

SALARY FORECASTS

2026

Special Report



CPQ

PROSPERING TOGETHER

2026 COMPENSATION : BETWEEN VOLATILITY AND AMBITION

As Quebec businesses plan their compensation strategies for 2026, they are faced with an economic environment marked by significant volatility, relatively controlled inflation, geopolitical uncertainties, pressure on supply chains and, of course, trade tensions with the United States. All these factors add complexity to employers' decision-making.

In this context, compensation decisions can no longer be taken lightly. They must be guided by solid data, rigorous analysis, and a clear understanding of current labour market trends.

It is with this in mind that the Quebec Employers Council (Conseil du patronat du Québec) presents this special report on **salary forecasts for 2026**. Produced in collaboration with trusted partners, it is based on extensive data collection from both Quebec and Canadian employers, combined with a clear-eyed assessment of today's economic realities.

Beyond the numbers, this document is intended as a strategic tool. It aims to support employers in adjusting their compensation policies with an eye to competitiveness, internal equity, and workforce attraction.

We hope this publication will provide meaningful insights for your reflections and decisions, and that it will serve as a useful guide in a period where planning requires balancing prudence with ambition.

Happy reading,

Norma Kozhaya

Vice-President, Research and Chief Economist
Conseil du patronat du Québec



THE CPQ WOULD LIKE TO THANK THE PARTICIPATING FIRMS FOR THEIR CONTRIBUTIONS IN PREPARING THE 2026 SALARY FORECASTS :



Overall budgets for 2026 are down from recent years, due in part to the economic environment and inflation control. Salary increases are back to pre-pandemic levels. Major financial institutions are forecasting lower economic growth and higher unemployment for 2026. The latest job vacancy rate data still shows a downward trend at the national level.

2026 SALARY INCREASES: DOWN FOR THE SECOND CONSECUTIVE YEAR

Among the approximately **500 organizations** that participated in our survey, the main factors influencing budget determinations for salary increases this year are once again organizations' ability to pay (71%), competitiveness in relation to the market (68%), and change in the cost of living (63%).

SALARY INCREASES, ANALYSIS BY PROVINCE AND SECTOR

Projected increases vary by province and sector:

- By province: Actual increases in 2025 ranged from 3.1% to 3.4%, with an average of 3.3% for Canada. Projected increases for 2026 range from 2.9% to 3.2%, with a national average of 3.1%. Quebec stands out with the highest increases (3.2%), while other provinces have more modest forecasts.
- By sector: The most generous sectors include legal services (3.7%), real estate (3.5%) and professional services (3.4%). Conversely, the education (2.9%), municipal (2.9%) and foundations (2.7%) sectors are those where the most modest increases are expected.

ADDITIONAL BUDGETS

32% of organizations have a separate budget to manage specific cases, such as high-potential employees or those on accelerated career paths. This figure is stable in relation to the previous year.

SALARY STRUCTURE ADJUSTMENT

81% of organizations reported using a salary structure to manage employee compensation. Budgets for adjusting the structure for 2026

are **2.7%**, slightly below 2025 levels, but still higher than pre-pandemic levels between **2.0%** and **2.5%**). 20% of organizations do not plan to index their salary structure, and 8% plan to freeze salaries. This could mean that organizations feel less pressure to attract and retain employees, or that they consider their structure to be sufficiently competitive.

It is still important to budget for salary increases higher than the structure to allow employees to progress up the salary scale as they develop.

PRACTICES TO ATTRACT AND RETAIN TALENT

Over the past 12 months, 30% of organizations continued to use non-monetary programs such as career development to retain employees, and signing (30%) and hiring (24%) bonuses to attract talent. Recourse to these programs is down from 2024, which could mean, once again, that organizations feel less pressure to attract and retain employees.

PAY TRANSPARENCY AND COMMUNICATION

Pay transparency is becoming increasingly important, particularly in British Columbia and Ontario, where legislation has been passed to govern this practice. Over and above transparency, the manager plays an essential role in communicating with employees about compensation.

Resources for managers: 84% of organizations indicated that their managers have resources to effectively communicate about compensation, although these resources are often limited to HR support (77%) or internal documents (68%). Only **27% of organizations** offer specific compensation-related training to their managers.

As the trend toward salary transparency grows, it becomes even more crucial to equip managers with the skills they need to independently and effectively explain the "why" and "how" of compensation programs to employees.

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 companies, from governance and senior management to all employees. We are known for regularly conducting custom surveys to identify significant trends in total rewards and inform our clients. In addition, our continually updated databases enable us to present a rigorous picture of total rewards in the labour market.

