Canadian Coalition for Public Health in the 21st Century Position Statement

CCPH21  CCSP21

Basic Income

MARCH 2017
The Canadian Coalition for Public Health in the 21st Century (CCPH21) is a national network of 24 non-profit organizations, professional associations, health charities and research organizations that share the common goal to improve and sustain the health of Canadians. Formed in May 2003, it now includes 24 member organizations.

**Mandate**
- CCPH21 advocates for public policy to ensure that adequate public health functions are in place and information is made available to protect and promote health, and prevent disease and injury.
- CCPH21 aims to help all stakeholders work together for the future of public health by generating ideas and potential policy directions for discussion among both the public and decision-makers.

**Principles**
- Public health is a pan-Canadian responsibility requiring national leadership with a co-operative approach across sectors and jurisdictions.
- The public health system focuses on population health and complements the health care system.
- Communicable and non-communicable disease and injury are effectively addressed by public health approaches and must be considered together for a healthy population.
- Public health activities can reduce pressures on the health care system.
- Funding to public health is an essential and strategic investment for Canadians and the economy.
- Canada requires immediate and sustained action and investment in Public Health in order to protect, promote, and preserve the health of all people living in Canada.

For more information, visit ccph21.ca
Poverty affects approximately 4.9 million Canadians, placing Canada among the lowest of countries belonging to the Organisation for Economic Co-operation and Development (OECD), with a ranking of 20 out of 31 countries. Poverty is addressed through a patchwork of federal, provincial and territorial (FPT) social assistance programs consisting of tax credits and subsidies. And while the Government of Canada is currently developing a poverty reduction strategy to improve our response to this issue, an alternative approach could be to provide a basic income to all Canadians in need.

The Canadian Coalition for Public Health in the 21st Century (CCPH21) calls upon the federal, provincial and territorial governments to investigate the establishment of a basic income approach to reducing poverty in Canada by:

- Completing an economic assessment to determine the cost of implementing a national basic income, and
- Supporting the basic income pilot project in Ontario to facilitate the collection of unbiased evidence regarding the cost and efficacy of a basic income program.

**CONTEXT**

**Defining Poverty**

While Canada does not have a formal definition of poverty, two measures of low income are used as substitutes:

- Low Income Measure (LIM) is calculated as 50% of the median adjusted Canadian household income, adjusted for household size; and
- Low Income Cut-Off (LICO) is calculated based on the percentage of income that a household spends on necessities relative to their average cost.

A third measure, the Market Basket Measure, is derived from the cost of a basket of goods and services for a household of two adults (age 25-49) and two children. The basket includes the core necessities (food, shelter, clothing) as well as a number of social amenities. The most recent data for this analysis is from 2011.

**Poverty and Health**

Poverty undermines quality of life. Low income and impoverished populations have difficulty accessing food, shelter, employment and health care, and are less informed about their health. There is a positive relationship between income and health, with those in each higher income quintile being in better health than those in lower quintiles. The effects of poverty on health are both direct and indirect, and include but are not limited to:

- Poor education as a result of having to leave school early, or not being able to afford post-secondary education, resulting in lower health literacy;
- Poor housing that can result in overcrowding, exposure to mould and poor sanitation, leading to illness;
- Limited employment opportunities resulting from low education, or low-paying and precarious employment where individuals are more likely to experience conditions that are harmful to their health; and
- Food insecurity resulting from limited access to sufficient and nutritious food.

**Canadian Situation**

All Canadian provinces and territories provide some form of low-income support, although eligibility and levels of support vary according to the jurisdiction. These include income support, disability assistance, and child care benefits. Similarly, the federal government provides support for seniors and children through old age security (OAS), the guaranteed income supplement (GIS) and the Canada Child Benefit (CCB). Federal social assistance programs redistribute about 26 cents of each tax dollar among Canadian citizens in need. For 2016-17, these transfers are estimated at $70.9 billion. The largest transfers were for elder benefits (OAS, GIS, Allowance for Spouses) at $41.8 billion, while children’s benefits (CCB) are estimated at $13.1 billion.

There has been progress made in addressing seniors living in poverty. The GIS, which supplements the OAS, can be viewed as a form of basic income and is available to those 65 years of age and older and has raised many of those with low income above the poverty line. Similarly, the recent introduction of the CCB is expected to help raise as many as 300,000 families out of poverty. The Canadian ‘social safety net’, however, can trap families in poverty and offers little assistance to childless adults. For example, eligibility for most services is determined through needs testing; to qualify for social assistance applicants may be required to deplete all assets. Such eligibility conditions mean that applicants are unable to put money into savings or build on
past income during a period of economic insecurity, thereby hindering their ability to build resilience.

**Basic Income**

An alternative to the current social assistance structure is to provide a basic income (also known as a minimum income or a guaranteed income) to all who need it. Basic income refers to an income that is unconditionally granted and could be used as a replacement or complement to other social programs. One argument in favour of basic income programs is that they provide individuals with the freedom to make their own choices and therefore are less stigmatizing and more equitable. However, they may be expensive and do not take into account the diversity of causes of poverty.

Several forms have been proposed. One is a minimum income guarantee, which exists through a system of payments by a government to citizens who fail to meet one or more means tests. Minimum income guarantee programs exist in several countries and commonly exist under two models: a universal demogrant model and a negative tax model (NIT). The NIT model is often favoured as it targets those with the greatest need, and may cost the government less as fewer would receive the benefit.

Basic income programs have existed in many forms for decades, with experiments occurring in several US states during the late 1960s. These attempts were generally viewed as failures. A basic income experiment was also conducted in Canada. The Manitoba Basic Annual Income Experiment (MINCOME) was implemented from 1974 to 1979 and showed some positive outcomes, such as:

- students were more likely to stay in high school; and
- a reduction in hospital stays for accidents, injuries, and mental health.

The data collected, however, was never fully analysed.

Internationally, basic income program pilots are planned in California and the Netherlands, while Finland began a basic income pilot project on January 1, 2017. Two thousand Finns receiving unemployment benefits were randomly selected to receive a monthly basic income of 560 euros ($782 CAD) that is deducted from any other benefits they are receiving. The pilot project will continue for two years.

**Current Status in Canada**

While basic income programs may be viewed as a viable alternative to the current programs, most of the pilot projects such as MINCOME occurred in the 1960s and 1970s. As such, they do not reflect the current economic, employment, and social considerations. There is a need for updated research about their possible effectiveness in today’s society prior to establishing such a system.

A new basic income pilot project will begin in Ontario in 2017 based on recommendations presented in a discussion paper that was released in November 2016. The recommendations included that the pilot project should:

- Take place in three different communities (one in southern Ontario, one in northern Ontario and in an Indigenous community);
- Continue for three years; and
- Provide individuals with $1320/month.

This pilot will provide data on the effectiveness of basic income programs to reduce poverty, improve health and education, and increase food security.

**REFERENCES**

6. A demogrant is a grant based on purely demographic principals such as age and sex.