

# PRINCE EDWARD ISLAND LEGISLATIVE ASSEMBLY



Speaker: Hon. Colin LaVie

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## Special Committee on Poverty in PEI

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SUBJECT: BRIEFING VIA SKYE RE: BASIC INCOME GUARANTEE PROJECT

### COMMITTEE:

Trish Altass, MLA Tyne Valley-Sherbrooke [Chair]  
Hannah Bell, MLA Charlottetown-Belvedere  
Sonny Gallant, Leader of the Third Party  
Hon. Ernie Hudson, Minister of Social Development and Housing  
Natalie Jameson, MLA Charlottetown-Hillsborough Park  
Gordon McNeilly, MLA Charlottetown-West Royalty

### COMMITTEE MEMBERS ABSENT:

none

### MEMBERS IN ATTENDANCE:

Ole Hammarlund, MLA Charlottetown-Brighton

### GUESTS:

Dr. Evelyn Forget; Maytree (Michael Mendelson)

### STAFF:

Emily Doiron, Clerk Assistant (Journals, Committees and House Operations)

Edited by Hansard



The Committee met at 11:00 a.m.

**Chair (Altass):** Hello everyone and welcome to today's Special Committee on Poverty in Prince Edward Island. We are very fortunate today to have a guest coming in via Skype – and this is the first time that a public committee of the Legislature has used Skype – so I just want to bring that to everyone's attention. We might have some technical difficulties as we go along, but please bear with us.

There will be a little bit more of a strict sort of flow to this meeting where I will need to recognize anyone before they speak and that's specifically to make sure that we are switching the mics between the Skype and the room here. So it is going to be a little bit of a different flow – take some getting used to – but I just ask everyone here and our presenter to be patient with that. As well as anyone who might be watching at home, to be aware that we are doing our best – and to have some patience with us.

Before we start these meetings, I'd just like to highlight what the goals are of this particular committee. This is a committee that was struck based on a motion, with a twelve-month mandate, to establish clear definitions and measures of poverty – and a living wage for Prince Edward Island – and to develop some fully costed recommendations regarding the creation of a basic income guarantee pilot for Prince Edward Island.

I will recognize the committee members here first. We have hon. Ernie Hudson and Natalie Jameson, Sonny Gallant, Gordon McNeilly, Hannah Bell and we also have Ole Hammarlund sitting in today – who's not in the committee, but was most welcome to ask questions.

I also want to point out, speaking of questions, that because of the nature of our meeting today, we will be having the full presentation from Dr. Forget, before we take any questions. So please do take notes throughout and we will have plenty of time at the end to ask any questions.

All right – so before we get started we just need a motion to approve the agenda. Can I get a motion?

**Mr. Hudson:** (Indistinct)

**Chair:** Hon. Ernie Hudson.

All in favour of approving the agenda?

Opposed, anyone? No?

Okay, so we'll go ahead with that.

We do have Dr. Evelyn Forget here, Skyping in. We are so pleased to have her – she is an expert in basic income and we are really looking forward, Dr. Forget, to your presentation today.

Unless – is there anything else, Emily?

**Clerk Assistant:** We're good to go.

**Chair:** I will hand the floor over to Dr. Forget.

**Dr. Evelyn Forget:** Well thank-you very much. I'm delighted to be speaking to you today and I'm really happy that this committee has been established – and that you're taking seriously the idea of basic income as a policy recommendation in Canada.

I've been working on the idea of basic income for about 15 years now and I began working on basic income because I'm a health economist. I'm (Indistinct) medical school – and I got tired about 15 years ago of being asked to come up with millions of dollars in the provincial budget to pay for the development and delivery of health care programs that probably wouldn't need to exist if families had the money they required to take care of themselves.

I wondered whether it might not be more efficient to invest in families upfront. Because we know that poverty is probably the greatest determinant of poor health outcomes. But, in fact, it exacerbates almost any social problem that you can imagine. So, insuring that families have the money that they require upfront, in order to provide reasonably dignified lives for themselves, means that we might end up saving money further down the road in areas like health care.

So I began working on basic income and my first project was a reanalysis of an old field

project that took place in Manitoba in the mid 1970s called Mincome. I went back and found, in the data sets of the participants of that whole project, and I'm out to see what consequences were for quality of life, for health outcomes, for education. When I completed that I began to examine basic income more broadly.

I was subsequently a participant and DDM in the academic evaluation team for the Ontario Basic Income Guarantee project – which was, of course, prematurely cancelled. I sat on the sidelines or participated or watched closely at a number of international projects and (Indistinct) experiments in basic income – in Finland, in the Netherlands – in Utrecht in particular – Barcelona and several other places.

So I've been looking at the outcomes of basic income experiments and I'm gathering, I think, some of the difficulties and some ideas about how you might conduct that kind of a project for the last several years. I think I'll begin by just talking about what we did learn from that old Mincome project.

Mincome was a partnership between the federal government and the province of Manitoba. It took place in two primary sites in the province of Manitoba: the city of Winnipeg and the smaller town of Dauphin.

Now, in Winnipeg it was a standard experimental design – and by that I mean that researchers went into town and they found a small group of people to participate in the experiment, and they put some of them into a treatment group that would receive a basic income. On the other half of them into a control group that would make do with whatever other programs existed – and the idea was that at the end of the day they could compare the results and find out what the impact of basic income was.

The town of Dauphin was a little bit different. It was known as a saturation site – and what that meant was the researchers went into town and they offered everybody who qualified the ability to participate in the basic income. So everybody could receive the money – if they wanted to. It was voluntary, of course.

The project began paying out money to families in 1975, but governments changed mid-project. The project continued. It wasn't cancelled. But it did lose political support and that meant that when the project ended, the researchers asked for money to analyze the project – and they were told to archive the data for later analysis.

A labour economist did find that data and did a preliminary analysis and they seemed to find that they were concerned with the issue of whether people would work less if they received a basic income. They found that for primary earners – that is grown-ups with real fulltime jobs – there was virtually no effect. But that there were two groups of people who did work less.

The first group were new mothers. If you think back to the 1970s, maternity leave at the time was about four weeks. A number of new mothers thought a four-week maternity leave, or four-week parental leave, was rather miserly a social program. Some of them used the income money to buy themselves longer parental needs when they gave birth.

The other group of people who worked less were – and here the language is really important – young unattached males. That seemed to feed a lot of stereotypes, because it turned out that young unattached males worked considerably less when their families received basic income than when they didn't.

The data sort of languished for the next 30 years with nobody looking at it. So I went back to find out what happened. I wasn't particularly interested in the labour market outcomes, but that was my starting point – because I had a pretty fair idea of where I'd find those young, unattached males.

The first thing I discovered was that there was a huge increase in the high-school completion rate. If I translate that language; when they talked about young unattached males, they were talking about 16-year-old boys, 16, 17, 18-year-old boys. It turns out they were working less because some of their families decided that they could support their sons in high-school just a little bit longer if they received the money.

Instead of leaving school at the age of 16, as many low-income boys did before Mincome came along, some of them actually were able to finish high-school. That's a tremendously important outcome because if you think about the life chances of somebody who completed Grade 12 in the mid 1970s and compare those life opportunities with somebody who left school without high-school completion in the mid '70s, you can imagine the very different kinds of lives those people would have lived for the subsequent 30 years.

I was primarily interested in health outcomes because I was a health economist, and so I was able to take the participants in Dauphin and compare them to other people who lived in similar kinds of places. They were the same age and sex. And I found an 8.5% reduction in hospitalizations.

Just to put that in context, you remember today that today, Canada is spending more than \$60 billion a year on hospitals, so this is a pretty significant reduction in hospital costs. A very large proportion of that was due to better mental health, so there was a reduction in hospitalizations related to mental health outcomes.

So the way they (Indistinct) reduction among the recipients, and this is the family doctors complaining about mental health outcomes. So there are fewer people going to their family doctors complaining about anxiety or depression or some disturbance with family issues and so on.

When I completed that project, I began to look more broadly at basic income as a solution when addressing poverty. Of course, one of things that happened is that Ontario decided a few years ago to use the income project as a model for its basic income guarantee experiment. I was sort of sitting on the periphery on watching that. I ultimately became a member of the academic evaluation team that was supposed to evaluate outcomes. But it was very interesting because a number of things happened with that project and I know that they're going to share more about it subsequently.

One of the things that happened with that project, and remember, if you think back to Mincome for a minute, one of the things that

happened with Mincome is the change in provincial government. One of the things that happened with the Ontario experiment is that a very unpopular provincial government was coming towards the end of its term and what happened was that the political timetable and the research timetable did not work together very well. So it was very important for the province, for political factors, to see this project rolled out, but they couldn't sign the contract with the academics but they wanted to oversee the project (Indistinct) enough.

And so what they did was they decided to go ahead with the project themselves. They hired a consultant who, either quickly found himself in over his head and they floundered for about five months, they had difficulty recruiting people. They really had no idea how to recruit people. They made some important errors with the baseline survey.

When the contract was signed and we took over, we re-worked the baseline survey and we discovered that out of the 6,000 people they approached to recruit, they managed to recruit about 200. We set about recruiting people by using on-the-ground contacts. We recruited appropriately, I think, by working with public health agents to give us a hand. We'd go in clinics and homeless shelters and so on. When people came into these organizations who seemed to meet the selection criteria, they were referred to us and consented. Over the next six months, we recruited 6,000 people to participate in that experiment.

We were all set to go and then, of course, the government changed and the project was cancelled. There were no results beyond the baseline survey. Basic Income Canada did do a survey of participants. It was, of course, voluntary to participate. And then there were people – about 400 people again (Indistinct) in to talk about what the consequences were of the basic income guarantee experiment.

Some of them had been receiving money for up to a year. And they reported – many of them reported that they were using the money that they received from the basic income guarantee to invest in education and job training. So, many decided to go back to community college and weren't, at that point, worried about how they would be able to afford it. Many used the money to rent

better apartments, to buy better diets – access better diets – how to pay for children’s activities and so on. They self-reported better physical and mental health, less stress in their lives when they were receiving the money.

There were other experiments that either were completed or undergoing around the world. Finland is, of course, one of the better known experiments. The preliminary results from the first year of the Finnish experiment were recently released. It turns out that people who receive the basic income in Finland work no less than people who didn’t receive the basic income. Some people were disappointed by that.

They had hoped, in fact, they might work more if they received a basic income. That didn’t happen either, there was no difference. They reported that they were healthier and happier, mental health improved. One of the most important outcomes of the Finnish experiment was that there were important increases in social cohesion and trust in democratic institutions.

I think as we looked at all of these experiments, things have happened everywhere in the world, there are certain commonalities. It turns out that people are pretty good judges of their needs. In fact, they’re better judges of their needs than experts. They know what they need to do and when they receive the money, they spend it responsibly. They don’t quit their jobs. For the most part, they don’t work less.

Young people may work less because they might be investing or in education. People do invest in educational job training. Mental and physical health improves with – as an economist, I can’t help but remind you of subsequent savings to the health care system. Social cohesion and trust in institutions increases.

From my perspective, the results of the basic income tend to be very, very positive. But I think that there are some lessons we can learn from some of these pilots. I know that one of the things that you are charged with as a committee is thinking about what a pilot might look like in PEI, what it might cost, how you might conduct it. I think that there are a few things that we can learn from some

of the difficulties that pilots have run into in various places around the world.

I think that the first thing I want to do is just be very, very cautious as you’re thinking about getting into a pilot. It sounds straightforward, it sounds easy, but in fact, the pragmatic difficulties of running a pilot are considerable. The delays they can run into in accessing data tend to be very considerable. In Ontario, the experiment actually ended before we managed to negotiate access to federal government data that would be necessary to evaluate the outcome.

If I only make one point this morning, I think I’d like to make the point that the purpose of a pilot, the purpose of an experiment, is to answer a question. It is to answer a simple question and that is: What information do I need to make an informed policy choice? You’re in the business of deciding what policies PEI needs to go forward and I think you need to ask yourselves (Indistinct), clearly: What is it I need to know in order to decide whether a basic income is the appropriate policy for PEI and what it should look like? Because I think that there are a number of challenges you’ll face.

One of the challenges is that as soon as researchers get involved, we’ve got all kinds of questions we’d like to ask and it’s very easy for a project to get very, very large and very, very expensive and very long, very quickly. So it’s important to keep it narrowly focused on information you need, not the information that every academic on the planet would like to get out of the research you conduct.

And secondly, you have to ask yourself whether the information you need is best gathered through an experiment or a pilot in the first place. And I say that because one of the questions – one of the reasonable questions – I think any government committee will have is something like: What is this going to cost? Can we afford it? You can’t get that information out of an experiment of a pilot. You can’t generalize about cost from an experiment. There are other ways of approaching that.

So you have to ask yourselves whether, in fact, a pilot is the best way forward in the

first place, and if it is, what exactly do you want to learn from it? And it's important to answer that question because what the pilot looks like is going to depend upon what question you want answered. How big does it need to be? How long does it need to be? Well that depends. It depends what it is you're going to learn from it.

I think if you do decide to go down the experimental route, if you do decide to conduct a pilot, there are a couple of things that (Indistinct). From Canadian experience alone, we know that this has to be conducted by an arm's-length agency. In both the Mincome case and in the Ontario case, changes in government caused a great deal of difficulty for the continuation of the project.

