Income Security Advocacy Centre Recommendations for Ontario Budget 2026

For the 2026 Budget, the Income Security Advocacy Centre recommends investments to address urgent needs that support Ontarians:

Ontarians Need More Income

i. **Index Ontario Works Rates and Increase Social Assistance to Ensure Adequacy and Economic Resilience**
ii. **Increase Ontario's Minimum Wage to $20/Hour to Reflect the Cost of Living**

Ontarians Need to Keep Their Money

i. **Raise Ontario Works Earnings Exemptions to $1,000/Month to Eliminate Poverty Traps**
ii. **Stop Clawbacks on Federal Benefits**
iii. **Invest to End Wage Theft and Recover Unpaid Wages**

Ontarians Need Stability, Safety, and Opportunity

i. **Extend Full *Employment Standards Act* Protections to App-Based Gig and Precarious Workers**
ii. **Legislate Ten Permanent Paid Sick Days Plus an Additional Fourteen in Public Health Emergencies**
iii. **Fix Social Assistance by Funding Client-Centred Life Stabilization and by Enabling Sustainable Employment**

About the Income Security Advocacy Centre (ISAC)

ISAC is a specialty legal clinic funded by Legal Aid Ontario. Our mandate is to advance the rights and interests of low-income Ontarians with respect to income security and employment. We carry out our mandate through test case litigation, policy advocacy, community organizing, and public education. For further information about our work, please visit www.incomesecurity.org or email us at info@isac.clcj.ca.

The Ontario government's mandate is to protect the province, its communities, workers, and businesses. In the face of U.S. tariffs, rising costs, and ongoing economic uncertainty, the provincial budget must help Ontarians to withstand current and future shocks.

To do this, the government must make targeted investments so that all Ontarians can live with dignity, opportunity, and equitable treatment, especially those who have fallen the furthest behind. Previous provincial budgets have increased financial vulnerability for people living on low incomes. These results are troubling and unacceptable. In 2023, Ontario's poverty rate reached 12.3 per cent, a 66 per cent increase since 2020.[i] This increase occurred alongside record increases in the number of children living in poverty[ii], people struggling to afford food[iii], and people living without permanent or safe housing.[iv]

As life becomes increasingly challenging, Ontarians with low and unreliable incomes face a steeper climb out of poverty. When the province delays action, hardship deepens, and public systems absorb higher costs through increased demand for health care, emergency services, and income supports.

Ontario cannot become resilient, self-reliant, or prosperous while a growing share of the population moves further away from economic stability.

The upcoming budget offers a critical chance to change course by funding policies that meet people's core needs and help them enter, remain in, and advance through the labour market. These needs fall into three interconnected priorities:

Ontarians Need More Income

For too many Ontarians, their regular income, whether market-based earnings or government benefits, simply does not stretch far enough to cover even the basics of daily life. Years of frozen or inadequate income supports, combined with wages that lag far behind the cost of living, have left people on low incomes unable to pay for essential needs like housing, food, and transportation. When income falls short of basic survival, people are pushed deeper into poverty, their health deteriorates, and their pathways to work and stability narrow.

i. Index Ontario Works Rates and Increase Social Assistance to Ensure Adequacy and Economic Resilience

For seven years and counting, the government has frozen Ontario Works (OW) rates at $733 per month for a single adult, resulting in a 23 per cent loss in real value since 2018 due to inflation.[v] In 2024, a single adult receiving OW would need $18,874 more per year, roughly $1,573 per month, just to reach Canada's Official Poverty Line – the minimum income required to afford basic necessities.[vi] While Ontario is usually in the middle of the pack when comparing social assistance regimes across provinces and territories, Ontario now has the unfortunate distinction as the only province that has not increased social assistance rates for single employable individuals (i.e., those on OW), since 2018.[vii] This cannot be justified and therefore must be rectified.

