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CANADIAN OVERVIEW

Basic income can take different forms, depending on a country's circumstances. Like all countries, Canada has a mix of interconnected public income supports and public services. Let's look at income first.

INCOME SECURITY

Canada already has forms of basic income -- unconditional cash transfers from government - - but not for everyone.

THE STORY OF SENIORS' BASIC INCOME

It is hard to imagine now but the majority of Canadians used to face destitution in their older years.

In the 1960s, a range of public policies turned that situation around dramatically, including Old Age Security (OAS) and the Guaranteed Income Supplement (GIS), forms of basic income not based on employment. Everyone who has lived in Canada long enough can get OAS when they turn 65. It is a demogrant that provides the same amount to everyone -- but it is taxed back from people with high incomes. For seniors with little other income, the GIS is added to OAS. This is like a refundable tax credit, providing greatest benefit to those who need it most.

THE STORY OF FAMILIES WITH CHILDREN

Poverty among children (0-18) became the focus of Canadian governments in the 1990s.

Significant geared-to-income child benefits were brought in through agreement among federal, provincial and territorial governments. Amounts have increased over the years and have recently become more progressive to support those with greatest need (now known as the Canada Child Benefit).

While benefits are based on children, they are provided to working age adults regardless of their employment status. Child benefits are a significant source of income stability for families to weather ups and downs in their lives.

Who gets what?

Canada also provides several smaller unconditional income transfers, such as the GST credit. In most cases, provincial and territorial benefits enhance federal ones so there is some variation across the country. The chart on page two from the Canadian Centre for Policy Alternatives shows the total amount of basic incomes available to Canadians with little or no other income as of July 2016. It is clear that working age single adults are especially insecure.

Conditional Income Supports

Most of Canada's income security programs are based on employment, including Employment Insurance, Canada and Quebec Pension Plans, and an array of tax breaks such as for RRSPs. Benefits are based on contributions and qualifying conditions, not on ability to meet income needs. In the tax system, many credits are non-refundable so provide little or no bene-

| INDIVIDUAL/FAMILY | BASIC INCOME PER YEAR |
|--|---|
| Single senior (65+) | \$16,515 to \$19,891 per person |
| Lone-parent with 2 children, aged 2 and 10 | \$4,268 to \$5,737 per person (or \$12,804 to \$17,211 for the family) |
| Single adult (18-64) | \$276 to \$576 per person |

fit to those with lowest incomes. The Working Income Tax Benefit is a notable exception as it is for those with very low income, and requires employment but the benefit cuts off at a very low income threshold.

The tax system also supports income security for people who have high incomes, and wealth. A wide range of tax breaks deliver benefits that go overwhelmingly to people in the highest income deciles and provide no benefit to those in the bottom deciles.

Social Assistance

Canada's last resort income program -- social assistance, known commonly as 'welfare' -- is the opposite of a basic income model because it has many conditions, and is highly stigmatizing. There are different systems in each province and territory but in most cases, especially for a single person, you cannot even apply until you are in very deep poverty.

Deep poverty is itself a barrier to work of any kind other than finding food, shelter and other basics of survival. Social assistance then adds employment disincentives, such as large clawbacks on earnings and rules restricting higher education. It is a deep poverty trap. Unlike child benefits that have been increasing for two decades, social assistance goes up and down and has eroded due to inflation and cutbacks.

PUBLIC SERVICES

Income security policies interact with public

services (as well as laws and regulations) in various ways that affect our wellbeing. Interactions can be complex and sometimes have perverse outcomes, especially for people with low income.

For example, an individual on welfare may get access to services like dental care or prescription drugs that are not covered by our public health care system. Another individual earning just a little too much to qualify for welfare is expected to pay out of pocket. This makes it too risky for some people to leave welfare. In both cases, inadequate income, food insecurity and high stress increase the need for the doctor and hospital services that are provided by our health care system on the basis of health need and not the size of one's bank account.

Canada's current mix of income and service supports relies heavily on 'downstream' programs, such as food banks, homeless shelters, hospital emergency rooms and social assistance. These programs focus on treating problems rather than preventing them. Charitable organizations are also significant players in service provision. And unmet need, especially in areas like mental health, is growing.

Prevention is a better bargain -- less expensive and more effective. A basic income combined with public services that are more upstream and universal (e.g., pharmacare, childcare) or at least geared-to-income, would be a win-win situation for all.