So the money needs to be committed up front and it needs to be run by people who don't have to get elected. That's (Indistinct) – you need to think about how you're going to end the pilot, how you're going to end the experiment. When the money stops flowing and the experiment ends, you've had people who have been receiving quite a lot of money over the course of the year or two years, or however long your pilot lasted.

They have to transition back to a much lower budget, and so you need to be cognizant of that up front. How are you going to make that possible for them?

You don't need to reinvent the wheel. Quite a lot of work has been done out there. I think that you can borrow some of the tools and techniques that have already been developed for other projects.

Is there anything else?

I think I'll end there, and I'll just be prepared to answer any questions you might have for me.

**Chair:** Thank you very much, Dr. Forget.

I will open the floor now to questions.

Hon. Ernie Hudson.

**Mr. Hudson:** Thank you, Chair.

Certainly do want to thank the doctor for the presentation, very informative and again, thank you for joining us this morning.

Just a couple of things; you had mentioned the Manitoba pilot that it was a shared pilot between the provincial and federal governments. Could you elaborate? Was that with regard to a cost-sharing? Was it with regard to sharing of data, information? How was that chaired between the two levels of government?

**Chair:** Dr. Forget?

**Dr. Evelyn Forget:** Yes, it was cost-shared between the two levels of the government. It was a priority of the federal government and they were prepared to pay 75% of the costs. And when it became known that they were interested in running a pilot, Manitoba had just elected its first ever NDP government, and this was consistent with the political aims of that government. So they were very quick off the mark to volunteer Manitoba as a test site, and Manitoba put up 25% of the cost.

In terms of data, from Manitoba, remember this was in the 1970s, so the kind of data that was collected was all collected by the survey. So there was a research team put in place. They hired hundreds, actually, of researchers, graduates of the universities of Winnipeg and Manitoba, then sent them out with papers and pencils and survey instruments and they interviewed people and gathered data about time-use, about what they were spending money on above their needs and so on. That is probably worth commenting on a little bit.

The kind of data that's available to people now is really quite different than it was in the 1970s. When I went back to reanalyze the Mincome project, I didn't actually use the data that was collected during the period, or at least not very much of it.

What I was able to do, I was very fortunate because Medicare had just come in before this experiment was conducted, so Manitoba joined Medicare in 1971, which meant that if you lived in the province of Manitoba, I had a record of all your interactions with the health care system. And so I was able to use Medicare data, the administrative data, to

find out whether people were hospitalized or what they were hospitalized for.

That's great improvement because people forget, and they don't always know why they were hospitalized or what the diagnosis was, even if they do remember they were there. They forget if they went to the doctor – you know you don't always remember if you went to a doctor in the last six months. So that kind of data that I had available to me was much better than the data that was collected during the Mincome project.

Similarly, I had education data, so I know if kids were in school. I even knew what the attendance record was during the period. I would know if they graduated. They wouldn't necessarily have that information to provide to me, even if I could find them.

So when Ontario decided to conduct its experiment, a similar set of administrative data was being used. Much of it was provincial, so they would use the social services data, the education data, the health data from the province. Some data that would be very useful to researchers would be income tax data.

The income tax data requires negotiations with the federal government. So the federal government was very supportive. Jean-Yves Duclos was very supportive of this. Legislation, being what legislation is, it took a lot of time to negotiate between the two levels of government, and even within the province of Ontario, it turns out that the education department and the social services departments didn't actually speak to each other very clearly, so even clearing some of those hurdles took time.

So it's really important not to underestimate the amount of time and goodwill it takes to negotiate access to data.

**Chair:** Ernie Hudson, did you have a follow up question?

**Mr. Hudson:** Yes, thank you, Chair

Just at this point, in your opinion – and we have heard from previous presenters of a recommended a pilot or suggested a pilot. Other presenters felt that right off the bat that it should be – if we do go down this road of a basic income guarantee – that it

should be permanent right from the get-go. I just would like to hear your comments as far as the pros and cons of a pilot or a permanent program.

Thank you.

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** This is a hard question to answer.

I have convinced myself by reading over this data that we know that basic income is a good policy.

I think we know, pretty much, what the outcomes would be during a pilot. It's hard for me to imagine any surprises that would come out of an experiment that would change my mind about whether basic income is a good idea or not. I think it's a good idea.

So I mean, my first instinct is, just get on with the policy making.

I approach this as a researcher, not as a politician. But when I look at these pilots around the world, I know that there are a lot of people who think: well, we'll bring in a pilot and people will see how well this works and then it will turn into a policy. I haven't seen that happen anywhere. I think there is a big transition between a pilot or an experiment on the one hand and a policy on the other.

In the case of PEI, it would be all kinds of things, including negotiating with the federal government about the financing of a policy. I just – it's not automatic. So you could invest a lot of time and energy on a pilot, and then have to worry about transitioning people off the pilot, and then wonder whether you're any closer to an actual policy outcome.

Depending on how you design the experiment, they do take awhile. They take a long time to set up. I mean it took us six months to recruit people in Ontario.

The data that I talk about takes awhile to come in, so to get results and to do the analysis, that's probably going to happen a year after the project ends, after the pilot



ends, so it can take a very long time to run a pilot, even if it's a one-year pilot.

I think one of the difficulties is that people have sort of a big political goal of having a pilot, that is, we'll demonstrate that it works really well and then everybody even with goodwill will (Indistinct) or move towards policy, and don't really think about the logistics of running a pilot and how you get from a pilot to a policy.

So I mean, ideally, I would say: bring out a policy. Work on the policy immediately.

**Chair:** Thank you, Dr. Forget.

Ernie Hudson, I believe you have one more question?

**Mr. Hudson:** No

**Chair:** No, no more for now.

Hannah Bell.

**Ms. Bell:** Thank you, Chair.

Thank you Dr. Forget. It's great to see you again.

You had spoken about the importance of an external third party administering something because of that separation from politics, like you said in this case, to policy.

I'm really encouraged to hear you talking about the need to just get on with it and go to policy and not a pilot. Do you feel that need for a third party would still be there in the implementation of policy if that was the decision?

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** No, not necessarily. I think that probably people could help with the implementation policy. There is quite a lot of research out there that could be brought in to support the design of the experiment. But I think at that point, the political actors, so to speak, can run the show. They can determine how it should work.

**Chair:** Hannah Bell.

**Ms. Bell:** Thank you.

Dr. Forget, I really appreciate identifying the challenges, not only in the recruitment, and the selection, you know and we're going to hear from Mr. Mendelson later today. He also mentioned this about the challenges of how do you decide – again, even what area to pick? There are winners and losers in that process regardless of the narrative of the test or the experiment. The other aspect, which we often don't talk about, is what do you do when it's done?

**Dr. Evelyn Forget:** (Indistinct)

**Ms. Bell:** Yeah, and that impact is something that I think is really important for us to consider in recommendations because it is very easy for us to talk about data and forget that we're talking about people. When we talk about the impacts of data and measurement, have you had any experience in collecting some of that more experiential data? Or, qualitative rather than quantitative data, what does that look like?

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** Certainly in retrospect of the Dauphin project I'm (Indistinct) of the participants and to get them to reflect on their experiences, but it was removed by 30 years.

For the Ontario experiment, there was always an intention (Indistinct) in qualitative data alongside the quantitative – but the project itself ended before that became a reality. I do conserve that's a really important part of experimental research. If you're going to do an experiment, you need to know, not only what happened, but why it happened. The only way you can find out why it happened is to actually talk to people and to see how they're interpreting things.

One of the things that came as a surprise to the Ministry of Community and Social Services in Ontario – it ought not to have been, but it was – was that provincial income assistance payments are protected from garnishing, for example, by legislation. If you owe money, you're income assistance can't be taken away from you.

That isn't the case with basic income, right? There's no legislation to protect it. When you talk to people you didn't (Indistinct) of

the highly paid civil servants that actually understand, well this was an issue, but essentially start recruiting people who are a little closer to the edge, think very quickly about the money they owe and what might happen.

Those kinds of things, I think, come out very clearly when we talk people; that you have to actually be (Indistinct) and very directly involved with people. Not (Indistinct) looking at the data two years after your experiment ended.

**Chair:** Thank-you, Dr. Forget.

Hannah Bell, one more question?

**Ms. Bell:** Thank-you, Chair.

One of the other things that we've often heard around discussion around basic income is about, that you mentioned earlier, the incentive or disincentive to work. Many existing welfare programs or social assistance programs are often connected to some kind of requirement to participate in the labour force.

That kind of policy change – from identifying recipients in need around labour force participation, to basic income which should not have any conditions other than income – what I see is potentially one of the biggest barriers to policy change. There's the fiscal piece and then there's that piece.

Are there any examples, or is there anything that you can see that sort of shows how that kind of transition can happen? Because you're talking about a – probably a transformative change in mindset – in terms of how we perceive people who are not working.

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** This is a real issue and I think from anybody who's working in the area – anybody who works in the area of social policy knows that if people are unemployed for long periods of time there is usually a good reason for it.

There is a level of disability among the general recipients of income assistance which is much, much higher than you would guess by simply looking at people who are

receiving disability support from the provinces.

I think that researchers and academics tend to worry less about the more disincentive effect, simply because there are so many other factors involved and none of the research suggests that people given a choice don't work. Most people don't want to live on \$17,000 a year if they have alternatives. They would rather take a job – and all of our research tells us that.

But I recognize the problem you mentioned; and that is that that's not an attitude that's generally understood by the broader public – and I think that one of the reasons that people support the (Indistinct) pilot, is so that they can demonstrate to the broader public that people (Indistinct) aren't sure keeping their responsibilities as citizens they're still working – they're still participating in society in healthy ways.

That's one of the things that you can use it as a demonstration of how this would likely work in society. But I don't have an answer to that other question. I think it's a matter of education on how best to educate the public – how best to get the data across – to get the idea across that, in fact, people don't work less. You don't have to force people to participate – and that it doesn't work very well, even when you try, to do that. It's a challenge – and it's not one I have a simple solution.

**Chair:** Thank you.

Gordon McNeilly.

**Mr. McNeilly:** Thank-you very much, Dr. Forget.

When we first chatted, we talked about the Manitoba project; that was 45 years ago.

**Dr. Evelyn Forget:** (Indistinct)

**Mr. McNeilly:** Yeah, many things have changed since then; we're in almost 2020 now. We just went through a pretty divisive federal election and this might be an opportunity in a minority government situation – are you optimistic that this could be the next, kind of Tommy Douglas-type thing for our country?

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** It may not be that (indistinct). I am optimistic. I am optimistic, because I think that the economy has been changing over the last 40 years in ways that make basic income even more essential now than it was 40 years ago.

Forty years ago, if you lived in the city – certainly if you lived in the city of Winnipeg, you're expected to graduate from high-school and probably get a job and work at the same job for your entire life and then retire when you were 65 with a good, defined benefit pension.

For most people that was the reality. It was less true in the town of Dauphin, in the small town. It was less true in rural areas in other parts of the country. But I think that one of the things that we've seen happening over the last 40 years is the kind of insecurity that, people who work seasonally, or people who work in (Indistinct), people who end up working seasonally or working (Indistinct) these industries, for example, have always had that kind of insecurity in the job list. And that's spreading to (Indistinct); it's spreading to the rest of the economy. It's spreading to higher income people, who find themselves working in precarious jobs – working in insecure contracts – for all of those reasons; I think basic income is even more essential now than it was 40 years ago.

2008, I think, was a wake-up call to many people; when we saw the crash of 2008 and the difficulty that people faced coming out of that. We're not beyond economic downturns; we see the things that are happening in the US. It's certainly not inconceivable that we have a recession on the horizon because somebody will be (Indistinct) –

And I think that we're going to be looking more and more at the limitations of the social (Indistinct) we currently have in place. Employment insurance, you know, doesn't really fill the bill and provincial income assistance is really limited. I think we're going to be looking, seriously, at something like a basic income going forward.

So yeah, I'm optimistic. I think that its time has come.

**Chair:** Gord McNeilly?

**Mr. McNeilly:** One more follow-up question: if you could just talk to us about – there's always an argument or people that make the argument that the social assistance programs that we have currently need to be strengthened. There needs to be a support there that goes further than what we have.

That approach versus the establishment of a basic income guarantee, which might be seen as a financial incentive, more or less. Could you just talk a little bit about that contrasting argument?

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** I think it's really important to remember that this is just money, right? There are a lot of things that people need in their lives. Getting money into their hands shouldn't be a hard problem. Basic income gets money into people's hands and it does it a lot more efficiently than provincial income assistance. But yes, there are a lot of other things that people need. We need reasonable health care programs. We need strengthened health care programs. We need educational supports. There's always going to be people who need particular assistance with things like addictions, with things like mental health challenges.

This isn't a substitute for all those social programs we need. This is a part of the social supports. It's not a substitute for other social supports. I don't see basic income as replacing all of those other aspects of a social safety net that we require (Indistinct), I see it as a necessary but not sufficient contribution.

**Chair:** Natalie Jameson.

**Ms. Jameson:** Thank you, Chair.

Thank you very much, Dr. Forget for joining us today. It's a real honour and privilege to have you here.

So just in going back to the selection in recruitment, can you provide some comments or some insights regarding choosing either a saturation site or you know, more sporadic selection across – for

example, the province? Or would you think that selecting a community to start with would be the right process forward?

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** It depends entirely on the question you want to answer, the kind of data you want to collect.

