

SALARY FORECASTS

2024

special report



CPQ

PROSPERING TOGETHER

MESSAGE FROM THE PRESIDENT AND CEO

We are faced with an ever-changing economic context. The possibility of an economic recession in Canada is a major concern, fuelled by inflation, rising interest rates and labour shortages. All these factors influence the business environment for companies, and will have an impact on salary forecasts for the coming year.

Inflation, in particular, puts pressure on workers' purchasing power, prompting them to seek wage adjustments to maintain their standard of living. Rising interest rates can also have an impact on financing costs for companies, which in turn can influence their compensation decisions.

Our special dossier on salary forecasts for 2024 is a valuable compass in this ever-changing landscape, guiding you through the challenges and opportunities on the horizon.

This dossier is the fruit of close collaboration with trusted partners to bring you in-depth analysis and insightful perspectives. Their knowledge and expertise were essential in gathering valuable data and developing relevant salary forecasts. This valuable collaboration has brought together the best minds and resources to provide you with high-quality information to guide your compensation decisions in 2024.

I invite you to dive into this special dossier with us, to inform, prepare and anticipate the opportunities that lie ahead.

Sincerely,

Karl Blackburn



THE CPQ WOULD LIKE TO THANK THE PARTICIPATING FIRMS FOR THEIR CONTRIBUTIONS IN PREPARING THE 2024 SALARY FORECASTS:



Gallagher survey reveals increases above historical trend: 3.8% average for Quebec

While the CPI may have fallen in 2023 (3.3% in July), it remains higher than CPIs seen in the past 10 to 15 years—and projected salaries appear to have accounted for that. Salaries have increased less than last year, but still more than what we've seen in recent years.

- The actual salary increase budgets for 2023 were **4.4%** on average in Quebec and **4.3%** in the rest of Canada.
- Salary increase budget forecasts for 2024 are, on average, slightly lower: **3.8%** in both Quebec and the rest of Canada.
- The average projected budget for 2024 is between **2.8%** and **4.5%** depending on the sector—with the professional, scientific and technical services sector being the most generous. At **2.8%**, the budget for the public administration sector is the lowest across all industry sectors. In addition, there are marked differences for companies with revenues of less than \$5 million, which have budgets of **4.5%**, and companies with revenues greater than \$5 billion, which have the lowest budgets, at **3.3%**.

Our analysis of past trends has also shown that in the face of uncertainty, companies have tended to plan more conservative budgets while actual budgets have turned out to be higher than expected.

OTHER HIGHLIGHTS

- **32%** of the organizations surveyed have an additional budget of **2.4%** on average, to recognize special cases (high-potential employees, fast-tracked employees, employees in jobs with labour shortages, etc.), which is similar to 2023, but higher than the pre-pandemic trends of **1.5%** to **2%**.
- About **10%** of organizations plan to freeze their salary structures in 2024. Structure increase budgets are averaging **3.1%**, comparable to last year, which saw a notable in-crease in comparison with the **2%** trends we've seen in recent years.
- The main factors influencing structure increase budgets this year are market competitiveness (**73%**), organizations' ability to pay (**70%**) and the rising cost of living (**67%**).

ATTRACTION AND RETENTION PRACTICES

- **65%** of organizations offer variable compensation to at least one category of employees. This percentage rises to **78%** when only for-profit companies are considered. Among these organizations, **46%** report that they consider individual performance when calculating bonuses.
- Over the past 12 months, nearly half of organizations used non-monetary programs (e.g., career development) to retain employees and hiring or signing bonuses to attract talent.
- Few organizations (**32%**) said that they relied on red circle rates or enhanced pay scales (<**20%**).

PAY EQUITY

- Generally speaking, pay equity is becoming increasingly important, particularly in terms of a company's diversity, equity and inclusion strategies and environmental, social and governance (ESG) standards. In fact, **31%** of organizations told us they are moving towards practices and measures that go above and beyond legislative requirements to ensure transparency, equity and an overall commitment to employee pay equity.

