



Motor Carrier Passenger Council Of Canada
Conseil canadien du transport de passagers

Fit for the future!



DRIVING EXCELLENCE | COMPENSATION AND BENEFITS

Labour Market
Forecast

Workforce
Trends

**Compensation
& Benefits**

Business
& Financial

Employment
& Development



Note: this report presents a baseline pre-covid19.
It will be updated in the next few months pending data findings

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MOTOR CARRIER PASSENGER COUNCIL OF CANADA INTRODUCTION



www.buscouncil.ca

The MCPCC provides a crucial National forum for industry, labour, government, and education to share resources and information.

MCPCC's work is focused on several key areas: raising awareness of and advocating for the bus industry across Canada, reaching government, education, and the public; reporting much needed labour market information, recognizing the outstanding service of bus professionals; promoting industry-wide career opportunities, and the exceptional training and development that has contributed to the industry's commendable safety record.

MCPCC is constantly seeking innovative ways to work with industry and government to promote the Bus Industry as a critical link in the nation's transportation infrastructure. It is a privilege to advocate for the exceptional men and women dedicated to this essential service.

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PART ONE OVERVIEW



The overarching theme for our 2020 Compensation and Benefits Report is centered around the understanding that it's becoming increasingly challenging to attract and retain employees in today's tight job market producing increased turnover rates. Meanwhile, retention tops the list of reasons why organizations adjust their compensation strategy.

To keep employees onboard in a tight market, it's not enough to focus on any single element — a creative approach to the total rewards mix is key to motivate optimal behaviours and results.

The past two years has been a fairly good year for many Canadian businesses. With business conditions in Canada generally solid and an ageing population moving into retirement, employers are now preparing to ramp-up hiring.

Both personal values and the core values of an organization are key components in a thriving work culture. These values should be reflected in a compensation strategy. Compensation alignment with organization's core values is key for 2020. Our research finds that most employees highlight the following core values as important in their employment relationship:

Innovation
Transparency
Ownership
Trust
Equality





CANADIAN DATA HIGHLIGHTS

RETENTION

Retention is a growing concern but not enough for employers to significantly raise wages. In this tight job market, even more Canadian organizations in 2019 (61 percent) cited employee retention as a major concern, compared to 51 percent for 2018. Yet, despite employers' concern over retaining talent, most organizations will not allocate more to their base pay increase budget. While 87 percent of Canadian organizations implemented base pay increases in 2019, the average increase for Canadian organizations did not change much from 2018, with 81 percent of employers estimating an average increase of 3 percent or less. The most popular retention tactics Canadian organizations used in 2019 included learning and development opportunities (61 percent), merit-based pay plans (51 percent) and more perks (33 percent).

MARKET DATA

The vast majority of organizations use two or more sources of market data. More than half (55 percent) of surveyed organizations in Canada completed a full market study within the past year; 32 percent of the organizations referenced market data for individual jobs annually and 15 percent did so monthly. Eight percent checked market data weekly. Additionally, many organizations have realized they need to use multiple data sources to cover all of their positions. In 2019, 86 percent of all Canadian organizations used two or more sources of market data. Nine percent of organizations used five or more sources of market data.

USE OF BENEFITS

Employers are making greater use of benefits and perks to hire and retain employees compared to previous years. Employers are expanding beyond traditional benefits like employer-paid health insurance and retirement plans to keep up with evolving employee needs and desires. Many organizations are

embracing work-life balance as a differentiator: 43 percent of organizations offer paid (or reimbursed) vacations; 45 percent of organizations allow remote work (up from 41 percent last year), and 42 percent offer flex time. Canadian organizations also tend to invest in employee development - with 55 percent of respondents offering education or tuition reimbursement.

PAY PHILOSOPHY AND PRACTICES

Forty-one percent of Canadian organizations say they feel good about their pay brand (what employees and candidates believe to be true about their organization's pay and rewards practices). A similarly sized group feel their pay brand is neither good nor bad (40 percent). Twenty-one percent describe their pay brand among employees as bad or very bad. Some emphasized a desire to improve pay transparency while others said their pay brand is inconsistent among different business units. Still, others brought up the challenge of getting management buy-in to adjust their compensation plan as their organization enters a stage of rapid growth.

TRANSPARENCY

Most organizations are still wary of sharing pay ranges with their employees. However, most organizations aspire to move up the pay transparency spectrum in 2020. Thirty percent of Canadian organizations plan to share pay ranges with individual employees; 11 percent aspire to make ranges and employee pay information available to all employees. In 2019, 36 percent of employers report they share pay ranges with their employees for their position. Additionally, 39 percent of employers report their employees know where they fall within the range. Just 36 percent share market data with their employees when giving the rationale for a raise. Discussing pay rationale with employees in an open and honest fashion can help employees feel more confident they are fairly paid. Because most employers are not yet sharing much pay-related information with employees or job candidates, you can distinguish your organization as an employer of choice by being more open about pay than others in your market.



