

TO:	CHAIR AND MEMBERS COMMUNITY AND PROTECTIVE SERVICES COMMITTEE MEETING OF DECEMBER 13, 2016
FROM:	SANDRA DATARS BERE, MANAGING DIRECTOR HOUSING, SOCIAL SERVICES AND DEARNESS HOME AND LYNNE LIVINGSTONE, MANAGING DIRECTOR NEIGHBOURHOOD, CHILDREN AND FIRE SERVICES
SUBJECT:	BASIC INCOME PILOT PROJECT FOR ONTARIO

RECOMMENDATION

That, on the recommendation of the Managing Director, Housing Social Services and Dearness Home and the Managing Director of Neighbourhood, Children and Fire Services, the report on Basic Income Pilot Project for Ontario **BE RECEIVED** for information.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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- London for All: A Roadmap to End Poverty (April 18th, 2016)
- London for All Update: First 12 Month Recommendations and Development of the Implementation Body (November 15, 2016)

BACKGROUND

The Province of Ontario is holding consultations through both electronic and facilitated in-person sessions, to gather feedback from Ontarians about the design of a Basic Income pilot project for Ontario. This discussion around basic income and the current community consultations led by the Province are directly related to the Strategic Plan for the City of London in the strategic area of focus, *Strengthening our Community, caring and compassionate services*. Specifically, the Strategic Plan sets out to “eliminate barriers for individuals facing poverty, mental health and addictions and help them find pathways to be successful.”

In addition to the City’s Strategic Plan, the conversation about basic income is intrinsically linked to *London for All: A Roadmap to End Poverty*. One of the recommendations in the Income & Employment section of that report is for London to “become a Basic Income Guarantee pilot site.”

In order to contextualize the conversation about basic income in our community, this report will:

1. Provide an overview of the concept of basic income
2. Provide an update on the Provincial consultations about the Basic Income Pilot Project
3. Highlight what is going on in other municipalities in relation to basic income
4. Highlight what is going on in London in relation to basic income
5. Provide City Council with next steps related to community consultations for basic income

1. Overview of Basic Income

There is a growing conversation about basic income, both in Canada and abroad, “that a basic income could build on the success of minimum wage policies and increases in child benefits by providing more consistent and predictable support in the context of today’s dynamic labour market and lifting more people out of poverty”¹. While there are various definitions of ‘basic income’ or ‘guaranteed minimum income’, it is generally understood to be a payment to individuals and families to make sure that everyone benefits from a minimum level of income.

Basic income was first tested in Canada in Dauphin, Manitoba in the 1970s. The *Mincome* project provided a guaranteed income to the participants of the trial every month and conducted an in-depth evaluation about the impact to the participants as a result of guaranteed income. Through the study it was determined that supplementing the income of the working poor did not result in any

¹ Ontario budget 2016, Section E, Towards a Fairer Society

reduced motivation to work and/or seek employment opportunities. The introduction of *Mincome* is directly correlated with increased positive health outcomes (decreased rates of hospitalization for medical and psychiatric-related visits) as well as improved educational outcomes for young people (increase in the number of young people graduating from high school)².

Presently, several other countries are exploring the concept of a basic income. In the Netherlands, the city of Utrecht plans to conduct a basic income experiment this year with 250 of its residents³. In addition, Finland is considering introducing a basic income for 2,000 to 3,000 residents in 2017⁴.

Ontario's pilot initiative would test "whether a basic income would provide a more efficient way of delivering income support, strengthen the attachment to the labour force, and achieve savings in other areas, such as health care and housing supports than the current social services delivery model"⁵.

2. Provincial Consultations on the Basic Income Pilot Project

In the 2016 Provincial Budget, the Province announced that a pilot project to guarantee a minimum level of income to all low-income individuals and families would take place. The Basic Income Pilot project will be conducted in three Ontario communities: one in the north, a second in the south and a third pilot program in a First Nations community.

In November of 2016, Ontario's special advisor on basic income, the Honourable Hugh Segal, released a discussion paper on this subject entitled *Finding a Better Way: a Basic Income Pilot Project for Ontario*. The paper recommends an unconditional, non-taxable payment to adults between the ages of 18 and 65.

