



P.O. Box 1749
Halifax, Nova Scotia
B3J 3A5 Canada

Item No. 4.2
Community Planning & Economic Development
December 4, 2017

TO: Chair and Members of Community Planning & Economic Development Standing Committee

SUBMITTED BY: Original Signed

John Traves, QC, Director, Legal, Municipal Clerk & External Affairs

DATE: September 27, 2017

SUBJECT: Support for the Institution of a Basic Income for Nova Scotia

ORIGIN

On July 20, 2017, the Community Planning & Economic Standing Committee passed the following motion:

THAT the Community Planning & Economic Development Standing Committee refer the correspondence from Basic Income Nova Scotia dated May 18, 2017 to staff for a report regarding the requests from Basic Income Nova Scotia

LEGISLATIVE AUTHORITY

The Halifax Regional Municipality Charter

2 The purpose of this Act is to

(a) give broad authority to the Council, including broad authority to pass by-laws, and respect its right to govern the Municipality in whatever ways the Council considers appropriate within the jurisdiction given to it;

(b) enhance the ability of the Council to respond to present and future issues in the Municipality; and

(c) recognize that the functions of the Municipality are to

(i) provide good government,

(ii) provide services, facilities and other things that, in the opinion of the Council, are necessary or desirable for all or part of the Municipality, and

(iii) develop and maintain safe and viable communities.

RECOMMENDATION

It is recommended that CPED recommend that Halifax Regional Council direct the CAO to direct staff to

- (1) monitor the progress of federal and provincial poverty reduction action plans and strategies with a view to identifying opportunities for HRM to engage within its mandate,
- (2) monitor the basic income projects underway in Ontario and Finland, and
- (3) report back periodically to CPED and Regional Council on the monitoring.

BACKGROUND

On May 18, 2017, representatives from Basic Income Nova Scotia (BINS) presented to CPED. The presentation, entitled “Basic Income: How Can City Council Help?” is Attachment A to this report.

The presentation described what “Basic Income” is and why it is important. The presentation also suggested some things that HRM could do. BINS asked HRM that

“Consistent with your recently announced poverty strategy:

1. Issue a proclamation, pass a resolution, or in some other way publicly declare support for instituting a Basic Income in Nova Scotia;
2. Encourage other municipalities throughout Nova Scotia to do the same; and
3. Indicate publicly that the HRM City Council is willing to co-fund a feasibility study to determine how best to implement a Basic Income in Nova Scotia, subject to a similar commitment from the Provincial and Federal governments.”

DISCUSSION

Introduction

Although many organizations are working to reduce the impact of poverty, there does not seem to be a simple definition of “poverty” in common use nor is there a single cause of poverty

Alan Broadbent is the founder and Chairman of the Maytree foundation which focuses on poverty issues in Canada. Mr. Broadbent has stated that:

Poverty is a complex issue that has no single cause. Our sense of what poverty “means” must at all times be approached with a mindset of humility and an understanding that each person experiences poverty differently. Each person’s story is unique and a product of multiple complex interrelating causes.¹

Instead of boutique programs that are not designed to scale, what we need is a focus on some big instruments that will effectively and enduringly change lives for the better.²

Mr. Broadbent notes four areas of opportunity in work on reducing poverty: housing, transportation, income and health care. For “income” he points to policy interventions like the Canada Child Tax Benefit, the Guaranteed Income Supplement to Old Age Security, Unemployment Insurance and the establishment of the Workplace Safety and Insurance Board as examples of such “big instruments”.

BINS focuses on the “income” intervention and sees “basic income” as an instrument that could have a significant impact on poverty in Nova Scotia.

What is “Basic Income”?

The concept of “basic income” is not a new concept. It has been around for many years under various names such as basic income guarantee, guaranteed annual income, universal basic income, and negative income tax. Whatever name is used, the idea is that all people should have enough income to meet their basic needs. This idea is captured in BINS definition which defined basic income as “an income adequate

¹ London for All – A Roadmap to End Poverty, March 2016, City of London, pg. 8.

² Getting the big things right in poverty reduction, August 25, 2017, Alan Broadbent
<https://maytree.com/publications/getting-big-things-right-poverty-reduction/>

to meet a person's basic needs and provide other resources that facilitate social engagement such as travel and communication.”

