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Legislative Summary

BILL S-233: AN ACT TO DEVELOP A NATIONAL FRAMEWORK FOR A GUARANTEED LIVABLE BASIC INCOME

44-1-S233-E

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(Preliminary version)

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LEGISLATIVE SUMMARY OF BILL S-233: AN ACT TO DEVELOP A NATIONAL FRAMEWORK FOR A GUARANTEED LIVABLE BASIC INCOME

1 BACKGROUND

Bill S-233, An Act to develop a national framework for a guaranteed livable basic income (short title: National Framework for a Guaranteed Livable Basic Income Act), was introduced in the Senate on 16 December 2021 by the Honourable Kim Pate and received first reading on the same day.¹ On 18 April 2023, second reading was completed and the bill was referred to the Standing Senate Committee on Finance. The bill requires the Minister of Finance to develop a national system to provide a “guaranteed livable basic income” to everyone in Canada over the age of 17, including temporary workers, permanent residents and refugee claimants. Bill S-233 replicates the text of Bill C-223, which was introduced in the House of Commons on 16 December 2021 by Leah Gazan (Winnipeg Centre, NDP) and received first reading on the same day.²

The section below provides an overview of the concept of guaranteed basic income, and considerations for its implementation.

1.1 GUARANTEED BASIC INCOME: AN OVERVIEW OF THE CONCEPT

Generally speaking, a guaranteed basic income is a cash transfer from government to individuals or families to provide an income floor below which no individual or family can fall. The idea of a cash transfer from government to individuals or families to provide a basic annual income is not new. In Canada, the idea appears to have first gained some traction after United States President Lyndon Johnson declared a “war on poverty” in his 1964 State of the Union address.³ Since then, this option has been brought up in policy debates many times, with supporters and detractors coming from across the ideological spectrum.

A common argument made by supporters of guaranteed basic income is that it is a simple mechanism to end poverty. For some supporters, ending poverty through guaranteed basic income means, in turn, eliminating other associated negative consequences of poverty, such as poorer health, lower success rates in school, and higher crime rates.⁴ Proponents also generally claim that a well-designed guaranteed basic income program would remove the stigma and work disincentives associated with the current social safety net, in addition to bringing simplicity and potential administrative savings in the delivery of income support programs.

Critics of guaranteed basic income suggest that such a scheme could prove very difficult to implement because of jurisdictional issues, end up being extremely costly, and discourage people from working altogether.⁵ Others argue that it fails to address the root causes of poverty and exclusion, such as mental illness and addiction.⁶ Some policy analysts and organizations consider reforms that build on the existing income support system to be a better way of tackling poverty, arguing that they would more plausibly “achieve the same basic goal of guaranteeing a minimum level of income.”⁷

Basic income experiments have been conducted in a number of jurisdictions, including Canada. One of the most notable Canadian experiments, known as Mincome, took place in the 1970s as a collaboration between the province of Manitoba and the federal government, and took place in communities throughout Manitoba, including Winnipeg and Dauphin.⁸ In 2017, Ontario launched a basic income pilot project that enrolled nearly 4,000 people and was scheduled to last three years. However, it was cancelled early after the election of a new provincial government.⁹ The conversation on basic income has retained its relevance, as Canada has seen an increase in studies and pilots in the past years, and an interest in basic income for all re-emerged during and following the COVID-19 pandemic.¹⁰

1.2 IMPLEMENTING A GUARANTEED BASIC INCOME PROGRAM

Discussions on basic income in Canada have largely focused on three potential models: a negative income tax, which involves using the income tax system to make payments to individuals and/or households with income below a predetermined level; a universal basic income, which involves providing an annual grant to all adults regardless of personal circumstances; and a hybrid model, which combines elements of the first two to establish an income floor.