ABOUT

Gallagher, formerly known as PCI Compensation Consulting, offers a comprehensive approach to organizational well-being by integrating social benefits, compensation, retirement, talent management, and communication. This approach enables the alignment of your human capital strategy with your overall business goals for all types of organizations, from governance and senior management to all employees. We are recognized for regularly conducting custom surveys to identify significant trends in total rewards and provide our clients with valuable insights. Additionally, our continually updated databases allow us to present a rigorous overview of the compensation offered in the job market.

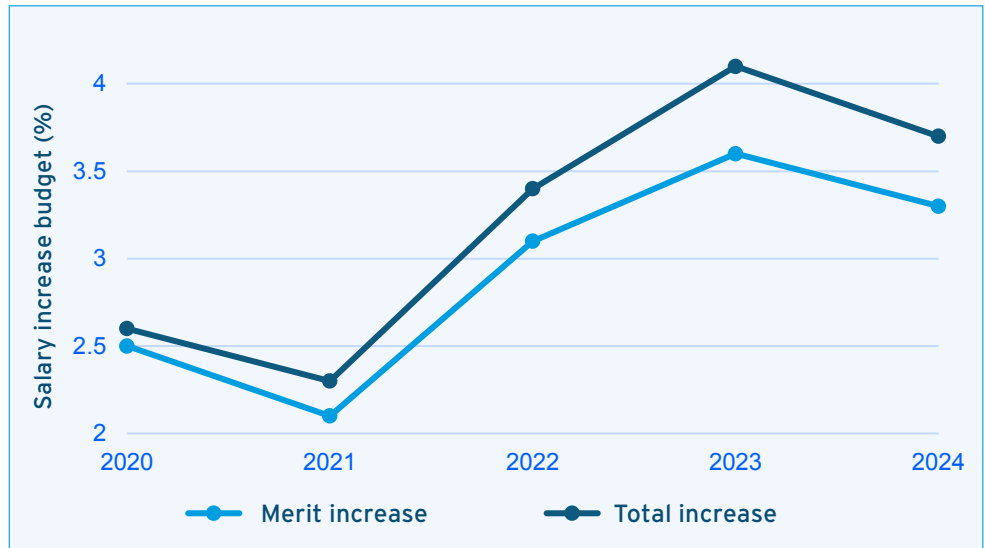
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Each year, Mercer conducts a series of surveys on salary planning by collecting data on salary increase budgets in Canada. Below we present the results of actual increases (based on data collected in March 2023) as well as forecasted increase budgets based on data collected in September 2023.

ACTUAL INCREASES MARCH 2023 STUDY

Despite declining economic conditions, the labor market remains resilient, and organizations continue to invest to compensate critical segments and talent pools. However, following disproportionate spend on new hires and generous off cycle bonuses in 2022, setting up appropriate governance vehicles will be critical to properly manage costs and to ensure internal equity.



PROJECTED INCREASES – SEPTEMBER 2023 STUDY

Regarding projected increases for 2024, **85%** of participants (from 514 organizations) reported having just begun their data collection / planning for their salary increase budget. Only **3%** have received approval from senior leadership while **12%** have submitted their budget for approval. Practically no participants foresee a salary freeze for 2023 with **7%** of them categorizing their status as uncertain. The main challenge among those planning higher increases than last year continue to be attraction, retention and inflation.

Among those participants having reported a merit salary increase budget, the average increase is **3.3%** (both including and excluding

zeroes, i.e., regardless of salary freezes) freezes). As it concerns total increase budgets (including promotional and other adjustments) the average is **3.7%** including zeroes (e.g. g., salary freezes). If we exclude zeroes, the average merit salary increase is slightly higher at **3.8%**.

Merit increase budgets for organizations in Greater Montreal average **3.6%** with a total budget increase averaging **4%**, both regardless of zeroes.

CLOSING THOUGHTS

Data on salary increase budgets are an essential tool for Human Resources professionals and organizations can leverage to remain competitive. However, the labour market resilience , particularly during our current unique circumstances. As the economy recovers, the labour market will intensify. Salary increase budgets are but one of the many tools organizations can leverage to remain competitive . Evidently, employers should also consider their organization’s financial situation, their compensation philosophy, their desired market positioning especially as it relates to critical roles as well as their employee value proposition and segmen tation strategy.