A basic income is a form of social security in which all citizens or residents receive a regular, unconditional sum of money, either from a government or some other public institution, independent of any other income. One way this can be accomplished is through “negative income tax” whereby people earning below a certain amount receive supplemental pay from the government instead of paying taxes to the government.

Over the years, there has been widespread interest in the concept. There have been experiments with variations of basic income, including some in Canada. As poverty reduction efforts intensify across Canada, people are taking a renewed interest in basic income.

Recent Writings

Fraser Institute

In a January 2015 report called “The Practical Challenges of Creating a Guaranteed Annual Income in Canada”, the Fraser Institute documented the pros and cons of a guaranteed annual income (GAI). (<https://www.fraserinstitute.org/sites/default/files/practical-challenges-of-creating-a-guaranteed-annual-income-in-canada.pdf>)

The report notes (at page 12) that a “guaranteed annual income is typically defined as a single federal program that replaces the existing and much more complicated income support system operated by all levels of government. It is also understood to be a cash transfer without stringent eligibility requirements or conditions”. The report estimates that the existing income support system includes approximately \$185.1 billion in total spending and tax measures by the federal, provincial, and local governments.

The report lists some advantages for a GAI approach being:

- administrative simplicity;
- greater flexibility for recipients; and
- easier access to income support programs.

The report identifies some practical implementation challenges:

- the three orders of government would have to agree to collapse all income support programs to make way for a single GAI;
- complications involved in replacing specific programs could mean the GAI becomes an add-on rather than a replacement to the income support system;
- experience with less comprehensive reforms suggests that transitioning to a GAI could encounter major administrative problems; and
- a risk after implementation comes from groups who, through political pressure, would expand or complicate the program thereby undermining the simplicity advantage.

The report (at pages 23-25) directly addresses the issue of eliminating poverty. It notes that GAI is often presented as the ultimate solution to poverty (at page 23) but warns that the claim that GAI “can eliminate poverty relies on the assumption that poverty can be solved solely by providing the poor with more income.” (page 23)

Since poverty is a much more complicated issue than simply a lack of income, it “does not lend itself easily to a simple “one size fits all” type of solution.” (at page 23) While GAI might boost the living standard of some people in the short term, it will not address “the underlying drivers that cause them to experience persistent low income in the first place.” (at page 25)

The report adds that the “pathologies of poverty are complex and depend on individual circumstances, so the solutions are likely to be much more nuanced than simply a guaranteed income. Since poverty tends to be concentrated among specific groups with diverse needs, an alternative option would employ targeted strategies rather than a universal program like a GAI.” (at page 25)

Canadian Centre for Policy Alternatives

In a May 31, 2016 presentation entitled “Income-Based Solutions to Poverty Alleviation” to a Halifax United Way Poverty Summit, Christine Saulnier, Director of CCPA-NS considered three approaches: basic income, raising the minimum wage, and living wage.

On basic income, Ms Saulnier used the Basic Income Canada description that basic income “ensures everyone an income sufficient to meet basic needs and live with dignity, regardless of work status.” She looked at different models where government(s) provide the income but there are differences in who gets it, how much they get and how/if the payments change as people earn more. She saw real benefits from a basic income program including alleviating poverty, improving work incentives, achieving better labour markets, more equality and other social and environmental improvements. She noted that there are questions about how to pay for a basic income and whether such a program is the best use of government resources given the variety of needs that exist. Could a basic income leave some people actually worse off?

Federation of Canadian Municipalities

In “Ending Poverty Start Locally” (https://fcm.ca/Documents/issues/Poverty_Reduction_EN.pdf) FCM includes, among its 12 recommendations, one to explore basic income models:

“Recommendation #7: Explore basic-income-guarantee models

The federal government should undertake a rigorous process to determine the most effective ways to strengthen Canadians’ income security. FCM specifically recommends investigating and developing options for how a basic income guarantee could be delivered in Canada. This robust research process should directly engage local and provincial/ territorial governments. It should also clearly outline next steps on implementation once the outcomes of this comprehensive research and engagement process are determined.”

Ontario Pilot Project

Ontario is currently implementing a basic income pilot project. *Finding a Better Way: A Basic Income Pilot Project for Ontario*, a discussion paper by former Senator Hugh D Segal in 2016 (https://files.ontario.ca/discussionpaper_nov3_english_final.pdf), lays out the steps forward for the organization, planning, administration, and design of a Basic Income Pilot for Ontario. It also includes the rationale for a basic income program.