Key issues that have been discussed surrounding the implementation of a national basic income include jurisdictional considerations (for example, the requirement for collaboration between different levels of government, and the involvement of Indigenous peoples and governments);¹¹ design (for example, eligibility criteria for a basic income, conditions for its receipt, and to what extent it would replace existing programs);¹² and costing (which can vary dramatically based on the program’s design).¹³

2 DESCRIPTION AND ANALYSIS

2.1 GENERAL PRINCIPLES (PREAMBLE AND CLAUSES 1 AND 2)

The preamble of Bill S-233 sets out the rationale for the legislation. It asserts that “every person should have access to a livable basic income” and highlights the potential role of a guaranteed livable basic income in eradicating poverty, “improving income equality, health conditions and educational outcomes,” “benefit[ing] individuals, families and communities and protect[ing] those who are made most vulnerable in society,” and “facilitating the transition to an economy that responds to the climate crisis and other current major challenges.” It also states that a guaranteed livable basic income program implemented through a national framework would “ensure the respect, dignity and security of all persons in Canada.”

Clause 1 sets out the short title, namely the National Framework for a Guaranteed Livable Basic Income Act. Clause 2 sets out the definitions of “Indigenous governing body” and “Minister.” Specifically, an Indigenous governing body refers to “a council, government or other entity that is authorized to act on behalf of an Indigenous group, community or people that holds rights recognized and affirmed by section 35 of the *Constitution Act, 1982*.”¹⁴ “Minister” is defined in the bill as the Minister of Finance.¹⁵

2.2 DEVELOPMENT OF A NATIONAL FRAMEWORK (CLAUSE 3)

Clause 3(1) requires the minister to develop a national framework for a guaranteed livable basic income and specifies that the basic income program should include any person over the age of 17 years and should include “temporary workers,”¹⁶ permanent residents and refugee claimants.

Clause 3(2) specifies that the minister, in developing the framework, must consult with the following parties:

- the Minister of Health;
- the ministers responsible for employment, social development and disability;¹⁷
- representatives of the provincial governments responsible for health, disability, education and social development;
- Indigenous Elders;
- Indigenous governing bodies; and

- other relevant stakeholders, including policy developers, political decision-makers, and experts.

Clause 3(3) sets out the measures that must be included in the framework. These include measures:

- (a) to determine what constitutes a livable basic income for each region in Canada, taking into account the goods and services that are necessary to ensure that individuals can lead a dignified and healthy life, as well as the cost of those goods and services in accessible markets;
- (b) to create national standards for health and social supports that complement a guaranteed basic income program and guide the implementation of such a program in every province;
- (c) to ensure that participation in education, training or the labour market is not required in order to qualify for a guaranteed livable basic income; and
- (d) to ensure that the implementation of a guaranteed livable basic income program does not result in a decrease in services or benefits meant to meet an individual's exceptional needs related to health or disability.¹⁸

2.3 REPORTS TO PARLIAMENT (CLAUSES 4 AND 5)

Clauses 4 and 5 set out reporting requirements for the minister. Specifically, within a year of the National Framework for a Guaranteed Livable Basic Income Act coming into force, the minister is required to prepare a report to be tabled in each House of Parliament within the first 15 sitting days of that House after the report is completed (clause 4(1)). The report must be published on the website of the Department of Finance within 10 days after it has been tabled in both Houses of Parliament (clause 4(2)). The report must set out the framework for a guaranteed livable basic income, “including any social, health and economic conclusions and recommendations related to its development” (clause 4(1)).

Within two years of the tabling of the report in both Houses of Parliament and every year thereafter, the minister is required to review the framework's effectiveness in consultation with the same parties that the bill required to be consulted on the framework's development. The minister must also prepare a report “setting out the social, health and economic findings and recommendations related to the implementation and effectiveness of the framework,” which must be tabled in each

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House of Parliament within the first 15 sitting days of that House after it is completed (clause 5).