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FORECASTS FROM NORMANDIN BEAUDRY

normandin
beaudry
straight talk

As Canada faces an economic slowdown compounded by ongoing tariff pressures and trade uncertainties, strategic planning relevant to salary increases is essential in retaining talent and maintaining workforce strength. Organizations hoping to set themselves apart may benefit from adopting innovative approaches to balancing monetary and non-monetary elements in their total rewards.

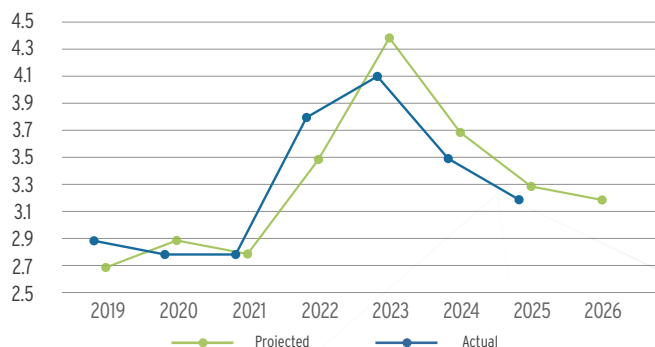
This summer, more than **1,000 organizations** across Canada participated in the 15th edition of Normandin Beaudry's Salary Increase Survey.

Full survey details are available on our [interactive tool](#).

- A total of **3%** of respondents reported freezing salaries in 2025, and only 0.4% are projecting a salary freeze for 2026.
- Results point to a downward trend: actual increases in 2025 were at **3.2%**, slightly below our most recent projections of **3.3%** published in January 2025.
- The following sectors reported higher projected increases for 2026:
 - Pharmaceutical: **3.8%**
 - Building construction: **3.8%**
 - Telecommunications, data processing, data warehousing and related services: **3.7%**
 - IT consulting services: **3.7%**
 - Accommodation, food services and tourism: **3.5%**
 - Professional, scientific and technological services: **3.5%**
 - Real estate, rental and leasing: **3.5%**

- In 2025, **42%** of responding organizations allocated an average additional budget of **0.9%**. For 2026, projections show that the same percentage of organizations (**42%**) are planning to secure additional budgets, maintaining an average of **0.9%**.
- The average salary structure increase in 2025 was **2.7%**, excluding organizations reporting a structure freeze, an average of **2.6%** is projected for 2026.

EVOLUTION OF THE AVERAGE SALARY INCREASE BUDGET IN QUEBEC (EXCLUDING FREEZES)



OVERALL SALARY INCREASES FOR NON-UNIONIZED EMPLOYEES BY PROVINCE

UNIONIZED EMPLOYEES BY PROVINCE		TOTAL SALARY INCREASE BUDGET				SALARY STRUCTURE INCREASE				
			GRANTED IN 2025		PROJECTED FOR 2026			GRANTED IN 2025		PROJECTED FOR 2026
Provinces	n*	Excl. freezes	Incl. freezes	Excl. freezes	Incl. freezes	n*	Excl. freezes	Incl. freezes	Excl. freezes	Incl. freezes
Quebec	508	3.9%	3.8%	3.7%	3.6%	377	2.7%	2.5%	2.5%	2.4%
Ontario	302	3.5%	3.4%	3.4%	3.3%	204	2.8%	2.2%	2.6%	2.2%
British Columbia	353	3.4%	3.3%	3.3%	3.0%	244	2.8%	2.2%	2.7%	2.0%
Alberta	224	3.3%	3.1%	3.3%	3.0%	149	2.8%	1.9%	2.7%	1.8%
Saskatchewan	106	3.2%	3.1%	3.1%	2.8%	74	2.4%	1.8%	2.3%	1.6%
Manitoba	111	3.2%	3.0%	3.2%	2.9%	80	2.6%	2.0%	2.3%	1.8%
New Brunswick	91	3.3%	3.2%	3.2%	3.0%	66	2.6%	2.2%	2.3%	2.0%
Nova Scotia	96	3.4%	3.3%	3.3%	3.1%	74	2.6%	2.2%	2.4%	2.0%
Prince Edward Island	31	3.1%	2.8%	3.0%	2.8%	25	2.2%	1.9%	2.1%	1.9%
Newfoundland and Labrador	58	3.2%	2.9%	3.1%	2.6%	43	2.6%	2.0%	2.3%	1.5%
Yukon	20	3.1%	2.8%	2.9%	2.6%	12	2.7%	1.8%	2.5%	1.4%
Nunavut	5	3.1%	2.2%	3.0%	2.0%	3	1.8%	0.9%	–	–
Northwest Territories	15	2.9%	2.6%	2.8%	2.5%	7	2.0%	1.5%	2.1%	1.7%
Canadian average ²		3.5%	3.4%	3.4%	3.2%		2.7%	2.2%	2.6%	2.1%

* n = number of organizations

¹ Includes overall budgets and additional budgets

² Methodology: weighted average based on the active population by province

ABOUT

Founded in 1992, Normandin Beaudry is recognized for its leading-edge total rewards consulting services. Independent and wholly owned by an ever-growing number of its professionals, Normandin Beaudry has an ownership structure that puts it in a unique position as one of the few major firms in the field with exclusively Canadian interests. From offices in Montreal, Toronto and Quebec City, a team of over 350 professionals serves an enviable list of clients across Canada that includes organizations of all sizes and industries from the private, public, para-public and not-for-profit sectors.

