



## THE BUILDER'S BENCHMARK

# 2025 ONTARIO CONSTRUCTION COMPENSATION GUIDE

### Setting the Standards for Industry Excellence

Your definitive resource for **navigating the complex landscape of construction wages and benefits**. This guide provides the information needed to establish fair working relationships that honor skilled trades and ***strengthen Ontario's construction industry.***

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## INTRODUCTION: BUILDING ONTARIO TOGETHER

Ontario's construction industry is the backbone of our province. Every day, thousands of skilled tradespeople, business owners, and professionals work together to build the homes, offices, and infrastructure that power our economy. Whether you're managing an open shop or a unionized workforce, it's crucial to stay competitive, attract top talent, and retain experienced workers.

### Why This Guide Matters

As an HR professional, office manager, or business owner, you've probably asked yourself:

- Are we paying competitive wages?
- What are other companies offering in terms of benefits?
- How do union and open shop costs compare?
- How can we attract and retain top workers in a competitive market?

**This guide is your one-stop resource for answering those questions.**

We've compiled data from Indeed Canada, union agreements, Ontario's Ministry of Labour, and conversations with Ontario's top construction leaders to bring you a clear picture of where wages and benefits stand in 2025.

### What You'll Learn

This guide will help you:

- ✓ Understand how wages vary across different construction roles
- ✓ See the total cost of hiring employees, beyond just hourly wages
- ✓ Compare unionized vs. open shop employment costs
- ✓ Learn how to stay competitive in 2025 and beyond

**No matter how we do business—union or open shop...  
we all build Ontario together.**



## THE REAL COST OF AN EMPLOYEE

When hiring a skilled worker, it's easy to focus on the hourly wage. But ask any experienced business owner or HR professional, and they'll tell you: wages are just one piece of the puzzle. The true cost of employment extends far beyond the base rate—it includes everything from payroll taxes to benefits and even ongoing training.

Here's a closer look at the full cost of an employee beyond their hourly wage:



### Payroll Taxes (CPP, EI, WSIB Contributions)

Every employer in Ontario must pay Canada Pension Plan (CPP) and Employment Insurance (EI) contributions on behalf of their employees. These add up fast—on average, expect to pay 7-10% of wages in payroll taxes. Additionally, WSIB (Workplace Safety & Insurance Board) contributions vary by industry and job classification but can be as high as 10% for high-risk trades like roofing or excavation.

### Health & Dental Benefits

In today's competitive job market, offering health and dental coverage isn't just an option—it's an expectation. Unionized trades typically receive employer-sponsored benefits, while open shop businesses often provide private benefits packages. Health and dental plans can cost an employer anywhere from \$2,000 - \$4,000 per employee per year, depending on coverage level.

### Retirement & Pension Contributions

Unionized employees often have pension plans with mandatory employer contributions, which range from \$4 - \$8 per hour worked. Open shop businesses may offer RRSP matching programs to stay competitive, with contributions typically matching 3-5% of wages. Investing in a retirement plan isn't just a perk—it helps businesses retain long-term employees.

### Vacation, Holiday Pay & Sick Days

Vacation and statutory holiday pay is a legal requirement in Ontario. At minimum, full-time employees are entitled to 4% vacation pay (two weeks paid vacation per year).



Unionized workers often receive 6-10% vacation pay (three to five weeks vacation). Don't forget statutory holiday pay—Ontario has nine paid public holidays per year, adding another 4-5% in payroll costs. Many businesses also offer sick day policies to attract talent.

### Insurance & Workers' Compensation

In addition to WSIB, many businesses provide additional life and disability insurance. Group life insurance plans are common for unionized trades and can cost employers \$500 - \$1,200 per employee annually. Shortterm and long-term disability insurance can add another \$1,000 - \$2,500 per employee per year, protecting workers if they become unable to work due to injury or illness.



### Training & Skills Development

A well-trained workforce is a productive workforce. Many employers cover the cost of mandatory safety training (like WHMIS, Working at Heights, and First Aid), which can range from \$300 - \$1,500 per employee annually. Unions typically have training funds built into collective agreements, while open shop businesses may choose to invest in upskilling programs to retain skilled workers.

**When you add it all up, the true cost of an employee can be 20-40% higher than their base wage.**



## ONTARIO CONSTRUCTION WAGES: THE NUMBERS

Below is a detailed breakdown of **Ontario construction wages for 2025**, comparing open shop and unionized positions and factoring in total employer costs.