Honestly, to your (Indistinct) trial, it's very good for answering questions like: are we creating more disincentives? It's very good for labour market questions because all you're doing is changing the marginal effective tax rate and you can see how people respond to it. It's not very good for answering questions about social conclusion and you know, the way communities change as people receive a basic income.

That's a really an important part of what a basic income, I think, contributes to a community. So, if you want to pick up those broader aspects – like if you think back to the Dauphin results for example – there was a very big increase, a very large bubble in high school completion rates.

When I first got that data back, my first instinct was to say: okay, there's an error here, there's a problem here. Because the results are bigger than I expected.

I started to talk to people, to participants, to find out what was going on. I realized pretty quickly that when people make decisions about going back to school, they think about – and I mean, you know we all knew that they think about whether or not their families can support them.

Before Mincome came along, there were a lot of families that were encouraging their 16-year-old sons to become financially independent so they could spend the money on younger brothers and sisters. We always knew that was an issue, but there was something else going on too.

If you put yourself in the shoes of a 17-year-old boy and you're trying to decide whether you go back to school to complete Grade 12, you're going to be thinking about whether or not your family can support you, of course. But, you're also going to be thinking about what all your friends are doing. It matters whether your friends are part of the project.

If you do a randomized control trial, they're not, so you're going to miss that whole sort of community influence aspect. You can do a saturation site like Dauphin – well that means the 17-year-old boys talk to each other; they share experiences and in this case is strengthens, I think, the effect of a basic income.

So that's an important aspect that gets left out of the (Indistinct) control trial, which is very artificial in some ways.

Just to answer your question, I'm sorry, I'm heading off in two different directions here, but, just to answer your question, it really does depend on other (Indistinct) that persons – and that is what question you want answered, what evidence you need in order to make an informed policy decision.

**Chair:** Natalie Jameson.

**Ms. Jameson:** So in terms of timeliness, would you recommend or can you provide any comments around using the previous years' income tax return as the basis for payments?

**Dr. Evelyn Forget:** I know that there is a concern that if you're using – people's circumstances change. If you think about some of the social programs we have, it certainly is possible to make adjustments.

For example, under the Canada child benefit, if you have an arrangement, if you have a new baby, your payments will increase within six weeks assuming you're up-to-date on your taxes. So you don't have to wait for a year to get that payment back.

The same is true of other kinds of social programs. The Guaranteed Income Supplement for seniors. If your financial circumstances change, you can petition to have your payment increased for example.

The Canada Workers Benefit, it's very similar. If your circumstances change, then the payment can change. It certainly is possible to make those adjustments mid-year. You don't have to wait for a year to have everything adjusted.

At the same time, I think you do still have to be cognizant of the fact that things change

very quickly and there needs to be a capacity to react to emergency situations.

**Chair:** Natalie Jameson.

**Ms. Jameson:** Okay, that's great.

Thank you very much.

**Chair:** Hannah, did you have another question?

**Ms. Bell:** I just had one other question.

**Chair:** Hannah Bell.

**Ms. Bell:** Thank you, Chair.

One of the questions that we've been tackling in this committee is kind of what we need – other information that we need to support being able to make recommendations around basic income, so we've also been looking at measures of poverty and also talking about living wage, which are not disconnected from this.

Part of this whole committee work started because we had conversations around considering measures of poverty when we considered making recommendations to the minimum wage.

We know that with the new national poverty strategy, the Market Basket Measure has been kind of established as one of the primary benchmarks for looking at that. Looking at that for Prince Edward Island; that translates to be about \$2,000 a month across the province.

One of the challenges that we hear for people in our current assistance programs is that is they're not at Market Basket Measure and my colleague had mentioned that as well, about do we try to level up? But do you feel that sort of looking at some of those kind of standard approaches – because again I think you mentioned it had earlier, this is about getting money into people's pockets, and trying to make it – reduce the complexity as much as possible.

Is using something like that kind of benchmark, one of the key pieces around basic income?

Or is it that kind of more complex with graduated levels, and you know, all the different models that are out there?

I guess my question is: how do you determine what kind of benchmark we should be looking at when we're talking about what this number is. No easy questions here, Dr. Forget.

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** You're right, that's not an easy question.

I guess I'm not, in my work, focused very much on precise amount (Indistinct) people because I think that there are a lot of ways that you can design a basic income. I say that – I think everybody recognizes that the provincial income assistance is too low, people need more money.

At the same time, the amount of money you can (Indistinct) and it depends on the resources that are available to you and the political will – where you live, and so it is always a social decision that you're ultimately making, how much are we prepared to spend, and how much can you spend? What is our fiscal capacity? How much assistance is the federal government prepared to put into this? How much are we reliant on the tax (Indistinct) in PEI, in particular?

To some extent it's always going to be fuzzy. How much are we prepared to pay? Well it depends on how much we can afford, and how much we can convince people that it's a reasonable amount of money.

I think the Market Basket Measure is – it's useful. It's useful as sort of a (Indistinct) out there. But I wouldn't – it's very easy to get sucked into spending a whole lot of time trying to determine the precise amount that solves the poverty problem. The problem is, there is no place out there where a dollar more and you're not in poverty, and a dollar less, you've got a real problem. It's obviously a continuum.

I guess I'm a little bit more flexible on this than other people might be. I realize that if you're designing at least you can (Indistinct) and set it at some level. So it is a real problem, a pragmatic problem, you have to

solve. There are also questions about how you're going to bring this in.

If you think about a policy rather than an experiment – are you imagining a full-blown policy that would replace existing income assistance, a one-time transition from one to the other? Or, are you thinking about sort of (Indistinct) introduction? If it's the second, you might think about a relatively small basic income that's offered in addition to existing programs, including existing income assistance and it gets ramped up over time. It gradually replaces it.

I mean, ideally, I'd like to see a basic income at a reasonable level, and Market Basket Measures is good measures (Indistinct).

I (Indistinct) people to live a reasonable life, but I'm also pragmatic enough to know that policy change doesn't usually happen that way. It usually happens in a more graduated sense.

**Chair:** Hannah Bell.

**Ms. Bell:** Thank you, Dr. Forget, for your pragmatic and honest answer, because I think – again, it's also trying to look at this in as much the same as you, I'd love to be able to see us in a space where we can down the horses and go straight to the full-on – but be from a full policy approach, that kind of phased, graduated approach is also a possibility for us in the absence of an immediate agreement for federal funding. So whether that becomes then something that can be done within the scope of our own provincial tax system, and our own provincial data, whilst negotiating with the federal partners on an ongoing basis, so there's a real advantage in that in being able to move the marker and get something done. It shows intent without necessarily going into the full piece.

I know we've got somebody speaking to us in a couple of weeks who's going to be able to talk about the potential modeling that can be done with Stats Canada around – particularly looking at things like negative income tax and refundable income tax credits, which is a really – again – interesting way – it doesn't give people cheques every month, for example, but it

would significantly change in the same way that the child tax benefit has.

Despite the rhetoric, we do know that that (Indistinct) have an impact on household poverty levels and on income, but it's not \$1,000 a month. It may be \$300 a month. We can't discount the fact we're putting money in people's hands. So, that approach, potentially, of looking at \$3,000 a year would be a benefit to some people as opposed to where they are now. I'm hopeful that that's something that this committee is going to be able to consider and appreciate your perspective from that of realistic approach, as well as what we would really like to see.

Has that been something that you've looked at, that potential of a phased rollout?

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** Yes, and I assume that the people you're talking to are Wayne Simpson and Harvey Stevens –

**Ms. Bell:** That would be correct, yes.

**Dr. Evelyn Forget:** – who've done quite a bit of work. I think that's a perfectly reasonable starting point for basic income. I think that there's a real danger – the difficulty is that basic income advocates – and I put myself in that category – tend to get focused on perfect programs. Perfection is a hard goal to reach. It's really, really important not to throw out goodwill and movements in the right direction just because it doesn't go as far as we'd like to see it. Everything starts small that we end up with – if you think about Medicare, it started out much smaller than it is, and it's increased and expanded over time and we probably will soon see an expansion with some kind of a pharmacare program brought into it. Nobody's happy with it. On the other hand, it's a lot better than what was here before. And a lot better (Indistinct) it could be. I think that that's probably what we're going to look at with basic income.

I think the Simpson/Stevens approach is a perfectly doable, perfectly reasonable thing to do and it could be done within the context of any province without federal government support or approval, although that would certainly make things a lot easier. Simply by

taking those existing tax credits, non-refundable tax credits, so refundable tax credits that already exist, and then sharing that they work in a more progressive way – this is where the people need it most.

**Ms. Bell:** Yes.

**Chair:** Thank you.  
Ernie Hudson had another question.

**Mr. Hudson:** Thank you, Chair.

Some previous presentations that we have had with regard to the age that a basic income guarantee would cover – suggestions have been made starting at the age majority, of age 19, through to age 65. Now, I know when you've been speaking about the Dauphin pilot that you referred to one of the groups, that there did seem to be an impact as far as their participation in the labour force was high school boys 16, 17, 18.

So I guess with that, would you have a suggestion or observation with regard to what age that the basic income guarantee would cover? Would it be age of majority through to age 65, or broaden that or narrow it?

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** This is something I've been thinking about a whole lot for a couple of reasons. In Manitoba, one of the biggest social problems we face are kids aging out of the child care system and many of those kids age-out of most supports. They become – they are heavily represented among the homeless population. They find themselves in very terrible situations. I think the recognition that youth poverty is a very big and important issue is something that needs to be focused on. Basic income provides the resources that allows people to invest in job training and in education in ways that will improve their lives for their entire lives.

At the same time, I am an educator and I have taught a lot of 18-year-olds in my life, and I have children of my own who've been 18, and I look at my neighbour's children, and I think about the mischief that four 18-year-old boys who rent an apartment in downtown Winnipeg and – really, could be any system – could get into with a basic

income. And I realize that there are real problems with maturity for some people.

I'm torn in a couple of ways. If you look at the medical literature, there's been a real effort in recent years to redefine adolescence to include people up to the age of 25. There's a lot of evidence that says brain development still continues for a number of years. (Indistinct) people can't really be seen as adults until they're 25 years old.

We're seeing similar kinds of things with many social programs that allow children until the age of 25 to be treated as minors, as dependents. We see it with movements in many of the provinces to support kids across their care system until the age of 25. I think that there's a growing social recognition, but there's a problem. We've got a real problem for the kids between the ages of 18 and 24 or 25 years old.

I've gotten into some trouble with basic income advocates for taking a line that they don't see is entirely consistent, and that is that I think youth, kids between 18 and 24 or 25, need a lot more resources than basic income alone provides. I don't think providing unconditional money to people in that age group is necessarily optimal, either for them, nor for anybody else. I think that there needs to be an expectation of participation, either in education, in school, in some kind of a program. I think that there needs to be support, if not financial support, then social supports, from case workers or something, to ensure that people have the resources they need to make reasonable decisions.

And I say that because there's a lot of economic and social evidence out there that shows us that if people make bad decisions at the age of 22, 23, 24 – it has, really, long-lasting impacts on their lifetime (Indistinct) on what's going to happen ten years from then. So I think this is a really good example, in my opinion, of the limitations of basic income. I would see a basic income that's coming out at about the age of 25. 18-to-24-year-olds certainly need support. That doesn't need to be unconditional. And then I would continue it from 25 to 64, simply because at 65, the GIS and the OAS provides a similar kind of program for people over that age.

Now I tell you that that's a very controversial statement that's gotten me into a lot of trouble and I've received a lot of accusations of inconsistency. I don't think it's inconsistent. I think it's realistic.

**Chair:** Ernie Hudson.

**Mr. Hudson:** Thank you, Chair. Just to make sure that I'm on the same page here, have my head around this right. As I understood what you were saying there is age 18 to 24 – certainly a strong possibility or option would be to – yes, they would receive basic income. Having said that, that there would be certain requirements, criteria, stipulations that would be associated with them receiving that, is that correct?

**Dr. Evelyn Forget:** That's right, thank you.

That's a much more coherent way of saying what I just tried to say, thank you.

**Chair:** Ernie Hudson

**Mr. Hudson:** Thank you, Chair.

With that – and going back to Dauphin where you had referenced 16, 17-year-olds – would you see the age of 18 or the age of 19 being the absolute start for qualification for receiving a BIG, or would you see it even earlier in life than that, with a criteria attached to it?

**Chair:** Dr. Forget.

**Dr. Evelyn Forget:** Going back to Dauphin, the 16 and 17-year-olds did not receive basic income. Their parents received it. The money was available at the age of 18, which is the age of maturity in Manitoba. If you were 18, you did qualify. So I guess that's what I'm questioning – whether that 18 to 24-year-old age group needs additional conditions (Indistinct)

**Chair:** Thank you. Are there any other questions from the room here?

I have just one question – most of my questions got answered throughout this, which is wonderful – one of the things that we've talked about as a committee is the possibility of engaging individuals with lived experience, or perhaps general public consultation around the work of this

committee, in particular around development of a basic income pilot. So I'm wondering what your thoughts are on that, if you feel that would be an asset or how we might consult effectively, Dr. Forget.

**Dr. Evelyn Forget:** Absolutely. I think you do need people with experience, people who've depended on some of these social programs that you see basic income is replacing or is coordinating with. These are people who've had real experiences. They know how well-intended policies actually play out on the ground. They know about some of the coordination difficulties with existing programs and they can give you some tremendously good advice about things that probably would never occur to you.

