Eckler's 2024 Compensation Planning Survey Report

Executive Summary

October 2023

Report overview – Eckler's 2024 Compensation Planning Survey

We are pleased to share the results from the second edition of Eckler's Compensation Planning Survey. The survey was conducted from June to August 2023 and we collected responses from **370 organizations**.

Topics covered in this report include:

- ✓ Participant demographics
- ✓ Actual and projected base salary increases
- ✓ Actual and projected range structure adjustments
- ✓ Pay administration practices
- ✓ Total reward strategies and HR priorities

Survey terms and definitions

Base salary increases: The total salary budget adjustment inclusive of merit, market/cost of living and other discretionary adjustments. The *actual* changes to compensation.

Salary range structure adjustments: The adjustment to any formal salary range structure (e.g., job rate, wage grid, policy rate or salary ranges). The *design* changes to compensation.

Including freezes (zeros): Average figures that include organizations reporting salary freezes / no changes.

Excluding freezes (zeros): Average figures that include only organizations reporting changes (no salary freezes).

Average (mean): The sum of all observations divided by the total number of observations.

Report methodology and data analysis

Any statistical reporting for average ("mean") requires a minimum of three observations. National averages include data weighted by organization operating locations and by single (or "equal") weighted. All information is reported in aggregate to preserve the confidentiality of participants. Eckler's compensation consulting team applied thorough data checks and validation processes to ensure accurate and reliable reporting. Data tables and charts may not add up exactly to 100% due to rounding.

Executive summary

Despite the economic realities heading into 2024, the message from survey participants was loud and clear: rewarding and supporting employees remains paramount.

As organizations across Canada continue to grapple with ongoing economic uncertainty and a tight labour market, this is a critical moment in the compensation landscape. Against that backdrop, Eckler's 2024 Compensation Planning Survey provides a timely look at the trends and topics for the years ahead.

Our biggest takeaway was that many survey participants said they are projecting significant salary increases for next year. Our survey found that **the national average base salary increase for 2024 is projected at 3.9%** (excluding planned salary freezes), only slightly lower than the 2023 projected increase of 4.2% and the 2023 actual base salary increase of 4.4%.

As we head into next year, employers and employees alike have had to navigate increasing interest rates by the Bank of Canada and talks of a looming recession – and so it's also not surprising that **more than half of the organizations surveyed are still undecided regarding their 2024 salary planning budget**.

The results also indicate that compensation remains a vital component in attracting and retaining talent, with nearly one in five respondents reporting that they have a separate promotional budget for internal recognition (19.7%) – and **fewer than 1% reporting a planned salary freeze**.

Organizations that have decided on pay increases for 2024 are forecasting an average annual salary increase of 3.9%.

The other key trends

- **The top five human capital priorities and initiatives being reported for 2024 include:**
  - Participating in salary benchmark surveys (53.0%)
  - Enhancing total rewards strategies to be more well-rounded, flexible and employee centric (47.6%)
  - Conducting and/or producing more resources and education training on compensation for people leaders (46.3%)
  - Having up-to-date job descriptions (42.2%)
  - Adopting measures to collect and analyze workforce demographic data to support diversity, equity, and inclusion initiatives (34.8%)
- Of the organizations confirming a promotion budget, 47.0% have indicated that the average range of base salary increase tied to this recognition is between 5.1% and 10.0%.
- While the pandemic forced organizations to re-visit *how* and *where* work gets done, the question of where has been resoundingly answered. A new precedent has been established among employers, with 78.8% of employers adopting a hybrid work policy.
- The war for talent continues as employers reported the top reason contributing towards employee turnover was individuals securing a new job (84.7%), followed by employees leaving due to the lack of career growth and progression (42.8%).