PART TWO

COMPENSATION REVIEW 2019



The Canadian economy was fairly robust in 2019. With business conditions generally solid and an ageing population moving into retirement, employers are looking to hire now and in the near future. Job vacancies hit record highs in 2019. Yet, despite increasing reports of hiring difficulty, most Canadian organizations have no plans to give workers significant wage increases. And while jobs might be plentiful in Canada overall, oil-rich provinces are lagging. Several labor market indicators across Alberta, Saskatchewan and Newfoundland have barely improved since the 2015 downturn, while job vacancy rates are below the national average. Meanwhile, there are clouds of economic uncertainty on the horizon, i.e. trade tensions, weakening global demand, world health concerns, climate change and political apprehensions that could have additional implications for the Canadian labor market.

COMPENSATION PRACTICE

Most organizations (82%) reported giving pay increases to their employees in 2019. With many ways to provide increases, we studied the pay increase practices of organizations. Merit increases averaged between 2 and 3 percent for 56 percent of Canadian organizations. However, a small proportion of organizations did aim high: 8 percent of organizations budgeted 4-5 percent increases, and another 7 percent of organizations budgeted more than 5 percent for increases.

BUDGETED AND AVERAGE PAY INCREASES IN 2019

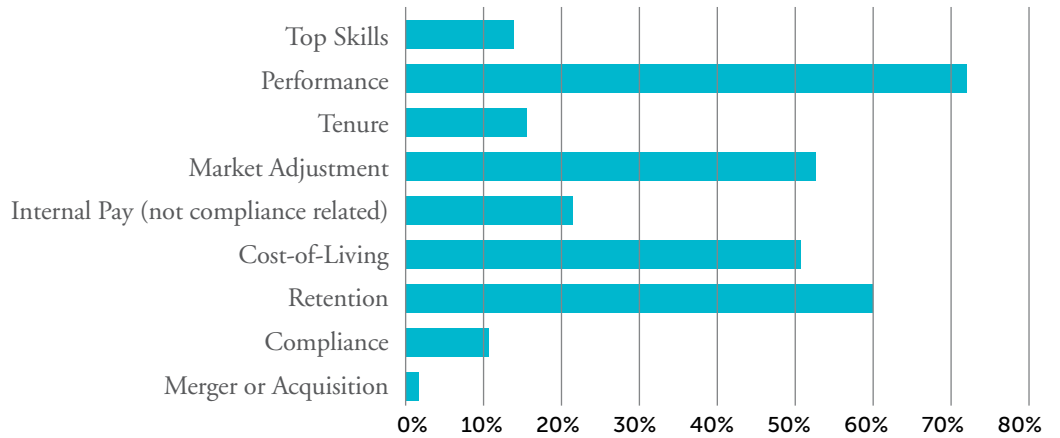




TOP REASONS FOR RAISES

- Performance
- Retention
- Market adjustment and
- Cost-of-living

TOP REASONS FOR RAISES IN 2019



COMPENSATING FOR COMPETITIVE JOBS

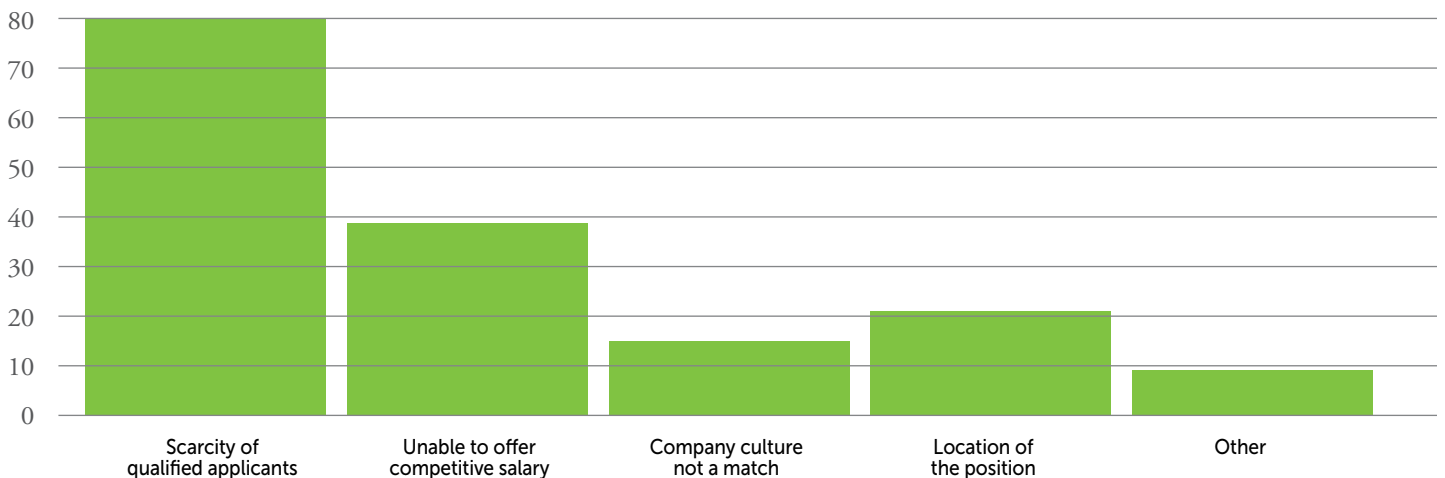
Competitive jobs are those that can be hard-to-fill because they are in high demand. PayScale Canada asked organizations to share their strategies for compensating competitive jobs. Overall, 48 percent of Canadian organizations compensate more for competitive jobs.

