

# INFLATION IMPACT ON SALARIES



**WCBC**  
RESEARCH  
PROJECT

Many Canadians are feeling the impact of inflation on their buying power. The costs for housing, fuel and groceries have risen sharply over the past few months. In April 2022, Canada's Consumer Price Index rose to 6.8%, year-over-year – a three-decade high. In April/May of 2022 Western Compensation & Benefits Consultants ("WCBC") asked 180 Canadian employers what impact inflation was having on their compensation programs.

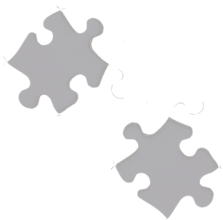


## Employer Concerns With Recent Rate Of Inflation

In over half (57%) of the organizations surveyed, employees have asked their employer for higher compensation to offset inflation. This has 72% of employers "somewhat concerned" and 16% "very concerned" that if they do not make salary increases in light of the recent rate of inflation that employees will resign. In response, seven out of 10 employers are likely or very likely to increase employee compensation including salaries,

incentives, benefits and/or total rewards offering.

Thirty-one percent of organizations will pay for any additional compensation increases by increasing the price of their products and/or services, while the remaining 69% view it as the cost of doing business and will absorb the cost.



**WCBC** Western Compensation  
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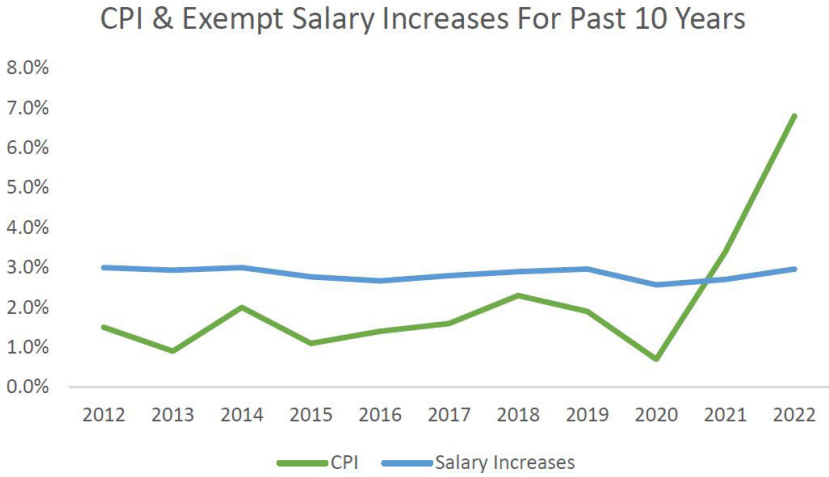
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## Inflation & Salary Increases

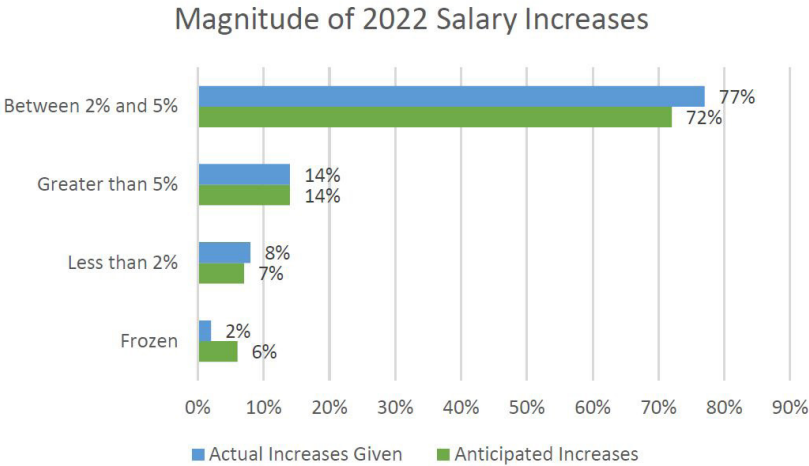
What sometimes gets lost in the headlines and media sound bites is the fact that inflation and salary increases are not the same. While both generally move in the same direction, they are driven by unrelated factors. Inflation represents changes in the cost of a market basket of goods while salaries are impacted by changes in the supply/demand for employees.

As the graph below illustrates in the eight of the past 10 years, salary increases have out-paced the average annual change in the Consumer Price Index by some margin.