**Chair:** All right, thank you.

And I wonder as well about – you've discussed the importance of establishing what our research questions are and what do we really need answered to develop effective policy. As a side note, I really found it interesting the difference between researchers and politicians – as a researcher turned politician I found that comment quite interesting for my own personal reflection.

But I'm wondering, in terms of developing or defining what our questions are that we need answered, would that be an opportunity as well to engage with the public in some way? Or would it be more effective to engage with individuals beyond this committee at a later stage in the process to check in on what we're working on?

**Dr. Evelyn Forget:** I think both. I think that, certainly amongst yourselves, you are in a position to determine what some of the political barriers, what some of the barriers to the implementation of a basic income might be in PEI – and I think taking that to the public and getting feedback and opening up the discussion more generally would be extremely valuable.

**Chair:** One last question on this, then. Considering the format of a committee such as this, and some of the limitations of that, and also perhaps barriers or problems that might come with engaging with individuals lived experience through this sort of medium, I wonder – you've yourself



conducted research with individuals who have lived experience. What might some advice be in making sure that we are not causing any harm, or that we are not creating barriers for people or that we are really doing that in a thoughtful way?

**Dr. Evelyn Forget:** There's a real challenge. I think one of the difficulties you have, when you've tried to take seriously public consultation, you raise the question of will you be raising expectations? I think sort of tempering expectations – helping people understand realistically what's possible, what's feasible – is a difficult challenge moving forward.

I don't think that there are – beyond the pragmatic difficulties that will cause for you – you guys should move forward to creating a policy or creating an experiment that will never satisfy everybody, no matter what you do.

I don't see any downside to having a broad public consultation. I think that one of the things that we saw in Ontario was a great deal of ownership come from the community and a great deal of personal empowerment, I think (Indistinct) from individuals whose opinions were taken very seriously, and who raised a number of really important issues; and we saw that continue even into the pilot.

One of the most interesting things, to me, that happened during the Basic Income Guarantee experiment in Ontario happened because a number of participants in Hamilton organized themselves into a group called Living Proof. They essentially challenged – implicitly challenged – certainly put it that way, the political and academic group who were running the experiment – and they made themselves available to the press. They said to the media, you know: If you want to know if this experiment is working, come ask me. I'll tell you what the implications are – why would you ask those people over there?

So I think you have to be prepared. I mean, it was great to see, because we're talking about a number of people – a lot of women, a lot of older women in particular who've really taken ownership of this experiment. I think it was probably good for them and I think it was very good for us to be

challenged in that way. I think that you can learn a lot about people's lives simply by watching the way they interact with this kind of committee and with the opportunities you can provide to them to participate.

**Chair:** Okay, great, thank you.

Just one last callout for questions at this point.

All right – thank you so much, Dr. Forget, for joining us today. It was an incredibly informative presentation and I think we all learned a lot.

The committee is actually going to recess now for lunch and then at 2:00 o'clock we will be coming back and meeting with Mr. Mendelson – also via Skype. Everybody's good with that?

Oh yes, Ernie Hudson.

**Mr. Hudson:** Yes, Chair. Thank you.

Just wondering: I will have to leave this afternoon by about 3:00 o'clock and given that we're not scheduled to come back until 2:00, if the committee is agreeable, could we do number six at this point and seven – if that's agreeable to the members of the committee?

**Chair:** All right, I'll open the floor then.

How would the committee feel about that?

Is everybody in agreement with –

**Ms. Bell:** So we need to let Dr. Forget go?

**Chair:** Oh yes, sorry.

[Laughter]

**Chair:** Dr. Forget, thank you very much. We –

**Some Hon. Members:** (Indistinct)

[Laughter]

**Chair:** Forgot that she wasn't right here in front of me.

Thank you, all right. I'm not sure how we do that.

**Dr. Evelyn Forget:** I will disconnect.

**Chair:** All right, thank you.

So is everybody okay then, with moving forward with number six and seven in the agenda now?

**Some Hon. Members:** (Indistinct)

**Chair:** Okay, great.

**Mr. Hudson:** Thank you, Chair.

**Chair:** So – update on committee work plan. Emily, would you like to take that? Is that okay?

**Clerk Assistant:** Sure, I can do that. First I'll update the committee on the next meetings where we have confirmed presenters.

The next meeting is Thursday, October 31<sup>st</sup> at 2:00 p.m. We're meeting with representatives from the Poverty Reduction Council within the Department of Social Development and Housing.

On Friday, November 1<sup>st</sup>, we're meeting in the morning at 9:00 a.m. and we're meeting with several of the special interest groups that the committee had reached out to earlier this month.

Then on Friday, November 8<sup>th</sup>, we'll be having another meeting that will be meeting with presenters by Skype at 11:00 a.m. – and we're meeting with Mr. Harvey Stevens and Dr. Wayne Simpson. We're meeting at 11:00 a.m. because they're based in Manitoba, so (Indistinct) with a time difference there.

That's kind of the update on upcoming meetings for the committee.

**Chair:** Great. Does anybody have any questions or comments about that?

Ernie Hudson.

**Mr. Hudson:** Thank you, Chair.

Just wondering with the Legislature going in, in a little over two weeks' time or

thereabouts, one of the things we had discussed previously was just the need – or financial requirements of a committee – to take it through with that request – to the Legislature.

Has there been any more thought given to that? Any information or any projections on what dollars that we may require?

**Chair:** I do believe that would go under new business. Was there anyone else who wanted to comment on the upcoming committee work plan as listed here?

Gordon McNeilly.

**Mr. McNeilly:** Just with the guests coming in, I want to just – I know we talked about limiting their time and when they're coming out I just want to make sure they feel comfortable that they have enough time and we have enough time for questions. I really think they'll do a good job of defining poverty and talking about some of the issues that are important, so that's the only thing that I kind of wanted to bring up – is just that our guests feel comfortable and not rushed – and that's all I wanted to –

**Chair:** And perhaps, Emily, I'll ask you to speak to that. You've been reaching out to the different groups. Has there been any concern about the format, as proposed?

**Clerk Assistant:** I've mentioned to groups that they'll have between 10 and 15 minutes to address the committee, followed by time for questions. So, we do have four groups scheduled that morning, so between 9:00 and perhaps noon. I guess I'm seeking direction from the committee if they'd still want to hear from, you know, two groups and then have a general discussion with the two groups on the floor – or if maybe we want to have each group in so they would have 10 to 15 minutes to present to the committee and then we'd have about 20 to 30 minutes for questions following their presentations. That would be manageable with the four groups within a three-hour time period.

**Mr. McNeilly:** Yeah.

**Chair:** I guess we'll just open the floor then to this discussion. Do we want to have two groups present and then questions and then

break and then another two groups and further questions? Or all four present one after another for ten minutes and then an open discussion to the entire four who have committed to attending at that time? Was that the difference?

**Clerk Assistant:** Sorry – I think there’s some groups that are bringing in maybe one or two people, so I don’t know if we’d be able to fit the four groups on the floor at the same time. I was referring to maybe having one group in, their presentation and questions. They would then leave the floor and we’d bring another group on – and so on and so forth for the four different groups.

**Chair:** Oh, okay. Sorry – so that’s one of the options and the second option is having two groups at a time –

**Clerk Assistant:** Yeah.

**Chair:** – and then questions. Okay, so either each group separate – presentation/questions, presentation/questions – or two groups together, questions – two groups together, questions. What do we think?

Ernie Hudson.

**Mr. Hudson:** Thank you, Chair.

My preference would be one group, questions – one group, questions; but that’s just mine.

**Chair:** Okay. Natalie Jameson.

**Ms. Jameson:** I would agree with Ernie. That makes sense.

**Chair:** Gordon McNeilly?

**Mr. McNeilly:** I think that would be great – and just maybe the committee might be ready to sit past our 12:00 o’clock timeframe, if that’s possible. Just to have that as a potential backup that we might run late and potentially talk to the last group if we get into a good discussion. That’s all I’m worried about.

**Chair:** I will just add to that. I think we, as a committee, can certainly make that commitment; but I would just caution that we must also respect the time of those who

are coming in to present to the committee, so that might not be an option for them. So I think we should probably try to stick within those timeframes – not for ourselves, but for the very busy individuals who are taking their time to come out to our committee as well. So just (Indistinct) that flipside of that.

So I’m hearing that mostly people want to have one presenter at a time and then questions, though within what we have available for time, yeah?

Okay. I don’t know if we need a motion on that or not, but we’ll just –

**Clerk Assistant:** No, that’s great. I’ll just coordinate with the groups and we’ll get everybody in.

**Chair:** Okay, great.

Moving on, then, to new business: Ernie Hudson had brought up the topic of a proposal around whatever funding this committee might need moving forward, and when we might have that discussion. That is a discussion that we will need to have as a committee and it’s my understanding, Emily, is that any discussion about budget questions would happen in camera?

**Clerk Assistant:** If the committee would like to have that discussion in camera, it would be a motion to move in camera and then to have the discussion.

**Chair:** But it’s certainly a discussion that we need to have. Now, I think the question is: at what point do we want to have it? We have Harvey Stevens and Dr. Simpson coming on November 8<sup>th</sup> – and unfortunately there was no opportunity, just because of their availability and our availability, to do that beforehand.

But I do think that will be an important presentation for us to have a meaningful conversation about what sort of resources we might want moving forward to develop a pilot. That’s my sense, but others might have a different sense of that.

So we’ll open that floor to that discussion – yes, Hannah Bell.

**Ms. Bell:** I think, just a point Chair, that we don’t have to present the report at the very

beginning of the session. So we do have the opportunity to meet during session to have that in-camera meeting and have the report come in the second or third week. It's that we don't have to get everything done in that week before – so we could wait until we've had that other meeting and then schedule our meeting to discuss our report requirements at that time – because we'd be able to be better informed.

**Chair:** Okay.

Ernie Hudson? Did you want to comment on that?

**Mr. Hudson:** Yeah, I certainly agree with that. I just wanted to flag that it is something that we have to keep in mind and be cognizant of on a go-forward basis, yes. Thank you.

**Chair:** Absolutely, yes. Okay – so if the committee is comfortable then, we will plan to have this discussion about possible budget requests after the November 8<sup>th</sup> presentation. We could even plan to discuss that day depending on the time available or we could push it back and see how that goes.

Okay, good. Any other new business?

Ernie Hudson.

**Mr. Hudson:** Yes, just one thing that I wanted to bring forward is that we will be having a new minister that will be responsible – a federal minister, I should say. Yes, (Indistinct)

[Laughter]

**Some Hon. Members:** (Indistinct)

**Mr. Hudson:** I'm not aware of anything different than that, anyway, at this point in time; but I just wanted to make the committee aware that as soon as a new federal minister is in place, that I'll be reaching out with the same request that was made previously.

I think it was quite interesting with Dr. Forget's information this morning and the cost sharing – the amount of 75, 25; but anyway, I wanted to put that out. Also out for consideration, discussion: Would it be appropriate for the Chair of our committee here also to send a letter to the federal

minister? I'll put that out there for discussion.

**Chair:** All right, so we're opening the floor for discussion around whether the Chair of this committee should also be writing to the soon-to-be federal minister to request a partnership around a basic income pilot for Prince Edward Island. How do we feel about that idea?  
Gordon McNeilly.

**Mr. McNeilly:** I think it's a good idea. We've got some changes, and to get on the record early would be advisable, especially for this committee. To get something ready to go would be – I'd be in favour for sure.

**Chair:** I'll also add that I think one of the things I took away from today's presentation is that, of course, financial support from the federal government is important and would be something that we should be seeking.

We also will need partnership around access to data – particularly around labour and some other areas where starting those conversations early would be a benefit – and getting permission to have access to that data early on might help move the process forward once we have established what we are proposing for a pilot. I can see great benefit there as well.

Hannah Bell.

**Ms. Bell:** And I would add to that: that includes data provincially. For instance, health and education are both provincial jurisdictions and we are going to be hearing from the experts that Dr. Evelyn Forget referenced who can speak to that phased approach starting with actions that can be taken provincially.

As we have done all along, we need to be mindful that there is more than one way to address this – and that is not only with federal government participation – and hopefully the committee remains open to that idea.

**Chair:** Yes, absolutely – and I think that's a really interesting idea that's come forward and I look forward to us discussing that further – and of course, if we did want to make that recommendation as a phased-in approach, there's no reason why the federal

government couldn't jump on board at a phase as well, to help support its further growth. I think there's a lot of opportunity and seeking out as much support as possible would be a great benefit.

Gordon McNeilly.

**Mr. McNeilly:** Although we don't know who the ministers are federally in this minority situation, we do know who the four MPs are for Prince Edward Island; so I would maybe recommend that, as part of our summation report, that we do send letters off to each MP in our areas to let them know that we are working on this and that it is a priority for this committee.

**Chair:** How do others feel about that idea, of contacting – of sending a letter to our four newly reelected MPs letting them know about our work and hopefully to have their support in advocating around a basic income guarantee?

Hannah Bell.

**Ms. Bell:** I think it would be good to make sure it's on their radar. I don't know if we're ready yet to say what it is we're asking them to do, but perhaps we may be at that point pretty soon though, if we could hold off perhaps until we get to the point of our initial report. We might have a better idea of what the ask is.