Organizations were then asked how they compensate for competitive jobs. A majority of organizations target a higher market percentile. For example, they would target the 50th percentile for their core jobs, but then the 65th, 75th or even 90th percentile for their competitive roles. Another common approach included offering a market premium in base pay.

HARD-TO-FILL JOBS

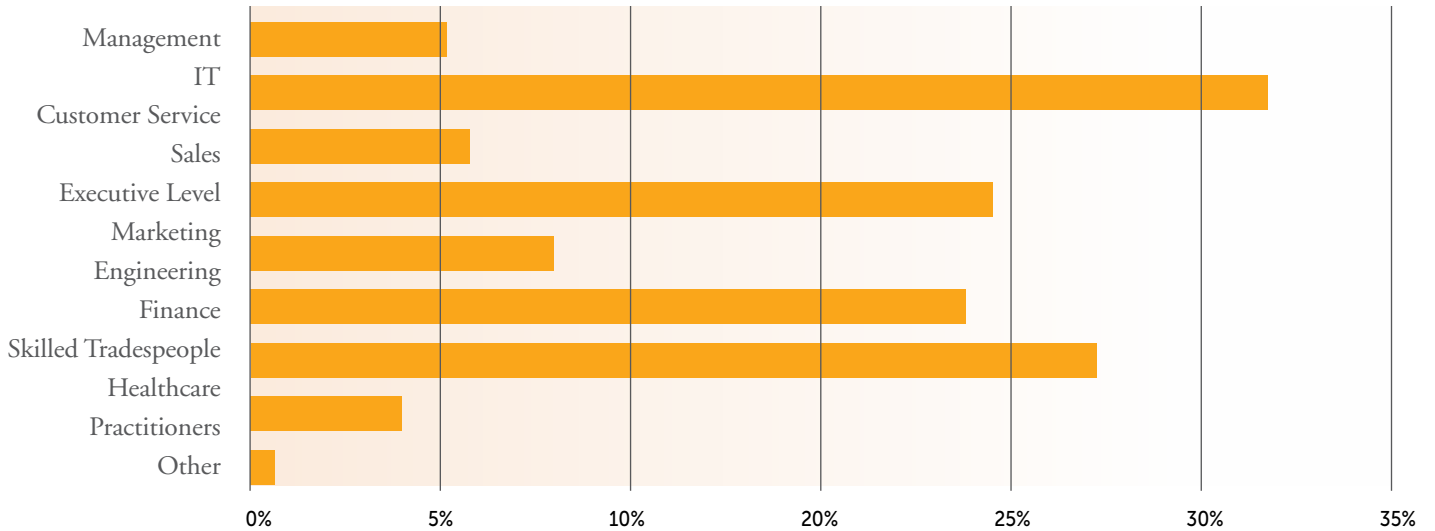
By contrast to competitive jobs, hard-to-fill jobs are those that have remained vacant for six months or longer due to a skills gap or other shortage of labour. Nearly a third of all Canadian organizations have had open positions for six months or longer. Scarcity of qualified applicants is the most common reason given for why jobs are unfilled. 39% cite their inability to offer competitive salary as a reason. 71% of organizations prioritized skills over a formal education when making hiring decisions supporting the trend that employers change their hiring criteria when the demand for labour exceeds the supply.

REASON TOUGH-TO-FILL JOBS REMAIN UNFILLED





TOUGH-TO-FILL ROLES



EMPLOYEE RETENTION

Sixty-six percent of organizations agree or strongly agree that keeping their best employees is a concern for them. At a time when many options are available for job seekers, the fear of losing top employees makes organizations nervous.

Forty-five percent of Canadian organizations feel the strong job market has impacted their turnover rates and 44 percent stated fewer than 25% of their turnover was “good” turnover.

