

SALARY FORECASTS

2025

special report



CPQ

PROSPERING TOGETHER

MESSAGE FROM THE PRESIDENT AND CEO

As many experts predicted, an economic slowdown is on the horizon. With a succession of interest rate cuts and inflation finally easing, the economic context has changed dramatically in the space of a few months.

The gradual slowdown in activity and in the backlog of orders means that the labor shortage is becoming less severe. While this challenge remains prevalent in many sectors, this is the first time since the pandemic that recruitment efforts have taken center stage. Upward pressure on salaries is likely to remain, but to a lesser extent. All these factors have an impact on salary forecasts for the coming year.

That's why this dossier is so relevant year after year. We draw on the expertise and knowledge of trusted partners to provide you with in-depth analysis and insightful perspectives. Based on valuable and detailed data, these compensation experts can provide you with high-quality information to guide your decisions in 2025.

I invite you to delve into this special issue with us, to get informed, 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 2025 SALARY FORECASTS:



2025 Salary Increases: A Return to Historical Trends

Economic and job market conditions are stabilizing, and this is reflected in organizations' salary increase forecasts, which are now closer to pre-pandemic levels. However, demographic attraction and retention challenges will continue to put pressure on the job market for the coming years. Here are the highlights of our annual survey, which includes over 500 participating organizations.

The main factors influencing the determination of this year's increase budgets are the organization's ability to pay (**72%**), competitiveness in relation to the market (**71%**), and changes in the cost of living (**61%**).

ADJUSTING EMPLOYEE SALARIES AND SALARY STRUCTURES

Actual salary increase budgets in 2024 averaged **3.9%** in Quebec and Canada. The forecasted salary increase budget is, on average, slightly lower at **3.5%** in both Quebec and Canada.

The average budget planned for 2025 is between **2.8%** and **3.8%** depending on the sector – the financial, professional, scientific, and technical services sectors being the most generous. The agriculture and social services sectors have the lowest budget of all business lines closer to **2.8%**.

Salary structure adjustments budgets are on average **2.9%** in Canada and **2.8%** in Quebec which is comparable to last year, but still high compared to pre-pandemic years which were around **2%**. Approximately **19%** of organizations plan to freeze their structure in 2025, while **7%** expect to do so with salaries. This could mean that organizations feel less pressure to attract and retain employees, or believe their structure is competitive enough.

It is always important to provide a higher salary increase budget than that of the structure to enable employees' salary positioning to progress according to their development.

ADDITIONAL BUDGET

34% of organizations surveyed anticipate an additional budget of **2.1%** on average to recognize specific cases (high-potential employees, fast-growing employees, employees in jobs with labour shortages, etc.); which is similar to pre-pandemic trends that ranged from **1.5%** to **2%**.

ABOUT

Gallagher takes a holistic approach to organizational well-being by integrating benefits, compensation, retirement, talent management and communication. It aligns an organization's HR strategy with its business objectives for all types of organizations, from governance and senior management to all employees. We are known for regularly conducting custom surveys to identify significant trends in total compensation and provide our clients with valuable insights. In addition, our continually updated databases enable us to present a rigorous picture of total rewards in the labour market.

PRACTICES TO ATTRACT AND RETAIN

In the past 12 months, nearly half of organizations continue to use non-monetary programs such as career development to retain employees. These programs are used more and more compared to 2023 (**31%** of organizations in 2023, compared to **44%** in 2024 and **42%** in 2025). As non-monetary programs are more often leveraged, out-of-scale payments are down when comparing data from 2023 (**44%**) with that from 2024 (**32%**) and 2025 (**35%**).

PAY TRANSPARENCY

Pay transparency is becoming increasingly important in discussions within organizations. Participating organizations indicated that they would ultimately like to have an established and widely shared total rewards philosophy with employees (**25%**), want to share salary scales (**26%**) or have an open discussion on employees' position on their scale (**29%**). This represents the status quo for **50%** of organizations, while it is a step towards greater transparency for **42%** of them.

TOTAL REWARDS MANAGEMENT AND COMMUNICATION

As the trend towards pay transparency increases, it becomes even more critical to equip managers with the skills needed to independently and effectively explain to employees the "why" and "how" of compensation programs.

72% of organizations say managers are responsible for communicating total rewards to employees. Of this number, **73%** say managers have the tools and resources to help them communicate compensation to employees. The tools or resources available to managers are typically HR department support (**93%**), organizational policies and documentation (**75%**). Few organizations (**32%**) offer compensation-specific training.