But I would agree with my colleague, it would be a good idea to reach out to them. Perhaps just that extra couple of weeks would give us a bit more time to flesh out what the ask is.

**Chair:** Okay, that's a great point as well. I wonder if there's any benefit in sending an initial letter right away to just say here's what – just to bring it to their attention that this committee exists, this is what we're working on, we will be sending you more soon, or not. Maybe there's not a benefit, I don't know. Don't think so?

Hannah Bell.

**Ms. Bell:** I think they're probably pretty busy right now.

**Chair:** Okay. Ernie Hudson?

**Mr. Hudson:** I agree. I do agree with that, Chair, I think even just to officially get it onto their radar. Hopefully they are aware of what is taking place here provincially, but I think from our end of it, yeah, there is absolutely – but it would be a positive move for us to officially let them know, and then to also state that we will be, as our federal representatives, keeping them up to date on the progress of the committee or something to that effect.

Thank you.

**Chair:** What do others think about that then?

Gordon McNeilly.

**Mr. McNeilly:** I think that's good. I know that these are new times for our federal government and if we can have our representatives potentially in their caucus, bringing up issues that might be a different look for Canada, I would like that to be there; so I think it's a great idea and I would echo that.

**Chair:** Right. I think that's a good point as well. We don't know what conversations are going to be happening at the federal level and when they're happening, so getting that on the radar soon might be good.

Ernie Hudson.

**Mr. Hudson:** Thank you, Chair.

And I think just on that, I would anticipate that we will have - one of our elected members will be in the federal Cabinet. I would hope so. With that, then, for us to give consideration and thought once the new Cabinet is put in place, to reach out to whoever that member may be that is in Cabinet.

**Chair:** We shall see, I suppose. Anyone else like to comment on this, then?

All right, so we will send – I think the committee's generally in agreement that we'll send an initial letter, but most importantly, once we have a proposal or some more concrete idea of what we would like to do moving forward, that we keep the four MPs informed and hopefully engaged around this issue as well.

Any additional new business?

Sorry, yes, Emily has something to share.

[Laughter]

**Clerk Assistant:** At the last meeting, the committee had agreed to send letters seeking additional information to the Ministry of Children, Community and Social Services in Ontario, and also to the Hamilton Roundtable for Poverty Reduction.

Those letters have been sent and I have received a response from Tom Cooper, who is the Director of the Hamilton Roundtable for Poverty Reduction. He has indicated that he will prepare some background information to send to the committee, but he's also said this – and I consider it kind of a request of the committee – and it says that if the committee is amenable, perhaps we could plan a video conference and include a couple of former participants from the Ontario pilot to share their thoughts on the pilot with the special committee, answer some questions, etcetera. That has kind of been directed to the committee through me having sent that initial letter for information. So I guess I'll turn it back over to the Chair for consideration.

**Chair:** Thank you, Emily.

I will open this discussion, then, to the floor, to inviting the Hamilton roundtable and any guests or past participants from the project that they want to engage in a video conference with our committee. I'm seeing nods around. Yeah.

Hannah Bell.

**Ms. Bell:** That sounds like exactly what we've been asking for in terms of some direct context so that would be great.

**Chair:** All right, do we need a motion for that, Emily?

**Clerk Assistant:** It seems like there's (Indistinct) agreement from the committee.

**Chair:** All right, so we will send off a response and let them know we are very agreeable with that idea and look forward to talking with them. Probably at this point, we

would have to schedule it in the New Year, just because our calendar is quite full until the sitting, which, as we all know, is approaching very quickly.

Any other new business before we break for lunch?

All right, with that, we will break until 2:00, at which point we will be hearing from Mr. Mendelson.

[recess]

**Chair:** Welcome back everyone to our Special Committee on Poverty in PEI. This is a continuation from the committee meeting this morning.

This afternoon we have Mr. Mendelson here from Maytree. Hello, Mr. Mendelson. Can you hear me all right?

**Michael Mendelson:** Hello, yes I can. Can you hear me all right?

**Chair:** Yes, I can.

Thank you so much for being here with us today.

Again, similar to this morning, we will have – Mr. Mendelson will give his presentation, we'll save all questions until the end, just mostly because it's easiest in terms of our technical component to this meeting. When we are asking questions, I will give your name, the name of the person who is going to speak first before you ask your question and then we'll flip back to Mr. Mendelson and so on and so forth. We'll be quite strict with that, which is a little uncomfortable, but is very helpful to keep the flow going for the transmission publicly.

All right, any questions before we get started?

All right, well, Mr. Mendelson, I will turn this over to you, then.

Thank you.

**Michael Mendelson:** Okay, well, first of all, I'd like to thank you for inviting me to do a presentation and to answer your questions this morning. It's a real honour to

be able to do that. I hope that my contribution will be useful for your work.

I've distributed a research paper that I wrote recently for the Maytree Foundation. The purpose of the paper was to try and extract some of the lessons that could be learned from Ontario's experience in setting up an experiment to hopefully provide some good ideas and some of the pitfalls to avoid for any jurisdiction that might be considering doing something similar. I hope that this might be very relevant for what your committee is undertaking.

One of the issues around a basic income experiment is that there's a lot of – there's so much interest and fervor and support for the idea of a basic income, that it's very difficult to have a disinterested and objective discussion.

When Ontario announced its pilot initially, for many advocates of the basic income and many of the groups that are trying to find ways to reduce or eliminate poverty, the pilot wasn't seen so much as an experiment or a pilot, it was seen as the first stage in the implementation of a basic income for all Ontarians. So any critical analysis of the experiment as an experiment was often seen as not a question of is this well designed to provide evidence in answer to questions about a basic income; rather it was seen as a criticism of the basic income, the idea itself, and wasn't welcome.

What I've tried to do in this paper is instead to be presented neutral investigation of the best way to establish an experiment based on the lessons from Ontario but also drawing from previous experiments that have been set up in other jurisdictions, mainly in the 1970s.

In this paper, I focus on three specific issues with respect to the Ontario basic income pilot, in which I think that the experimental design fell short. The three issues which I'll explain as I go on are the lack of a true saturation site, the problems that Ontario experienced with enrollment and the plan to use the income tax system as a way to test recipients' income.

I highlighted these three areas because I think that they also present as an opportunity, as well as a challenge, and the

opportunity offered was to construct different and perhaps a much more unique and useful kind of experiment.

So let me start first of all by just saying that I'm using the term basic income as a kind of generic term for any program that provides an unconditional periodic minimum cash guarantee to persons with low incomes or to – actually, you could also have a universal program. The more common term that is used is guaranteed income and in fact, the Ontario Basic Income Pilot, although it was called a basic income, was your guaranteed annual income designed as a negative income tax or an NIT. The negative income tax is the same design essentially as was used in the experiments that were undertaken in the 1970s.

I'm going to speak for a few minutes about what some of those experiments are, but first of all I want to make a distinction, and that is the Ontario Basic Income Pilot used the term 'pilot'; but when I was engaged at various times with the administration in Ontario, and I asked one of the people: Well, do you mean a pilot or an experiment? He said: Well, we don't know yet.

But there is a difference between the two. A pilot is primarily a test of the administration of a program. How would you administer income tests, how would you make a payment, what kind of reports would be required from the recipients and so on?

An experiment is primarily a test of the outcomes of the program. What are the behavioural responses, will people decrease their work effort, will teenagers be more likely to stay – or young adults be more likely to stay in school and so on?

So there is a difference between a pilot and an experiment, but having said that, an experiment can be both a pilot and an experiment at the same time, but with two different focuses.

Now, it's important to look at some of what went on previously. There were four basic income experiments undertaken in the United States and Canada in the 1970s. Most all of the North American basic income experiments had what are called randomized controlled trial components.

In a randomized controlled trial, subjects are randomly assigned either to a treatment group – and there could be multiple treatment groups – or to a control group, which is kind of matched with the randomized group. Then we see what the difference is in the outcome with respect to the control group and the randomized group.

Now, that was done in all four experiments in the 1970s and the results were perhaps not what was anticipated. The results weren't anything very definitive, and for the most part small with a few exceptions.

There were decreases in the hours of employment among women and among teenagers and young adults, but there was little or no decrease in the hours of employment among men. In fact, one of the experiments was an increase in the hours of employment among men.

For the most part, the findings had little or no impact on policy. The biggest impact was actually as a result of a finding that was incidental to the focus on labour markets, and that was that in the American experiments, it was initially found that the rate of marriage dissolution was increased radically. This became a cause célèbre and one of the reasons why the experiments were considered a failure in America.

However, later analysis showed that this finding might have been the result of a poor analysis of the data, which I think highlights one of the importance of a good research plan.

By the time the experiments were being completed, to the extent that they were completed, interest in the idea of a major form of income security had faded and the world went into a different kind of antirecession mode.

So the Canadian experiment, which I'm going to talk about a little more in a minute, was cancelled. Actually it wasn't cancelled, funding was allowed to run out and I think you just heard from Evelyn Forget this morning so you probably know a lot about the Mincome Manitoba experiment already. I'll be brief in my discussion of it.

The point about Mincome – sorry, the experiment in Canada, just in case you

haven't talked about it yet, is called Mincome Manitoba, formerly the Manitoba basic annual income experiment and it was different than any of the other experiments in one very, very critical respect, it had a saturation site in addition to a random sized group of recipients.

The difference is that in a saturation site, everyone in a given location is eligible for the program just as if it were a regular program and not a trial. In contrast, in a randomized trial recipients are scattered across locations, you may not know of anybody else who's in the trial; your employer won't know that you're in the trial, and so on. In a saturation site, every resident has a guaranteed income floor, even those whose income is not currently low enough to qualify for a payment from the program.

So what a saturation site allows us to do is to look at the effects of a basic income on everyone in a community, whether they're rich, whether they're poor, whether they're in between rich or poor, as well as the effects on the community as a whole.

In Manitoba, as you've probably heard from Evelyn this morning, the saturation site was the town of Dauphin. It had a population of 10,000 and the entire population of the town of Dauphin was eligible.

Now, that doesn't mean that everyone in Dauphin got money; got a payment from Mincome. What it does mean is that in Dauphin in a household's income was fell below the minimum amount below the guarantee level or a little bit actually above that, as I'll explain later, they would be eligible for a payment. Everyone was eligible although not everyone got a payment at any given point in time.

That meant that Mincome at the time of the experiment, Mincome functioned in Dauphin as if a basic income were being implemented in the entire province. So it was possible to assess the effects of basic income on the whole community

Now Evelyn's paper in 2011 was a very important paper in which it undertook analysis of the Mincome's impact in Dauphin using administrative data from the health and education system. Obviously you



just heard about it so I'm not going to go into any detail except to say that it did show that there were impacts in the education system and most importantly in the health system.

It was Evelyn's paper that sparked a significant renewed interest in Canada in the concept of basic income. It also meant that we had to be aware of the possibility that randomized control trials, without a saturation site, might have missed important and positive implications for community as a whole.

I'd say it was Evelyn's research that was a very important fact in stimulating Ontario to being the envy about the OBIP.

In the interests of time I'm just going to speak very generally about some of the key features in designing the OBIP because those features will have to be decided upon for any future experiment.

So the Ontario basic income experiment was initiated by commissioning a discussion paper by Hugh Segal and I think you've already heard from Hugh as well.

Some of the key elements that were recommended by Hugh were, first of all, the amount of the basic income guarantee, that is, what is the level of income that people would be guaranteed.

Segal's report recommended a guarantee of 75% of the low income measure – I won't go into details about what that is – but it amount to about 37.5 cents, a little more than one-third of median income and in Ontario that was about \$17,000 for a single person and \$24,000 for a couple.

Now, for a couple with children they would also be getting the Canada child benefit, and also Ontario child benefit of \$1,400 so their actual income would be more than \$24,000, depending on the number of children they had. Hugh Segal also recommended an additional \$66,000 for persons with disabilities. All the amounts for the basic income guarantee recommended by Mr. Segal were adopted by the Ontario government for the OBIP.

The point here is that in any guaranteed income experiment or negative income tax

experiment or guaranteed income experiment, whatever you want to call it, one of the first issues that's going to have to be decided, what is the level of the income that will be guaranteed.

The second really important issue discussed in the Segal report was the income test. How do you go about testing income and what do we use to test the income of a family or of households?

The Segal report recommended using the income tax system as a way to test the income of households. Now, the thing about the income tax system is that, as you all know I'm sure, it's paid – it's calculated for last year's income, so in March or April, (Indistinct) you report the previous year's income and it's only in June of the year after income has been reported that Canada Revenue Agency finalizes the income tax reports.

So that means that using the income tax to test the income of households will be up to 18 months out of date. It will also mean that there's a given amount for a whole year that is the family's income that will establish their benefit amount and that will be fixed for the year.

So what happens if there's fluctuations in income during the year? What happens if the income varies, as we know it does, and how do we take account of that and how will that take account? I'm going to come back to that later.

The third very important issue in a negative income tax base, or whatever you want to call it, is the reduction rate, that is, what's the rate at which the amount of payment that's paid by the negative income tax decreases as household incomes increases.

There's a complicated – maybe it's not complicated but there's a bit of a formula here. If you're guaranteed, I'm just going to give an example, if your reduction rate is 50%, that is if there's 50 cents reduction in the level of the guarantee for every dollar that's earned, then that means that the amount of earning that you're going to have to have or the amount of income you're going to have to have before all of the payments from the negative income tax are

gone will be double the amount of the basic income.