Segal writes that “The idea of ensuring that individuals reach a level of Basic Income (minimum income, guaranteed income, etc.) as a means to poverty abatement has been presented for decades, in many jurisdictions.” He adds that “research on the implementation and implications of such policies is still scarce.”

Segal sees a pilot project in Ontario as answering some key questions like: Can a Basic Income approach:

- provide a more efficient, less intrusive, and less stigmatizing way of delivering income support for those now living in poverty?
- encourage work, relieve financial and time poverty, and reduce economic marginalization?
- reduce cost pressures in other areas of government spending, such as healthcare?
- strengthen the incentive to work, by responsibly helping those who are working but still living below the poverty line?

Segal notes at page 21 that “There is a profound difference between a welfare system characterized by rigid eligibility conditions (and their enforcement and monitoring) versus a system of automatic transfers for those beneath an income threshold. The first speaks to the notion of efficiency in the administration of social assistance, rather than to the enhancement and protection of human dignity. The second is associated with the capacity of individuals to make their own choices about their own lives.”

He adds, at page 21, “People living in monetary poverty often also experience time poverty. They are in a daily race to meet the most basic and modest of survival needs, with far less resources than are required. This harms families, children, and relationships. Properly executed, a Basic Income could make a serious difference on all these fronts.”

Segal’s interest in the issue goes back some time. In 2013 he wrote,

“The real problem in our approach to poverty reduction is that it depends on the state and its employees assessing whether poorer fellow citizens are deserving of support. This is both deeply inefficient, fraught with bureaucratic excess and causes the wrong incentives to prevail. Young welfare mothers lose welfare benefits (for housing or their children) when they find work. And, in most Canadian provinces and American states, welfare pays far less than the poverty line itself.

The answer, in terms of poverty reduction for working age people, is the same as it has been over decades for seniors -- automatic top-ups for those who fall beneath the poverty line. When that happened for seniors in Ontario in the mid-1970s, their poverty rate fell from over thirty percent to under five percent -- without the hiring of additional civil servants -- largely because the tax system was the chosen delivery instrument. This Ontario plan migrated to all provinces and the federal government. It brought seniors back into the economic mainstream.”

(http://www.huffingtonpost.ca/hugh-segal/guaranteed-annual-income_b_3037347.html?utm_hp_ref=ca-negative-income-tax).

Experience to date

Canada

Several jurisdictions have implemented elements of a basic income program. Some examples include Manitoba, Ontario, Nova Scotia, Germany and Finland.

Manitoba

“Mincome” was an experimental guaranteed annual income project. Funded jointly by the provincial and federal governments, it was launched in February 1974 and closed in 1979. Its purpose was to assess the social impact of a guaranteed, unconditional annual income, including whether a program of this nature would cause disincentives to work for the recipients and how great such a disincentive would be. There was no clear result from the work that was done. It was neither successful enough to be scaled up nor such a failure that attempts to provide a basic income were never to be tried again. Data from the experiment is stored at the University of Manitoba.

<https://www.winnipegfreepress.com/opinion/analysis/revisiting-manitobas-basic-income-experiment-411490895.html>

Ontario

Ontario has recently launched a Basic Income Pilot in Hamilton, Brantford, Brant County, and Thunder Bay. Work in Lindsay will begin the fall of 2017. The Ministry of Community & Social Services is conducting the pilot study. People in those communities can apply if:

- they are 18 to 64 years old;
- living in one of the selected test regions for the past 12 months or longer (and still live there); and
- living on a low income (under \$34,000 per year if single or under \$48,000 per year if a couple).

Payment amount - the payment will ensure a minimum level of income is provided to participants. Payments will be based on 75% of the Low-Income Measure (LIM), plus other broadly available tax credits and benefits, would provide an income that will meet household costs and average health-related spending.

Following a tax credit model, the Ontario Basic Income Pilot will ensure that participants receive up to:

- \$16,989 per year for a single person, less 50% of any earned income; or
- \$24,027 per year for a couple, less 50% of any earned income.

People with a disability will also receive up to \$500 per month on top of the applicable amount.

Nova Scotia

In a review conducted as part of the transformation of the Employment Support and Income Assistance program in Nova Scotia, Department of Community Services (DCS) officials looked at the issue of income security. They calculated that the rough total cost of all provincial programs directed to low income Nova Scotians was just under \$410 million.