GOING FORWARD

What does the future look like for Canada? Like other countries, it faces a changing economy and society with steep inequality, advancing technology, robots taking over jobs, precarious employment, uncertain prospects, and unrest. There are also some particular Canadian drivers for change leading governments at all levels to a renewed interest in basic income:

- Persistent poverty among non-seniors and a deep poverty problem, despite high rates of employment, including among women with young children and among people in poverty.
- People most insecure and at risk are women, especially lone parents, racialized populations, Indigenous peoples, recent immigrants, people with disabilities and singles. The risk increases if you are in more than one of these categories. Young people are among those who will be most affected by economic shifts.
- Discrimination is a key driver of low income; income security programs tied to employment tend to mirror discrimination in the labour market rather than help counterbalance or combat it.
- Outside the market, women still bear the major responsibility, time and cost of raising children.
- About 1 Canadian in 3 could belong to a racialized group by 2031, according to Statistics Canada, up from 1 in 20 in 1981. Indigenous populations are also younger and faster growing than the population average.
- Our iconic health care system is under strain due to problems it can't fix -- lack of income and the high stress and risks to physical and mental health that come with it.

- New findings from the 1970s' Mincome experiment in Dauphin, Manitoba and new perspectives on seniors and child benefits highlight the benefits of these unconditional programs in health, education, paid employment, family and community.

Federal, provincial, territorial, municipal and Indigenous governments have different roles and responsibilities. The federal government has the best capacity to provide income security (and does for most Canadians) while the high costs of insecurity and poverty, in health care and crime, for example, are largely picked up by other orders of government.

For these and other reasons, Ontario has decided to try a pilot project and Quebec has struck an advisory group to look at ways to begin implementing a basic income. Other provinces and cities are interested, too, and it has been featured in the federal Poverty Reduction Strategy consultations. There are resolutions on the books of the major political parties, the Canadian Medical Association, public health associations, city councils, social service organizations and much more.

COSTS AND BENEFITS

What would a basic income look like in Canada and how much will it cost? Who pays and who benefits? It depends on how we design it. We first have to understand where costs and benefits are going now.

The public cost of poverty to Canada in 2007 was \$24.4 billion (with private costs to individuals of \$48.1 billion) according to the most conservative estimate by the Ontario Association of Foodbanks. In 2007, the cost of bringing everyone up to the poverty line (after-tax LICO) was about half that at \$12.6 billion (and \$13.1 billion in 2008; the amount changes depending on poverty rate and depth of poverty).

Government spending on income security is not just about programs like Employment Insurance. As detailed in the Canadian Centre for Policy Alternative's *Out of the Shadows* report, federal tax expenditures in 2011 totaled over \$102.7 billion. Of that, 39% of the benefits went to people in the highest earning decile. The top three deciles got 67% of the benefits (almost \$69 billion) and the bottom three lowest income deciles got a mere 5%. People like economists Harvey Stevens and Robin Boadway have looked at how progressive tax reform, including making more credits refundable and geared-to-income, could fund a basic income and make the system much simpler and fairer.

Estimates of a basic income in the range of \$30 billion dollars or more for Canada, in this context are reasonable and affordable, especially when we factor in savings down the road due to reduced costs of poverty and inequality. The very high estimates you may see are usually the upfront costs of universal demogrant model; once people have paid their taxes, the net cost would be much less.

What makes one design cost more or less than another depends on factors such as the benefit level and the rate at which benefits are reduced as other income increases (as we do with child benefits) to ensure that employment is rewarded while income security is maintained.

The most important consideration is whether we are getting good value for our money. A basic income produces greater individual and societal well-being that current income security programs cannot attain.

DID YOU KNOW?

Canada has several benchmarks that reflect how much income is adequate for basic needs:

- Statistics Canada produces three low-income measures. The LICO (low-income cut-off), varies by size of household and community but is based on 1992 spending patterns so its use is questioned and declining. The MBM (Market Basket Measure) defines the cost of a basket of goods sensitive to local cost of living. The LIM (Low Income Measure) is defined as 50% of median income.
- In 2014, the low-income rate using the MBM was 11.3% and the LIM was 13% (meaning between 3.9 and 4.5 million Canadians). The LIM amount for a single person was about \$21,120.
- In policy, for a single senior, the maximum OAS/GIS (plus provincial amounts) in 2016 was \$17,692 in Ontario but better in Saskatchewan. In the tax system, the Basic Personal Amount that you are considered to need before you start paying taxes was \$21,190 (\$11,327 federal and \$9,863 in Ontario). Ontario is using 75% of the LIM as an amount to test in the pilot and at about \$16,989, is a great deal better than the welfare rate of about \$9,500 for a single person.