

Frequently Asked Questions

Q1: What is a basic income?

A basic income is a periodic, unconditional cash payment provided by government to individuals. It ensures recipients can meet their basic needs and live with dignity regardless of their work status. Different terms are used for similar policy proposals to emphasize different key characteristics of basic income:

- i) a Basic Income Guarantee (BIG) creates an income floor, preventing people from falling into poverty. It is universally *available*, (like health care) but income tested and so delivered only to those who need it, regardless of their work status.
- ii) a Guaranteed Livable Income (GLI). GLI and BIG are essentially the same. Many Canadian advocates have adopted the use of GLI to emphasize the importance of the benefit's sufficiency. It must be high enough not just to survive, but to raise people out of poverty and to live with dignity. The sufficiency requirement is also part of all detailed definitions of BIG but is not highlighted in the acronym. Therefore, this document uses *livable BIG* throughout to keep sufficiency to the fore.
- iii) a Universal Basic Income (UBI). A UBI is an unconditional payment made to *all* adults, rich or poor, and is not clawed back. It contrasts directly with income tested models. A UBI benefit is often set at \$500 or \$1000 per month—not a livable benefit. In Canada, UBI is often used to refer to any kind of basic income program. This leads to confusion exploited by opponents to attack a livable BIG's affordability.

Q2: What program do we propose for Canada?

The Coalition advocates for a basic income consistent with the principles described [here](#) – that is, an income-tested livable BIG for adults aged 18-64, functioning as part of a comprehensive array of social supports, and respectful of indigenous self-determination.

The benefit for a single adult without other income should be at or above the [poverty line](#) and indexed to the cost of living. The reduction rate for paid work should be set at a level which will make paid work always worthwhile – certainly no higher than 50%. The Coalition supports a reduction rate lower than 50%, but the precise reduction rate will depend on various aspects of the final design. People with exceptional costs due to a disability should receive additional monetary support to allay those costs. As can be seen from the [Parliamentary Budget Office's 2021 report](#), a basic income has the potential to completely transform the rate of poverty in Canada. [A Proposal for a Guaranteed Basic Income in Prince Edward Island](#) further explores and suggests design considerations.

Q3: How high should a livable BIG be set?

Since the purpose of a livable BIG is to address income insecurity and poverty, the benefit should be set near or at the poverty line.

The MBM is Canada's official poverty line and so necessarily sets the standard for measuring the rate of poverty in every region. However, MBM does not necessarily determine a suitable benefit level for any one of those regions. The most appropriate benefit level for a specific MBM area will depend on various aspects of the ultimate design for that area. The benefit level should be high enough to lift every resident out of poverty, even those in the very deepest poverty. To do so, in some cases the benefit level may need to be set above the official MBM measure.

Q4: What existing income support programs would a national livable BIG replace?

A national livable BIG should replace some provincial and territorial income assistance programs (welfare).

Social assistance is a shared federal/provincial/territorial program. A BIG would replace provincial welfare programs which are humiliating and stigmatizing. Interactions with multiple intermediaries leave applicants vulnerable to racism, sexism and other forms of discrimination. Welfare rates vary widely across the country, but all are far too low to meet basic needs. Struggling to subsist on too little income is time consuming and exhausting. It causes stress and ill health. Additionally, current welfare programs are counterproductive because they create barriers to employment. The federal government can administer, through the federal tax system, a consistent, fair, and more robust income security program set at a livable benefit level appropriate to the various regions of Canada. However, tax data is only collected once a year so provinces might still oversee provincial social assistance programs, raised to livable levels, for those whose income has fallen unexpectedly and who would not be eligible to receive a GBI until they have filed a tax return with the CRA.

Q5: Should provincial programs - other than welfare - be replaced by a livable BIG?

In general, no. Both income security and a comprehensive array of social supports and services are necessary for all people, including those with unique challenges and vulnerabilities to live with dignity.

A federal livable BIG should be designed to harmonize with other provincial, territorial, and indigenous social support and service programs. Federal, provincial and Indigenous governments should determine collaboratively which programs, if any, should be replaced and which continued when a livable BIG is implemented. Provincial employment and training programs, counselling and rehabilitative services and supports must remain and should be updated or expanded where needed.

Q6: What existing income Federal support programs could be retained with a national livable BIG?

Together with a livable BIG, the federal programs below could be retained, ensuring that income security is accessible and equitably delivered to everyone in need.