National and provincial/territorial overview

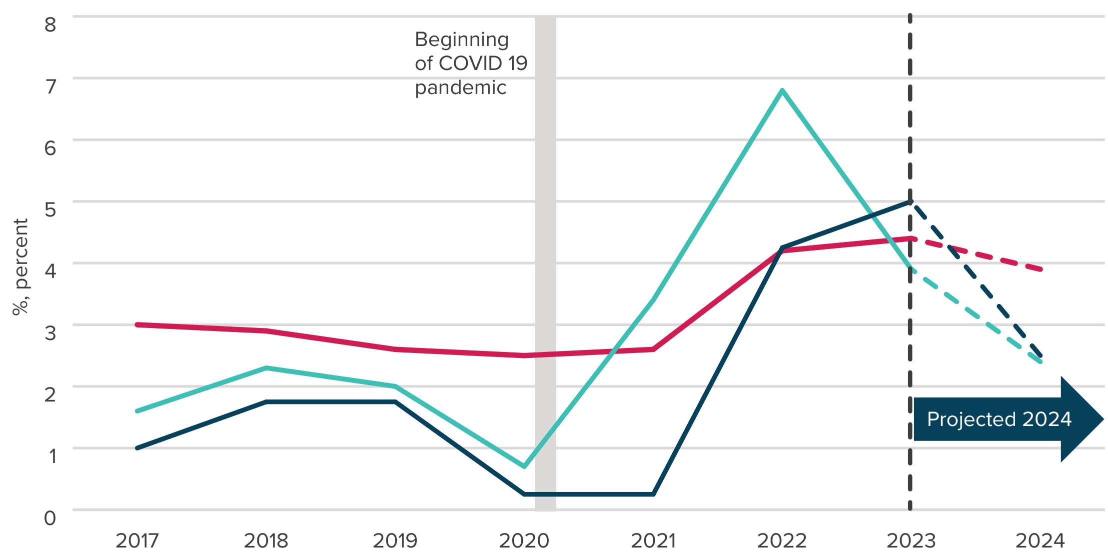
While our survey data showed the overall national projected figure for 2024 base salary increases is 3.9%, this number varied between provinces and territories, as highlighted below:[1]

1 The National average is based on organization weighted statistics. Each organization is counted as a single observation. The Provincial data is reported based on weighted data by operating location as specified by the survey participant for each province/territory indicated. That means that each province is the average of only the organizations where operations are noted. Data excludes zeros (i.e., salary freezes are not included).

Organizations are still providing large salary increases while navigating economic uncertainty – will pay alone be enough, or is refreshing their total rewards strategy the answer?

Our results reveal that 2024 salaries will be the second highest projected salary increase in two decades as organizations continue to try to balance the scales of high inflation and a tight labour market with increasing interest rates and a looming recession.

2017 - 2024 Bank of Canada (BOC) Overnight Rate (%) vs. Inflation Rate (%) vs. Base Salary Increase (%)



	2017	2018	2019	2020	2021	2022	2023	2024
BOC Overnight Rate (%)	1.00	1.75	1.75	0.25	0.25	4.25	5.00[1]	2.50[1]
Inflation Rate (%)	1.6	2.3	2.0	0.7	3.4	6.8	3.9[2]	2.4[2]
Salary Increases (%)	3.0	2.9	2.6	2.5	2.6	4.2	4.4	3.9

BOC Overnight Rate (%) Inflation Rate (%) Salary Increases (%) Projections

Source: Bank of Canada, Statistics Canada

1 Forecasted year end values
2 Forecasted overall annual average rates

Survey participants[1]

Acadian Seaplants Ltd.

Ag Growth International

AGF Investments

Air Canada

Alberta Children's Hospital Foundation

Alberta Health Services

Alberta Recycling Management Authority

Alterna Savings & Credit Union Ltd.

Atco Ltd.

Aviva Canada

Barrick Gold

BDO Canada LLP

Bee Maid Honey

BentallGreenOak

BlueShore Financial Credit Union

Bockstael Construction Ltd.

British Columbia Lottery Corporation

Brookfield Properties Canada Inc.

Bruce Power

Bulkley Valley Credit Union

Cadillac Fairview Corporation Ltd.

Cameco Corporation

Canada Lands Company

Canada Mortgage and Housing Corporation

Canada Post Corporation

Canadian Agency for Drugs and Technologies in Health (CADTH)

Canadian Life & Health Insurance Association Inc.

Canadian Nuclear Laborataries

Canuck Place Children's Hospice

Carleton University

Catholic Episcopal Corporation of The Diocese of Antigonish

CBI Health

Celero Solutions

Chemistry Industry Association of Canada

CIBC Mellon

Cineplex

City of Edmonton

City of Saskatoon

Clark Builders

Coastal Community Credit Union

College of Physicians and Surgeons of BC

Colliers Project Leaders

Compass Group Canada

Conagra Brands Canada Inc.

Cornerstone Credit Union

Desjardins

Dream

DUCA Financial Services Credit Union Ltd.

Eckler

Element Fleet Management

Empire Life

Esri Canada

Export Development Canada

Farmers Edge Inc.

Financial and Consumer Services Commission, New Brunswick – FCNB

Fengate Real Asset Investments

First West Credit Union

FPInnovations

Fraser Group

Gateway Casinos & Entertainment Ltd.

GEMTEC Consulting Engineers and Scientists Limited

Genome Prairie

goeasy Ltd.