Providing what it called a “universal basic income” described as a “single standardized payment to all Nova Scotian households, regardless of need or income, and with no work requirement” would cost about \$9 billion.

Providing a “guaranteed minimum income”, a “single income security program that is completely income tested, and will provide an income floor for all Nova Scotians i.e. top-up to a set income level” would cost \$2.1 billion for an income level of 100% of LICO (e.g. \$1395 monthly for a single person.)

DCS officials concluded that there was no viable way for the province alone to finance a universal guaranteed annual income at this level for Nova Scotians.

These calculations, as rough as they may be, underscore the Fraser Institute’s suggestion in its report that if basic income programs were going to happen in Canada beyond the pilot stage, all governments would need to pool their funds and the Federal government would need to manage those funds.

Elsewhere

Germany

In 2013, a parliamentary commission concluded that a basic income program was “unrealizable” because:

- it would cause a significant decrease in the motivation to work among citizens, with unpredictable consequences for the national economy;
- it would require a complete restructuring of the taxation, social insurance and pension systems, which will cost a significant amount of money;
- the current system of social help in Germany is regarded as more effective because it's more personalized: the amount of help provided is not fixed and depends on the financial situation of the person and for some socially vulnerable groups the basic income could be insufficient;

- it would cause a vast increase in immigration;
- it would cause a rise in the shadow economy;
- the corresponding rise of taxes would cause more inequality: higher taxes would translate into higher prices of everyday products, harming the finances of poor people; and
- no viable way to finance basic income in Germany was found.

Finland

Finland is implementing plans that will make it the first country in the world to offer all its citizens a basic income. The plan would see Finnish citizens receive 800 euro (approximately \$1,170 CAD at current exchange rates) from the government each month. An initial pilot program would pay participants 550 euro (\$805 CAD).

(<https://www.theguardian.com/society/2017/feb/19/basic-income-finland-low-wages-fewer-jobs>)

The Finnish experiment will have 2000 randomly selected unemployed people between the ages of 25 and 58 receive a guaranteed sum of roughly \$805 per month for 2 years. This money replaces the Finnish unemployment benefit and they will continue to receive it, even if they find work. The government hopes this will encourage the unemployed to take on part-time work without losing their benefits.

Role for HRM

HRM does not have the authority or the resources to institute, fund or sustain a basic income program. Basic Income Nova Scotia did not ask HRM to do so.

BINS asked HRM to

- “1. Issue a proclamation, pass a resolution, or in some other way publicly declare support for instituting a Basic Income in Nova Scotia;
2. Encourage other municipalities throughout Nova Scotia to do the same; and
3. Indicate publicly that the HRM City Council is willing to co-fund a feasibility study to determine how best to implement a Basic Income in Nova Scotia, subject to a similar commitment from the Provincial and Federal governments.

At this point, it is uncertain whether a guaranteed basic income will be implemented for the residents of the Municipality. The extent and form of the Federal government’s poverty reduction strategy is unknown. Without federal support, it seems unlikely the Province of Nova Scotia will include a basic income program in its strategy.

From HRM’s perspective, until the HRM/United Way poverty solutions work is more developed, it seems premature to support Basic Income or encourage other municipalities to do so. Rather, staff is recommending that the Municipality monitor the progress of the provincial and federal strategies as well as FCM’s response these strategies. This will include monitoring the pilot projects in Ontario.

FINANCIAL IMPLICATIONS

This report has no financial implications. Following up on the recommendations included in the report will require staff time which can be absorbed in ongoing budgets.

RISK CONSIDERATION

Monitoring work being done by others does not pose any risks for HRM. Choosing not to respond more actively on this file will not be well received by proponents of basic income but given the challenges of funding, designing and managing a basic income program, caution is a defensible approach.

COMMUNITY ENGAGEMENT

This report is a response to a knowledgeable and organized segment of the community, Basic Income Nova Scotia. No other community engagement was undertaken for the report. Ongoing monitoring of basic income work in other jurisdictions may well lead to a need for additional engagement activities.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications in this report.

ALTERNATIVES

This report essentially asks HRM staff to monitor developments in the field of basic income.

CPED could recommend to Regional Council that Council refuse to direct staff to monitor the poverty reduction strategies of the federal and provincial governments. This alternative is not recommended as the Federal government is preparing a poverty reduction strategy.