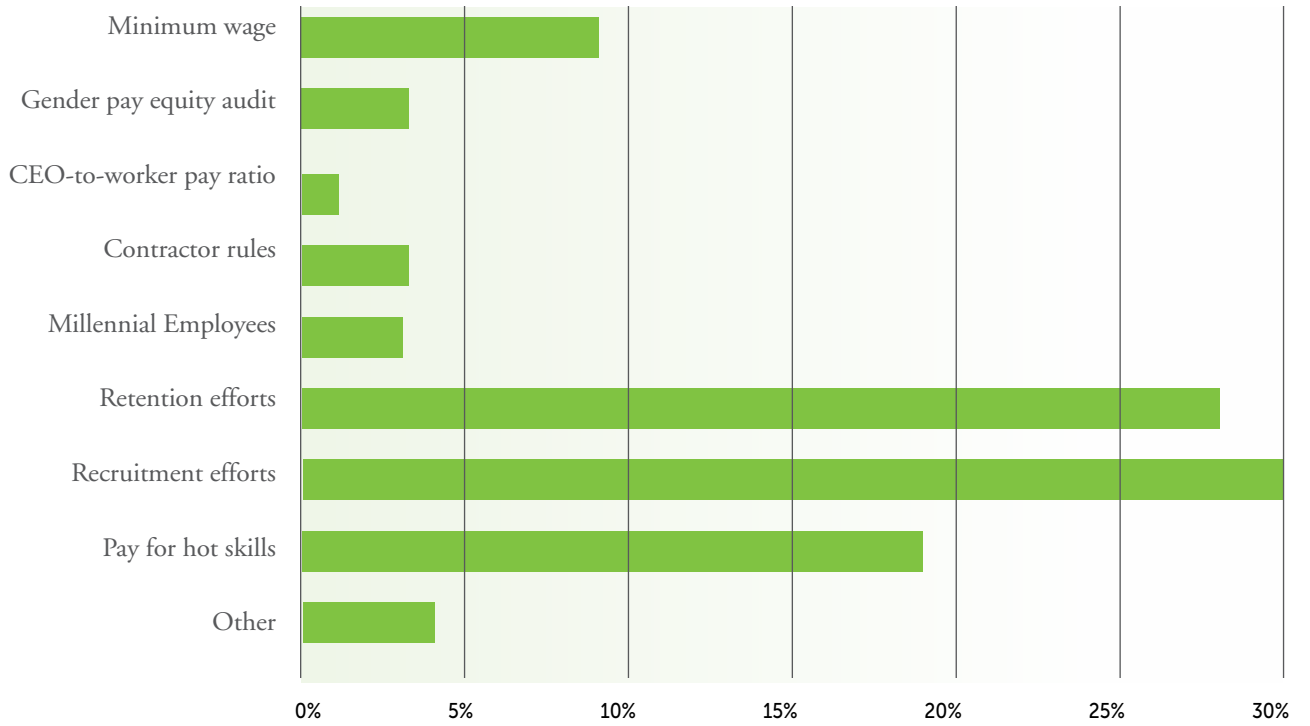
Top three reasons employees voluntarily left were cited as personal reasons, a more attractive role or title elsewhere and higher pay.

PAY STRUCTURE

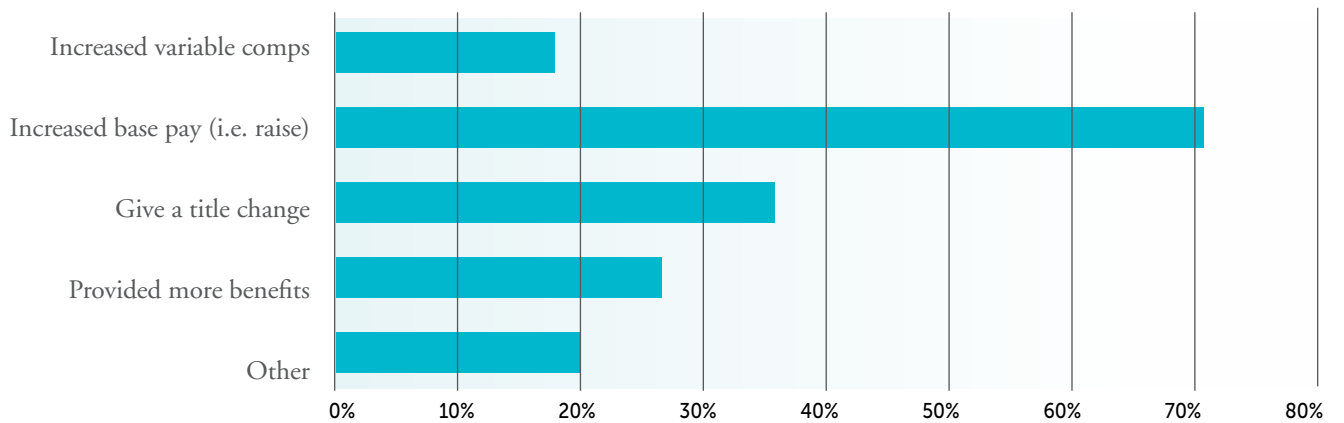
Market data forms the backbone of organizations’ salary structures. Sixty-five percent of Canadian organizations base their organization’s salary structures on market data. The most popular types of compensation structure are pay ranges for each position (27%), pay grades (25%) or a mix of pay grades and pay ranges by position (16%). Almost a quarter of organizations do not have any structure in place.