Indexing OW rates to inflation is also necessary to prevent further harm, ensuring that benefits do not continue to lose purchasing power each year as the cost of housing, food, and transportation rises. However, indexing alone is insufficient. Years of frozen rates have created a wide gap between social assistance and the cost of basic necessities. The government must implement a targeted rate increase to address this accumulated shortfall and restore a minimum adequate standard.

The freezing of social assistance rates has real economic consequences for the province. Inadequate benefit levels trap people in cycles of deep poverty, limiting their ability to transition to work or maintain employment. Findings from our study of 200 social assistance recipients show that social assistance income is overwhelmingly spent on basic survival, such as rent, groceries, utilities, and uninsured medical needs, leaving little or no capacity to invest in job search, training, transportation, or health maintenance.

When all available income is consumed by survival, meaningful labour market participation becomes unattainable. This is reflected in broader trends, as government data shows that in recent years, fewer recipients have left social assistance for employment.[viii] Evidence shows that indexed or higher income supports are associated with improved labour market outcomes.[ix] Adequate benefits enable recipients to cover the fixed costs of working, such as transportation, childcare, clothing, and skills development, and are linked to improved mental health outcomes associated with reduced financial stress.[x] Increases in income supports help low-income recipients remain employed rather than discouraging work. Evidence suggests that when people have sufficient and predictable income, they are better able to manage work-related expenses, reduce barriers to sustained employment, and avoid the “welfare wall”.[xi][xii]

Therefore, policies like indexing social assistance to inflation and raising its base rates serve a dual purpose. They immediately help people meet basic needs, in turn creating the necessary foundation for seeking and maintaining employment. When people meet their basic needs, they strengthen their connection to the labour market, rely less on social assistance over time, and participate more fully and independently in the economy.

Beyond individual outcomes, increasing social assistance rates would inject much-needed income into the local economy. An increase would put additional purchasing power in the hands of more than 200,000 OW recipients and over half a million social assistance recipients and their households.[xiii] This also boosts demand for essential goods and services, and supports local businesses, particularly those in communities most affected by economic precarity.[xiv,xv]

While raising social assistance rates requires an upfront investment, the cost of inaction is far greater. Poverty increases spending on health care, the justice system, homelessness services, and emergency supports, costs the province largely pays. Ontario is estimated to incur $27-$33 billion annually in poverty-related costs, including lost productivity, increased health care spending, and justice system costs.[xvi] Indexing social assistance rates to inflation (essentially committing to a predictable annual percentage increase) would prevent these collective costs from escalating further over time, while a targeted rate increase would help to reduce existing provincial expenses.

This approach would free up public resources over the long term.

Indexing and increasing social assistance rates are matters of dignity and equity, as well as sound socio-economic investments. Together, they form a necessary foundation for participating in the labour market, providing economic stability, and creating a more resilient province. ISAC recommends that the government must:

- Index OW rates to inflation so benefits do not lose purchasing power each year; and
- Increase OW rates now to restore the purchasing power lost since 2018 and ensure benefits support an adequate standard of living.

ii. Increase Ontario's Minimum Wage to $20/Hour to Reflect the Cost of Living

The province must ensure that workers earn wages that sustain Ontario's economy. Even when people do all they can to find and keep work, the current wage floor leaves too many Ontarians unable to meet basic needs. As a result, low wages weaken workforce stability and push working people to rely on public supports despite their employment.

Ontario's current minimum wage of $17.60 per hour falls well short of what workers need to live with dignity. In the Greater Toronto Area (GTA), the living wage – the hourly rate required to cover basic expenses and participate in community life – has reached $27.20. This is more than 50 per cent higher than the provincial minimum wage.[xvii]

In 2025, the GTA living wage rose 4.6% year-over-year, driven largely by runaway housing costs, far outpacing the 2.8% CPI-based increase to Ontario's minimum wage.[xviii] The gap is stark. Now, in Toronto, a worker needs more than two full-time minimum-wage jobs to afford the average one-bedroom rent; in Ottawa, 1.7 full-time minimum-wage jobs are required for the same.[xix] Similar affordability pressures affect workers in Barrie, Hamilton, Oshawa, Thunder Bay, and other communities across the province.