ABOUT

Mercer Mercer believes in building brighter futures by redefining the world of work, reshaping retirement and investment outcomes, and unlocking real health and well being. Mercer’s approximately 25,000 employees are based in 43 countries and the firm operates in over 130 countries. Mercer is a business of Marsh McLennan (NYSE: MMC), the world’s leading professional services firm in the areas of risk, strategy and people, with 76,000 colleagues and annual revenue of over \$17 billion. Through its market leading businesses including Marsh, Guy Carpenter and Oliver Wyman, Marsh McLennan helps clients navigate an increasingly dynamic and complex environment.

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FORECASTS FROM NORMANDIN BEAUDRY



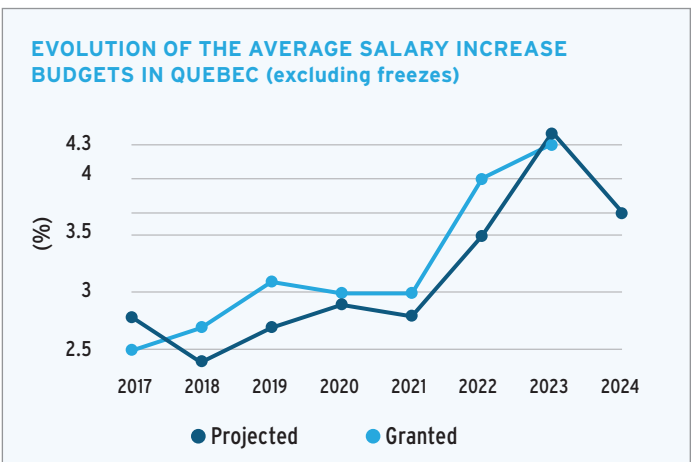
This summer, nearly **700 organizations** across Canada took part in the 13th edition of the *Salary Increase Survey*.

Being proactive in managing salaries is an essential strategy to adopt in response to the ongoing economic challenges (uncertain economic climate, evolving inflation rate) and difficult labour market conditions (low unemployment rate and high demand for talent). In light of the results of this survey, the demographics of your workforce and your compensation infrastructure, you can start planning your budget.

Full details of the survey are available on our [interactive platform](#).

- Only **1%** of the organizations have frozen salaries in 2023 and **2%** intend to do so in 2024, a particularly low number, which can be attributed to the current market conditions, as pre-pandemic wage freezes ranged from **3%** to **5%**.
- Organizations are continuously adapting to market pressures with average salary increases granted in 2023 in Canada reaching **4.1%**, to be between the initial projections of **3.8%** and **4.2%** published in February 2022 and July 2023, respectively.
- Nearly half of organizations had an additional budget of **1.3%** on average in 2023. For 2024, forecasts reveal that **43%** of organizations plan to grant additional budgets averaging **1%**.
- For 2024, the following sectors reported the highest forecasted increases:
 - Professional, scientific and technical services: **3.9%**
 - Real estate, rental and leasing: **3.9%**

- High technology: **3.9%**
- Pharmaceutical and biotechnology: **3.8%**
- Durable goods manufacturing: **3.8%**
- Accommodation and food services: **3.7%**
- The average salary structure increases granted in 2023 in Canada clocks in at **3.4%**, excluding organizations that decided to freeze their salary structure.