Position	Open Shop Wage (Hourly)	Union Wage (Hourly)	Additional Union Employer Costs Per Hour	Total Union Employee Cost
<b>Electrician</b>	\$25.00 - \$45.00	\$25.00 - \$46.00	<b>\$16.73</b>	<b>\$41.73 - \$62.73</b>
<b>Carpenter</b>	\$22.00 - \$44.00	\$28.00 - \$48.00	<b>\$14.39</b>	<b>\$42.39 - \$62.39</b>
<b>Welder</b>	\$20.00 - \$36.00	\$22.00 - \$39.00	<b>\$17.17</b>	<b>\$39.17 - \$56.17</b>
<b>Plumber</b>	\$25.00 - \$45.00	\$21.00 - \$52.00	<b>\$20.36</b>	<b>\$41.36 - \$72.36</b>
<b>HVAC</b>	\$22.00 - \$40.00	\$28.00 - \$45.00	<b>\$12.25</b>	<b>\$40.25 - \$63.15</b>
<b>General Labourer</b>	\$17.20 - \$25.00	\$20.00 - \$32.00	<b>\$16.39</b>	<b>\$36.39 - \$48.39</b>
<b>General Office Staff</b>	\$18.00 - \$28.00	✗ No Union Rate	✗ <b>No Additional Union Costs</b>	<b>\$18.00 - \$28.00</b>
<b>Architectural Designer</b>	\$30.00 - \$50.00	✗ No Union Rate	✗ <b>No Additional Union Costs</b>	<b>\$30.00 - \$50.00</b>

Source: Indeed Canada, Field Data, StatsCan, Business Meetings, Site visits, Union Agreements, Union Averages & more...

## What These Numbers Show

- Union wages are typically 15-25% higher than open shop base wages
- The total cost of a unionized employee is approximately 30-50% higher than their base wage
- Specialized trades command the highest premiums across both union and open shop sectors
- Some specialized positions have no union equivalent, giving open shop employers an advantage in these areas

Understanding these wage differences is the first step in developing a competitive compensation strategy for your construction business.

An electrician earning \$40/hour might actually cost an employer \$65/hour or more once benefits, taxes, and other expenses are factored in.





## BREAKING DOWN ADDITIONAL EMPLOYER COSTS

For unionized employers, additional costs per employee can be significant, going well beyond just an hourly wage. While unionized employees benefit from structured wages and benefits, it's important for businesses to understand the full cost breakdown of these additional expenses. Without a clear picture of these costs, budgeting can be inaccurate, profit margins can shrink, and hiring decisions can become more challenging.

### A Closer Look at Employer-Paid Costs Beyond Wages for Unionized Employees

#### ✓ **Health & Dental Benefits** 🏥: **\$3.50 - \$6.00 per hour**

A competitive health and dental plan is the cornerstone of unionized contracts. These plans typically cover medical, prescription drugs, vision, and dental care, ensuring that employees and their families have financial protection against unexpected healthcare expenses. In most unionized agreements, employers cover 100% of these costs. This translates to an additional \$3,000 to \$5,000 per employee per year.

#### ✓ **Long-Term & Short-Term Disability (LTD & STD)** 🏠: **\$1.00 - \$2.50 per hour**

Disability coverage ensures that workers continue to receive income if they suffer an injury or illness that prevents them from working. Unions typically negotiate strong LTD and STD policies, with coverage ranging from 50-75% of an employee's wage for a set period. Employers pay the bulk of these premiums, adding another \$1,500 - \$3,500 per employee per year.

#### ✓ **Pension Contributions (Union Retirement Plans)** 🏠: **\$4.00 - \$8.00 per hour**

A major factor in the true cost of a unionized employee is the mandatory pension contribution. Unlike open shop employers who may offer optional RRSP matching, most unions require fixed employer contributions into defined benefit pension plans. These contributions range between \$4 - \$8 per hour worked, ensuring workers have retirement security. Over a 40-hour workweek, this equates to an additional \$160 - \$320 per week per employee—or as much as \$16,000 per year.



## A Closer Look at Employer-Paid Costs Beyond Wages for Unionized Employees

### ✓ **Union Dues & Fees** 📁: **\$1.50 - \$3.50 per hour**

Unions provide structured wages, workplace protections, and advocacy, but these benefits come with membership fees and union dues. While union dues are deducted from employee pay, employers often contribute towards other union expenses, such as administration costs, training programs, and legal support. These contributions can add up to \$3,000 - \$5,000 per employee annually.