FOR MORE INFORMATION

Evelyne Gaudreau

Senior Consultant, Total Compensation
Gallagher

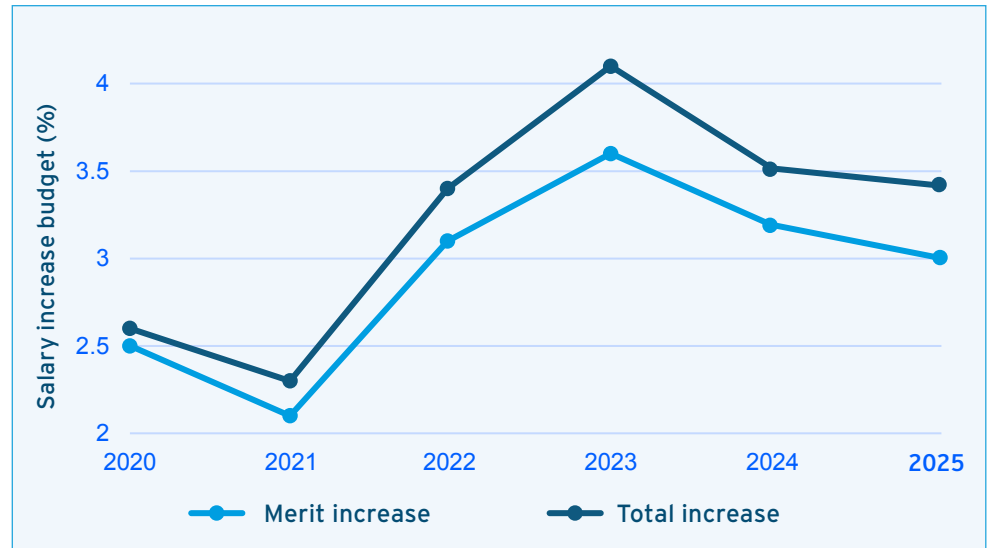
evelyne_gaudreau@ajg.com

www.ajg.com

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 2024 increases (based on data collected in March 2024) as well as forecasted 2025 increase budgets based on data collected in September 2024. The survey results include data provided by 570 Canadian organizations representing 15 different industries, which vary significantly in terms of size, both in terms of revenue and number of employees.

THE FOLLOWING GRAPH SHOWS MERIT INCREASES AND TOTAL INCREASES BETWEEN 2020 AND 2025.

Please note that in our survey, we also observed that on average, salary structures will increase by **2.6%** in 2025. At this stage, approximately half of the organizations plan to increase their salary structures, while one-third of the organizations have not yet made a decision.



PROJECTED INCREASES – SEPTEMBER 2024 STUDY

Regarding projected increases for 2025 in Canada, **91%** of participants (from 570 organizations) reported having just begun their data collection / planning for their salary increase budget. Only **2%** have received approval from senior leadership while **7%** have submitted their budget for approval. Practically no participants foresee a salary freeze for 2024 with **6%** 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 **3.0%** (including zeroes, e.g., salary freezes) and **3.2%** (excluding zeros). As it concerns total increase budgets (including promotional and other adjustments) the average is **3.4%** including zeroes. If we exclude zeroes, the average total salary increase is slightly higher at **3.6%**.

Merit increase budgets for organizations in Quebec average **3.3%** with a total budget increase averaging **3.6%**, 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 resilience of the labor market, increasingly tight budgets, and legislative requirements for equity and pay transparency are forcing companies, now more than ever, to establish strong foundations for decision-making that align with their compensation philosophy, value proposition, and differentiation strategy.

ABOUT

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.

FOR MORE INFORMATION

Alexandra Da Silva
Compensation Consultant
Mercer
alexandra.da.silva@mercer.com
mercer.ca

FORECASTS FROM TELUS HEALTH



For our 42nd edition of the Salary Projection Survey, **356 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 **3.45%** in 2025 when excluding salary freezes, and **3.44%** when including them. Salary structures are expected to increase by **2.72%** when excluding salary freezes and by **2.44%** when including them.

In Canada, the highest projected average salary increases for 2025, excluding freezes, are found in British Columbia (**3.60%**) and Alberta (**3.54%**), while the smallest increases are found in Nova Scotia (**2.94%**) and Saskatchewan (**3.07%**).