Government of Alberta

Greater Victoria Housing Society

Green Shield Canada

Groupe Dynamite Inc.

GWL Realty Advisors

H2O Power Holdings LP

Halifax Port Authority

Hanover School Division

Hazelview Investments

Healthcare Ontario Pension Plan – HOOPP

Hoffmann-La Roche Ltd.

Home Hardware Stores Ltd.

Hydro One

IAMGOLD Corporation

Imagine Canada

Independent Electricity System Operator IESO

Interior Savings Credit Union

International Financial Data Services (IFDS)

Iron Workers Local 764

Isidore Landscapes Inc.

Jamieson Wellness Inc.

Killam Apartment REIT

Kindred Credit Union

KingSett Capital

KPMG Canada

Kruger

[1] Participant list displays only those organizations in agreement to publishing their organization name for report purposes (n=165) and therefore is not a complete representation of all respondents.

Le Musée McCord Stewart

Lemay Co Inc.

Liberty Utilities

Loblaw Companies Ltd.

Manitoba Blue Cross

Manitoba Hydro

Manulife

Mayfair Diagnostics

MCAP

McGill University

MDA Ltd.

Meridian Credit Union

Moosehead Breweries Ltd.

Municipal Property Assessment Corporation

NorLand Limited

North Ridge Development Corporation

North York Seniors Centre

Nova Scotia Pension Services Corporation

One Insurance Group

Ontario Real Estate Association

Osler Hoskin Harcourt

Oxford Properties

Parkbridge Management LP

Parkland Corporation

Paul Winters

Perkopolis

PHSS Medical and Complex Care in Community

PRT Growing Services, Ltd.

Psycho Bunny

Purolator Inc.

QuadReal Property Group

Qualico

Queen's University

Real Estate Council of Ontario

Réseau de Santé Vitalité

Richardson International Limited

Richardson Wealth Ltd.

RioCan REIT

Rustem Safin

Samuel, Son & Co.

SASCU Financial Group

Saskatchewan Blue Cross

Saskatchewan Healthcare Employees' Pension Plan (SHEPP)

Saskatchewan Indian Gaming Authority

Saskatchewan Roughrider Football Club Inc.

Saskatchewan Teachers' Federation

Sofina Foods Inc.

Soletanche Bachy Canada

Souris Credit Union Ltd.

St. Amant

St. Andrew's College

Stella-Jones

Stewart McKelvey

Stoneridge Software

Stuart Olson Inc. (BIRD)

Suncorp Valuations

Svante

Symcor

Taylor McCaffrey LLP

Teachers' Pension Plan Corporation – Newfoundland and Labrador

Teachers' Retirement Allowances Fund

TEIBAS Ltd.

The Estee Lauder Companies Inc.

The TTC Pension Fund Society (TTC Pension Plan)

The Wawanesa Mutual Insurance Company

TMX Group Ltd.

Transat A.T. Inc.

Unity Credit Union

University of Alberta

University of Toronto

University Pension Plan

VersaBank

Vidir Solutions

Werklund Family Office Inc.

Woodbine Entertainment Group

Workers Compensation Board of Manitoba

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We have evolved from a strictly actuarial firm to a fully integrated consulting practice, offering a complete range of employee benefit services including investment consulting, asset/liability management, group benefits consulting, technology solutions, communication and change management consulting, defined contribution plan consulting as well as financial wellbeing education.

We are a privately-owned company with Principal Shareholders who are actively involved in our consulting practice. Each Shareholder owns an equal number of shares in the firm, which ensures a highly democratic and equitable distribution of authority and responsibility. This operational structure helps us to maintain a strong entrepreneurial culture while ensuring stability.

Our independence, and our unwavering commitment to our organizational purpose, sets us apart from our competitors – we don't have external shareholders who might influence how we serve our clients. It allows us the luxury of focusing on who we are and what we stand for.

To care and to do right by people so that together we can achieve a brighter, more secure future.

Compensation consulting at Eckler

Compensation plays an essential — and increasingly challenging — role in ensuring your rewards programs attract, retain and motivate a skilled workforce. In today's highly competitive market, successful organizations know that a well-designed compensation and total rewards strategy is critical to meeting that challenge.

Our team includes seasoned experts who excel at helping organizations navigate complex pay structures and total rewards programs. Services include:

- Compensation philosophy and total rewards strategy
- Program assessment and market benchmarking
- Variable/incentive pay design and administration
- Job documentation, evaluation and classification
- Pay for performance
- Pay equity and governance support
- Board governance and remuneration
- Executive compensation
- Custom surveys

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