OVERALL SALARY INCREASES FOR NON-UNIONIZED EMPLOYEES BY PROVINCE										
PROVINCES	TOTAL SALARY INCREASE BUDGET ¹					SALARY STRUCTURE INCREASE				
	N*	GRANTED IN 2023		PROJECTED FOR 2024		N*	GRANTED IN 2023		PROJECTED FOR 2024	
		EXCL. FREEZES	INCL. FREEZES	EXCL. FREEZES	INCL. FREEZES		EXCL. FREEZES	INCL. FREEZES	EXCL. FREEZES	INCL. FREEZES
Québec	391	5.1%	5.1%	4.3%	4.3%	286	3.6%	3.3%	3.0%	2.8%
Ontario	267	4.5%	4.5%	3.9%	3.8%	175	3.3%	3.0%	2.9%	2.6%
Colombie-Britannique	296	4.5%	4.4%	3.7%	3.6%	175	3.7%	3.2%	3.1%	2.7%
Alberta	201	4.3%	4.2%	3.7%	3.6%	119	3.2%	2.7%	2.8%	2.4%
Saskatchewan	84	4.1%	4.0%	3.5%	3.5%	56	3.0%	2.6%	2.8%	2.5%
Manitoba	96	4.3%	4.3%	3.7%	3.7%	61	3.0%	2.5%	2.9%	2.5%
Nouveau-Brunswick	90	4.4%	4.4%	3.8%	3.8%	60	3.0%	2.7%	2.9%	2.6%
Nouvelle-Écosse	93	4.5%	4.5%	3.9%	3.9%	65	3.1%	2.7%	2.8%	2.5%
Île-du-Prince-Édouard	32	4.3%	4.1%	3.5%	3.5%	25	2.9%	2.7%	2.9%	2.7%
Terre-Neuve-et-Labrador	59	4.2%	4.2%	3.7%	3.7%	43	2.9%	2.7%	3.6%	3.5%
Yukon	20	4.2%	4.0%	3.7%	3.7%	14	3.2%	3.2%	3.4%	3.2%
Nunavut	11	4.4%	4.0%	3.7%	3.4%	8	2.5%	2.5%	3.4%	3.0%
Territoires du Nord-Ouest	15	3.8%	3.8%	3.5%	3.5%	11	2.8%	2.8%	3.6%	3.3%
CANADIAN AVERAGE²		4.6%	4.5%	3.9%	3.8%		3.4%	3.0%	2.9%	2.6%

* N = number of organizations
 1- Consists of the overall budget and the supplementary budget | 2- Methodology: weighted average based on the active population by province

ABOUT

Founded in 1992, we **Normandin Beaudry** are now recognized throughout Canada for the quality of our consulting expertise in all spheres of total rewards. Through our offices in Montreal, Toronto and Quebec City, close to 350 people use their collective intelligence as they dare to explore and help our clients pursue the right approach to drive human and financial performance.

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For our 41st edition of the Salary Projection Survey, **501 organizations** across Canada from all industries and reflecting a wide range of revenues participated.

TELUS Health's annual Canadian survey of salary projections indicates that non-unionized employees could achieve an average salary increase of **3.64%** in 2024 when excluding salary freezes, and **3.56%** when including them. Salary structures are expected to increase by **3.01%** when excluding salary freezes and by **2.76%** when including them.

In Canada, the highest projected average salary increases for 2024, excluding freezes, are found in British Columbia (**3.91%**) and Manitoba (**3.77%**). While the smallest increases are found in New Brunswick (**3.33%**) and Alberta (**3.44%**).

PROJECTED AVERAGE BASE SALARY AND SALARY STRUCTURE INCREASES IN CANADA BY INDUSTRY

INDUSTRY	2024 PROJECTED AVERAGE INCREASES			
	BASE SALARY (%)		SALARY STRUCTURE (%)	
	WITH FREEZES	WITHOUT FREEZES	WITH FREEZES	WITHOUT FREEZES
General Results	3.56%	3.64%	2.76%	3.01%
Construction	3.66%	3.66%	3.88%	3.88%
Education	3.16%	3.16%	2.80%	2.80%
Finance & Insurance	3.84%	3.92%	2.47%	2.80%
Healthcare	3.65%	3.65%	2.47%	2.82%
Industrial Goods and Chemicals	3.65%	3.50%	3.22%	3.43%
Business Services	4.40%	4.40%	3.17%	3.17%
Consumer Goods (durable)	3.46%	3.46%	2.79%	2.79%
Consumer Goods (non-durable)	3.13%	3.37%	2.82%	2.82%
Mining & Primary Metals	3.58%	3.88%	3.05%	3.05%
Oil & Gas	3.21%	3.21%	2.17%	2.17%
High Technology	3.85%	3.85%	3.38%	3.38%
Professional Services	4.08%	4.19%	2.86%	3.22%
Public Administration	3.90%	3.90%	2.91%	3.10%
Real Estate	3.86%	3.86%	3.10%	3.10%
Arts, Entertainment, Recreation, Hospitality, Media, and Telecommunications	3.75%	3.75%	2.89%	3.12%
Utilities	3.30%	3.30%	3.00%	3.00%
Farming, Fishing and Forestry	2.67%	2.67%	N/D (Insufficient data to build an average)	
Not-for-Profit	2.87%	3.10%	2.40%	2.95%
Life Sciences	4.00%	4.00%	3.17%	3.17%
Retail	3.40%	3.40%	1.75%	2.39%
Transportation & Warehousing	3.43%	3.43%	2.86%	2.86%
Wholesale Trade	3.06%	3.44%	3.43%	3.43%
Information Technology	3.66%	3.66%	2.20%	2.75%