ATTACHMENTS

A – Basic Income – How Can City Council Help

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

Report Prepared by: Chris Bryant, Senior Advisor, GREA, 902.490.379

Basic Income: How Can City Council Help?

Presented by Mandy Kay-Raining Bird
on behalf of Basic Income Nova Scotia

Outline of Presentation

- What is Basic Income?
- Why a Basic Income?
- What can HRM City Council do?

- <https://www.youtube.com/watch?v=qlwyTtPY0vY>

What is a Basic Income?

- Basic income is an income adequate to meet a person's basic needs and provide other resources that facilitate social engagement such as travel and communication.

What is a Basic Income?

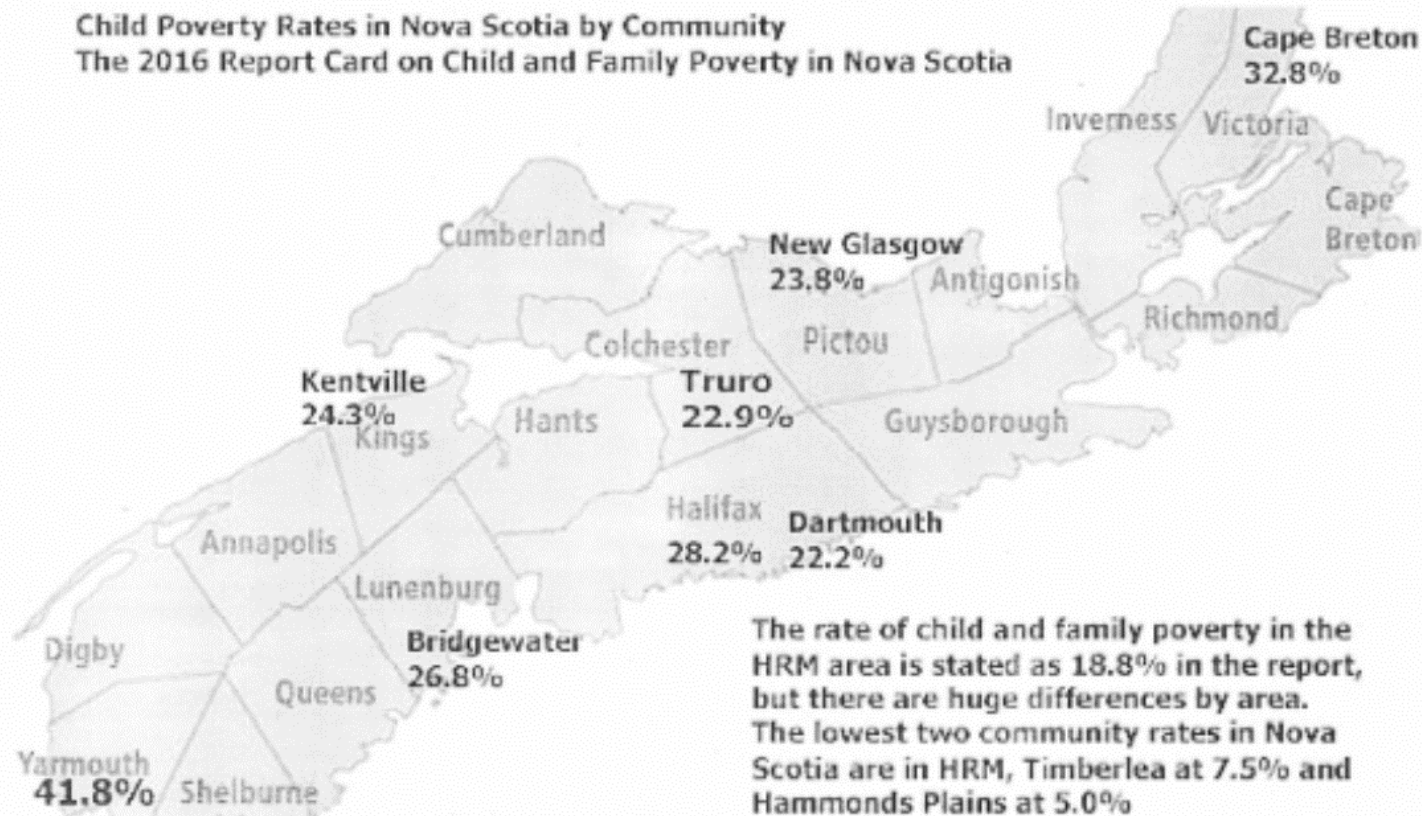
- A Basic Income can and should be financially viable (e.g., Boadway et al., 2016)
- It would not replace
 - Publicly funded health care
 - Disability support payments
 - Employment insurance (currently funded by employers and workers)
- But it might replace
 - Other systems of supports such as social assistance and old-age security

Why a Basic Income?

