



PRESS RELEASE

Post-COVID Income Support is an Opportunity to Pilot a Guaranteed Basic Income Program

For immediate distribution

OTTAWA, July 7, 2020 – The Honourable Yuen Pau Woo, Senator for British Columbia issued the following press release:

The need for continued income support in the face of an uncertain economic outlook post-COVID 19 is an opportunity to pilot a guaranteed basic income (GBI) program.

“With the Canada Emergency Response Benefit (CERB) slated to end on October 4, there will be a need for alternative forms of income support for Canadians,” said Senator Yuen Pau Woo of British Columbia. “A basic income pilot would not only address the needs of low-income families but also test the hypothesis that such programs generate benefits for society that go beyond the monetary support provided to recipients”.

At the request of Senator Yuen Pau Woo, the Parliamentary Budget Officer today released a report which suggests that a national guaranteed basic income, modeled on the now-aborted Ontario pilot project of 2018, would cost upwards of \$48b over a six-month period.

The net cost of a GBI would be much less, considering that there are a variety of existing support programs at the Federal and Provincial level that could be scaled back or eliminated altogether. The PBO has estimated the cost of these possible fiscal offsets at around \$46b.

Extending the CERB to the end of March 2021, on the other hand, would cost around \$60b. The PBO scenarios for basic income include different levels of benefit reduction that create incentives for recipients to earn additional income, unlike the CERB.

Implementing a basic income program will not be as expensive as alternatives such as CERB, and can be offset by the judicious scaling back of tax credits that disproportionately benefit Canadians who earn higher incomes. In any case, a well-designed pilot project can provide the evidence that is needed to demonstrate whether basic income delivers on the benefits that have been touted by advocates – such as improved health, education, and other social outcomes. It will also allow for real-life measurements of possible disincentive effects on the labour market.

“There has been a groundswell of interest in basic income in recent months, as part of a broader discussion on gaps in Canada’s patchwork of social safety nets,” Senator Woo added.

Given the role of provincial governments in social assistance, it is unlikely that a national basic income scheme can be implemented without provincial participation. However, some provinces may be inclined to pilot a basic income scheme in lieu of a CERB extension, and put to test various proposals that are already being discussed at the sub-national level.

British Columbia and PEI stand out as two jurisdictions where the respective governments have actively encouraged discussion of basic income, and mused about pilot projects. Now is the time to put those ideas into action.

According to the PBO, the estimated gross cost of a GBI for British Columbia is upwards of \$5.7b, and a minimum of \$146m for PEI, not including fiscal offsets.

“Many Canadians are convinced that a guaranteed basic income scheme is a necessary next step in the evolution of the country’s social assistance programs. For others, GBI is a risky leap of faith. The impending expiry of current COVID support programs is an opportunity to test basic income while helping Canadians weather the uncertainty of a post-COVID world”.

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