### ✓ **Training Fund Contributions** 🏗️: **\$1.00 - \$2.00 per hour**

Many unions prioritize ongoing training for their members to ensure compliance with safety regulations, certification renewals, and skill development. Employers contribute mandatory payments into union training funds, supporting apprenticeships, licensing programs, and technical training courses. While this investment ultimately benefits employers by ensuring a highly skilled workforce, it comes at a cost—typically \$2,000 - \$4,000 per year per employee.

### ✓ **Vacation & Holiday Pay** 🌴: **Typically 10-12% of wages**

Vacation time in a union environment is typically more generous than government-mandated minimums. While non-union workplaces are required to provide 4% vacation pay, unionized workers often receive 6-10% vacation pay—equivalent to three to five weeks of paid vacation. When you factor in holiday pay for Ontario's nine statutory holidays, this adds another 4-5% in payroll costs. Altogether, vacation and statutory holiday pay can account for 10-12% of wages, costing employers \$6,000 - \$12,000 per year per employee.



## THE TOTAL COST OF A UNIONIZED EMPLOYEE

When all of these additional costs are factored in, the total cost of a unionized employee can be 30-50% higher than their base hourly wage. For example:

**An electrician earning \$40 per hour** might actually cost their employer **\$55 to \$62 per hour** once benefits, pension contributions, and mandatory fees are included.

**A carpenter earning \$35 per hour** might cost an employer **\$47 to \$62** per hour with all additional expenses factored in.

**A general laborer earning \$25 per hour** could cost an employer **\$32 to \$48** per hour when accounting for vacation pay, union dues, and health benefits.

### Why This Matters for Employers

For construction businesses, understanding the full financial picture of labor costs is critical for:

#### **Budgeting for Workforce Expansion**

When planning to grow your team, accurate labor cost estimates ensure you're not caught off-guard by unexpected expenses. A complete understanding of all costs—from base wages to benefits and training—helps you create realistic budgets and growth plans.

#### **Estimating Project Costs More Accurately**

Construction projects require precise cost estimates. Underestimating labor costs by even a small percentage can turn a profitable project into a loss. Knowing the true cost of your workforce helps ensure your bids are competitive yet profitable.

#### **Making Informed Hiring Decisions**

Should you hire a full-time employee or work with subcontractors? Is it worth paying a premium for a highly skilled worker? These decisions require a complete understanding of what each employment option truly costs.

## **Creating Competitive Compensation Packages**

To attract and retain top talent in today's market, you need to offer competitive compensation. Understanding what unions provide helps open shop employers create packages that compete effectively without breaking the bank.



**By knowing the true cost of labor, employers can plan strategically, ensure fair compensation, and remain competitive in Ontario's evolving construction landscape.**

**Whether you're running a unionized company or an open shop, being informed is the key to financial success in 2025 and beyond.**



## HOW OPEN SHOP CONSTRUCTION CAN COMPETE

One of the biggest challenges open shop employers face is **keeping their workforce from being lured away by union wages and benefits**. The truth is, you don't have to lose great workers to the union—if you know what you're up against and build a strategy that meets and even surpasses the expectations of skilled tradespeople.

### How to Build a Competitive Open Shop Compensation Plan

An employer can design a benefits program **that mirrors and even improves upon union plans**, while still maintaining cost efficiency and flexibility. Here's how:

#### ✓ Offer a Comprehensive "Platinum" Benefits Plan 🏢

You can build a fully employer-paid benefits package with one of Canada's top insurance companies, customized to your workforce. Picture this: an employee walks into a pharmacy and leaves with their prescription—no out-of-pocket costs. They book a dentist appointment for themselves or their kids without worrying about coverage limits. This level of financial security increases job satisfaction, reduces stress, and builds long-term loyalty.

#### ✓ Control Costs With a Tailored Private Plan 💰

Unlike union plans, where employers pay the same rate for every worker, regardless of their needs, a private benefits plan allows you to customize coverage. You can structure your program with single, couple, and family tiers, ensuring that you're only paying for what your employees actually need—no wasted premiums.

#### ✓ Replace Pension Plans With a More Flexible Group RRSP 🏠

Union pensions are fixed, rigid, and costly for employers. A Group RRSP program offers the same long-term financial security to employees, without the complexity and high cost of a pension plan. Employees get portable retirement savings they can take with them if they leave, making it a more attractive option for today's workforce.



### ✓ **Prioritize Mental Health and Family Planning Support** 🧠

Today's workers expect mental health coverage—including virtual therapy, stress management programs, and employee assistance programs (EAPs). Offering comprehensive mental health and family planning benefits is a powerful way to demonstrate long-term commitment to employee well-being.



