ADP Research

Canada Pay Insights

TECHNICAL NOTES and FAQs

DATA SOURCE

Canada Pay Insights is based on the anonymized administrative payroll records of 1.6 million individuals working at non-farm private employers that use ADP services. This unique panel data allows us to track the pay of individual workers over time.

From this sample, we track workers over 12-month intervals to compute each individual's year-over-year change in pay. This matching process results in approximately 1 million pay-change observations each month. From these observations, we calculate the median year-over-year pay change for job-stayers and job-changers.

DEFINITIONS and METHODOLOGIES

Job

We define a job as a unique pairing of an individual worker to a specific employer. Pay change measurements are job-based. We looked at active and paid workers ranging in age from 15 to 85.

Pay

Canada Pay Insights tracks the year-over-year percentage change in before-tax nominal base pay and gross pay.

Base pay is measured as a job's regular pay rate, which excludes overtime, tips, bonuses, and commissions. Gross pay is measured as annual gross earnings and includes all of the above.

Base and gross pay change each are valuable indicators of labor-market conditions.

Changes in base pay tend to be long-lasting rather than temporary. As such, base pay tracks trends in structural wages. Base pay growth can send a signal of labor-market tightness and potential inflationary pressure.

Gross pay measures total compensation generated by labor-market activity. Gross pay data can be used to assess income growth and consumer spending power. In addition, changes in gross pay can tell us how employers are responding to atypical labor-market conditions such as skill shortages.

Job-stayer

If a job (the worker-employer pairing) appears in both the current month and 12 months prior, and if the worker has been paid in at least six of the13 months (including the reporting month and the previous 12-month period), the associated year-over-year pay change is included in job-stayer observations for the reporting month.

As of 2026, we measure the pay change of approximately 1 million job-stayers each month.

Job-changer

Job-changers are workers who are associated with different employers in the reporting month and 12 months prior. A job-changer's pay change represents the difference in pay between these two jobs.

If a worker holds multiple jobs during a single month, we measure the job with the highest rate of pay for that month. We track only job-changers whose previous employer and employer in the reporting month both are ADP clients, regardless of their employment situation between the 12-month intervals.

As of 2026, we report on the pay change of approximately 40,000 job-changers in Canada each month.

Base pay change

To measure change in base pay, we observe the base pay rate from the most recent paycheck of a job in the reporting month, then compare it with the base pay rate from 12 months prior.

In addition, the base pay rate (e.g., $20 an hour for an hourly worker, or $800 a week for a salaried employee) typically represents a contracted regular wage and is unaffected by the number of hours worked or performance-based earnings.

Annual gross earnings (e.g., an employee earning $60,000 a year) do depend on such factors. In contrast to our measure of annual gross pay, which averages pay across the last 12 months, base pay is a more real-time measure, reflecting the pay rate for the reporting month.

Gross pay change

Gross pay includes overtime, tips, bonuses, and commissions, and cash benefits in addition to salary or hourly wages.

To calculate change in gross pay, we observe actual total gross pay over the preceding 12 months for each job. If a job is paid only part of the year, we estimate an annual equivalent using the observed gross pay rate.

Each month, we estimate each job's annual gross pay (pay from $month_{t-11}$ to $month_t$) and compare it with the number estimated 12 months earlier (pay from $month_{t-23}$ to $month_{t-12}$) to measure change in gross pay.

This 12-month period of observation smooths short-term fluctuations in pay. It also captures the full picture of annual earnings, including bonuses and other non-regular compensation.

Pay quartile

We rank each job (worker-employer pair) by pay level at the beginning pay period. The ordered list is cut into four equally sized groups:

1st quartile: The 25 percent of jobs that are the lowest paid

2nd quartile: Jobs between the 25th and 50th percentile

3rd quartile: Jobs between the 50th and 75th percentile

4th quartile: The 25 percent of jobs that are the highest paid

For example, those jobs in the 1st quartile are the lowest-paid 25 percent as measured by their annual gross pay or converted hourly base pay rate from 12 months prior.

Province and territory data

Geographic data is based on the primary location of the worker's home.

We report the median year-over-year pay change for 10 provinces and the Yukon.

Because of limited sample sizes, we do not produce data for Nunavut and the Northwest Territories.

Industry classification

We use employer information, not occupation or job titles, to categorize jobs by industry. Industries are defined by their North American Industry Classification System (NAICS) 2-digit sector codes.

Because industry data is not available for the full worker population in Canada, the sample used for the industry segment is smaller than those used for other segments. The Canada Pay Insights industry sample comprises approximately 300,000 workers.

Wage sample distribution

Salaried workers make up about 42 percent of our job-stayers sample; hourly employees comprise about 58 percent.

Gender	Share of worker-job sample
Female	70%
Male	30%
Age group	
Age 15 - 24	8%
Age 25 - 34	23%
Age 35 - 54	45%
Age 55 - 85	24%
Employer size	**Share of job-stayers**
1-199 employees	39%
1-49 employees	8%
50-199 employees	31%
200-499 employees	18%
500+ employees	43%

Sector	Share of job-stayers
Construction	3.8%
Education and health services	10.7%
Financial activities	8.4%
Information	3.4%
Leisure and hospitality	8.0%
Manufacturing	16.0%
Natural resources and mining	3.5%
Other services	4.3%
Professional and business services	23.5%
Trade, transportation, and utilities	18.4%

Frequently asked questions

Why do gross pay and base pay behave differently?

Base pay measures the marginal income of labor. Changes in base pay signal a permanent baseline shift in wage-setting. Adjustments in base pay usually are tied to economic conditions such as inflation, labor-market benchmarks, and cost of living.

Gross pay measures one's total earned income. Changes in gross pay are affected by baseline adjustments as well as short-term incentive strategies, choices made on workload, and factors associated with atypical economic conditions.

Why is base wage growth for job-stayers concentrated at 3 percent?

Our research on U.S. Pay Insights data shows that organizations typically award a flat or narrow band of annual base pay increases to many of their continuing workers.

This pattern holds in Canada. As such, the year-over-year change in base pay for job stayers is strongly concentrated at whole percentage points (such as 2 percent, 3 percent, and 4 percent) and half percentage points (such as 1.5 percent and 2.5 percent).

In what ways does Canada Pay Insights differ from U.S. pay insights? Are the two comparable?

Canada Pay Insights is not comparable to U.S. Pay Insights. No conclusions can be drawn about any differing pace of pay change in the two markets.

In Canada, information on pay quartile, demographics, industry, employer size, and employee distribution are derived exclusively from the job-stayer sample. In the United States, these categories are based on a combined sample of job-stayers and job-changers.
These differences are the result of methodological choices that consider the sample characteristics of each market.

As a result, any pay change differences between Canada and the United States might reflect variations in workforce mix, employer representation, pay structures, and industry composition, among other differences.