Research shows that raising the minimum wage reduces wage inequality, particularly for women and racialized workers, while also lowering poverty-related public costs such as health care and social assistance.[xx] Higher wages increase local spending, reduce employee turnover, and generate additional tax revenue.[xxi] This helps small businesses thrive because workers spend their extra earnings locally, bringing more customers through their doors, while owners save on turnover as experienced staff stay longer.[xxii,xxiii] Ontario's experience in 2018 demonstrates this clearly – when the minimum wage rose from $11.60 to $14, the unemployment rate fell to its lowest level since 2000, and the economy added 78,000 full-time jobs.[xxiv] Higher minimum wages also improve food security, as evidence shows that each one-dollar increase in the minimum wage reduces household food insecurity by approximately five per cent.[xxv]

Ontarians need a minimum wage that reflects today's cost of living and ensures that work provides a genuine pathway out of poverty. A $20 per hour minimum wage ensures that work provides a stable income and supports secure, dignified lives. ISAC recommends that the government:

- Raise Ontario's general minimum wage to $20 per hour.

Ontarians Need to Keep Their Money

Too often, the government penalizes low-income people when they take steps to improve their financial situation. Low earnings exemptions and steep clawbacks on income support benefits, as well as weakly enforced labour law standards, prevent people from keeping the money they earn or receive through government benefits. These rules take income away from people who need it most, block real paths to self-sufficiency, and run counter to the province's stated goal of supporting sustainable employment.

i. Raise Ontario Works Earnings Exemptions to $1,000/Month to Eliminate Poverty Traps

For OW recipients, the earnings exemption remains frozen at $200 per month, unchanged since 2013. Beyond this threshold, OW claws back 50 per cent of every additional dollar earned.[xxvi] At the current minimum wage of $17.60 per hour, single recipients begin losing half of their earnings after just 11.2 hours of work per month and lose their entire OW income benefit ($733) after approximately 24 hours of work per month. In the first three months on OW, the earnings exemption does not apply at all, leading to loss of income benefits after even fewer hours of work.

These low earnings exemptions and steep clawback rates create a poverty trap, where additional work fails to translate into meaningful gains in income. When employment income triggers benefit reductions, those reductions act like a hidden tax on what one earns. As a result, social assistance recipients often face extremely high effective marginal tax rates on each extra dollar they earn, often higher than those faced by high-income earners.[xxvii] This disincentivizes OW recipients to increase their work hours or accept higher-paying opportunities.

Recipients must also weigh the risk of losing essential health and supportive benefits when they consider unstable or low-wage employment. Many available jobs offer limited hours, unpredictable schedules, and no extended health coverage. When earnings fluctuate, people can quickly exceed eligibility thresholds and lose their drug, vision and other health benefits at precisely the moment when work-related stress and health needs may increase. The sharp decline in OW recipients reporting employment income, from 13.2 per cent in 2019 to 7.3 per cent in 2024, is consistent with the fact that current exemption and clawback rules actively discourage work and delay transitions to sustainable employment.[xxviii]

Aligning OW earnings exemptions with the $1,000 monthly no-clawback threshold under the Ontario Disability Support Program (ODSP) would allow people to keep more of what they earn, reduce poverty traps, and encourage employment without the immediate loss of essential benefits. Critically, this change would support a smoother, more realistic, transition into stable work. ISAC recommends that the government:

- Increase the OW earnings exemption to $1,000 per month with no clawback on earnings up to that threshold.