Let me give you an example: let's just say, I'm just going to use a number, let's just say that the basic income guarantee is \$20,000. So that means that if you have zero income, you'll get \$20,000, but if you have \$20,000 of income, your benefit will be reduced by 50 cents of each dollar you earn – in other words, \$10,000 – you'll still be getting \$10,000 of income from the negative income (Indistinct) through the basic income.

Therefore, you have to earn \$40,000 before you get no payment at all from the basic income. In other words, double the amount of the guarantee. If the reduction rate is 25%, you have to earn four times as much as the income guarantee before you'd get any payment. In other words, if there is a guarantee of \$20,000, you'd have to earn \$80,000 before all payments ceased from the negative income tax.

We've got a trade-off here. The trade-off is the higher reduction rate, the lower the cost of the experiment; there's fewer people who are getting payments and the payments are lower. But the lower the reduction rate, (Indistinct) in – 50% is a pretty high tax rate. 25% is a much lower tax rate, but it's often more expensive.

Mr. Segal had a complicated set of recommendations to test a number of different reduction rates, but at the end of the day, the Ontario government opted to test only 50% reduction rate and that's what they went with.

In considering the reduction rate, though, we also have to consider another important factor, and that is the income tax rate. If somebody is simultaneously paying income tax on their rates – say they are a single person earning \$20,000 – then in Ontario, they would be paying 15% federal tax and 5% Ontario tax; in other words, 20% additional tax on their earned income. And that 20% adds on to whatever the reduction rate is that they're experiencing in the negative income tax. So it's (Indistinct) stayed at the – that as in Ontario at the OBIP – was 50% reduction rate. On top of that, there's a 20% tax rate. That being said, the person earning \$20,000 effectively be

experiencing a tax rate of 70%, which is pretty high.

The (Indistinct) report recommended that there be an adjustment to (Indistinct) account of the income tax, but this wasn't done (Indistinct) tax rates. This wasn't done in Ontario and again, I'll come back to that.

The last factor that I want to mention is what is – I mean, it's obviously a very important factor – that is, what is the test population. Hugh Segal recommended testing multiple NIT reduction rates and also a number of randomized, controlled trials and a number of saturation sites. At the end of the day, Ontario had randomized, controlled trial sites in Hamilton and in Thunder Bay, and a targeted saturation site in Lindsay, Ontario. Lindsay is a town in Ontario of about 10,000 population; the same as Dauphin.

But the fact is – I'll discuss later – it didn't end up being named a saturation site. The total targeted participation in the experiment was to be 4,000 people.

So let me discuss – I'm a little concerned about going over time, but I'll try and be a little short. Let me discuss the three critical issues again.

First of all (Indistinct) saturation site; as I mentioned, Lindsay was discussed as a saturation site, but in fact, in Ontario, only those people who were entitled to a benefit at the time of enrolment in Lindsay were eligible for the OBIP. So once the enrolment period was over, that was it. If you were a young adult thinking about quitting your job and using the guaranteed income to start a business, for example, or go back to school, you weren't eligible, because if you weren't eligible in the first few months of the enrolment (Indistinct). So it turned out that Lindsay wasn't a (Indistinct) saturation site. It meant that we wouldn't be able to test the actual effects on a whole community in Lindsay, as it was in Dauphin – of the effects of a basic income.

There's Evelyn's research that shows that there were important effects on a whole community, but since Evelyn has started work, she's inspired other researchers. One in particular is the work by David (Indistinct). David has youth administrative data, and actually brought in some of the old

survey data and (Indistinct) it to look at community effects. He, too, has found some important effects on community in Dauphin, for the whole community, one of which was, for example, a drop in crime, in (Indistinct) crime rates.

Another effect, on the other side, was that (Indistinct) in Dauphin did go up compared to other rural areas in Manitoba at the time. What the research shows is that there are very important possible effects for basic income. Some might be positive, some might be negative, but we will miss them if you only do a randomized (Indistinct)

The second issue is enrolment and randomization. Now as I (Indistinct) my paper, you would think it's easy to give away free money, but it isn't. It turns out that enrolment (Indistinct) was very difficult in Ontario, and in fact, the initial enrolment plan was a grand (Indistinct) and that was to essentially mail out applications and have people send in their replies. That didn't work. Ontario had to go to recruiting through meetings and through social groups and networking. Without going into the technicalities, this really undermined the integrity of the samples of the experiment, from the point of view of the sample.

I should mention that Dauphin in Manitoba also had problems with enrolment. The researchers estimated that only about one third of the eligible population in Dauphin also enrolled. So, one of the lessons for any other experiment is that the question of enrolment is really important and has to be taken (Indistinct). Even beyond the enrolment of working families who might otherwise wouldn't be involved in social programs is also the question of how do you reach more difficult families or more difficult individuals such as the homeless and (Indistinct) – how do we target people who might be sort of outside of major systems.

The final issue in the OBIP that I wanted to talk about is the question of how income was vested. I've already mentioned that the OBIP made the decision to use income tax to test income. It was last year's income that would be looked at in order to set the amount of payment that would be made to household through the OBIP. That meant that the certificate (Indistinct) – Hugh Segal

recognized this in his report and recommended that a mechanism be implemented to account for fluctuations in income. In fact, in the OBIP, there was an opportunity for people – for recipients with the certificate (Indistinct) – but there wasn't a good plan for this, or a coherent plan put in place to deal with the fluctuations. Just to put it in plain language, it was as if the OBIP administration didn't realize that this was really an important and difficult, challenging issue.

Now, in plain view, it may be the case that it's possible to use the income tax system to test data. If it is, that could be an important advantage for a basic income, but in order to do that, there has to be a very clear and careful plan in place to deal with fluctuation of income and changed income. What do you do if somebody's income declines during the year? Also, what do you do if somebody's income goes up during the year? Do you have to make a repayment and what is involved in that?

I think that the opportunity here that was missed in Ontario, one of the opportunities that was missed was the opportunity to test whether or not it would be possible to use the income tax system effectively to administer a guaranteed income.

Now I want to spend one minute just saying that even if Ontario had addressed all of these issues and we had the best possible (indistinct) experiment, we also have to recognize that any experiment is just that. It doesn't end up telling us what will happen for sure, everywhere. There are inherent limitations to a basic income experiment.

I'm just going to mention three that are critically important. The first is that, as I say, humans aren't molecules. We don't necessarily respond to the same stimulus in the same way each time it's applied. Behavioural responses to a basic income can change over time. It can change due to general social attitudes, it can change if the economical context changes, if there's inflation, if there's high unemployment, and so on.

So it's very difficult to extrapolate any findings from an experiment, over time, or over societies, or even over geographic areas.

Another limitation of the experiment is that it's time limited. That means that people only react to it in anticipation of it being available for a limited period of time, only for three years or four years or whatever the length of the experiment is.

It also means that (Indistinct) reactions to basic income that would take a longer period of time to be seen. We just won't see those. It takes 10 years for the employers to respond (indistinct) to adjustments in wages; we don't see that in a limited period of time in an experiment, for example: when it takes three years.

A third very important experiment limitation, and one that has been discussed, is that surround the: how do you pay for basic income? If you're going to put in a basic income that has a significant income guarantee beyond the amounts that are paid in welfare, it's going to be expensive. It's also going to interact with the tax system in the ways that I discussed. We have to think about how we adjust taxes so we don't have added marginal rates of taxation that are very high 70s, 85%, 80%.

We also have to think about how to raise the money to pay for a basic income program, and of course in an experiment, it's very difficult to adjust the tax distant to insulate (Indistinct) recipients from the effect of the taxes. But it's completely impossible to base the tax rates of individuals who are single-community that's gauged in the experiment just to reflect what would happen if basic income was actually implemented in a whole province or a whole country.

So we have to be aware that there are limitations to a basic income experiment, and I'd say that, for that reason, we should focus as much of the administrative issues in setting up an experiment as we do the behavioural issues. In the past, administrative issues have had very little attention compared to behavioural issues.

So in other words, it's as much a private project as an experiment.

Just to conclude, one thing we have to be aware of is that there's, given the interest in basic income, on any project that could possibly be called a basic income

experiment it gets incredible attention. I pointed out in my paper; the Finnish basic income experiment has over nine million results from a Google search.

But the Finnish experiment looked into it in detail, plus it actually increased in the experiment. It was an unconditional payment of unemployment benefits to a group who otherwise would have been collecting conditional unemployment benefits.

The same can be said about any other so-called basic income experiments around the world. I wouldn't want to see PEI simply being another publicity gathering, but not evident gathered jurisdiction.

Another issue is that any experiment is likely to require more than a single term of government. In fact, if you are going to undertake something like this experiment in PEI, it's probably going to take you a couple of years at least to set up the experiment. That means that we're going to overlap an election, another term into another.

In fact, in both Manitoba and in Ontario, the experiments were cancelled sort of mid-stream because of the change in government.

I think we need to realize that an experiment is going to overlap a term of government and we have to think about ways to insulate the experiment on that reality by setting up, I would think, third-party endowed implementation.

Finally, in terms of substantial points, I think the most important point is that you must have a saturation site. What I would hope not to see is another so-called basic income experiment where a few hundred families are given a thousand dollars each, and see what happens. I don't think that would add any faith into the knowledge or evidence we have about a basic income.

A saturated site is to be absolutely necessary if we're going to understand what the effects are on the community as a whole, both the positive and the negative.

I think that there's two different types of basic income experiments that are possible. One is a sort of full-fledged saturation site. I

would like to see an experiment set up where the whole population of the town or a community is automatically enrolled, and of course they're allowed to opt-out. It's sort of an opt-out than an opt-in, so you have a whole community engaged.

The other would be to distinguish between on the one hand we have income guarantees in basic income. On the other hand, one of the distinctions of the connected income tax for basic income for our existing system is that the payments are unconditional. There's simply a negative income tax based on income. You don't have to prove anything about what you're doing or talk to get an income.

We have in our current welfare system, not sure what existed on PEI – on the Island, but in every province, and I expect PEI is no exception, there are significant (Indistinct) penalties and enforcement personnel involved in ensuring that any person on social assistance is engaged in employment, employment search or in training and with penalties associated with not being engaged in that kind of activity. That's called conditionality.

The difference between a basic income and then our welfare is that basic income is unconditional.

Now we don't really know, as far as I know, there's never been a test of whether these penalties and enforcement mechanisms and policing in social assistance, whether they're really effective.

I'm going to show a program where all the energy and (indistinct) enforcement was instead used as a carrot to support people searching for employment. Would that instead be more effective in having people who would otherwise be on social assistance become employed or going to train? We don't know the answer to that.

One possible experiment that would be much less expensive would be simply to take the existing welfare system maybe adjust rates a little bit, but not too much and make that unconditional for a period of time, say three years and see what the effect is. That would be a relatively inexpensive opportunity to test; one, the key aspect of basic income.

So finally, I have on the last page of my report five recommendations for how to do an experiment and I think that it might be useful to reflect on them.

One, is to think carefully about the questions that you want to answer, what is it that you want to gather evidence about?

Secondly, to consult widely and thoroughly about how to design the experiment.

Thirdly, to field test the experiment. This something that wasn't done in Manitoba and it wasn't done in Ontario. I think it absolutely must be done if you're going to come up with a realistic budget and a realistic plan, timing and implementation.

Finally, I would say after you have tested the design, established a realistic budget timeline and then assign it to a third party to carry out the actual experiment in a way that insulates the experiment from political considerations for the time being.

So thank you very much. That's a summary of the report. You can take a look at it yourself and I would be happy to answer any questions. I'm sorry for taking a little more time than I ought to have.

**Chair:** No, thank you so much, Mr. Mendelson, that was incredibly informative. You've really given us some clear things that we need to consider moving forward.

I will take a moment now actually before we open the floor to questions, just to acknowledge a couple of folks in the gallery who've been with us since the beginning today. So we have Roxanne Carter-Thompson who has been involved with the Poverty Reduction Council, among other things.

We have Mary Boyd here with us today who has been very active around poverty elimination initiatives across the Island for many years. So I just want to take a minute to acknowledge them and thank them for being here today.

I will now open the floor to questions. Who would like to go first?

Hannah Bell.

**Ms. Bell:** Sure.

Thank you, Mr. Mendelson, and thank you, Chair.

It's interesting to see analysis; I think there's obviously some key players from the research perspective in here who all know each other. We've managed, I think, to talk to some big names and it's really great to have you adding to that.

There are some common themes that are coming forward. I really think it's interesting to have a differentiation between pilot and experiment because that qualification is important, certainly for me personally. Because you're right, we do tend to think about a pilot as being this chance to try something out.

As we heard from Dr. Forget this morning, we need to understand that when you're experimenting, you are testing and you need to be really clear on what it is you're testing for.

When you talked about – at the end there, you were just talking about one of the considerations is what happens if we make existing welfare systems unconditional. I'd be interested to hear from you – do you feel that that's sort of a starting point? Is what question we're trying answer is one of those starting points, that disconnection of income to employment?

**Chair:** Mr. Mendelson.

**Michael Mendelson:** Yeah. I think that that's one of the, I mean, the sort of core of the basic income, however it's designed and there, as you probably already know, many multiple ways – many, many ways of designing a basic income guarantee.