- Because poverty rates are high
- Because the current system is not alleviating poverty
- Because poverty puts people at significant risk
- Because work is becoming increasingly precarious

- We believe a Basic Income is the best way to address these growing concerns

Poverty Rates Are High & The Current System is not Alleviating Poverty



(Frank, 2016 CCPA;
<https://www.policyalternatives.ca/publications/reports/2016-report-card-child-and-family-poverty-nova-scotia>)

Poverty Rates Are High & The Current System is not Alleviating Poverty

Statistical Indicators of Poverty *(Unofficial Measurement Tools)*

	LICO⁹ Low Income Cut-off After-tax	LIM¹⁰ Low-Income Measurement	MBM¹¹ Market Basket Measure	Food Bank Usage¹²	Welfare Recipients¹³
2000	105,000, 11.6%	144,000, 15.9%	129,000, 14.2%	20,917, 2.2%	73,700
2005	78,000, 8.6%	135,000, 14.8%	130,000, 14.3%	25,453, 2.7%	52,300
2009	73,000, 8.0%	153,000, 16.8%	142,000, 15.5%	20,344, 2.2%	42,300
2010	71,000, 7.7%	135,000, 14.7%	132,000, 14.5%	22,573, 2.4%	43,200
2011	64,000, 7.0%	123,000, 13.5%	131,000, 14.3%	22,550, 2.4%	43,100
2012	77,000, 8.4%	140,000, 15.3%	145,000, 15.8%	23,561, 2.5%	43,700
2013	*	134,000, 14.6%**	*	21,760, 2.3% ¹⁴	43,800
2014	*	*	*	19,664, 2.1% ¹⁵	43,100