ii. Stop Clawbacks on Federal Benefits

Ontario should end dollar-for-dollar clawbacks of federal income supports, such as Employment Insurance (EI) and Canada Pension Plan Disability (CPP-D), from OW and ODSP. Current provincial legislation treats federal benefits as a substitute for provincial responsibility, stripping low-income Ontarians, including people with disabilities, of the full value of income supports designed to provide added security during periods of unemployment, injury, or disability. Moreover, provincial policy directives dictate that people receiving social assistance must apply for CPP-D to offset provincial program costs when directed to by a caseworker, even where a CPP-D application is meritless. Ontario requires this even though a social assistance recipient sees no added monetary benefit for the time and cost required to put in a CPP-D application, since their CPP-D is clawed back dollar-for-dollar from ODSP. If a recipient fails to proceed with a CPP-D application, the recipient risks having their social assistance cut off or suspended by their caseworker. Even if the individual is successful in obtaining CPP-D income, if their CPP-D income is "too high", this can leave them worse off, because they may lose essential social assistance supports, including drug coverage, dental care, and transportation benefits.

The province should stop treating federal income supports as cost-saving opportunities. Ontario must apply the Canada Disability Benefit (CDB) exemption model to EI and CPP-D by fully exempting federal income supports from social assistance income calculations.[xxix] This change would allow people to keep more of their benefit income, reduce premature cut-offs of extended health and other benefits, promote fairness across income support programs, and support pathways to stability and self-sufficiency without penalizing disabled people for accessing all of the supports available to them. Therefore, ISAC recommends that the government:

- Fully exempt federal benefits, including EI and CPP-D, from OW and ODSP income calculations and clawbacks, following the model used for CDB.

iii. Invest to End Wage Theft and Recover Unpaid Wages

Wage theft in Ontario remains widespread and costly. It deprives workers of their hard-earned income, sabotages financial stability, and diminishes their contributions to the economy. According to a 2025 report from the Workers' Action Centre, more than 60 per cent of the 513 surveyed low-wage and precarious workers experienced wage theft, including unpaid overtime, unpaid public holiday pay, illegal deductions, and late payment of wages.[xxx] More than one in five workers lost over $5,000 in stolen wages in the past year alone. These losses fall disproportionately on low-wage, precarious, racialized, migrant, and non-status workers, many of whom hesitate to report violations due to fear of retaliation, job loss, deportation, or harm to their immigration status.[xxxi]

The report also shows that between 2014 and 2023, the province assessed nearly $200 million in unpaid wages owed to workers through the Ministry of Labour complaints process. Yet a serious lack of enforcement prevents most of that money from reaching workers. From 2020 to 2022, the province collected only about 36 per cent of assessed unpaid wages, leaving the majority unpaid. For low-income households, these losses push people into debt, worsen food insecurity, destabilize housing, and increase reliance on social assistance and other publicly funded supports.

While some protections under the *Employment Standards Act, 2000 (ESA)* exist, the government has continued to deprioritize enforcing protections. Over the past decade, the province has laid approximately 90 per cent fewer charges for *ESA* violations, including wage theft.[xxxii] At the same time, proactive inspections have fallen by about 77 per cent, employer fines have dropped by 85 per cent, and criminal prosecutions, an essential deterrent, have become increasingly rare. Although the government doubled maximum fines for *ESA* convictions in late 2024, employers can and have ignored these penalties due to weak enforcement – allowing wage theft to persist.[xxxiii]

To ensure workers keep the money they earn and to support broader economic stability, Ontario must strengthen wage theft enforcement. The province should make a targeted, multi-year budget investment in *ESA* enforcement, consistent with the recommendations of the Workers' Action Centre. This investment should provide support to:

- Hire and train additional Employment Standards Officers and restore proactive, sector-based inspections in high-risk industries;
- Enforce stronger penalties, including expanded use of administrative monetary penalties, higher fines, and prosecutions for repeat and egregious offenders; and
- Improve wage recovery mechanisms by addressing the low collection rates of unpaid wage referred to by the Ministry of Finance, to ensure that assessed wages are collected and paid to workers.