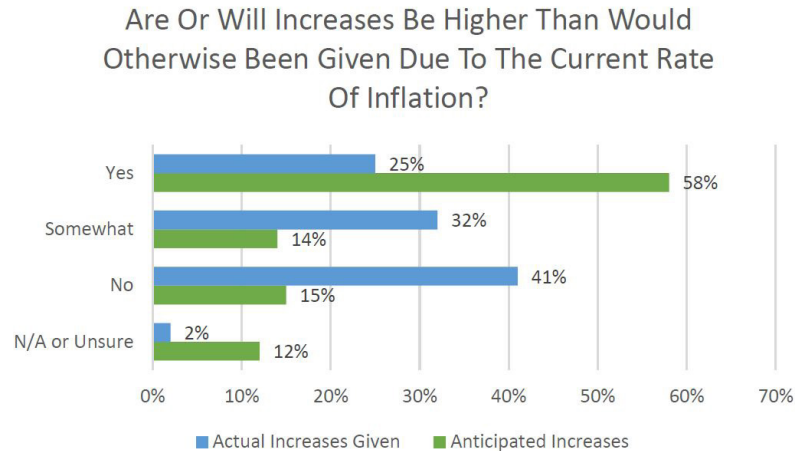


## 2022 Salary Increases

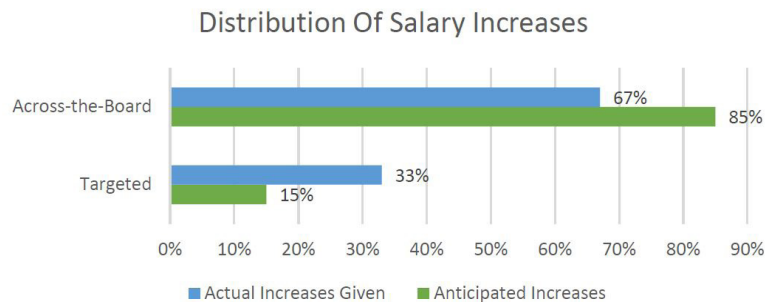
The majority (62%) of organizations implemented salary increases in the first quarter of 2022 just as inflation was taking off. Salary increases/reviews in the remaining 38% of organizations are scheduled for later this year. As shown below, the magnitude of the salary increases given or anticipated to be given, are very similar with most providing salary increases in the range of 2% to 5% which is below the current level of inflation.



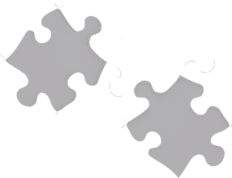
As shown below, in light of the current rate of inflation the organizations which have not yet implemented 2022 salary increases are much more likely to give increases higher than they would have otherwise provided.



The following graph indicates that the majority of organizations which answered “yes” above will be implementing across-the-board increases as opposed to targeting those increases to high performers and/or “hot jobs”.



Of the organizations which reviewed/increased salaries in the first quarter of 2022, the majority (60%) felt it was unlikely they would provide a further salary increase before the end of 2022 to some or all of their employees. However, 23% believe that an additional increase is likely and 17% felt it would be very likely.