As an independent and equal shareholder in MBWL International since 2023, Normandin Beaudry's reach now extends to 50+ countries.

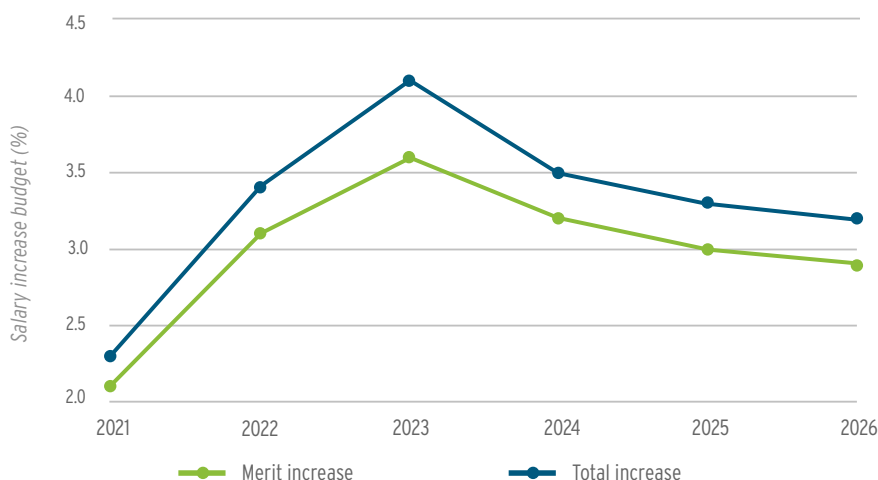
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Each year, Mercer conducts a series of surveys on salary planning by collecting data on salary increase budgets in Canada. Below we present the results of actual 2025 increases (based on data collected in March 2025) as well as the forecasted 2026 increase budgets based on data collected in September 2025. The survey results include data provided by **516 Canadian organizations** representing 15 industries, which vary significantly in size, both in terms of revenue and number of employees.

The following graph shows merit increases and total increases (including zeros, e.g., including organizations that are not budgeting for salary increases next year) between 2021 and 2026.

We also observed that, on average, salary structures will increase by **2.1%** in 2026 (including zeros). At this stage, approximately half of organizations plan to increase their salary structures next year, while a little more than one-third have not yet made a decision.



PROJECTED INCREASES – SEPTEMBER 2025 STUDY

Regarding projected increases for 2026 in Canada, 90% of participants (from 516 organizations) reported having just begun their data collection / planning for next year's salary increase budget. Only 4% have received approval from senior leadership while 6% have submitted their budget for approval. At this point, only 3% of Canadian organizations are not budgeting for salary increases next year. The main challenges among those planning higher increases than last year continue to be attraction, retention and inflation.

Among those participants having reported a merit increase budget, the average increase is **2.9%** (including zeros) and **3.0%** (excluding zeros). With respect to total increase budgets (including promotional and other adjustments) the average is **3.2%** including zeros. If we exclude zeros, the average total salary increase is slightly higher at **3.3%**.

For organizations with employees in Quebec, the average total increase budget is **3.4%** (including zeros) and the average salary structure adjustment is **2.0%** (including zeros).

CLOSING THOUGHTS

Within the broader economic landscape, organizations are re-evaluating their spending, making every compensation dollar count. Employers are still prioritizing strategic talent investments, focusing on rewarding key skills, retention, and future-ready capabilities.

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.

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For our 43rd edition of the Salary Projection Survey, 377 organizations from across Canada, representing all industries and 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 **3.11%** in 2026 when excluding salary freezes, and **3.07%** when including them. Salary structures are expected to increase by **2.51%** when excluding salary freezes and by **2.30%** when including them.

In Canada, the highest projected average salary increases for 2026, excluding freezes, are found in Manitoba (**3.43%**) and New Brunswick (**3.25%**) while the smallest increases are found in Saskatchewan (**2.95%**) and Nova Scotia (**3.00%**).