TOP REASONS ORGANIZATIONS ADJUST COMPENSATION STRATEGY



HOW ORGANIZATIONS PLAN TO RETAIN TOP TALENT





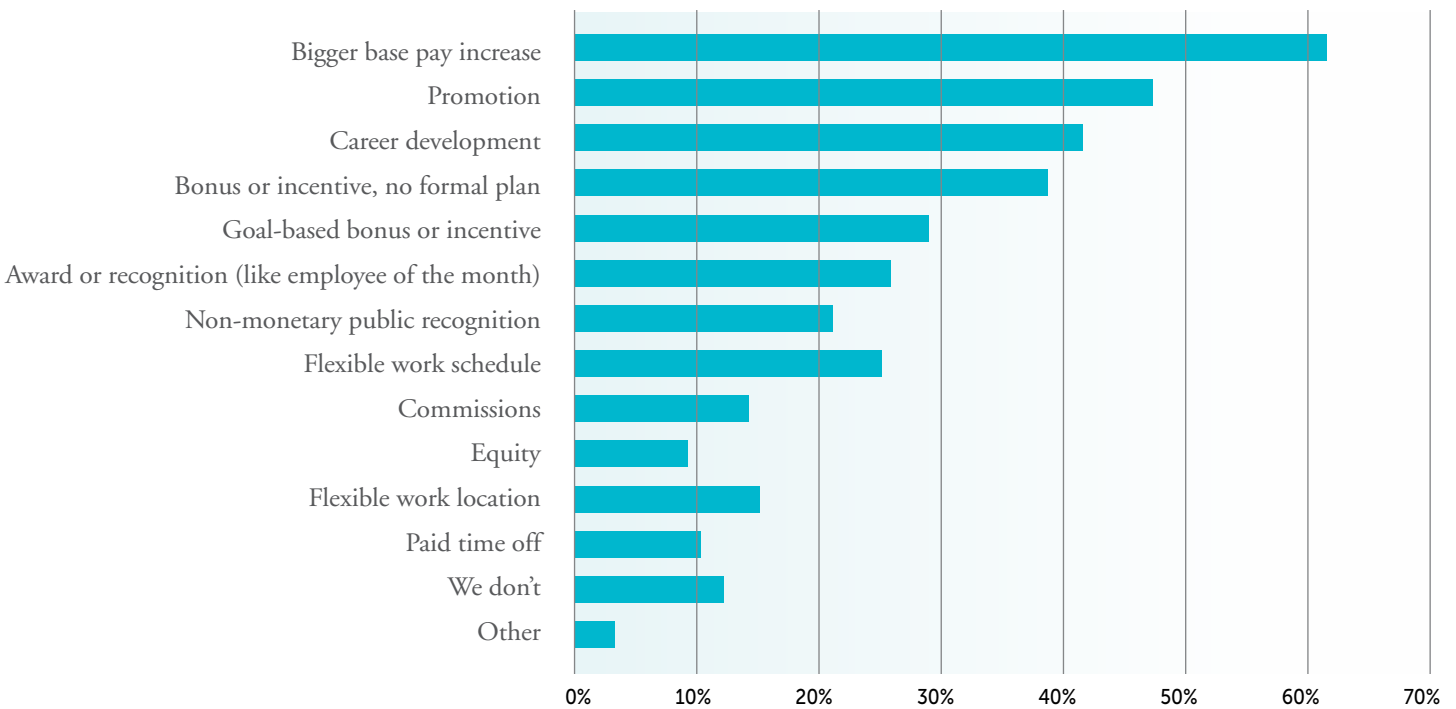
PAY BY REGION

Organizations who have multiple locations indicate they pay according to local market conditions, while preserving internal equity across the organization. Once organizations have several hundred employees, the majority of them differentiate pay by region.

65% | Have Multiple Pay Ranges Based on Geography

35% | Maintain One Pay Range Across Multiple Geographies

TACTICS ORGANIZATIONS PLAN TO USE TO RECRUIT & RETAIN HIGH-PERFORMING EMPLOYEES



PART THREE

BUS INDUSTRY COMPENSATION



YEAR OVER YEAR COMPARISON REPORTED BY STATISTICS CANADA FOR THE PERIOD 2013-2017

TOTAL BUS INDUSTRIES					
Employment and compensation	2013	2014	2015	2016	2017
	Number				
Total number of employees	113,015	118,809	119,082	126,940	118,469
Drivers	76,880	81,126	82,168	86,681	79,329
Mechanics	7,160	7,672	7,471	7,470	6,629
Other employees	28,975	30,005	29,434	32,789	32,511
	Dollars				
Total compensation (x 1,000)	7,261,830	7,415,585	7,458,523	8,007,022	7,979,049
Average expenditure per employee	64,255	62,416	62,634	63,077	67,351

The average compensation across the industry has increased during the period 2015-2016 by 7.4% and decreased between 2016-2017 by .3%. This is due to a 7% drop in the total number of employees across the Industry in 2017. The number of employees decreased mainly due to City amalgamations, school bus mergers

and downsizing in intercity carriers creating decreases in the Bus Operator and, to a lesser extent, the mechanic job classes. However, the average expenditure per employee increased by 6.8% corresponding to expenditures for professional and management employees which remained relatively stable over the period.



YEAR OVER YEAR COMPARISON REPORTED BY STATISTICS CANADA FOR THE PERIOD 2013-2017

URBAN TRANSIT SYSTEMS					
Employment and compensation	2013	2014	2015	2016	2017
	Number				
Total number of employees	60,271	61,128	63,148	62,704	61,528
Drivers	32,750	32,648	34,838	32,619	31,712
Mechanics	4,420	4,516	4,616	4,310	4,220
Other employees	23,101	23,965	23,694	25,775	25,596
	Dollars				
Total compensation (x 1,000)	5,377,715	5,464,305	5,661,409	5,907,443	6,235,938
Average expenditure per employee	89,226	89,392	89,653	94,212	101,351

INTERURBAN AND RURAL BUS TRANSPORTATION					
Employment and compensation	2013	2014	2015	2016	2017
	Number				
Total number of employees	4,371	4,361	3,859	4,689	2,809
Drivers	3,064	2,963	2,673	3,498	1,742
Mechanics	442	509	444	431	260
Other employees	865	889	743	760	807
	Dollars				
Total compensation (x 1,000)	386,615	365,776	309,778	380,024	173,008
Average expenditure per employee	88,450	83,878	80,267	81,043	61,591