ABOUT

TELUS Health is a global healthcare solutions leader serving people in more than 160 countries, delivering both digital innovation and actuarial, administrative, and clinical services to improve total physical, mental, and financial health and wellbeing.

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WTW Data Services conducted its **2023 Survey** on salary projections from April to June 2023 among **595 Canadian businesses** representing all sectors. The report presents data on percentage salary increases of previous years and the current year as well as projections for the coming year.

CANADIAN EMPLOYERS ANTICIPATE THAT THE 2024 SALARY INCREASES TO BE IN LINE WITH THOSE GRANTED IN 2023

Canadian companies intend to maintain generous increases next year despite economic uncertainty and a stabilization of inflation.

The survey respondents predicted average salary increases of **3.8%** across the board.

In continuity with 2023 we are still seeing an ongoing demand for hourly paid workers and some uniquely qualified professionals.

HIGHER INCREASES FOR OUTSTANDING PERFORMERS

The survey shows that businesses are still compensating their best workers by giving them much higher increases than the rest. The highest ranked managers and professionals received average increases of **5.5%** this year, which is **50%** higher than the increases given to average ranked employees.

The same trend was seen among support workers and those who are paid by the hour.

SALARY INCREASES BY SECTOR	2024 AVERAGE PROJECTED INCREASE			
	SALARIES		STRUCTURES	
	INCLUDING FREEZES	NOT INCLUDING FREEZES	INCLUDING FREEZES	NOT INCLUDING FREEZES
NUMBER OF RESPONDENTS	595	593	457	411
ALL JOBS COMBINED	3.8%	3.8%	2.7%	3.0%
SECTOR				
Energy, mines, oil and gas	3.8%	3.8%	2.7%	2.9%
Manufacturing	3.8%	3.8%	2.9%	3.3%
Transportation and warehousing	4.0%	4.0%	2.3%	--
Wholesale and retail	3.7%	3.7%	2.8%	2.9%
Finance and insurance	3.7%	3.7%	2.5%	2.7%
Professional, scientific and technical services	3.9%	3.9%	2.6%	3.0%
Information and communication technologies	3.9%	3.9%	2.8%	3.2%
JOB CATEGORY				
Senior management, senior executives	3.6%	3.7%	2.5%	3.0%
Other executives and professionals	3.7%	3.7%	2.7%	2.9%
Operations and production	3.7%	3.8%	2.6%	3.0%
Administrative and technical support	3.7%	3.7%	2.6%	2.9%
NUMBER OF EMPLOYEES				
Fewer than 300 employees	3.9%	3.9%	2.6%	3.0%
300 - 999 employees	3.8%	3.8%	2.7%	2.9%
1,000 - 4,999 employees	3.8%	3.8%	2.7%	2.9%
5,000 employees and more	3.4%	3.4%	2.9%	3.2%

ABOUT

WTW is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, WTW has 45,000 employees serving more than 140 countries and markets.

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2024

CPQ PROSPERING TOGETHER

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REGROUPEMENT Loisir et Sport du Québec TELUS Health wtw

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With the collaboration of several of the best compensation consulting firms, the CPQ launched and presented the 2024 salary forecasts report during a videoconference activity on Thursday, September 28, 2023.