But there's two core elements to it. One, is the amounts of the guarantee, reduction rates and so on, how do you structure the design. But the other is that it's unconditional; that it goes out to people based either on their income or the size of their family or whatever those criteria are, but it goes out automatically. It doesn't matter what you do or don't do, you'll get that. It's unconditionality.

It's just our welfare system does provide in Canada. We have a social assistance system, and it does provide some level of assistance to at least meet the basic necessities of life, but it is conditional. What we haven't tested about welfare is whether that conditionality is useful.

I've been involved in social policy for about 50 years and in my view, the conditionality might have a reverse effect, it sort of forces people to prove that they're unemployable. People, being people, human beings being human beings, if you feel you have to prove you're unemployable, then sure enough, you start to think of yourself as unemployable.

The conditionality might have the result of encouraging some additional people who otherwise wouldn't have to become employed, but at the same time, it might have the effect of encouraging some people who might be employable to think of themselves as unemployable.

We don't know which one is more. We don't know if the conditionality and the time and expense and the stigma associated with conditionality is actually having any positive effect at all.

As far as I know, that's never been the subject of an experiment.

So the aspect of a guaranteed income that we could easily test that wouldn't be that expensive to test, would be to test unconditionality or conditionality, by providing – by taking our current welfare system and making it unconditional.

Just to say the big expense – now, the Ontario OBIP was quite expensive, but the expense was the significant increase in the guaranteed level above and beyond welfare.

We have three aspects of cost: we have the actual administrative cost of a basic income, we have the research costs of a basic income experiment, and we have the cost of the guaranteed income. But against that, we have the savings in welfare.

The big increase in cost in Ontario and what made it a very expensive experiment was that the level of the basic income guarantee was significantly higher than welfare.

So given that the federal government is not going to be a participant with PEI and given PEI's limited resources, may be an opportunity to make a real contribution to understanding the possibility of a basic income would be to attempt to do an experiment where the main issue being looked at is the effect of conditionality.

**Chair:** Hannah Bell.

**Ms. Bell:** Thank you, Chair.

Mr. Mendelson, you've just made my day. Thank you for being so clear in that.

It is an ongoing challenge with the social assistance systems that they are exactly that based on having to continually demonstrate and therefore, be placed continually in that situation of needing to sort of demonstrate need, which is for people who are already in a situation of great challenge, really – I think it's a really interesting point that we're talking about how important it is to collect data and understand why, but we have these entire systems that are not necessarily based on any evidence.

Certainly, the anecdotal experience for people who are in poverty and inside that system supports what you're saying, which is that this actually does not achieve any positive outcomes in terms of their mental health and their perception of where they fit in society.

We've talked as well about that many people on social assistance are unable to work and enter the workforce because of a disability, whatever that may be. That's yet another layer of challenge, of asking people to step up to meet conditions that they are never able to meet.

And so I really appreciate that qualification.

I know that we've talked a bit earlier with Dr. Forget about how we want to do the whole thing, we want the Cadillac version, but we also need to be pragmatic about what is within our capacity fiscally and about where you can achieve tangible outcomes in the scope of what you can do legislatively and policy based.

There is still a really important shift that could happen there, by looking at

conditionality as a core presumption, this is coming from somewhere – from evidence. So thank you so much for that.

I guess this also connects to my other question that I had for you, which is just around that randomized recruitment and taking into consideration that there are different populations that have very specific needs and how can you, within a randomized test, how can you make sure you are reflecting an appropriate number of people who have very specific needs that could be quite different from others, i.e. people with disabilities.

**Chair:** Mr. Mendelson.

**Michael Mendelson:** And people who are homeless et cetera.

And that's not – as far as I know – reaching the hard to reach hasn't been one of the sort of core goals of any of the experiments in the past or any of the sort of quasi-

**Ms. Bell:** That's a problem.

**Michael Mendelson:** – things that are called basic income around the world, as far as I know right now.

So I think that that would be – that's more of a pilot issue, if I can call it that, than an experimental issue. It's how would you administer a program to reach the hard to reach and if you have a disability, additional amount, how do you ensure that people are able to access that, who are people with disabilities in a fair way. And all of those kinds of questions, I think, would be quite important.

**Chair:** Hannah Bell.

**Ms. Bell:** Thank you, Chair.

A comment on that, Mr. Mendelson, is that one of the great advantages we have in PEI is a very well connected community, and with incredible community-based organizations who have been engaged in this work and in work with those communities.

So I think it's a real positive thing that we can bring forward in our considerations here, is how much opportunity there is to reach populations and in other areas may not

be as contactable, because we can go directly to community partners who know where they are. So, that's a real potential opportunity for us to, sort of again, add something into the story that we could do here that hasn't been able to be achieved elsewhere.

**Michael Mendelson:** It is.

**Ms. Bell:** Thank you, Chair.

**Chair:** Mr. Mendelson, is there anything you wanted to add as to what Hannah just said?

**Michael Mendelson:** No, but I'm just concerned about your time, that I'm taking too much of your time. Are we okay time-wise or are we –

**Chair:** Oh yes, it's fine. We're all here and we're committed to seeing this through, so don't worry. We'll take as much time as it takes.

All right, would anybody else like to ask a question?

Ernie Hudson.

**Mr. Hudson:** Yes, thank you, Chair and thank you very much for your presentation.

Just a couple of questions that I would have here and I've been asking this, I guess, for the last two or three presenters groups that have presented. We've heard sort of two different opinions of whether, initially, if and when the province goes down this road of a basic income guarantee, do we look at it as a pilot/experiment or should right from the get-go, would it be best to look at it as policy, as a permanent fixture?

So I would like your opinion on that.

**Chair:** Mr. Mendelson.

**Michael Mendelson:** Well, I'm going to – maybe I'll disappoint someone, but I would like to see a pilot or an experiment.

I'd like to see an experiment that also has a significant focus on administration so it would be a combined experiment and pilot.

This would be a very major reform of our income security system and have a significant impact on our – on society and I think it would be reasonable to have some evidence as to its workability within the inherent limitations that I mentioned of an experiment.

It's not – I mean, it would be – I don't think it would be unreasonable to say, well, you could do a pretty radical experiment in PEI because it's a smaller province, you have opportunities, if you experimented with unconditionality, in making your welfare system unconditional it would be possible, I think, and fiscally reachable to do that for a whole province for three years and see what the implications are. You would have very significant evidence then gathered about the issue of unconditionality in – for future implementation of a more substantial guarantee level than is currently in social assistance; even if you adjusted social assistance a bit.

So I suppose – I think jumping to implementation isn't necessarily the right thing to do. Another aspect I'd state that I'd really like to understand that I think would be useful, if we could use the income tax system to test income and if the issue of fluctuation of the income could be handled in a simple, straight forward way that wouldn't engage too much bureaucracy – that we would require too much bureaucracy – then that would be a real benefit to the possibility. It would show that a basic income, a negative income tax is a lot more possible then could be delivered in a way – with a lot less stigma and maybe no stigma as we've seeing with things like the child benefit.

So, I think that testing some of the key elements of a basic income is really important, to understand how it could be done and I would like to see a combined pilot and an experiment and I hope PEI would take that opportunity.

**Chair:** Ernie Hudson.

**Mr. Hudson:** Thank you very much. Thank you, Chair.

If the province – if we do go down the road of a basic income guarantee with complete saturation over a – whether it's a three, four,



five-year period on a pilot/experiment, do you have concerns if at the end of day, for whatever reason, that it is not continued on and the province, government of the day reverts back to a similar system of social assistance other types of supports; do you have concerns with that taking place?

**Chair:** Mr. Mendelson.

**Michael Mendelson:** No, well every – yes, I mean, every transition is difficult. I think one of the – I try to be neutral in my research report, but I do think it was wrong for the Ontario government to cancel benefits to people after a promise had been made, albeit by a different government, to continue those payments for three years.

But having said that, I think that if the Prince Edward Island government and Legislature made it clear to people, this is what we're doing it's got an x number of year period, we'll assess is after the end of that time and depending upon the assessment, we'll implement some of the reforms, all of the reforms, or maybe none of the reforms, that would depend upon what the findings are.

I think that that would be fair to people if they understand ahead of time what the promise was and if that promise were kept and of course there would also be an opportunity for the ultimate test, which is a vote – people could always vote in a government with another policy.

So I think it would be possible to do, but every transition involves difficulty, and of course it wouldn't be without a few bumps in the road, but possible.

**Chair:** Ernie Hudson, one more question.

**Mr. Hudson:** Thank you, Chair.

With the size of the population on PEI, if we did go with complete saturation right across the board, would you see the population of 160,000, or thereabouts, being too large or just an ideal population size to do a pilot/experiment?

**Chair:** Mr. Mendelson.

**Mr. Hudson:** If you had an infinite amount of money, it would be ideal. If you wanted

to do a full design with the kind of levels of guarantee that were in the Ontario basic income pilot, which were – I wouldn't say they were overly generous by any means but they were certainly reasonable and they were a substantial improvement for – especially for individuals, over and above what is now available on social assistance, if you wanted to do that, it would be very expensive for PEI. And I expect it would be outside of the bounds of the possibility.

If the federal government would participate, there might be a real opportunity here given that PEI is a relatively small province and it's a defined geographic area – we might have an opportunity to do something that's sort of you know, world – that would be unique and new – and fantastic for the whole world; but, having said that, it would be about 10 times the size of any previous experiment, as far as I know.

It would be, I think, very difficult for PEI to do a province-wide, full basic income experiment – which is why I was talking about the plausibility of doing a full province-wide – I think you could do a full province-wide experiment that simply had minor adjustments in the social assistance rates, but (Indistinct) experimented with having an unconditional welfare system – which encourages employment, rather than enforces employment.

I think that that might be – you know I haven't obviously looked at the cost and so on – but I think that might be within the range of fiscal feasibility for PEI to undertake on its own.

Just adding a last comment, if I can – I don't know enough about the geography and the demography of PEI to know whether there could be a saturation site that's just part of the Island. I mean the Island is basically – I've been there, to your beautiful Island, many times – several times – and it's wonderful. It seems to me, though, that everywhere is accessible – as far as I know and maybe there is a way to have an isolated area of 15,000 population; but I'm not sure that that is feasible as it was in Manitoba. I just don't know.

**Chair:** Mr. Mendelson, I just wanted to ask – now I realize I was quite quick to say we

are all here for as long as needed – but are you able to continue on with questions –

**Michael Mendelson:** Yeah, yes (indistinct)

**Chair:** Okay I just wanted to be respectful of your time.

Thank you so much.

Gordon McNeilly.

**Mr. McNeilly:** Thank you very much.

Just to continue on, I just have a couple questions just to continue on with our thoughts. Prince Edward Island, I have written down too, we're kind of divided up into three specific areas. As you're speaking I was thinking about an urban versus rural kind of context when we're thinking about Prince Edward Island for a saturation point.

So that was kind of my question. Do we need that kind of controlled, perfect population group to get a good saturation site?

**Chair:** Mr. Mendelson.

**Michael Mendelson:** So that's a really difficult question. You're going to have peculiar characteristics of any saturation site. You know, Dauphin was a rural economy in Manitoba. It did not reflect the economy in Winnipeg, Manitoba – which is much more urban and much more manufacturing-based and so on. Whatever you pick is going to have peculiar characteristics that will be – if you do pick an area, it will be limited to a certain extent – whatever you pick, so, it's a difficulty. From the perspective of downtown Toronto where I live, anywhere in PEI will be relatively rural.

It'll be extrapolating to a place like Ontario, like Toronto or Vancouver or Ottawa – you'll have to make assumptions about what can be extrapolated. In fact, that's one of the points I made in my presentation and in the paper about the inherent limitations of an experiment. That is that you have to accept that it is going to be very difficult to extrapolate across economies, across societies, across time. Things change – so my only advice would be that it would have to be a little bit based on serendipity.

What is possible – is there an area of your three areas – is there one of the areas that would be a small enough population so that it would be feasible to implement a full, sort of full-fledged experiment? And so on so – but accept the limitations of that.

**Chair:** Gordon McNeilly.

**Mr. McNeilly:** Just my final question.

Thank you in advance for joining us.

I look at the landscape of our country – specifically to BC, they've got more-or-less a left-leaning coalition government. Our country just decided to go with a minority government and – we are here too, in a minority government situation.

Is there any other jurisdictions in Canada – I would think that British Columbia would have enough time right now to look at something like this. I guess I'm looking for, potentially, a sister location across the country to take this approach may be with us – something on the west coast. Is there anything out there the last little while that you can talk to us about?

**Chair:** Mr. Mendelson.

**Michael Mendelson:** Well there is. BC has set up a panel. As you know it's a coalition – it's not really a coalition, it's an agreement – or maybe it is a coalition – I'm not sure what it is formally with the Green Party and the NDP. They have set up a panel on basic income to think about what, as far as I can tell, what the next steps are. I refer actually to the website in my paper – and it might be useful to look at it. As far as I know, I'm actually doing some work with the BC panel on this issue and I'm attending a workshop there in December.

On both sides, there's a lot of geography separating PEI and BC. But there is something going on on both sides of the continent – and it might be useful to try and make some connection. I actually was talking to a few people from BC who were involved in the panel and told them about PEI and they didn't know about what was going on PEI either, so they were interested as well.

**Chair:** Gordon McNeilly.

**Mr. McNeilly:** Thank you very much and just your final thoughts on – is this minority government, federally, something that could potentially help our plight here?