YEAR OVER YEAR COMPARISON REPORTED BY STATISTICS CANADA FOR THE PERIOD 2013-2017

SCHOOL AND EMPLOYEE BUS TRANSPORTATION					
Employment and compensation	2013	2014	2015	2016	2017
	Number				
Total number of employees	37,674	43,361	42,722	47,719	42,033
Drivers	32,970	38,269	37,862	42,274	37,879
Mechanics	1,776	2,074	1,900	2,138	1,658
Other employees	2,928	3,011	2,950	3,307	2,496
	Dollars				
Total compensation (x 1,000)	1,081,013	1,158,405	1,076,308	1,246,898	1,088,509
Average expenditure per employee	28,694	26,715	25,193	26,130	25,897

CHARTER AND SIGHTSEEING BUS INDUSTRIES					
Employment and compensation	2013	2014	2015	2016	2017
	Canada				
Total number of employees	6,262	6,144	5,490	6,509	6,004
Drivers	4,649	4,322	3,933	4,263	3,575
Mechanics	404	473	409	469	370
Other employees	1,209	1,355	1,148	1,777	2,059
	Dollars				
Total compensation (x 1,000)	232,831	239,671	238,042	233,326	212,326
Average expenditure per employee	37,182	39,010	43,358	35,848	35,367



YEAR OVER YEAR COMPARISON REPORTED BY STATISTICS CANADA FOR THE PERIOD 2013-2017

OTHER TRANSIT AND GROUND PASSENGER TRANSPORTATION					
Employment and compensation	2013	2014	2015	2016	2017
	Number				
Total number of employees	4,439	3,816	3,862	5,319	6,096
Drivers	3,446	2,925	2,861	4,028	4,422
Mechanics	120	99	102	122	121
Other employees	873	785	898	1,169	1,553
	Dollars				
Total compensation (x 1,000)	183,656	187,429	172,985	239,331	269,268
Average expenditure per employee	41,373	49,123	44,786	44,998	44,169

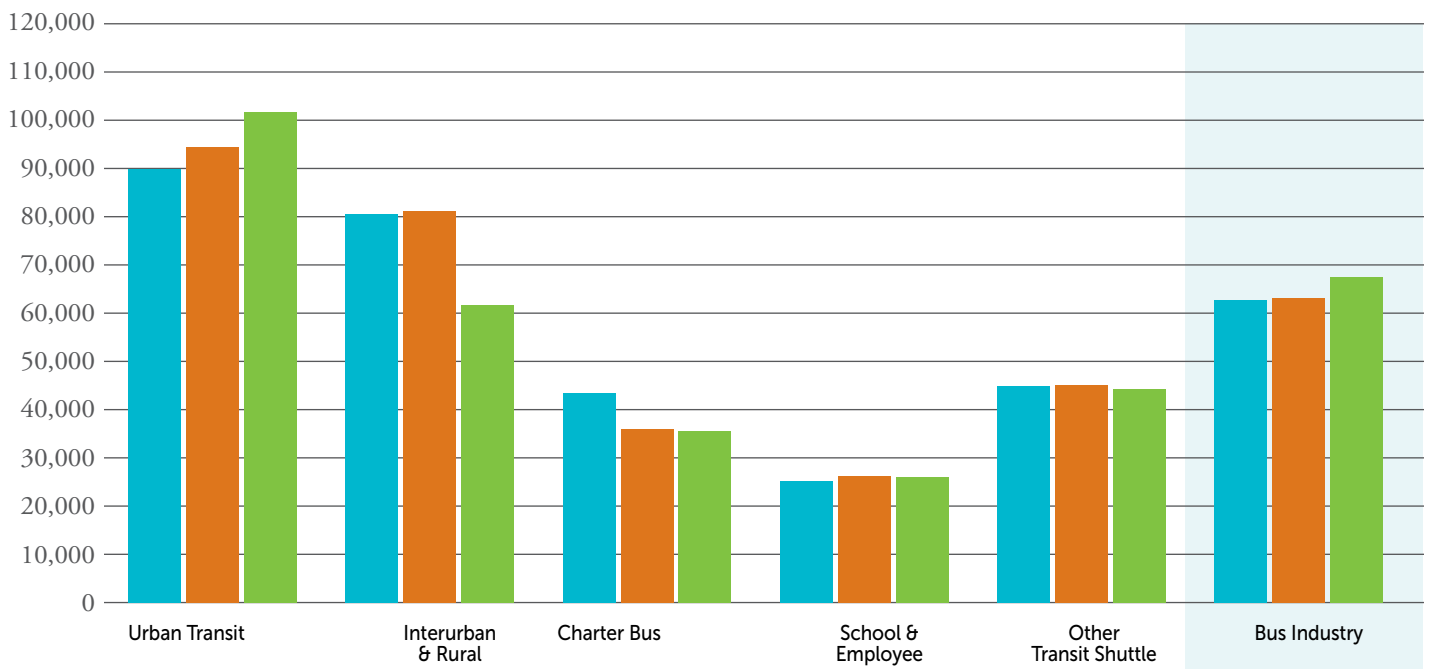
Source: Statistics Canada. Table 23-10-0083-01 Canadian passenger bus and urban transit industries, employment and compensation, by industry





AVERAGE COMPENSATION BY SECTOR AND TOTAL INDUSTRY

2015 2016 2017



The latest figures from Statistics Canada show a growth in average compensation only in the urban sector for the three-year period. School, Charter Bus, and other Transit Shuttle while not increasing compensation are relatively stable over the period. Compensation

for the Interurban and Rural sector shows steep declines in average compensation which is consistent with the financial difficulties experienced by the sector.