The discussion paper proposes that a pilot project must begin with an understanding of the costs of poverty from a holistic perspective, which should include considerations of the financial impact through welfare and disability payments, as well as pressure on the health system and the economy as a whole. This paper proposes that a basic income could "reduce poverty more effectively, encourage work, reduce stigmatization, and produce better health outcomes and better life chances for recipients." Under the pilot project, basic income would be administered as a negative income tax, providing individuals below a designated minimum income level with financial support from the government.

The complete discussion paper and Consultation Guide for the Basic Income Pilot project can be found at <https://www.ontario.ca/page/consultation-guide-basic-income-pilot-project>.

The Ontario government is holding consultations through both electronic and facilitated in-person sessions, to gather feedback from Ontarians about the design of the pilot project in various communities between now and the end of January 2017. The London meeting will take place on January 31, 2017. The five key issues the province will be seeking feedback on are:

1. Eligibility for the pilot;
2. Site selection;
3. Benefit design;
4. Evaluation approach; and,
5. Administration/design.

Feedback from the public will assist the Provincial government to finalize development of the pilot project. A final report will be prepared to introduce a plan for the pilot in April 2017.

3. Updates from Other Municipalities and Basic Income

The City of Kingston was the first municipality in Ontario to endorse the concept of basic income guarantee for all Canadians in December 2015. Waterloo Region and Sarnia-Lambton have proposed that their communities be considered as test sites for the provincial basic income pilot project.

2 Forget, E. L. (2011). The town with no poverty: the health effects of a Canadian Guaranteed Annual Income Field Experiment. *Canadian Public Policy*, 37(3), 283-305.

3 <http://www.theatlantic.com/business/archive/2016/06/netherlands-utrecht-universal-basic-income-experiment/487883/>

4 <http://www.demoshelsinki.fi/en/2016/08/30/thousands-to-receive-basic-income-in-finland-a-trial-that-could-lead-to-the-greatest-societal-transformation-of-our-time/>

5 Ontario budget, Section E, Towards a Fairer Society

4. Updates from the London community related to Basic Income

The Middlesex-London Health Unit (MLHU) supported the concept of a basic income in 2015. In November 2016, the MLHU Board asked their staff to prepare a written submission to the Ontario Government’s Basic Income Pilot, urging that it be funded at a sufficient level to ensure adequate benefits and strong study design.

In addition, the London Poverty Research Centre held a discussion on basic income in April 2016 with two leading experts (Dr. Evelyn Forget and Senator Art Eggleton). Northeast Community Conversations (NECC) also held a community event regarding basic income in January 2016.

London for All: A Roadmap to End Poverty was endorsed by Council in April, 2016. This community report outlines 112 recommendations both short and long term, with the goal of ending poverty on one generation. One of these recommendations is for London to “become a Basic Income Guarantee pilot site.”

5. Next Steps

In an effort to support our community to participate in the Provincial consultations, Civic Administration and the Child and Youth Network’s (CYN) Ending Poverty Priority Group will engage Londoners by facilitating a community engagement process on the subject of basic income. The CYN and Civic Administration will conduct consultations through focus groups and community meetings with individuals with lived experience in poverty, community agencies, poverty advocates, employment agencies, and interested community members. The results of this engagement will be presented to the Province as part of their consultation process. Community engagement will occur throughout the months of December and January leading up to the Provincial consultation meeting being held in London on January 31, 2017.

CONCLUSION

Through the City’s Strategic Plan, Council has identified strategies to “eliminate barriers for individuals facing poverty, mental health and addictions and help them find pathways to be successful.”

It is important for London to participate in this consultation as the Province is looking for creative solutions to help deliver services people need by making public programs simpler and more efficient, and support poverty reduction.

PREPARED AND SUBMITTED BY:	PREPARED AND SUBMITTED BY:
JILL TANSLEY MANAGER, STRATEGIC PROGRAMS AND PARTNERSHIPS HOUSING, SOCIAL SERVICES & DEARNESS HOME	CHERYL SMITH MANAGER, COMMUNITY DEVELOPMENT & FUNDING NEIGHBOURHOOD, CHILDREN & FIRE SERVICES
RECOMMENDED BY:	RECOMMENDED BY:
SANDRA DATARS BERE, MANAGING DIRECTOR HOUSING, SOCIAL SERVICES & DEARNESS HOME	LYNNE LIVINGSTONE, MANAGING DIRECTOR NEIGHBOURHOOD, CHILDREN & FIRE SERVICES