**Michael Mendelson:** I have no idea. It would be great if the federal government would become a partner – then you could do something that would cost more money, obviously. That would be, I think, really useful. But I'm not sure what the federal – I have no idea actually – you're the politician – (Indistinct) than I do. But I think that there could be some useful work done if they would partner.

**Chair:** Thank you.

Natalie Jameson.

**Ms. Jameson:** Thanks. Thank you very much for joining us today.

I guess that question was a good segway into my question here. What practical limitations would there be in a pilot that involves only one level of government, given programming that involves, obviously, multiple levels of government?

**Chair:** Mr. Mendelson.

**Michael Mendelson:** Well that's a different question and that's one that has to be thought through. It's the kind of question that can only be answered in detail and not in generality but there's issues like the overlap with the tax system. In my paper I go into it in some detail. In one of the issues of the overlap with the tax system – is how you – what do you (Indistinct). In the Manitoba experiment in Mincome Manitoba in the 1970s – any person who was in an eligible range of income got a tax refund that paid them that for the full amount of federal and provincial income tax that they had paid – so that there were actually two payments involved with the Manitoba basic income experiment.

There was the basic income payment itself – but there was also the tax refund to compensate for any income tax that had been paid. For technical reasons, that went not only to the level to people whose income was at the level of the basic income – but also to everyone who was entitled to any

level of payment. So that was, as I was explaining earlier, 50% reduction rate meant that everybody would double the level of income beyond the basic income guarantee on their tax refund as well as an income payment. Actually, it went even above that level for technical reasons I don't want to go into now, but I discuss in my paper.

There are many other issues that would have to be looked at in detail. To sort of try and answer your question specifically, yes, I think it is possible for a jurisdiction, on its own, to set up a useful pilot or experiment combined, but it's the kind of thing that has to be thought through very carefully. If I could just be explicit, I don't think it was thought through carefully not in Ontario. I think the project was hurried along a little too rapidly and as a result, many issues, like the overlap in the income tax system just weren't addressed adequately.

**Chair:** Natalie Jameson.

**Ms. Jameson:** Great, thank you, Chair.

And thanks for your response, sir, on that one.

I know this question has been asked to previous presenters but I'd like to get your take on it, and it's somewhat two-fold as well. Assuming a province-wide implementation, what impact do you believe a basic income guarantee would have on the rate of, both inflation and immigration?

**Chair:** Mr. Mendelson.

**Michael Mendelson:** I'm going to tell you – give you an answer that probably is not going to be satisfactory. I don't think it would have any impact on inflation. I might be wrong about that. I don't know, because, well, it depends upon the goods. It might have a slight impact on the price of some of the services that are local only, like restaurants and that kind of thing. But of course, in prices that are set nationally or even internationally, it's not going to have any impact on inflation.

I don't think it would have any impact on immigration either. It depends upon what the rules are. You'd have to think about rules. In Lindsay, Ontario, in Ontario you had to be a resident in Lindsay for a whole

year prior to the year of the implementation of the experiment. So with that kind of rule, even if it had been a true saturation site, it didn't provide an incentive for people to move into Lindsay to take advantage of the experiment.

But my real answer to your question, if I can, would be this: It would be that this is an experiment and one of the things we want to understand in an experiment is what are the consequences. Some of the consequences, we can't know ahead of time. We can speculate, as I was just doing.

One of the things we want to do in experiments is to be able to answer questions like yours. What would be the effect on inflation? Ultimately, the only way to answer that is to try an experiment or you try and gather some evidence. If you did a province-wide or even a local experiment in PEI and you wanted to understand the impact on immigration, you'd have to design the experiment to allow people who are immigrating to become part of the experiment. Or you could do the reverse. You could decide that you weren't interested in that question and you wanted to do as they did in Ontario and limit the implementation of the experiment.

I'd start with the first point I made in my summary of five points and it is: What questions do you want to answer? If one of the questions is about immigration, then you'll have to think about setting up your experiment in such a way as to give you some evidence that – that very question.

Inflation, I think, is a much more difficult question because it's such a general phenomenon. You know, it'll be affected by interest rates set by the Bank of Canada by international exchange rates and who knows what else. I don't know what else. It would be very difficult to isolate the effects of the experiment. I think if you sat down and said that's one of the questions I want to answer, and you consulted with experts, they might come back to you and say: Sorry, we can't design an experiment that's going to answer that question. It's not possible. You'd maybe have to put in the whole country to answer that question.

I'm going to try to finish this answer – one of the benefits of doing an experiment is to

answer – to try and provide some evidence. It won't be definitive, but some evidence to answer questions. One of the first things you want to do is to ask yourself what questions you want answered. You've outlined two questions: immigration and inflation. You want to, then, ask people: well, how can I design an experiment to answer these questions – to provide some evidence towards answering these questions? And the experts might come back and say: Here's our advice. Have a rule that limits it so that you have to have prior residence or not. Or experts might come back and say: Sorry, can't be done, you can't design a decent experiment to answer this particular question.

**Chair:** Great, thank you. Natalie, is that –

**Ms. Jameson:** That's great, thank you very much.

**Chair:** Ernie Hudson.

**Mr. Hudson:** Yes, thank you, Chair.

Just more for comment and then a very quick question. I think we're a very optimistic group here. So with that, there is optimism that the federal government, I think, would partner. Time will tell on that, but we'll certainly be pushing for that.

With regard to reduction rate, a quick question, like I say: reduction rate based on net or gross earnings?

**Chair:** Mr. Mendelson.

**Michael Mendelson:** Well, in Ontario, it was based on the taxable family income. I can't remember which income tax line it was. I could look it up –

**Mr. Hudson:** Okay.

**Michael Mendelson:** – at a later date. And that was – it was net of some of the deductions but not all of them, and again, one of the issues – I'm going to give you a really unsatisfactory answer, and my answer is: well, which one do you want to test? The question, then, is how do you go about setting up an income test to reflect what income you think is important? One of the issues in using the income tax system to test income is that some income isn't even

reportable. I think repayments of capital if you invest in real estate, and you're getting initial distributions, those distributions aren't reportable because they're treated as repayment of capital. Well, should they be treated as income or not?

Also, another question, getting a little bit off your comment – in Manitoba Mincome experiment, wealth was taken into account as well as income. I don't remember the exact details but there was – people had to account for the amount of assets they had, as well as the amount of income, and that was taken into account in the system.

One of the – in setting up a pilot, you're going to have to think through the answer to your question. It's an open question and it depends upon what you want to test. I don't have an answer. There's no preset answer. The answer is: it could be either. You could have it as a – there's many different ways of having a gross income; you can have adjusted gross income and so on and so forth. There's many different ways of having net income. You can have what you net, what you don't net. There's many different ways. Take into account wealth or not take into account wealth. Those are questions that need to be thought through.

And again, I would say in Ontario, if I may say so and be slightly critical, because of the haste with which the experiment was set up, I think some of these issues weren't thought through carefully enough. I think Hugh Segal did a great job, but he had very limited amounts of time and limited expertise available to him. I think it would do well to think through these questions carefully ahead of time. It's a good question.

**Chair:** Thank you.

Do we have any other questions?

Ole.

**Mr. Hammarlund:** My question relates to reduction rates. Have you been finding that previous studies have shown that getting the money doesn't reduce people's desire to work, which is really good news.

What I was wondering, is there any feedback that you have for these studies that you can put into the existing systems like

social assistance, particularly relating to jobs where in social assistance, the reduction rate is, like, basically if you earn some money, they take it right away. You basically can't earn any money; I think is more or less our system.

Is there something we can learn in the social assistance system that will make it better or maybe even get to the point where we don't need to speak about guaranteed income?

**Chair:** Mr. Mendelson.

**Michael Mendelson:** Yeah, I should have looked at the PEI social assistance system before I appeared here, and I didn't.

Most of the – I think almost all of the provinces now don't take away a dollar of benefits for each dollar you earn.

In Ontario right now, the first \$200 of earning is exempt, \$200 a month, for people who are on what's called Ontario Works. Then the reduction rate is 50 cents for each dollar of earning, so there is a \$200 incentive, and then 50% reduction.

I don't know what it is in PEI, but I expect that there's some kind of a system like that.

If you did do the experiment that I was suggesting of simply introducing a nonconditional – on making your social assistance system nonconditional – you'd have to ensure that there were an earning incentive, if there isn't one now, in the PEI system like that in the welfare system. So you could certainly put that into place in the welfare system if it isn't in place in PEI right now, but it is in place in most provinces.

I'm just going to tell you my anecdotal experience. (Indistinct) I actually was a grad student working in the summer for the Mincome project in the 1970s in Manitoba, which tells you how old I am and how long I've been involved in social policy and fiscal policy in Canada.

My anecdotal experience is that 95% of the people on assistance want jobs desperately. There might be –there always are some exceptions to every rule, but my experience is people just want to work. They just don't (Indistinct) it's the dignity and the income.

But just to restate it, it's as much the dignity to be self-supporting as it is the income.

So I've always felt that the whole sort of incentive issue – I'm just giving you my personal sort of anecdotal inclination – the whole incentive issue is probably a little less important than it's made out to be by most economists. It's really about human beings wanting to have their dignity, be self-supporting, make a contribution to society, and that kind of thing, that is in my view more important. But still, having said that, it is only fair that there be some return if people do make an effort (Indistinct)

**Chair:** Hannah Bell.

**Ms. Bell:** Thank you, Chair.

I had done quite a bit of work on the income claw back aspect of social assistance, and this was only changed last year after some work here in the Legislature, because it was very challenging, very limited.

There are changes that took place in June of last year to increase the amount of money that people on social assistance can retain before those kind of claw back conditions kick in. That includes things like child support payments, that kind of money as well, which was obviously a real challenge.

But it was increased from – it was originally only \$75 a month that you could keep before it began to be clawed back.

**Michael Mendelson:** (Indistinct)

**Ms. Bell:** Yeah, so it's now up to \$250 a month, plus 30% of any additional over \$250 and there's all sorts of variations.

The other piece that was also increased was how much in terms of liquid assets could be kept, because previously, social assistance clients were required to liquidate all their assets if they had anything, like savings accounts or RRSPs, or anything like that. They had to liquidate all of them before they could become eligible.

There has been some work done on that, but those barriers are still there. I think it is a really important part of the consideration, and understanding again, that disincentive aspect, it is actually our conditional work –

actually is more of a disincentive to the overall conditions of the program, and rather than the overall intent, which is meant to be to help people enter the workforce should they wish to.

**Chair:** Mr. Mendelson.

**Michael Mendelson:** Actually, just on the assets issue, in welfare, there's usually an assets limitation and people after a certain level of assets has to liquidate their assets and use that first. The amount of assets – I don't have the exact data – has been radically increased in several provinces, including in Ontario. As far as I know, there's been no effect in Ontario on case load.

I think it went from – I don't know – I don't have the exact numbers in front of me, but, like, from \$5,000 to \$20,000, and it didn't have any impact.

I was as an advocate, involved in some of those discussions and we challenged the department of finance many times, and they brought forth data, but the truth was that now that it's been done and it's been a couple years, it didn't seem to have any impact at all on enrollment.

My personal experience is that, for the most part with a few exceptions, people don't want to be on social assistance if they can avoid it, and it is a last resort. It might be that we're worried about putting in barriers a little more than we need to be.

**Chair:** Hannah Bell.

**Ms. Bell:** Thank you, Chair.

The context here is a really relatively static number. You can look at the data all the way back I think to the '80s on the Social Assistance Program in PEI, and it's been about 4,500 people. It's still 4,500 people. It can plus and minus depending on the seasonality.

We heard from Dr. Forget earlier today that the difference of a dollar doesn't make the difference of whether someone is in poverty or not. It's a very grey space of people needing to go in and out of social assistance.

The transition that we're seeing happening right now is more for people with disabilities, because we have a new disability support program. They're still in social assistance; they're just in a different program within that same space.

But the actual overall number of people in that envelope is in that kind of a 3% – so it's 3 to 4%. The exemption that changed here was we went from \$500 to \$3,500, and again no impact on the numbers at this point and we're over a year in.

I think that that data again is again, what question are we asking, what are we going to collect, and that are we using the data that we have that can say: well, we made this move, and nothing – the world didn't end, so what else could we do?

**Chair:** Mr. Mendelson, did you want to respond to that?

**Michael Mendelson:** No, I don't really.

**Chair:** All right, did we have any other questions?

**Ms. Bell:** No, I think we're good.

**Chair:** Mr. Mendelson, is there anything else you wanted to add before we sign-off?

**Michael Mendelson:** No, I just want to thank you for the opportunity to present my report to you, and I hope some of you've had a chance to read it. If anybody has any further questions of me, or if I can be of any other help to you, I'd certainly be very happy to do so, offer whatever I can.

Good luck to you.

**Chair:** Thank you so much.

We really appreciate your time today, and it was incredibly helpful and informative. So thank you.

Goodbye.

**Michael Mendelson:** Signing off.

**Ms. Bell:** (Indistinct)

**Chair:** Okay, great.

We had already taken care of the other points on our agenda, so I guess is there anything else that we need to talk about before we adjourn?

No?

Anybody want to move to adjourn?

**Ms. Bell:** Me.

**Chair:** All right, Hannah Bell..

We are adjourned.

The Committee adjourned