A livable BIG would work effectively with the Canada Child Benefit (CCB) and Old Age Security (OAS)/Guaranteed Income Supplement (GIS) and should be retained. The GIS may need an upward adjustment to ensure it raises incomes to a livable level. Both CCB and OAS/GIS resemble basic income programs but target specific age groups. That is why we advocate for a program for people 18-64 years of age—they are not covered by these benefits. EI should be continued, but surely needs redesigning in light of the radically changing world of work if it is to be effective for people engaged in precarious work and gig economies. Contributory programs like The Canada Pension Plan and Employment Insurance should also be continued.

The current Canada Disability Benefit has been criticized for its lack of sufficiency and strict accessibility criteria. A livable BIG could be topped up to support the extraordinary income needs of people with disabilities, but additional supports for people with disabilities must remain in place.

Q7: What are the benefits of a livable BIG?

There are many benefits of a well-designed national livable BIG program.

BIG would provide a reliable and [steady income](#) for all—people currently receiving welfare, precarious workers struggling with low paying or temporary jobs, those who farm, fish and do other seasonal work, those working in the creative arts, and others. A livable BIG would [empower precarious workers](#) and give them more choices. It would value both paid and unpaid work (e.g., caring for family members).

A livable BIG would dramatically reduce poverty and in so doing reduce the high costs of poverty. Once people know they could meet their most basic needs for [food](#), shelter, transportation, etc., the [stress of living](#) on an inadequate income is immediately reduced and [mental health improves](#). A [recent study](#) showed that when people have a reliable livable income, fewer calls on other social support services can be expected. Accidents, hospitalizations, abuse, and [crime](#) due to desperation go down. The costs of [health](#), policing, and [incarceration](#) costs go down, [general health](#) and educational outcomes improve, community participation increases, and alternative living possibilities for abused family members are created. Altogether, the cost of remedial programs would be reduced, [saving taxpayers money](#).

It is common sense that people living on low incomes tend to spend their money locally. As [was found with CCB](#), a livable BIG would infuse money into local economies, potentially even growing businesses. And the resulting financial stability in the lives of recipients would restore dignity and autonomy, increase well-being and improve community cohesion, involvement, safety and security.

Finally, as we strive to meet Canada's environmental protection and climate change goals, individuals, businesses and whole communities will need financial support to undertake the many changes required for the transition. A livable BIG, together with an improved Employment Insurance program, would provide the community resilience needed to [move Canada towards an environmentally sustainable economy](#).

Q8: Will people stop working if they get a BIG?

Canadian research has identified two main reasons people leave the workforce when receiving a basic income: to stay home and care for very young children and to stay in school or extend schooling.

Studies of a basic income pilot program in Manitoba in the 1970s - [Mincome](#) - show that [most people continued to work](#). Those who did not tended to be youth or heads of single parent households. [Research](#) on the truncated Ontario Basic Income Pilot at McMaster University found similar results - most recipients who had jobs continued to work after receiving a basic income and more than a third reported that basic income actually helped them find higher-paying jobs with better working conditions. Consistent with these findings, the 2021 [Parliamentary Budget Office study](#) estimated that a national BIG would result in only a slight change in labour supply. Canadian evidence accords with that from basic income trials [throughout the world](#). [The PEI report](#) also addresses this concern.

[Systemic disincentives to work](#) currently exist, including the high clawback rates and intrusive demands of welfare, temporary and part-time work, low wages, unfair labour practices, lack of benefits, unsafe work conditions, unavailability of safe and affordable daycare, changing economies, and need for skill training. Poverty itself can be a [barrier](#) to finding employment. However, there is no evidence that income support systems have a significant or worrisome effect on labour participation. On the contrary – there is [evidence](#) that [adequate income support](#) helps people to acquire necessary skills and education for jobs, encourages entrepreneurial start-ups, and contributes to travel and daycare costs as well as better physical and mental

health. A well-designed basic income could actually improve the incentive to work by ensuring a gradual reduction in benefit level as earned income increases. Everyone will be better off.

Q9: Will employers use the BIG to subsidize wages?

A liveable BIG does not replace the need to raise minimum wages to sustainable levels for the employees.

There are numerous structural changes that are needed to address many of the injustices which exist in our society. For example, the need for minimum wages to rise to levels which would actually provide people with essential financial stability. A liveable BIG would give many people the choice to leave jobs which pay far below poverty levels. It would allow people to train for better and more lucrative jobs.