NOTES

1. [Bill S-233, An Act to develop a national framework for a guaranteed livable basic income](#), 44th Parliament, 1st Session.
2. [Bill C-223, An Act to develop a national framework for a guaranteed livable basic income](#), 44th Parliament, 1st Session.
3. Senate, Standing Committee on Agriculture and Forestry, [Beyond Freefall: Halting Rural Poverty](#), Ninth report, June 2008, p. 152.
4. See, for example, Basic Income Canada Network, “How does it affect public services?,” [FAQ](#).
5. See, for instance, Charles Lammam and Hugh MacIntyre, [The Practical Challenges of Creating a Guaranteed Annual Income in Canada](#), Fraser Institute, January 2015. Note that, in the context of increasing automation, some have questioned whether or not full employment should be a goal in the first place – see Toby Sanger, “[How progressive is a basic income? Labour perspectives](#),” in Alex Himmelfarb and Trish Hennessy, ed., *Basic Income: Rethinking Social Policy*, Canadian Centre for Policy Alternatives, October 2016, pp. 42–47.
6. Monique Scotti, “[Guaranteed basic income for all Canadians would cost \\$43 billion a year: PBO](#),” *Global News*, 17 April 2018.
7. Charles Lammam and Hugh MacIntyre, [The Practical Challenges of Creating a Guaranteed Annual Income in Canada](#), Fraser Institute, January 2015, p. 59.
8. Don Sabourin and Derek Hum, [An Analysis of Non-Response to the Manitoba Basic Annual Income Experiment](#), 1979, p. 2.
9. Jaela Bernstien, “[What is basic income and which of Canada’s main parties support it?](#),” *CBC News*, 19 September 2021.
10. See, for instance, Special Committee on Poverty in PEI, Legislative Assembly of Prince Edward Island, [Final Report](#), 3rd of the 66th General Assembly, 27 November 2020; Malone Mullin, “[N.L. takes first step toward basic income as NDP motion passes in legislature](#),” *CBC News*, 3 November 2020; and Quebec, [Basic Income Program](#).
11. See, for example, Charles Lammam and Hugh MacIntyre, [The Practical Challenges of Creating a Guaranteed Annual Income in Canada](#), Fraser Institute, January 2015, p. 58; and Cee Strauss, [Basic Income & The Care Economy](#), Women’s Legal Education and Action Fund, 2021, p. 16.
12. See, for example, Derek Hum and Wayne Simpson, “The Cost of Eliminating Poverty in Canada: Basic Income with an Income Test Twist,” in [The ethics and economics of the basic income guarantee](#), 2005, p. 282.
13. See, for example, costing exercises conducted by the Office of the Parliamentary Budget Officer (OPBO) based on the parameters of the Ontario Basic Income Pilot. Nasreddine Ammar, Carleigh Busby, and Salma Mohamed Ahmed, [Distributional and Fiscal Analysis of a National Guaranteed Basic Income](#), OPBO, 7 April 2021; Nasreddine Ammar, Carleigh Busby, and Salma Mohamed Ahmed, [Costing a Guaranteed Basic Income During the COVID Pandemic](#), OPBO, 7 July 2020; and Nasreddine Ammar and Alex Smith, [Costing a National Guaranteed Basic Income Using the Ontario Basic Income Model](#), OPBO, 17 April 2018.
14. [Bill S-233, An Act to develop a national framework for a guaranteed livable basic income](#), 44th Parliament, 1st Session, cl. 2.
15. Ibid.
16. Foreign nationals may be working temporarily in Canada through programs such as the Temporary Foreign Worker Program, the Seasonal Agricultural Workers Program, and the International Mobility Program. According to Statistics Canada, temporary foreign workers made up 4% of all those with T4 earnings in 2019. On 31 December 2021, the number of temporary foreign workers holding work permits was 777,000. See Statistics Canada, “[Immigration as a source of labour supply](#),” *The Daily*, 22 June 2022.

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17. The federal ministers currently responsible for these portfolios include the Minister of Employment, Workforce Development and Official Languages; the Minister of Families, Children and Social Development; and the Minister of Diversity, Inclusion and Persons with Disabilities. Employment and Social Development Canada, "[Our Ministers and Deputy Ministers](#)," *Corporate information*.
18. [Bill S-233, An Act to develop a national framework for a guaranteed livable basic income](#), 44th Parliament, 1st Session, cl. 3(3).