

## Mending Canada's Social Safety Net: The role of municipal governments

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The sixth theme report from the Federation of Canadian Municipalities' Quality of Life Reporting System (QOLRS) focuses on the growing municipal role in filling the holes in Canada's fraying social safety net.

The 24 QOLRS communities<sup>1</sup> are home to more 17 million people, making up 54 per cent of Canada's population. As other Quality of Life theme reports since 2003 have shown, poverty and other inequalities persist among vulnerable groups in these communities.

This report looks at the growing need for municipal social services, a need made more urgent by the recent recession and the federal and provincial retreat from traditional social supports, which has shifted the burden to municipal governments.

The report introduces the concept of social infrastructure, the support system provided by municipal governments and made up of direct social services, such as affordable housing, emergency shelters and subsidized childcare, as well as public services like transit, recreation and libraries.

Together these municipal services help fill the gap left by shrinking federal and provincial social assistance programs. They form the social infrastructure that a growing number of people rely on to earn a living, raise their families, and cope with difficult times. Social infrastructure is particularly important to vulnerable people on limited incomes, especially during a recession. The report finds that while the need for these services has increased, investments have not kept up.

### Highlights

The report identifies a destructive dynamic in which poverty, most prevalent among certain growing vulnerable groups, combines with shrinking federal and provincial support for social services to increase demands on limited municipal resources. This dynamic creates an urban environment where substantial numbers of people are disadvantaged, despite generally positive (until recently) economic conditions.

The dynamic grows from the following trends:

- **The persistence of poverty despite economic growth** –While certain populations experienced relative improvements in their socio-economic situation (e.g., seniors, aboriginals, people with disabilities) during the five-year period of relative economic growth from 2001 to 2006, others were left even further behind (e.g., single mothers and families with young children, the working poor, immigrants, and social-assistance recipients).
- **The erosion of traditional social-policy tools** – Traditional social policy tools to combat poverty and unemployment eroded during the survey period. The federal role in national social

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<sup>1</sup> While the 24 participants in the QOLRS are referred to throughout the report as "communities," their legal status differs. QOLRS members include a mix of municipalities, regional municipalities and metropolitan organizations. A guide to the QOLRS geography providing a more detailed description of these terms and associated issues is available at [www.fcm.ca](http://www.fcm.ca).

programs has declined as seen in the prolonged shortage of funding for social housing, restrictions on Employment Insurance (EI) eligibility, and the elimination of the Canada Assistance Plan (CAP). Concurrently, provincial downloading of social-service costs and responsibilities to municipalities and the not-for-profit sector has, in many cases, further exacerbated the situation, weakening municipal social infrastructure.

- **The fraying social safety net** – Tougher requirements for social assistance have contributed to the increase in working poor families and the incidence of homelessness. More restrictive eligibility rules for EI over the past 15 years will affect the increased numbers of QOLRS residents who are losing their jobs as a result of the recent recession. Once their EI is exhausted, many of these unemployed people will turn to welfare, which is administered and financed by municipal governments in many of the QOLRS communities.
- **The municipal role in patching the social safety net** – The report highlights a range of social infrastructure with strong municipal involvement, including social housing, emergency shelters, public transit, childcare, recreation, and libraries. Together, these facilities, programs and services help fill the gap left by shrinking federal and provincial social assistance. They form the social infrastructure that a growing number of people rely on to earn a living, raise their families, and cope with difficult times.
- **The looming deficit in municipal social infrastructure** – Cities have stepped in to fill holes in the social safety net left by federal and provincial governments as they retreat from funding social programs. Even with these investments, long waiting lists for services, increasing homelessness and a growing number of working-poor families suggest demand is outpacing the municipal capacity to respond.

Changing the dynamic described above requires tackling all of its components. The withdrawal of federal/provincial support for social programs and the lack of a commitment to sustained funding has forced more people in the QOLRS communities onto services supported by the municipal property-tax base, which was intended to pay primarily for physical infrastructure.

The report supports FCM's call for continued federal contributions to cities in the form of the GST refund, the permanent Gas Tax Fund and the various infrastructure programs now in place. These help to free funds to meet the growing need for social services and other public services that support vulnerable groups, such as public transit, recreation and libraries, but they are not a long-term solution.

As Canada slowly recovers from the recent recession and governments contemplate balancing their budgets, this report makes clear the human cost of allowing the social safety net to fray. Municipal social infrastructure provides a second line of defence, catching the increasing number of people who slip through gaps in the traditional safety net. If this second line of defence should fail, the consequences for Canada's most vulnerable will be severe.

Information on the QOLRS and earlier theme reports is available at [www.fcm.ca](http://www.fcm.ca)