Q10: How much would a national income-tested livable BIG cost?

A livable BIG is affordable and a more effective use of tax dollars than current income support systems.

The ultimate cost of any basic income program cannot be separated from the cost of living at implementation, or the many design details of the particular program. Precisely because it is income tested, the livable BIG we propose would cost a fraction of the amount a Universal Basic Income (UBI) would cost, as shown in the comparative costings of the BICN [Policy Options](#) document. Three PBO calculations ([2018](#), [2020](#), [2021](#)) have costed a BIG, most recently estimating the 2022-2023 gross cost to be \$87.6 billion. Further, modelling done in the [PEI report](#) indicates that by changing the definition of the family for delivery purposes to census family, costs can be further cut by 40% while better targeting those who are in need. The cost of a BIG would be offset by welfare replacement savings and down-the-road savings described in Q7.

Q11 How do we pay for a national income-tested livable BIG?

A livable BIG could be paid for by harmonizing the provincial/territorial social transfer with the new national basic income program, replacing federal non-refundable with refundable tax credits, and/or introducing other tax fairness measures

There are multiple [ways](#) to pay for a basic income program, regardless of how it is [designed](#). In part, the cost of a livable BIG would be offset by savings from federal transfers to provinces for welfare, much of which would no longer be needed. The introduction of new tax fairness measures (e.g., wealth, inheritance, financial transaction, robotics, or AI productivity taxes) have all been proposed as additional or alternative financial resources. We can also expect a reduction in poverty-related costs (as discussed in Q7) which would further offset the cost.

Q 12: Have any Provinces or Territories in Canada indicated an interest in Basic Income?

BIG is gaining traction across the country. Manitoba and Ontario both implemented BIG pilot projects. PEI is currently seeking to partner with the federal government on a 5 – 7-year province-wide demonstration project. Other provinces are studying the feasibility of BIG and some have implemented targeted basic income programs.

In 2020, a PEI all-party committee [report](#), recommending the premier work with the federal government to implement a province-wide BIG demonstration project, was accepted by the legislature and continues to be

supported by the [Premier](#), and [all provincial Party leaders](#). To assist with this goal, a 20-person team of economists, politicians, public servants and advocates, led by two members of Coalition Canada, worked to address issues of design, cost, financing, impact on the poverty rate, labour market effects, and more. The [final report](#) represents a feasible way forward for a potentially permanent basic income program for PEI. This work has resulted in the establishment of a Federal/Provincial Working Group tasked with, initially, studying available data and administrative issues required to set up a full province, 5-7 demonstration project in PEI.

The Manitoba Mincome project (1974-79) included both a saturated site and control sites. It ended in 1979 before substantive analysis of the data until much later when University of Manitoba researchers accessed the archived data. Analysis revealed considerable health, social, education, and employment [benefits](#). A second pilot project began in Ontario in 2017 but was cancelled after only one year with a change in government. A MacMaster [study](#) of data from a single year showed that, for many recipients, BIG was “transformational, fundamentally reshaping their living standards as well as their sense of self-worth and hope for a better future.”

Quebec [established](#) the permanent Cree Income Security Program in 1976. It provided income support for James Bay Cree hunters and trappers, as partial compensation for flooding Cree and Inuit lands without consultation. [The program resulted](#) in increased engagement in traditional harvesting practices, conservation efforts, and improved [health](#) and community outcomes. More recently, Quebec implemented a [basic income program for individuals with disabilities](#). A large number of [health professionals recently signed a letter](#) calling for the program to be extended to all those living in poverty in the province.

BIG was a key recommendation of Newfoundland and Labrador’s “Health Accord”, a [10-year plan](#) to restructure the provinces health care system completed in 2022. Subsequently, a provincial all-party committee was formed to [study basic income](#), with a report and recommendations expected soon. NL recently [implemented](#) a \$600 monthly cash grant to Youth receiving residential services in the province. The Newfoundland and Labrador government has implemented “targeted basic income” programs [for youth aging out of care](#) and [adults aged 60 to 64 currently on social assistance](#). Most recently they announced additional funds for a targeted basic income for [adults with disabilities](#) that will top up the Canada Disability Benefit and substantially improve income security for many adults with disabilities.

In 2023 Alternatives North released a government funded [report](#) recommending implementation of a basic income in the NWT.