

Ontario to roll out basic income in three cities

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Ontario will provide residents in Hamilton, Thunder Bay and Lindsay with free income, part of the government's plan to test whether the extra funds will help improve their job prospects and quality of life.

The idea is to give the province's working poor, unemployed and homeless residents an income to pay for their basic needs of food and housing.

About 4,000 recipients will be randomly chosen from the three regions. One group will start receiving the so-called basic income as soon as this summer, and the remainder will be part of the control group, which will not receive any payments, according to a provincial spokesman. A single person could receive up to \$16,989 per year. A couple could get up to \$24,027 annually.

Initially, government officials said 4,000 recipients would receive the funding. A spokesperson later said half of the 4,000 would receive the basic income. Later in the day, the province said it could not confirm how many would receive the basic income.

"One income used to be enough for most families," Ontario Premier Kathleen Wynne said in Hamilton to announce the three-year pilot.

"Now even with two people working, it is tough to feel as though you are getting ahead and it is tough to feel confident that your job will still be yours or even still be around in 10 years, in five years or even less," she said.

Ontario has emerged as one of the country's stronger economies amid the energy downturn, which has wiped out thousands of high-paying jobs in oil-producing Alberta. However, certain parts of Ontario have struggled for years to recover from the loss of major industries.

The provincial government did not provide details on why or how the three regions were selected. Thunder Bay has suffered from the elimination of forestry jobs and Hamilton has undergone years of economic woes with the decline of the steel industry.

Meanwhile, other cities such as Waterloo have experienced strong job growth from the tech sector.

"Technological progress and automation are creating new industries. But they are also creating new pressures and they are putting existing jobs at risk," said Ms. Wynne.

The project will cost the province \$150-million or \$50-million a year. About 1,000 individuals will be selected from the Thunder Bay region and 1,000 from Hamilton and the nearby Brant region. The remaining 2,000 will be selected Lindsay.

It's not just people receiving social assistance who will be eligible for the basic income. The government is also targeting those who are underemployed, earning minimum wage and/or living in poverty.

However, if an individual is receiving income from a job, the government will deduct half of his or her earned income.

For example, if a single person earned \$10,000 from a job, the government would provide \$11,989 in basic income – the maximum \$16,989 minus \$5,000 from his or her wages. That recipient would then have a total income of \$21,989 for the year.

One economist said the basic income plan could become a disincentive to work, because every dollar earned would reduce the amount of government benefits paid.

“There would be an incentive to get basic income. But then the incentive to earn more through work would be blunted by the fact that each dollar one earns would reduce your basic income by 50 cents,” said Douglas Porter, chief economist with Bank of Montreal, who called it “an effective tax rate of 50 per cent.”

The Wynne government did not say how it came up with the basic-income amount and said it was “something we want to test.”

Chris Ballard, the province’s minister in charge of housing and poverty reduction, said other basic-income projects have shown that the approach improves people’s lives.

“People get a chance to go back to school. They don’t have to work low-paying dead-end jobs. They get a chance to go finish college or go on to university,” he told reporters.

The idea of providing people with a basic income has gained popularity in Silicon Valley and among some tech executives in Canada, who believe that their creations are helping put people out of work.

The provincial government, which will soon hire researchers to conduct the pilot, plans to mail out requests to participate in the program and will include homeless shelters.

The government said it would be examining the impact on health, education and employment over the course of the pilot.

Ontarians who are already receiving social assistance through programs such as Ontario Works or the Ontario Disability Support Program will have a choice of getting the new basic income or staying on their current benefits if they are selected. Anyone who receives other aid such as free dental and prescription drugs would not have to give those up.

It will be at least three years until a decision will be made whether to roll out basic income across the province.

The outcomes for those chosen to take part in the pilot will be examined to see what kind of impact the extra funds will have on their lives. Lindsay will be analyzed for the program’s impact on the entire community.

A separate program for First Nations people living on reserves will be rolled out later this year; however, First Nations people living in the selected areas are eligible to participate in the pilot.

What is basic income?

A guaranteed annual income designed to pay for basic necessities such as food and housing. In Ontario, the provincial government will provide income to certain residents who are living in poverty, unemployed, underemployed or working minimum-wage jobs.

Who qualifies?

Only residents from the following regions: Thunder Bay, Hamilton, Brantford, Brant County and Lindsay. A separate basic income plan for First Nations communities will be rolled out later this year.

Where else in the world do basic income pilots exist?

Finland, Kenya, The Netherlands, and Oakland, California.

Are other provinces looking at Ontario’s pilot project?

PEI lawmakers are supportive of a basic income, but the province would need Ottawa to provide the funding.

At this time, the Trudeau government will not support a basic income plan for the country and has highlighted its child tax benefit as a form of guaranteed income for families with children.