By Industry, the projected average base salary and salary structure increases in Canada are as follows:

2025 PROJECTED AVERAGE INCREASES IN CANADA – BY INDUSTRY				
INDUSTRY	BASE SALARY (%)		SALARY STRUCTURE (%)	
	WITH FREEZES	WITHOUT FREEZES	WITH FREEZES	WITHOUT FREEZES
National Results	3.44%	3.45%	2.44%	2.72%
Arts, Entertainment, Recreation and Hospitality	3.39%	3.39%	2.68%	2.68%
Business Services	3.90%	3.90%	2.75%	2.75%
Construction	4.13%	4.13%	2.67%	2.91%
Consumer Goods (Durable)	3.08%	3.08%	2.63%	2.63%
Consumer Goods (Non-durable)	3.31%	3.31%	2.78%	2.78%
Education	2.93%	2.93%	2.50%	2.50%
Finance & Insurance	3.46%	3.46%	2.38%	2.56%
Healthcare	2.92%	2.92%	2.21%	2.58%
High Technology	3.20%	3.20%	2.68%	2.68%
Industrial Goods and Chemical	3.31%	3.31%	2.27%	2.96%
Information Technology	3.04%	3.04%	2.48%	2.48%
Life Sciences	3.48%	3.48%	1.35%	*
Media and Telecommunications	3.33%	3.33%	0.83%	*
Mining, Metals and Forestry	3.40%	3.40%	2.13%	2.83%
Not-for-Profit	3.59%	3.59%	2.07%	2.59%
Oil & Gas	3.83%	3.83%	3.05%	3.05%
Professional Services	3.57%	3.57%	2.70%	2.95%
Public Administration	2.75%	2.75%	*	*
Real Estate	3.92%	3.92%	3.42%	3.42%
Retail	3.19%	3.19%	2.37%	2.37%
Transportation & Warehousing	3.06%	3.50%	2.94%	2.94%
Utilities	3.24%	3.24%	1.86%	2.17%
Wholesale Trade	3.50%	3.50%	3.20%	3.20%

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.

FOR MORE INFORMATION

Guyline Béliveau CRHA, MBA
National Practice Leader,
Compensation Consulting
Guyline.beliveau@telushealth.com
telushealth.com

WTW Data Services conducted its **2024 Survey** on salary projections from April to June 2024 among **1032** 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 SALARY INCREASES IN 2025 WILL BE SLIGHTLY LOWER THAN THOSE GRANTED IN 2024

Canadian companies intend to provide increases slightly above the historical norm despite economic uncertainty and a stabilization of inflation.

The survey respondents predicted average salary increases of **3.3%** 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	2025 AVERAGE PROJECTED INCREASE			
	SALARIES		STRUCTURES	
	INCLUDING FREEZES	NOT INCLUDING FREEZES	INCLUDING FREEZES	NOT INCLUDING FREEZES
	3.3%	3.4%	2.7%	2.8%
ALL INDUSTRIES/JOB COMBINED				
SECTOR				
Agriculture, food and beverages	3.4%	3.4%	3.1%	3.2%
Construction	3.6%	3.6%	2.7%	2.8%
Energy and natural resources	3.5%	3.5%	2.7%	2.8%
Financial institutions	3.1%	3.1%	2.7%	2.7%
Manufacturing	3.4%	3.6%	2.9%	2.9%
Pharmaceuticals	3.5%	3.5%	3.4%	3.4%
Retail and distribution	3.4%	3.4%	2.4%	2.8%
Technology, Media and Telecommunication	3.3%	3.3%	3.0%	3.1%
JOB CATEGORY				
Senior management, senior executives	3.2%	3.3%	2.2%	2.7%
Other executives and professionals	3.3%	3.4%	2.6%	2.7%
Operations and production	3.3%	3.4%	2.6%	2.7%
Administrative and technical support	3.1%	3.5%	2.6%	2.8%
NUMBER OF EMPLOYEES				
Fewer than 300 employees	3.4%	3.4%	2.8%	3.1%
300 - 999 employees	3.4%	3.4%	2.4%	2.7%
1,000 - 4,999 employees	3.2%	3.2%	2.9%	2.7%
5,000 employees and more	3.2%	3.2%	2.8%	2.3%

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.

FOR MORE INFORMATION

Louis-Philippe Beaupré

Director, Work & Rewards

WTW

louis-philippe.beaupre@wtwco.com

wtwco.com



Conseil du patronat du Québec
1010 Sherbrooke Street West, Suite 510
Montreal (Quebec) H3A 2R7

Telephone: 514.288.5161
or 1 877.288.5161
cpq.qc.ca



With the collaboration of several of the best compensation consulting firms, the CPQ launched and presented the 2025 salary forecasts report during a videoconference activity on September 20, 2024.