This investment would deliver strong fiscal and social returns. Even modest improvements in recovery rates could return tens of millions of dollars annually to workers, income they have already earned, while increasing provincial tax revenues, reducing reliance on income supports, and strengthening a fair and resilient labour market in Ontario.

Ontarians Need Stability, Safety, and Opportunity

Income alone is not enough. Ontarians living on a low income require reliable legal protections to secure employment, to maintain their health, and to build long-term resilience. Without paid sick days, fair labour standards for precarious workers, or coordinated wraparound services addressing barriers to work, people face cycles of crisis and job loss, as well as repeated cycling on and off of social assistance with little to no relief.

i. Extend Full *Employment Standards Act* Protections to App-Based Gig and Precarious Workers

The rapid growth of gig and platform-based work has shifted labour costs and risks onto workers while leaving many outside the protections of the *ESA.* App-based platforms such as Uber, DoorDash, and Instacart now provide income for millions of Ontarians[xxxiv], yet most gig workers, who are disproportionately racialized, immigrant, low-income[xxxv], and facing health barriers[xxxvi], remain classified as independent contractors and are excluded from basic employment standards protection.

Bill 88 and the *Digital Platform Workers' Rights Act (DPWRA)*, in force as of July 1, 2025, introduced limited measures, including a minimum-wage guarantee for "engaged time" and basic pay transparency. However, these measures fall far short of addressing the core exploitations in the sector. Critically, the *DPWRA* continues to misclassify gig workers as independent contractors, explicitly excluding them from the full *ESA* protections.

The *DPWRA* limits minimum-wage guarantees to "engaged time" only, excluding significant unpaid waiting time, travel between jobs, and on-call hours, time that is integral to gig work.[xxxvii] After accounting for unpaid time and work-related expenses such as fuel, insurance, and vehicle maintenance, many gig workers continue to earn well below the statutory minimum wage, with research showing hourly earnings as low as $6.37 for ride-hail drivers.[xxxviii]

Gig and precarious workers remain without overtime pay for hours exceeding the standard threshold. They also do not receive vacation and public holiday pay, rest periods, or access to pregnancy and parental leave. They do not receive employer contributions to EI and Canada Pension Plan (CPP), and there are few safeguards against unjust dismissal or retaliation.[xxxix] Furthermore, the law's pay transparency requirements do little to prevent the use of algorithms to unfairly reduce earnings, and enforcement relies on individual complaints rather than proactive measures.[xl]

By excluding gig workers from core *ESA* protections, Ontario effectively subsidizes low-cost labour models, shifting costs onto workers and public systems through increased reliance on income supports, healthcare, and emergency services. Unlike British Columbia's recent amendments[xli], granting gig workers fuller *ESA*-like protections by treating them as employees[xlii,xliii], Ontario's approach instead creates a separate and inferior tier of rights. This two-tiered labour system locks a growing segment of the workforce into lower standards and weaker protections while allowing platforms to reduce labour costs and avoid accountability. Over time, this model drives down labour standards across the broader economy, as compliant employers struggle to compete with those who sidestep employment obligations.

To protect gig and platform workers, and to support decent and stable employment, Ontario must extend full *ESA* protections rather than entrench a diminished parallel regime. The province should change the *ESA* to treat digital platform workers as default employees by adopting the ABC test[xliv] [xlv], as reflected in the Canada Labour Code.[xlvi] Under this test, workers are presumed to be employees unless the platform can show that the worker is free from its control, performs work outside the platform's usual business, and operates an independent business of their own. This shifts the burden of proof onto platforms and aligns provincial law with recent federal reforms. Specifically, ISAC recommends that the government should:

- Deem app-based gig workers, including ride-share, delivery, and courier workers, as employees entitled to all *ESA* protections, including minimum wage for all hours logged into an app or available for work, overtime pay, vacation and public holiday pay, job-protected leaves, and fair termination standards, including protection from unjust dismissal and eligibility for termination and severance pay where applicable;