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

2026 PROJECTED AVERAGE INCREASES IN CANADA - BY INDUSTRY				
Industry	Base salary (%)		Salary Structure (%)	
	With Freezes	Without Freezes	With Freezes	Without Freezes
National Results	3.07%	3.11%	2.30%	2.51%
Arts, Entertainment, Recreation and Hospitality	3.05%	3.05%	1.82%	2.50%
Business Services	2.60%	2.60%	1.63%	2.17%
Chemical	3.19%	3.19%	3.17%	3.17%
Construction	3.03%	3.21%	2.02%	2.47%
Consumer Goods (Durable)	3.00%	3.00%	2.33%	2.33%
Consumer Goods (Non-durable)	2.79%	2.79%	2.40%	2.40%
Education	2.93%	2.93%	3.08%	3.08%
Finance & Insurance	3.15%	3.15%	2.38%	2.50%
Forestry, Farming and Fishing	2.92%	2.92%	*	*
Healthcare	2.73%	2.73%	2.84%	3.25%
High Technology	3.64%	3.64%	2.83%	2.83%
Industrial Goods	3.16%	3.16%	2.18%	2.18%
Information Technology	3.25%	3.25%	2.40%	2.40%
Life Sciences	3.39%	3.39%	1.90%	2.38%
Media and Telecommunications	2.70%	2.70%	2.17%	*
Mining & Metals	2.96%	2.96%	2.25%	2.25%
Not-for-Profit	3.12%	3.20%	2.17%	2.43%
Oil & Gas	3.07%	3.58%	2.58%	3.43%
Professional Services	3.09%	3.09%	2.46%	2.65%
Public Administration	3.17%	3.17%	2.65%	2.65%
Real Estate	3.25%	3.25%	1.83%	1.83%
Retail	2.90%	2.90%	1.75%	2.10%
Transportation & Warehousing	3.12%	3.12%	2.29%	2.29%
Utilities	2.92%	2.92%	2.17%	2.17%
Wholesale Trade	3.13%	3.13%	2.30%	2.30%

* Insufficient data

ABOUT

TELUS Health is a global healthcare solutions leader, serving people in more than 160 countries and delivering digital innovation along with actuarial, administrative, and clinical services to improve overall physical, mental, and financial health and well-being.

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WTW Data Services conducted its 2026 Survey on salary projections from April to June 2025, among **942 Canadian businesses** representing all sectors. The report presents data on percentage salary increases from previous years as well as projections for the coming year.

CANADIAN EMPLOYERS ANTICIPATE 2026 SALARY INCREASES TO BE SLIGHTLY LOWER THAN THOSE GRANTED IN 2025

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

Respondents to the survey predicted an average salary increase of **3.4%** across the board.

HIGHER INCREASES FOR OUTSTANDING PERFORMERS

The survey shows that businesses are still compensating their top performers with much higher increases than the rest. The highest-ranked managers and professionals received average increases of **5%** this year, which is 50% higher than the increases granted to average-ranked employees.

SALARY INCREASES BY SECTOR

	2026 AVERAGE PROJECTED INCREASE			
	SALARIES		STRUCTURES	
	Including freezes	Excluding freezes	Including freezes	Excluding freezes
All industries/Jobs combined	3.4%	3.5%	2.4%	2.8%
SECTOR				
Agriculture, food and beverages	3.3%	3.4%	2.3%	2.7%
Construction	3.5%	3.6%	2.4%	2.9%
Energy and natural resources	3.5%	3.5%	2.5%	2.6%
Financial institutions	3.6%	3.6%	2.3%	2.3%
Manufacturing	3.3%	3.4%	2.7%	2.9%
Pharmaceuticals	3.5%	3.5%	2.5%	2.9%
Retail and distribution	3.3%	3.4%	2.3%	2.7%
Technology, Media and Telecommunication	3.3%	3.3%	2.3%	2.9%
JOB CATEGORY				
Executive	3.4%	3.4%	2.3%	2.7%
Middle Management and professional	3.4%	3.5%	2.4%	2.8%
Operations and production	3.4%	3.4%	2.4%	2.8%
Administrative and technical support	3.4%	3.4%	2.4%	2.7%
NUMBER OF EMPLOYEES				
Fewer than 300 employees	3.5%	3.5%	2.6%	3.0%
300 - 999 employees	3.5%	3.5%	2.3%	2.7%
1 000 - 4 999 employees	3.4%	3.4%	2.3%	2.6%
5 000 employees and more	3.1%	3.1%	2.4%	2.5%

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 back to 1828, WTW has 45,000 employees serving more than 140 countries and markets.

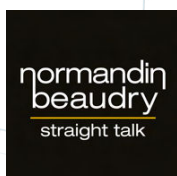
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In collaboration with several leading compensation consulting firms, the CPQ launched and presented the 2026 Salary Forecasts Report during a videoconference on September 18, 2025.