income initiatives were introduced in Parliament in 2021, one by Liberal MP Julie Dzerowicz, Bill C-273, National Strategy for a Guaranteed Basic Income Act, and one by NDP MP Leah Gazan, Motion M-46, Guaranteed livable basic income. Members of the Liberal Party of Canada and Young Liberals have voted a basic income guarantee as its number one policy recommendation for several years. The New Democratic Party and the Green Party of Canada are both committed to a national livable basic income guarantee. Fifty Senators wrote an open letter to the prime Minister calling for a basic income guarantee.

¹ Forget, 2020, pp. 201-202.

² See other models, such as: *Basic Income: Some Policy Options for Canada* (Basic Income Canada Network, 2019) and also *Designing a basic income Guarantee for Canada* (Boadway, Cuff & Koebel, 2016) for a revenue-neutral model based on a two-stage process that harmonized a federal basic income program with provincial income assistance.

A successful recovery from the COVID pandemic requires individual and community resilience. Income security for everyone who needs it will support resilience. Without it, it will be very difficult for individuals and communities to adapt and thrive. A basic income guarantee is not just a poverty reduction strategy (although it certainly is that) and it's not just about replacing under-performing social assistance programs (although it certainly needs to do that too). It supports the most fundamental human rights of every Canadian: a basic income guarantee supports improved health outcomes, education and training, and family, work, and community life. Research indicates that it also acts as a local economic stimulus and can create jobs and grow the economy. Various national organizations and reports, including the Canadian Medical Association, the Action Plan of the National Inquiry on Missing and Murdered Indigenous Women and Girls, the United Steel Workers, and the United Church of Canada, have called for a basic income³. The Royal Society of Canada's Task Force on COVID-19 just published their report by 11 top Canadian academics, mostly economists. Their #1 recommendation is a basic income guarantee.

³ Canadian Medical Association https://cma.ca/sites/default/files/pdf/Secure/resolutions-passed-at-gc_final_english.pdf ; MMIW+G National Action Plan https://mmiwg2splus-nationalactionplan.ca/wp-content/uploads/2021/06/NAP_Report_EN.pdf ; United Steel Workers <https://www.usw.ca/news/media-centre/articles/2020/usw-endorses-motion-46-guaranteed-livable-basic-income> ; United Church of Canada: <https://united-church.ca/social-action/act-now/create-guaranteed-livable-income-program>