- Prohibit deductions or practices that reduce earnings below minimum wage standards; and
- Guarantee protections against unjust deactivation, including access to collective bargaining rights.

ii. Legislate Ten Permanent Paid Sick Days Plus an Additional Fourteen in Public Health Emergencies

Ontario recently took encouraging steps by amending the *ESA* to introduce a new 27-week job-protected long-term illness leave. This change brings Ontario law more closely in line with federal EI sickness benefits and helps ensure that workers who face serious illness do not have to choose between protecting their health and keeping their jobs. However, this protection applies only to long-term illness and leaves a critical gap for short-term illness, as Ontario still does not provide provincially legislated paid sick days for short-term and episodic illness.

This gap raises particular concern because the province has continued to rely on temporary and inadequate measures for workers' safety, instead of committing to permanent, sustainable changes. While the now-expired Ontario COVID-19 Worker Income Protection Benefit was riddled with challenges, including a lack of use due to low promotion[xlvii,xlviii], the Benefit did offer up to three days of paid infectious disease emergency leave. When the Benefit expired, Ontario once again left workers without any employer-provided paid sick leave under the *ESA*. Today, most workers in Ontario are only entitled to three unpaid sick days per year, failing to reflect public health evidence, labour market realities, or practices in other jurisdictions.

Ontario now falls behind provinces like British Columbia, that guarantees at least five employer-paid sick days each year[xlix], and Quebec, that requires employers to provide a minimum of two paid sick days per year.[l] Federally regulated private-sector workers have been able to take ten paid sick days since 2022.[li]

The COVID-19 pandemic made the risks of inaction clear. The low-wage, racialized workers who were less likely to have paid sick days were disproportionately affected by the health impacts of COVID-19, and faced greater negative economic impacts from the pandemic.[lii] In Toronto, racialized people constitute 52 per cent of the population, yet accounted for 83 per cent of COVID-19 cases.[liii] Women, who are overrepresented in caregiving and front-line occupations, also experience higher income instability when paid sick leave is unavailable.[liv] In the absence of paid sick leave, Ontario effectively externalizes these employer costs onto hospitals, public health units, and income-support programs.

Paid sick leave should be understood as a preventative investment. Evidence shows that paid sick days reduce widespread workplace illness, protect earnings, maintain labour force attachment, and decrease emergency public health spending.[lv,lvi,lvii,lviii] As Ontario faces ongoing infectious disease risks[lix] and sustained pressure on the health care system, the lack of paid sick leave drives higher long-term public spending, weakens economic resilience, and leaves workers less able to work because of illness and disability. Accordingly, ISAC recommends that the government must:

- Legislate permanent, universal paid sick leave as a core component of workplace safety and income security. This includes amending the *ESA* to provide ten employer-paid sick days annually, with an additional fourteen paid sick days during declared public health emergencies; and
- Ensure paid sick leave is fully paid, job-protected, accessible without requiring a doctor's note, and available to all workers regardless of employment status, immigration status, sector, or workplace size.

iii. Fix Social Assistance by Funding Client-Centred Life Stabilization and by Enabling Sustainable Employment

The province's ongoing social assistance "modernization", encompassing Social Assistance Renewal (SAR) under the Ministry of Children, Community and Social Services (MCCSS) and Integrated Employment Services (IES) under the Ministry of Labour, Immigration, Training and Skills Development, raises serious questions about its ability to deliver stability and meaningful opportunity for social assistance recipients. Rather than strengthening the supports required for sustainable employment, Ontario's approach has largely prioritized administrative restructuring and expanding private, performance-based, employment services.