COMPENSATION 2020 – INDUSTRY SURVEY RESPONSES FOR KEY POSITIONS

The following responses represent large and medium-sized transit systems across geographic regions. To maintain confidentiality, we have grouped responses into average salary per key position, pay

ranges and National scope. Of course, pay will vary depending on the size of the system and geographic area.

**TRADES AND MANAGEMENT
URBAN TRANSIT • MOTOR COACH • SCHOOL BUS**

Position	Average Salary	Pay Range	Shift Premium
Licensed Mechanic	\$37,871/ hour	\$30 - \$53/ hour	\$1-2/ hour
Training Instructor	\$76,018/annum	\$58,000 - \$98,630/annum	
Scheduler/Planner	\$75,857/annum	\$57,954 - \$97,937/annum	
Dispatcher	\$68,875/annum	\$55,000 - \$102,000/annum	
Maintenance Staff	\$53,095/annum	\$33,000 - \$64,935/annum	
Supervisor	\$81,807/annum	\$50,300 - \$112,517/annum	
Middle Manager	\$101,529/annum	\$70,337 - \$137,000/annum	
Senior Manager	\$130,863/annum	\$85,443 - \$213,978/annum	

URBAN BUS OPERATORS

The average Urban Bus Operator salary in Canada is \$28.13 per hour. This average combines both medium and large systems and geographic regions. Western Canada’s wages are higher on average than Eastern Canada, as well the larger systems. A shift premium of \$1-2/hour is provided by most systems.



SCHOOL BUS OPERATORS

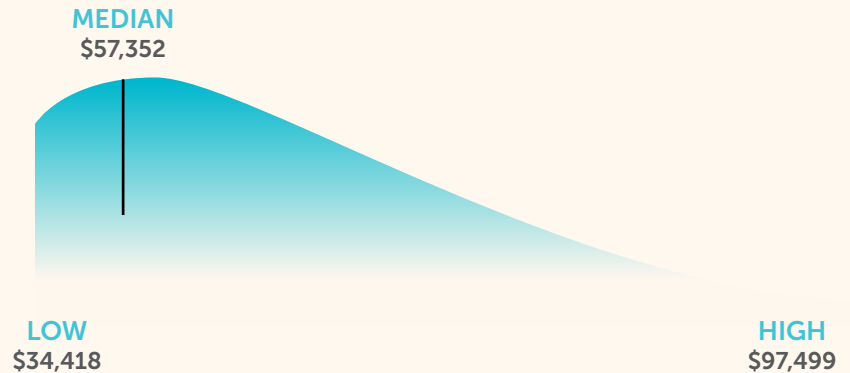
The average School Bus Operator salary in Canada is \$19.99 per hour. Highest salaries are in Western Canada averaging \$23/hr; Eastern Canada averaging \$18.50/hr





MOTOR COACH OPERATORS

The average Motor Coach Operator salary in Canada is \$57,352 per year or \$29.41 per hour. Entry level positions start at \$34,418 per year while most experienced drivers can make up to \$97,499 per year.

