

**Written Submission for the Pre-Budget Consultations in
Advance of the Upcoming Federal Budget**

**By: Basic Income Canada Network/
Réseau canadien pour le revenu garanti**

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RECOMMENDATIONS

- 1. That the federal government develop a multi-year path toward a simplified, more efficient, integrated national basic income security system as an essential nation-building project, including the establishment of national framework that is consistent with Bill S-206 to engage government and non-government stakeholders.**
- 2. That the government further build on the Canada Groceries and Essentials Benefit by: making the one-time top-up and increased quarterly payments permanent; continuing to improve the adequacy of benefits to meet essential (basic) needs; providing benefits monthly; and delivering payments to individuals in households, as the Guaranteed Income Supplement does for senior couples, rather than to one person in the household. This quickly decreases inequality and the rate and depth of poverty.**
- 3. That the government improve other income-tested benefits such as the Canada Child Benefit, the Canada Disability Benefit, the Canada Workers Benefit and Old Age Security/Guaranteed Income Supplement by removing conditionality and increasing adequacy, accessibility and fairness.**
- 4. That the government provide funding to support other innovative measures and pursue sources of revenue that re-profile and consolidate programs, reduce complexity, increase equality and efficiency (e.g., automated tax filing) and shift resources from the very affluent to those who have too little income security and too many demands on their time and money, with particular attention to Indigenous peoples, and to gender and racial justice. This should include support for provincial, territorial, Indigenous and non-profit initiatives that contribute to the path of a more integrated national system.**

CONSIDERATIONS

The Prime Minister is charting a path of bold nation-building projects. But alongside pipelines, ports and hard infrastructure, Canada must also develop strong social infrastructure. A basic income is nation-building too. It creates the stability people need to be healthy, to care for family, pursue education, contribute to their communities, and weather economic and political change with aspiration and dignity rather than fear.

In the Spring Economic Statement, the government confirmed its pursuit of “building a stronger, more independent, more resilient economy.” However, it has ignored a key policy ingredient required to enhance the strength and resilience of the economy. That is effective policy to ensure the adequacy and reliability of Canadians’ incomes in order to provide a firm economic base for Canadians to participate in the economy as family members, workers, entrepreneurs and volunteers and in society as citizens and community members. Canada’s current patchwork of income support programs spread across three orders of government does not provide this base.

Economists from divergent schools support the need for policy in this area. Neoclassical economists articulate the need for investment in human capital as well as physical and digital capital. Comprehensive, effective and efficient income support policies are a central component of such investment. New Keynesian economists emphasize the need for income support policies to compensate for market failures, and as one ingredient needed to decrease income and wealth inequality, which have reached obscene proportions in Canada and are associated with many costly health and social problems. Expenditure on income support programs is not simply operational costs to be cut, but necessary investments in the economy.

The government has promised to maintain current income support programs, but not to improve them. This is insufficient because current programs form a patchwork leaving many without support rather than a comprehensive system as revealed by the need for specialized programs to deal with the economic shock caused by the pandemic. There is minimal support for working age Canadians, and this often comes at the price of stigmatization as welfare recipients, surveillance and intrusions on their privacy and autonomy. More than one in ten Canadians live in poverty according to Canada’s official poverty line, with higher rates for children, women, persons with disabilities, racialized persons, Indigenous persons and recent immigrants. In addition, many more Canadians are feeling financially vulnerable and insecure, unable to keep up and often unable to afford unexpected expenses.

Canadian and international research has demonstrated the effectiveness and efficiency of basic income guarantees in reducing (and hopefully eliminating) poverty, in reducing homelessness, in improving health status and mental health status, in improving educational outcomes, in reducing violence, crime and recidivism, and in stabilizing incomes in precarious labour markets. There is also evidence that basic income can enhance labour market entry and act as a catalyst for entrepreneurship. Beyond this, a comprehensive basic income would enhance the psychological security for the many Canadians so close to the edge that a temporary financial shock would drive them into poverty, and perhaps, homelessness.

Models exist in Canada to demonstrate that a basic income is affordable even when the mid- to long-term effects on decreasing health care, mental health care, social service and criminal justice costs are not considered.