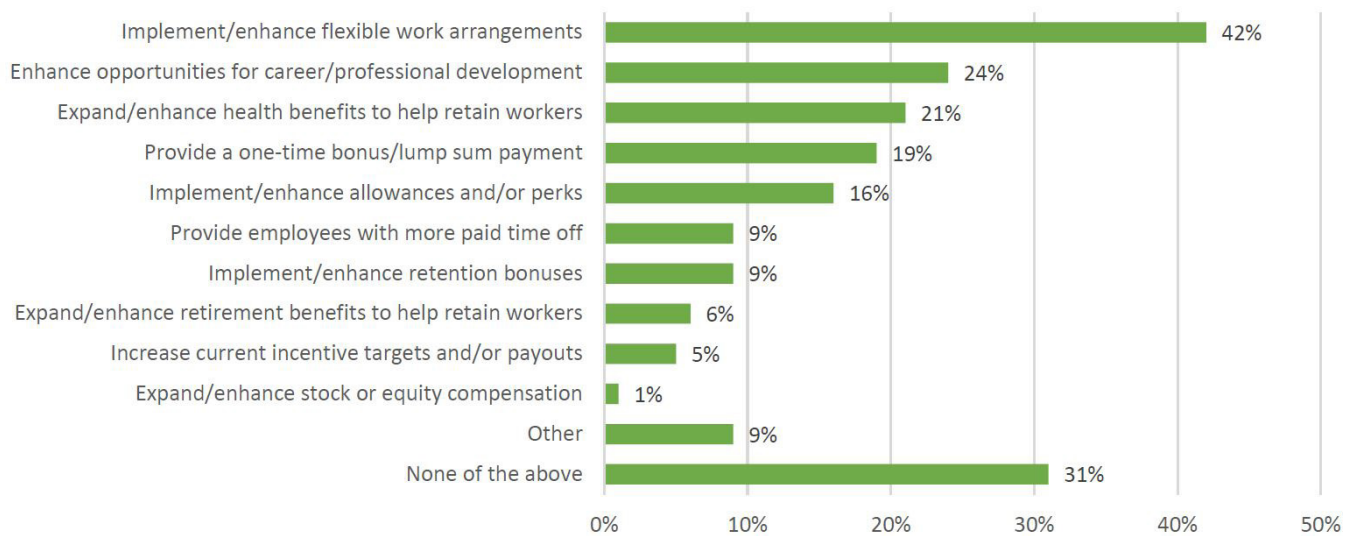
## Frequency of Reviews

The typical organization reviews salaries annually and the majority (78%) have no plans to adjust the length of time between salary reviews/increases. Of the 22% of organizations anticipating more frequent salary reviews the typical organization expects to be reviewing compensation levels every 6 months.

## Non-Salary Strategies

Some of the non-salary strategies taken by the survey organizations to help retain employees and/or mitigate the higher cost of living include:

### Actions Taken (Or Contemplated) To Respond To Inflation



## Conclusion

What employers need to keep in mind is that while inflation rises and falls, salaries cannot be reduced. In addition to 2022 salary increase budgets overall compensation costs have likely risen due to things like paying higher than typical salaries to attract new employees, promoting existing staff into new roles, along with

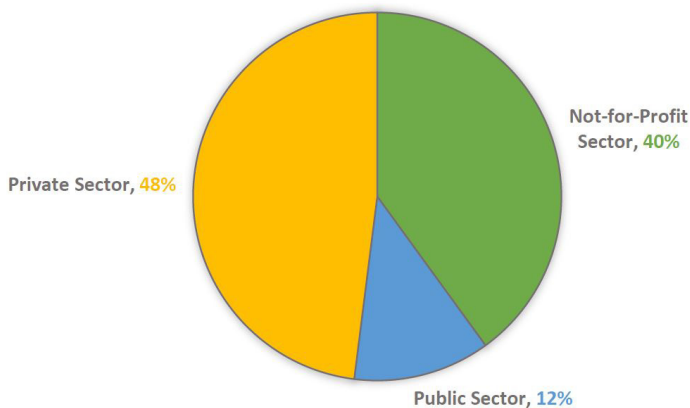
increases in employee benefit costs. Organizations with high fixed costs (such as salaries and benefits) and which cannot absorb or pass on these costs to customers are more likely to be faced with staff layoffs during economic downturns.