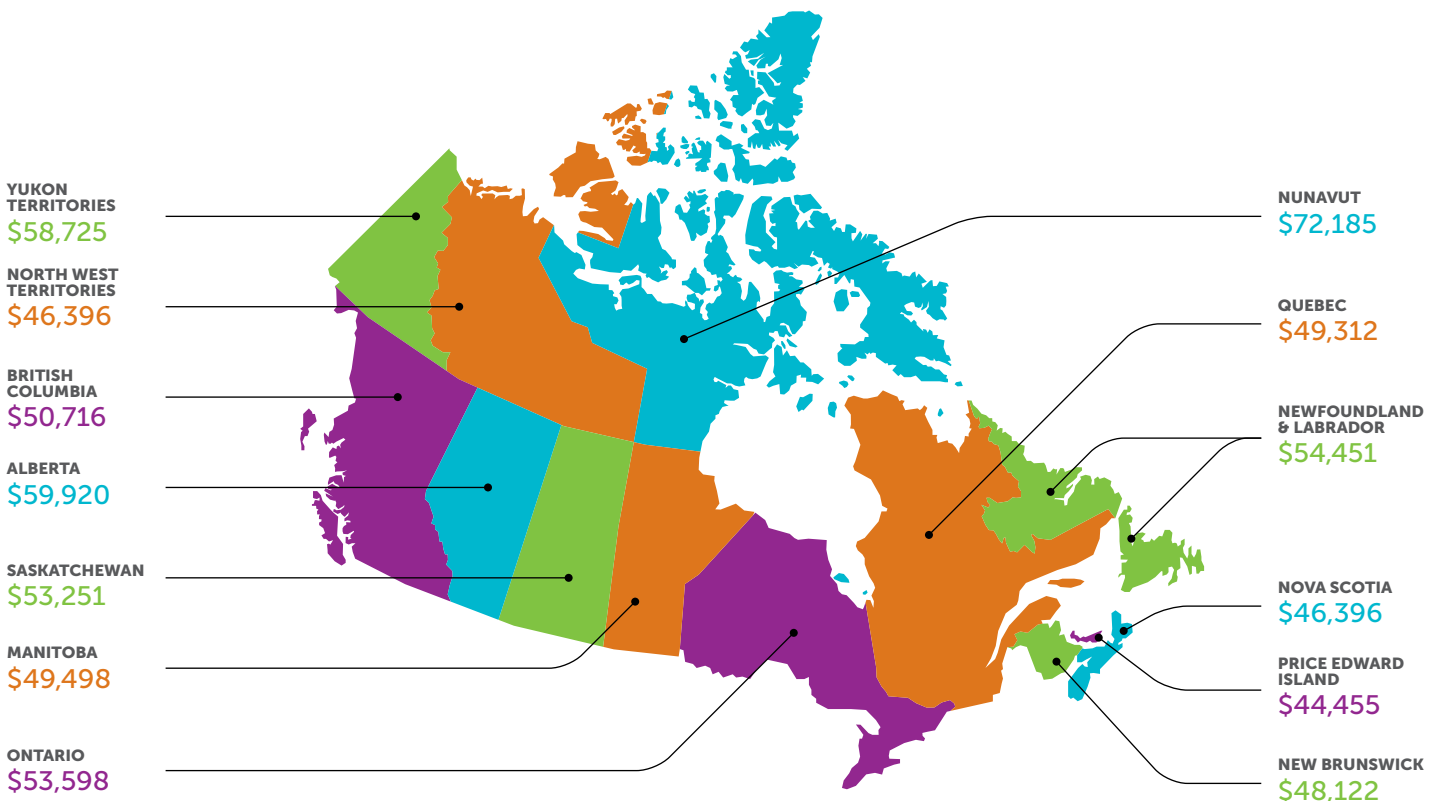


AVERAGE SALARIES IN CANADA 2019

Statistics Canada released another round of data highlighting wage and salary growth for several industries and in different areas of the country. By analyzing this data, we can provide employees and job seekers with useful information about their industries. At the same time, young people preparing to enter the workforce can learn where in Canada their skills will be the most valued and target their job searches to these areas.

THE AVERAGE SALARY FOR CANADIAN EMPLOYEES

As of January 2019, the average wage for Canadian employees across the nation was just over \$52,600 per year, an increase of 2% over 2018. The overall trend is positive, with the majority of Canadians making more money than in the previous year. This level of growth is fairly standard when comparing average salaries on a year-by-year basis. Average salary by Province and Territory is depicted on the map below.





PART FOUR

BENEFITS AND PERKS



BENEFIT TRENDS

Rounding out the total rewards package, the typical benefits and perks offered by organizations hasn't significantly changed from prior years. Although organizations still rely on employer-paid health insurance and retirement plans, they're also expanding benefits to retain employees. For example, many organizations are embracing work-life balance; 45 percent of organizations allow remote work, 42 percent offer flextime, 23 percent offer paid family leave and 9 percent offer a four-day work week.

For 2020, organizations plan to offer benefits that enhance employees' financial, physical, and emotional/social well-being. Some new benefits organizations plan to offer in 2020 include sick days (31 percent), education or tuition reimbursement (30 percent), flextime (28 percent) and paid/reimbursed vacation (21 percent).

Regardless of what most organizations are doing, in order to choose the benefits that will work best for your organization, you need to know the needs your employees have and use those needs to guide and evaluate the experience your organization is offering.

BENEFITS ORGANIZATIONS OFFERED IN 2019

Employer-paid medical, dental, vision, etc.	89%	Unpaid sabbatical	12%
Accrued or granted PTO	36%	Paid family leave	23%
Unlimited PTO	5%	Education or tuition reimbursement	55%
Accrued or granted vacation	75%	Gym membership or reimbursement	24%
Paid vacation (reimbursed)	43%	Transportation allowance	20%
Accrued or granted sick	62%	Paid childcare	1%
Retirement contributions	33%	Commuting allowance	6%
Pension	25%	Tuition reimbursement	30%
Equity	13%	4-day work week	9%
Commute time	4%	Flex-time	42%
Remote work	45%	Other	10%
Paid sabbatical	3%		



INDUSTRY BENEFITS

The vast majority of Industry survey respondents offer employees a wide range of benefits. In addition to typical benefits such as health and dental care, pensions (majority have a defined benefit plan, with some opting for defined contribution), disability benefits or employee assistance programs, respondents identified many others including: on-site fitness facilities; complimentary transit passes; critical incident diffusing; clothing or tool allowances; education allowances; and computer purchase plans.

When asked to identify benefits that would likely be added to their company's existing benefit plan within 3 years, survey respondents indicated the following: family sick days; salary continuance when on workers' compensation; recognition and

reward program; increased cost sharing of benefit programs; long-term sick benefits; programs promoting healthy life styles; professional driver certification; and family driver improvement courses.

Respondents have recognized the necessity and value of structuring attractive benefits programs to maintain recruitment competitiveness and retention effectiveness.

It should be noted, however, that the above benefits tend to be offered mostly to those working in a unionized environment. The school bus and charter sub-sectors are segments of the industry where benefits are likely more limited in number and scope.





ENDNOTES

ⁱ PayScale Canada

ⁱⁱ PayScale Canada