Under SAR, MCCSS centrally decides who qualifies for social assistance and handles its financial administration. Meanwhile, municipalities take over casework and provide supports to help people stabilize their lives, including help with housing, mental health, addictions, and domestic violence. However, key legislative provisions in Schedule 21 of the *Supporting Recovery and Competitiveness Act, 2021* (ss. 1–3, 17, 18(1), 18(2), and 22) remain unproclaimed. As a result, municipalities are expected to deliver essential stabilization services without clear authority, adequate funding, or a clear picture of what they can realistically deliver on the ground. This fragmented approach pushes vulnerable recipients into employment before they are ready, often leaving them worse off.

Equally, on the employment side, IES contracts services to private Service System Managers (SSMs) through a performance-based funding model that rewards rapid job placement and short-term retention. Evidence indicates that this model has failed to meet the needs of social assistance recipients and, in many cases, has created additional barriers to stability and sustained employment.[lx,lxi] The emphasis on quick placements discourages meaningful and individualized support, leading SSMs to deprioritize clients with complex barriers, including persons with disabilities, newcomers, and individuals with health or caregiving responsibilities.[lxii,lxiii,lxiv]

At the same time, referrals from MCCSS to IES employment services have declined, creating a growing gap between the number of people referred from OW and ODSP and the number actually accepted into IES services, while employment outcomes for participants have also worsened when measured at the 12-month follow-up point.[lxv]

Administrators require lengthy and invasive assessments, rigidly stream clients through the Common Assessment Tool, and demand extensive documentation; these practices drain staff capacity and deter clients from participating in employment programs.[lxvi,lxvii]

Collectively, these structural shortcomings contribute to Ontario falling well short of its Poverty Reduction Strategy target of moving 60,000 social assistance recipients into employment annually, achieving only 34,994 placements in 2024. The share of OW recipients with employment earnings declined by 45 per cent between 2019 and 2024, while approximately one-third of recipients who exit OW re-enter the program within a year, a rate that has remained unchanged for five years.[lxviii]

These outcomes reflect a system that emphasizes exits over stability. The lack of coordinated, adequately funded wraparound supports continues to push recipients into precarious, low-wage employment without the training, skills development, or life stabilization necessary for sustained labour market attachment. Consequently, many experience job loss due to other destabilizing forces in their lives, including precarious housing, caregiving pressures, and health crises. Each return to OW generates avoidable public costs, from renewed income support payments and related administrative expenses, to increased reliance on emergency healthcare, homelessness supports, and crisis services.

Addressing these systemic failures requires aligning social assistance, employment services, and life stabilization supports into a coherent, adequately funded pathway to durable employment and reduced program churn. Therefore, Ontario must invest in robust, client-centred life stabilization supports and must implement transparent, evidence-based employment services that prioritize long-term stability over rapid job placement. To address this, ISAC recommends that the government must:

- Invest in adequately funded, client-centred life stabilization supports, including housing, health, and caregiving services;
- Reform employment services to prioritize long-term stability over rapid job placement; and
- Align social assistance, employment services, and stabilization supports into a coordinated, evidence-based pathway to sustainable employment.

The 2026 Ontario Budget must respond to what Ontarians need now by investing in these interconnected priorities. Implementing our recommendations will support the province's promise to build resilience and create real prosperity that turns current weaknesses into future strengths.

Endnotes:

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[x] Koebel, K. (2025). The impact of Canada's Working Income Tax Benefit on the labor supply of low-income workers. *Industrial Relations: A Journal of Economy and Society. Advance online publication*. https://doi.org/10.1111/irel.70015

[xi] The "welfare wall" occurs when the structure of income assistance and related supports causes benefits to be reduced as earnings increase, leaving individuals financially no better off, and sometimes worse off, by working more or increasing their income.

[xii] Koebel, K. (2025). The impact of Canada's Working Income Tax Benefit on the labor supply of low-income workers. *Industrial Relations: A Journal of Economy and Society. Advance online publication*. https://doi.org/10.1111/irel.70015

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