# PARTICIPATING ORGANIZATIONS

- Abbotsford School District
- Aberdeen Hall Preparatory School
- Air Canada
- Alberta Beverage Container Recycling Corporation
- Alberta Children's Hospital Foundation
- Alberta Dental Association & College
- Alberta Health Services
- Alberta Insurance Council
- Alberta Medical Association
- Alberta Newsprint Company
- Associated Engineering Group Ltd.
- Association of British Columbia Forest Professionals
- Avmax Aviation Services Inc.
- Ayr Famers Mutual Insurance Company
- BC Financial Services Authority
- BC Public Service Agency
- BC Securities Commission
- BC Trucking Association
- BC College of Nurses and Midwives
- BCL Engineering Ltd.
- BlueShore Financial Credit Union
- Brentwood College School
- Brett-Young Seeds Limited
- BC Automobile Association
- BC Dental Association
- British Pacific Properties Limited
- Brockton Preparatory School Society
- Business Council of British Columbia
- Calgary Co-operative Association Limited
- Canada Lands Company Limited
- Canadian Pacific Railway Limited
- Canfor Corporation
- Canuck Place Children's Hospice
- Capital Regional District
- Careica Health
- Cascade Aerospace Inc.
- Celero Solutions, Inc.
- CFM Lawyers
- Chartered Professional Accountants of British Columbia
- City of Burnaby
- City of Coquitlam
- City of Kitchener
- City of Mission
- College of Dental Hygienists of BC
- College of Dental Surgeons of BC
- College of Physicians and Surgeons of Alberta
- College of Physicians and Surgeons of BC
- College of Registered Nurses of Alberta
- Collingwood School
- Columbia College
- Community Social Services Employers' Association of BC
- Conair Group Inc.
- Concord National LLP
- Credit Counselling Society
- Credit Union Central of Manitoba
- Crofton House School
- Decisive Dividend Corporation
- Destination Vancouver
- Digby Leigh & Company
- Doctors of BC
- Doman Building Materials
- Eddyfi Technologies
- Engineers and Geoscientists BC
- Enns Brothers Ltd.
- Farm Mutual Re
- Federated Co-operatives Limited
- Fort Nelson First Nation
- Fraser Academy Association
- Fraser Valley Real Estate Board
- Glenlyon Norfolk School
- Grosvenor Americas Ltd.
- H.H. Angus & Associates Ltd.
- Hootsuite Inc.
- Houle Electric Limited
- Insurance Corporation of British Columbia
- Insurance Brokers Association of British Columbia
- Insurance Council of BC
- Integra Engineering Ltd.
- Interfor Corp.
- Interior Forest Labour Relations Association
- Independent Schools Association of British Columbia
- IWA-Forest Industry Pension Plan
- JFK Law LLP
- Keystone Field Engineering Inc.
- Killam Apartment REIT
- King David High School
- Lakefield College School
- Law Society of Alberta
- Law Society of British Columbia
- Legal Education Society of Alberta
- Lester B Pearson College of the Pacific
- Louisiana Pacific Corporation
- Mazergroup
- McElhanney Ltd.
- Meadowridge School
- Mercer Peace River Pulp Ltd.
- Metis Nation British Columbia
- Millar Western Forest Products Ltd.
- Montreal Port Authority
- Mosaic Homes
- Mosaic Primary Care Network
- Municipal Insurance Association of British Columbia
- Neovasc Medical Inc.
- New Car Dealers Association of BC
- Northam Beverages Ltd.
- Northern Savings Credit Union
- Ontario Securities Commission
- PAL Aerospace
- Paper Excellence
- Park Georgia Insurance Agencies Ltd.
- Park Place Seniors Living
- Parkland Aviation Services Inc.
- Paterson GlobalFoods Inc.
- PINTER & Associates Ltd.
- Piteau Associates Engineering Ltd.
- Port4Homes
- Porter Airlines Inc.
- Prairie Centre Credit Union
- Prince Rupert Port Authority
- Purdys Chocolatier Ltd.
- Quebec Port Authority
- R.V. Anderson Associates Limited
- Real Estate Board of Greater Vancouver
- REALTORS Association of Hamilton-Burlington
- Regional District of North Okanagan
- Registered Insurance Brokers of Ontario
- B.A. Robinson Co. Ltd.
- ROSEN Canada Ltd.
- Rosstown Farms Ltd.
- Rundle College Society
- Saskatchewan Association of Rehabilitation Centres
- Saskatchewan Polytechnic
- School District No. 52 (Prince Rupert)
- Science World
- SFU Community Trust
- Shawnigan Lake School
- Sinclar Group Forest Products Ltd.
- Skeans Pneumatic and Automation Inc.
- Southpointe Academy
- Southridge School
- Squamish Nation
- St. Andrew's College
- St. John's School
- St. Michaels University School
- Stormtech Performance Apparel
- Sunwest Aviation Ltd.
- SureWerx
- Synergy Business Lawyers LLP
- Taylor McCaffrey LLP
- Teachers' Retirement Allowances Fund
- Technical Safety BC
- TFS - Canada's International School
- Canadian Interagency Forest Fire Centre Inc.
- The Continuing Legal Education Society of BC
- The JOEY Restaurant Group
- The Mutual Fire Insurance Company of British Columbia
- The Royal College of Physicians and Surgeons of Canada
- Thunder Bay Port Authority
- Tolko Industries Ltd.
- Transat A.T. Inc.
- TransLink
- Trillium Mutual Insurance Company
- Triton Environmental Consultants Ltd.
- UBC Properties Trust
- Unit Electrical Engineering Ltd.
- University of Calgary Properties Group
- Urban Systems Ltd.
- Valid Manufacturing Ltd.
- Vancouver School District No. 39
- Vancouver Talmud Torah
- Vehicle Sales Authority
- Wawanesa Insurance
- Wesgar Inc.
- West Fraser Timber Co. Ltd.
- Western Transportation Advisory Council (WESTAC)
- Westcoast Cylinders Inc.
- Western Canada Marine Response Corporation
- Western Forest Products Inc.
- WestJet
- YWCA Metro Vancouver

**ECONOMIC SECTOR**



**NUMBER OF EMPLOYEES**

