



THE DISTRICT OF THUNDER BAY  
SOCIAL SERVICES ADMINISTRATION BOARD

# Amending Ontario Works' Income and Exemptions Directive

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## POSITION PAPER

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Prepared by:

The District of Thunder Bay Social Services Administration Board

Prepared for:

Hon. Michael Parsa, Minister of Children, Community and Social Services

## Brief

The District of Thunder Bay Social Services Administration Board (TBDSSAB) requests that the Ministry of Children, Community, and Social Services (MCCSS) review and amend the Ontario Works policy directive section 5.1 regarding the earning exemption structure and introduce a \$1,000 per month exemption for Ontario Works (OW) recipients who are employed.

## Summary

The current Ontario Works directive 5.1 related to the earning exemption structure is discouraging to sustaining long-term employment and reducing poverty. For some individuals finding and retaining employment, the current earnings exemption disincentivizes them to pursue work due to current deductions. Changing the structure to a flat \$1,000 per month earning exemptions for OW recipients would adopt similar elements within the ODSP earnings exemption model. Against the background of the rising cost of living, the current earnings exemption cuts deeply for OW recipients. Amendment of this directive would drive individuals to build employment experience without facing a steep deduction in their benefits. In turn, recipients would be able to build and maintain financial stability while working on exiting to permanent employment.

## Background

Earning exemptions allow Ontario Works (OW) recipients to participate in employment opportunities while maintaining social assistance benefits. However,

these earnings are subject to certain conditions and exemptions. The previous earning exemptions introduced in June 2005 reduced OW client net income by 50% once employed. This was changed in October 2013, where after three consecutive months of assistance, recipients can earn \$200 per month from their employer without deductions, and any additional income is subject to a 50% reduction in their assistance amount. This policy remains the current earning exemption structure, which deters recipients from pursuing employment due to the high wage deduction.

In comparison, the Ontario Disability Support Program (ODSP) previously had a similar structure to the current OW earnings exemptions. Starting in September 2013, ODSP recipients could also earn up to \$200 per month without deduction, and a 50% reduction for any income above that. In February 2023, this changed to promote employment and reduce the cycle of poverty for people with disabilities. Under the new directive, the full exemption was increased from \$200 to \$1,000 for a person living with a disability. The exemption rate was also changed from 50% reduction to 25% reduction<sup>1</sup>. Therefore, a person with disabilities on ODSP can earn up to \$1000 a month through their employment without it affecting their income support, benefits, or eligibility.

For example, a breakdown of monthly earnings in 2026 for OW and ODSP are shown in Tables 1 and 2 (below). An OW recipient with basic needs and shelter can earn a maximum of \$733 per month on OW. If they earn \$600 net from their employment per month, \$200 is exempt, leaving \$400 to be deducted by 50%. Therefore, \$200 total is deducted from their benefits, which leaves them with \$1,133 per month. In contrast, a client on ODSP with basic needs and shelter can earn a maximum of \$1,408. If they earn \$600 a month from their employment, based on the current exemptions, nothing would be deducted. Therefore, they are left with \$2,008 per month. In a year the total income of the person on OW making \$600 per month would amount to \$13,596, while the person on ODSP would amount to \$24,096. As of 2023, the low-income measure sits at \$30,255 per year<sup>2</sup>, meaning the OW client's yearly income is \$16,659 below the measure.

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<sup>1</sup> The earning exemptions for non-disabled adults remains the same.

<sup>2</sup> The low-income measure is defined as income below 50% of the median adjusted household income in Canada.

**Table 1: Single Person Earnings OW (Monthly)**

OW Earnings	\$733
Net Employment Earnings	\$600
Flat Exemption from Earnings	\$200
50% of Earnings Deducted	\$200
<b>Total Earnings Per Month</b>	<b>\$1,133</b>

**Table 2: Single Person Earnings ODSP (Monthly)**

ODSP Earnings	\$1,408
Net Employment Earnings	\$600
Flat Exemption from Earnings	\$1,000
50% of Earnings Deducted	\$0
<b>Total Earnings Per Month</b>	<b>\$2,008</b>

In 2025, the average OW caseload for TBDSSAB was 2,459 recipients. Of that, 175 (7%) individuals were employed. This represents a 4% decrease in employed recipients since 2018<sup>3</sup>. Under ODSP, in 2025 the average caseload was 5,959, with 11% (677) employed. With a \$1,000 earning exemption, individuals on ODSP have more incentive to work more hours at a higher earnings rate.

Given the current economic situation, there continues to be an increasing gap between OW rates and the cost of living. OW rates have not seen an increase since 2018, and as a result, OW recipients are living well below the low-income measure line, with little prospects of moving beyond it. One major factor behind this constraint is the cost of living, which has significantly grown in Canada since the last increase. The Canadian Consumer Price Index (CPI)<sup>4</sup> indicates a 19.9% increase in goods and

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<sup>3</sup> 317 recipients were employed in 2018.

<sup>4</sup> The CPI measures inflation by tracking the changing cost of things such as food, shelter, transportation, clothing, etc.

services in the last five years<sup>5</sup>. In terms of housing, in the City of Thunder Bay the average rent for one bedroom in 2018 was \$831. In 2025, the average rent for one bedroom was \$1,173<sup>6</sup>. This represents a 41% increase in rent over seven years.

With the increased cost of rent and a higher cost of living, coupled with the unchanged OW rates, the Income and exemptions directive increases the burden on recipients as they strive to afford necessities and rent. The domino effect is seen in the reduction of the number of employed OW recipients. Many recipients may feel that it is not worth seeking enhanced employment as the benefits they receive are reduced. The impact noticed by front-line staff is that it creates more barriers in retaining employment and earnings income. For example, the lack of transportation, limited childcare, and availability of training opportunities in the District create additional costs and barriers for recipients who attempt to access employment. With a 50% reduction in net income after the \$200 exemption, this leaves little incentive for OW recipients to pursue employment.

If the OW earnings exemption structure mirrored the ODSP structure, TBDSSAB believes recipients would have more incentives to finding and retaining long-term employment. A flat exemption allows OW recipients to build employment experience without fear of steep reduction in benefits. In addition, to sustain recipients' active employment status, TBDSSAB recommends that the earnings exemption should be indexed to yearly inflation rates to account for the increase in cost of living. In turn, this would benefit the mid and long-term employment numbers in the District as more recipients would be in a better position to successfully transition out of social assistance and into full-time employment. The net result of the increased earnings exemption would have no negative impact on current OW benefits cost and may result in reductions in OW recipients in the long run.

Therefore, the TBDSSAB requests that the MCCSS review and amend the Ontario Works (OW) policy directive 5.1 regarding the earning exemption structure and introduce a \$1000 per month exemption for OW recipients to increase incentive for seeking and sustaining employment.

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<sup>5</sup> Statistics Canada. Consumer Price Index: Annual Review, 2025.

<sup>6</sup> Canada Mortgage and Housing Corporation. **Ontario** — Rental Market Statistics Summary by Metropolitan Areas, Census Agglomerations and Cities.