Note: 2009 – poverty reduction strategy introduced

NS Poverty
Progress Profile,
Canada without
Poverty, 2015

Poverty Rates Are High & The Current System is not Alleviating Poverty

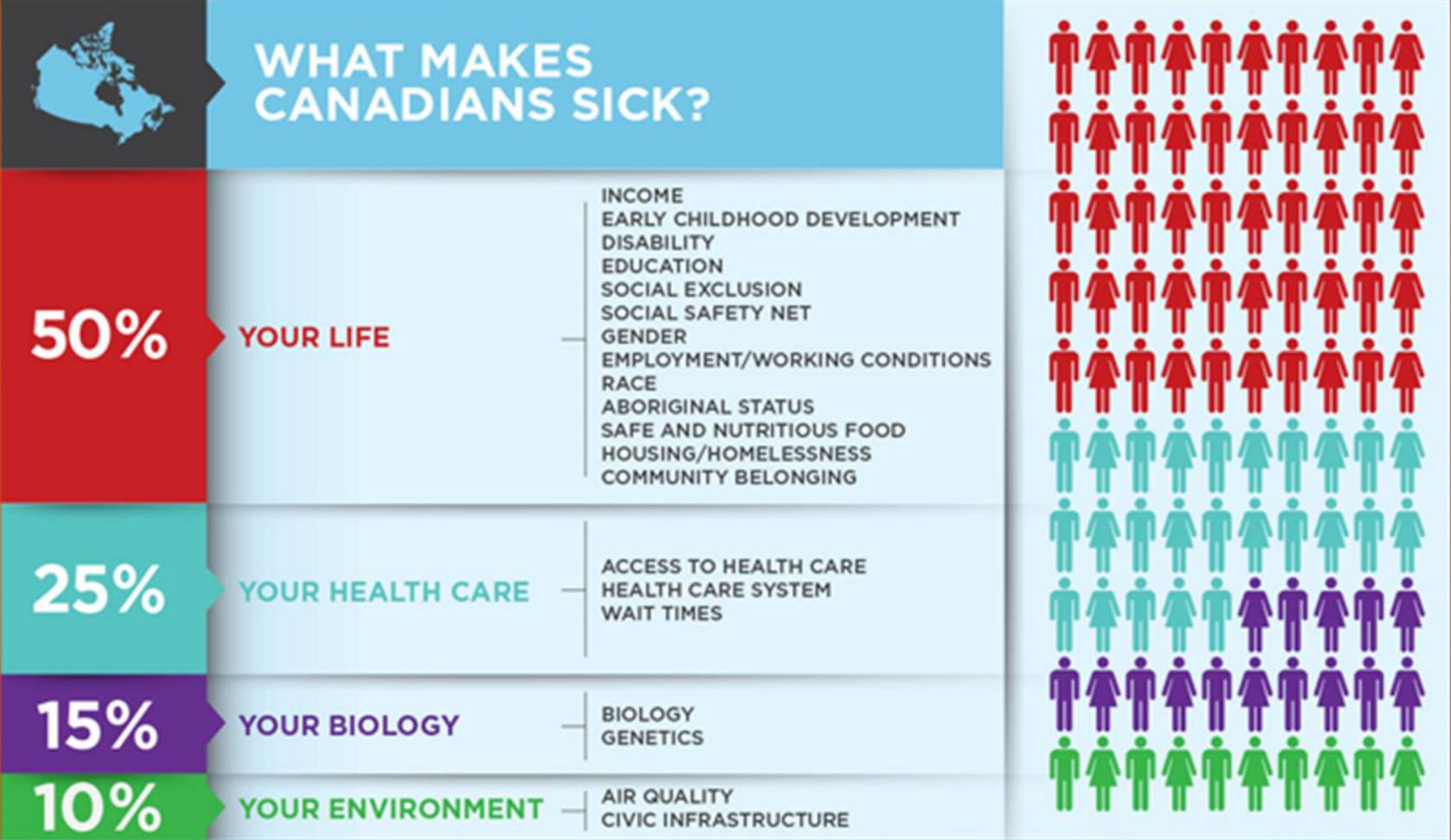
NS	Total Welfare Incomes	2014 LICO	Poverty Gap	Welfare Income as % of LICO
Single employable	\$7,182	\$17,050	-\$9,868	42.1%
person with disability	\$10,015	\$17,050	-\$7,035	58.7%
single parent, one child	\$16,384	\$20,750	-\$4,366	79.0%
couple, two children	\$23,431	\$31,835	-\$8,805	72.7%

Caledon Institute of Social Policy, 2015;
<http://www.caledoninst.org/Publications/PDF/1086ENG%2Epdf>

Poverty Puts People at Significant Risk

- People in poverty are more likely to
 - Experience mental or physical health problems
 - Have inadequate housing or be homeless
 - Be exposed to environmental toxins
 - Live with a disability
 - Experience food insecurity and malnutrition
 - Have less education
 - Be under- or unemployed
 - Be socially excluded
 - Children's development can be negatively affected

Poverty Puts People at Significant Risk



THESE ARE CANADA'S SOCIAL DETERMINANTS OF HEALTH #SDOH

Work Is Becoming Increasingly Precarious

Table 1: Percentage of workers in precarious employment (total employed, all classes of workers, age 15+) ⁴⁴

	1976	1989	1997	2007	2011	2014
Temporary employment	–	6.5*	9.4	11.0	11.6	11.3
Self-employed no employees	6.3	7.2	10.7	10.3	10.5	10.5
Total precarious employed	–	13.7	20.1	21.3	22.1	21.8

* 1989 temporary employment Vosko et.al. 2009 p. 30 (ages 15-64 only).

Source: Statistics Canada tables 282-0080; 282-0012.

Why a Basic Income?

- Research has shown that a Basic Income will
 - Radically reduce or eliminate poverty
 - Decrease health care costs
 - Increase work choices
 - Increase education retention and continuation
 - Stimulate urban and rural economies

Why a Basic Income?

- In a society as wealthy as ours, we, the members of Basic Income Nova Scotia, believe that no child or adult should live in poverty.
- We believe the best solution to poverty and the increasing precarity of work is to ensure that all people have a Basic Income.

What can HRM City Council do?

Consistent with your recently announced poverty strategy:

1. Issue a proclamation, pass a resolution, or in some other way publicly declare support for instituting a Basic Income in Nova Scotia;
2. Encourage other municipalities throughout Nova Scotia to do the same; and
3. Indicate publicly that the HRM City Council is willing to co-fund a feasibility study to determine how best to implement a Basic Income in Nova Scotia, subject to a similar commitment from the Provincial and Federal governments.

Thank you

Questions?