The **National Framework** BICN and many others are calling for has a parallel in the Federal-Provincial/Territorial agreements that created a new national child benefit system in the late 1990s that grew and evolved into the highly effective Canada Child Benefit.

The **Canada Groceries and Essentials Benefit** temporary enhancements were welcomed, as our organization was among those recommending the (former) GST credit as an important mechanism for delivering benefits to those who need help most.

However, it is not only the current inflation and economic effects of tariffs on purchasing power that the government must deal with. Canada has a structural poverty problem expressed with a poverty rate which is far too high. Those Canadians experiencing the corrosive effects of poverty should be provided with the economic basis to live life with dignity. For example, in 2019, long before the current inflation and tariffs, 3,869,400 Canadians lived in poverty. Approximately half of O.E.C.D. countries have a lower poverty rate than Canada.

Making CGEB enhancements permanent and further building on them would help reduce the rate and depth of poverty and increase household resilience. Some of the current challenges to purchasing power may ease but others may grow in an increasingly uncertain future that the government has acknowledged as a rupture of the old order.

Improving other **Income-Tested Benefits** can also meet income support needs now. Canada has income support programs which are partial basic incomes. They could be made more accessible by removing conditions and could be made more effective by increasing benefit adequacy. For example the Canadian Centre for Policy Alternatives in its 2026 Alternative Federal Budget has proposed removing the requirement for employment income from the Canada Workers' Benefit and focusing on adults without children, with \$9,000 per year for individuals and \$11,000 per year for couples. This would be a major improvement for working age adults. Families with children would be served by an enhanced Canada Child Benefit.

Campaign 2000 to End Child Poverty has recommended that access to the Canada Child Benefit could be broadened by repealing section 122.6(e) of the Income Tax Act, which denies benefits to Canadian children whose parents have precarious immigration status. Campaign 2000 has also demonstrated that the Canada Child Benefit is losing its child poverty reduction effect and the Alternative Federal Budget recommends a subsidy for those children in deep poverty of a maximum of \$8,500 for the first child in a family earning less than \$19,000, with scaled reductions for each additional child, irrespective of age.

Eligibility for the Canada Disability Benefit is limited by use of the Disability Tax Credit Certificate, which must be completed by a physician and limits benefits to those with "a severe and prolonged impairment in physical or mental functions resulting in a marked restriction." This is much narrower than the definition in the Canada Disability Benefit Act: disability means any impairment, including a physical, mental, intellectual, cognitive, learning, communication or sensory impairment — or a functional limitation — whether permanent, temporary or episodic in nature, or evident or not, that, in interaction with a barrier, hinders a person's full and equal participation in society.

The government should implement eligibility conditions based on what is contained in the Act, beginning by grandfathering in those already receiving other provincial, territorial or federal disability benefits. It is also clear that, even with the recent enhancement, the benefit is far too low to significantly impact the scandalously high poverty rates of Canadians with disabilities.

Funds to **support innovation** in basic income programs are critical to enable Canadian diversity and experience to contribute to good policy design. Provinces have begun to innovate

in designing basic income programs. British Columbia, Quebec, and Newfoundland and Labrador have developed programs for people with disabilities, seniors, near seniors, and children ageing out of the care of the child welfare system. There is interest in Prince Edward Island, the Yukon, Nunavut and the Northwest Territories.

In some provinces and territories there is particular interest in design that works for First Nations communities, Metis communities, Inuit communities and urban Indigenous communities. Non-profit organizations are actively involved in all these developments. These programs provide an excellent opportunity for policy learning in a Canadian context and therefore should be supported by the federal government. This support should include a requirement for rigorous evaluation.

A deliberate nation-building path towards basic income will increase productivity and wellbeing, decrease operating costs generated by the consequences of extreme inequality and hardship and improve the efficiency, fairness and effectiveness of our income support programs.

Remaining dependent on a status quo path or one that merely tinkers around its edges undermines Canada's prosperity and capacity to build solidarity. A national basic income guarantee is both bolder and better grounded in reality.

BICN is a nationally-registered, non-profit organization and affiliate of the Basic Income Earth Network, a charity registered in the UK. See more at basicincomecanada.org.