### ✓ **Use an HSA and LSA for Ultimate Flexibility**

A Health Spending Account (HSA) allows employees to spend employer-provided health dollars on whatever medical expenses matter most to them. A Lifestyle Spending Account (LSA) takes things a step further—it can cover gym memberships, fitness classes, childcare, even wellness programs. This is something unions don't offer, and it can set your company apart.

### ✓ **Understand the Cost of Employee Turnover** 🔄

Losing an employee doesn't just mean hiring someone new. It means lost productivity, training costs, and team disruption. **The cost of replacing a skilled tradesperson** can easily exceed **\$20,000** in recruitment, training, and lost work hours. Investing in competitive benefits and retention strategies is always cheaper than losing a worker to the union.



## PROTECTING YOUR WORKFORCE & TAKING THE NEXT STEP

Building a strong, loyal workforce isn't just about wages—it's about providing the right benefits and making it effortless for employees to stay. The reality is, **skilled workers expect security**—and if you don't offer it, the competition will and is...

### Why Work With a Partner Who Understands Construction?

**AEC Benefits specializes in construction benefit solutions** because we know this industry inside and out. We've spent years studying what competitors are offering, how much they're paying, and what employees value most. When you work with us, you get a partner who:

- ✓ **Understands what union plans look like** so we can design a better alternative or integrate your office staff in similar programs
- ✓ **Knows the financial pressure** of running a construction business and can show you ways to cut costs without sacrificing quality
- ✓ **Speaks your language**—construction isn't like other industries, and benefits need to be structured in a way that works for your business
- ✓ **Has experience coordinating benefits** in a way that works for construction teams, ensuring seamless transitions with no interruptions

### Switching Your Plan is Easier Than You Think

If your company already offers benefits, our Benefit Plan Switch Program makes moving to a tailored, cost efficient construction benefits plan seamless and effortless. We've developed a streamlined digital process to make the switch easy, quick, and hassle-free—because we know how busy running a construction business is.

### ✦ Here's how it works:

#### ✓ **Book a Discussion**

We'll review your current plan, what's working, and what's costing too much.

#### ✓ **See What's Possible**

We'll show you custom-built plans designed to compete within the industry while saving you thousands per year.

#### ✓ **Effortless Transition**

Our digital systems make the switch seamless, with no disruption to employees and zero headaches for your admin team.

#### ✓ **Long-Term Support**

We don't just set up your benefits and walk away. We continuously optimize to ensure your plan stays cost-effective and competitive.

### The Cost Savings Are Significant

With a tailored benefits plan, you can:

✓ **Save thousands per year** by only paying for what your employees actually need

✓ **Offer better coverage** than the union by structuring plans to maximize benefits where employees value them most

✓ **Give your team** real financial security with a better-designed health, dental, and retirement package

✓ **Be the leader** who protects your workforce, keeps them loyal, and ensures long-term business success





## CONCLUSION & TAKING ACTION

### Building a Benefits Package That Wins

At the end of the day, **employees want stability, security, and a workplace that values them.** If you're an open shop employer, the best way to keep your team loyal is to match or exceed what unions offer—but do it smarter.

#### The most successful construction employers in Ontario understand that:

1. The true cost of an employee goes far beyond their hourly wage
2. Union and open shop employment each have distinct advantages and costs
3. A strategic benefits plan can help retain top talent without breaking the bank
4. Investing in employee security and well-being pays dividends in productivity and loyalty

#### By implementing the strategies outlined in this guide, you can:

- Give your employees financial security with a fully covered benefits plan
- Make your benefits more flexible so employees aren't locked into a one-size-fits-all package
- Provide a real alternative to pensions with a Group RRSP program that empowers employees to build wealth on their terms
- Prioritize mental health, family planning, and personalized benefits that workers actually care about



## REFERENCES & CONTACT INFORMATION

### Data Sources

- Indeed Canada (2025 wage data)
- Union Agreements (Carpenters, IBEW, UA, LiUNA, etc.)
- Ontario Ministry of Labour (Employment Standards & WSIB)
- Conversations with countless construction leaders across Ontario

### About AEC Benefits

**AEC Benefits** specializes in creating custom benefit solutions for construction companies across Ontario. Our team of industry experts understands the **unique challenges faced by construction employers** and can help you build a benefits program that keeps your workforce loyal and your costs manageable.

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🔍 Discover a new way to build benefits for Ontario construction teams.

