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Cities can't sustain rise in poverty

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Hamilton is far from alone in bending under the weight of downloaded social services.

A report by the Federation of Canadian Municipalities released yesterday says cities can't meet the growing needs of vulnerable people by themselves.

The report, called Mending Canada's Frayed Social Safety Net, points out that despite a growing economy and declining unemployment rates between 2001 and 2006, the incidence of poverty in Canada's large- and medium-sized cities grew. The recession only deepened the problem, with soaring unemployment rates in almost every city across the country.

Collecting just eight cents of every tax dollar, cities have been forced to shore up investments in affordable housing, subsidized child care and recreation, emergency shelters, public transit and libraries to offset the impact of deep provincial and federal cuts to employment insurance and welfare programs since the 1990s, says the report.

"Many cities have been forced to choose between investing in people in need and investing in roads and sewers," said FCM chief executive officer Brock Carlton.

The FCM says federal and provincial governments must reverse downloading and begin to reinvest in the social safety net.

Cities form "the social infrastructure that a growing number of people rely on to earn a living, raise their families and cope with difficult times. For a growing number of Canadians, their city is their safety net," reads the report.

Property taxes shouldn't be used to redistribute wealth because it's a regressive tax, says FCM. "It amounts to taxing low income earners to support other low income earners."

To illustrate, a study in 2003 found the poorest 20 per cent of Canadians spend \$1 of every \$10 they earn on property taxes, while the richest 20 per cent spend less than \$2 of every \$100 earned.

The report shows Hamilton joins the majority of cities in seeing the poor get poorer and that those living on social assistance are finding it harder to get by. For instance, in 2000, welfare benefits covered about 57 per cent of the cost of a basic basket of monthly household goods. In 2005, that had dropped to about 51 per cent.

While Hamilton is often cited as an affordable city, it stands in the middle of the pack in an analysis of how people in the lowest 20 per cent of income earners can afford a market basket of goods. Halton and Waterloo performed much better, while Hamilton lined up closely with Ottawa, London, Sudbury and York.

The FCM report praised the Hamilton Roundtable on Poverty Reduction, begun in 2005, saying it "has attracted the admiration of cities across the country."

The initiative is credited with creating new health, housing, social and employment services through the collaboration of about 900 Hamilton organizations and businesses.

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