

Are Canadian Pilots Underpaid? A Global Comparison of Salaries and Profit Margins

Despite Canada's strong airline profitability, Canadian pilots earn significantly less than their U.S. counterparts, and only slightly more than Australian pilots. While Canadian airlines, represented by Air Canada and WestJet, maintain competitive Operating Margins, pilot salaries lag behind those in the U.S., where profitability and union influence have driven compensation to much higher levels.

Key Highlights:

- **Profitability vs. Pay in Canada:** Canadian airlines, such as Air Canada, report strong Operating Margins, averaging **8.9%** from 2015-2019, yet the average salary for Canadian pilots, around **\$117,846 USD** (based on Air Canada data), remains much lower than U.S. levels, where average pilot salaries at United Airlines reach **\$259,504 USD** with a comparable **11.5% Operating Margin** (Chart 1).
- **WestJet's 2023 Contract Success:** WestJet's 2023 negotiations resulted in an average salary of **\$152,180 USD** for its pilots—one of the highest among Canadian airlines—showing that competitive pay is achievable even with moderate profitability.
- **U.S. Leads in Compensation:** U.S. airlines, with Operating Margins averaging **15.5%** for Delta and **11.5%** for United, set the benchmark in pilot compensation. Salaries at Delta and United, at **\$177,522 USD** and **\$259,504 USD** respectively, reflect strong union influence and a larger market scale.
- **Australian Comparison:** In Australia, Qantas maintains an Operating Margin of **6.2%** with pilot salaries averaging **\$79,805 USD**, highlighting regional differences in pay structures that place Canadian compensation between U.S. and Australian levels.

HOW DOES CANADA COMPARE IN GLOBAL PILOT COMPENSATION?

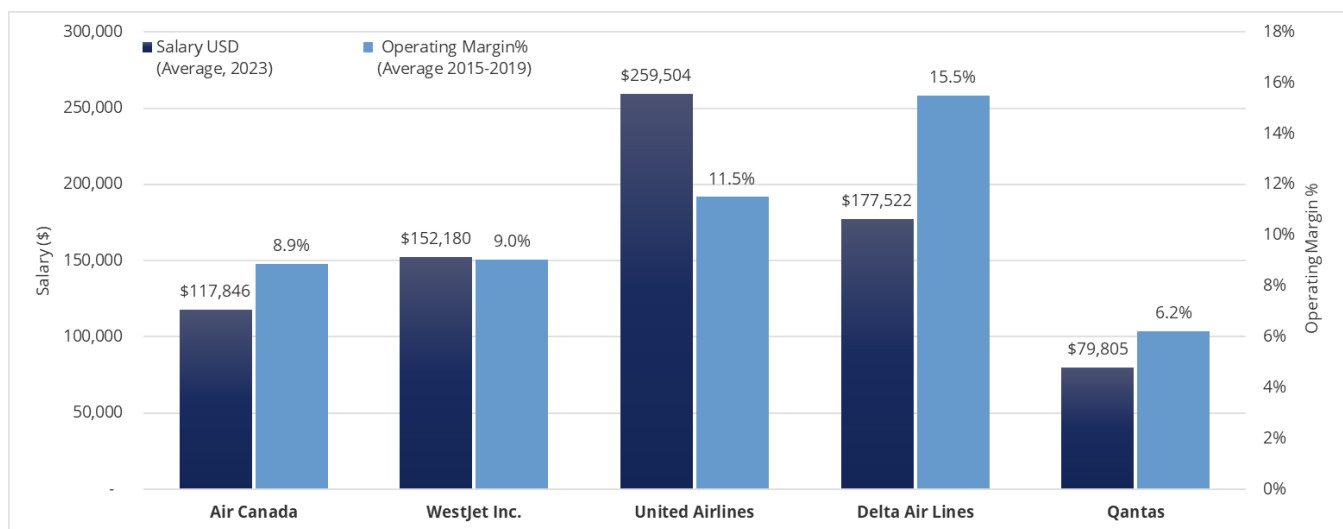
As the airline industry recovers from the pandemic, a growing conversation has emerged about pilot pay and profitability on a global scale. Canadian airlines, led by Air Canada and Westjet, maintain profitability levels that compare favorably to those of U.S. and Australian airlines. However, pilot salaries in Canada often lag behind, sparking debate over whether Canadian pilots are adequately compensated relative to their peers in other regions. We examine the Operating Margins and pilot salaries across Canada, the U.S., and Australia to evaluate where Canadian compensation stands in the global landscape.

Profit Margins and Pay in Canada vs. the U.S. and Australia

Operating Margin serves as a consistent metric for comparing profitability, as it focuses on core operational performance while excluding financing and tax impacts. From 2015-2019, Canadian airlines like Air Canada reported an average Operating Margin of **8.9%**, suggesting **strong profitability** and **efficient cost management** within the industry.

However, Canadian pilot salaries show a notable gap compared to those in the U.S. **Air Canada’s average pilot salary is \$117,846 USD**, while U.S. airlines such as United pay an average of **\$259,504 USD** with a slightly higher **11.5% Operating Margin** (Chart 1). This disparity in pay, despite similar profit levels, raises questions about the factors driving U.S. airlines’ ability to offer higher compensation.

Chart 1: Profitability vs. Pay Gap –Operating Margin (2015-2019) vs. Salaries¹



See Box 1 for additional notes.

Source : t6ix Economics calculations, Company financial disclosures, Morningstar Inc.

Salary data from: PayScale, Indeed Inc., Holmes Institute Aviation (Australia), PCC Aviation Services Inc.

Box 1**Why Focus on 2015-2019 Data?**

The period from 2015 to 2019 provides a **stable pre-COVID baseline** for evaluating airline profitability and pilot salaries. During the pandemic, global travel restrictions and sudden declines in passenger demand led to unprecedented disruptions across the airline industry. Operating margins were mostly negative during 2020 and 2021, reflecting the sector's financial strain.

By 2022 and 2023, airlines began to recover, with EBITDA margins improving across the board. In 2023, EBITDA margins were approaching or returning to 2019 levels: Air Canada at **22.19%**, Qantas at **23.18%**, Delta at **15.13%**, and United at **14.58%**. These figures suggest a return to pre-pandemic operational stability, but the atypical impacts of COVID-19 still affect longer-term analyses.

For WestJet, data is only available through 2019, as WestJet was acquired by Kestrel Bidco Inc. (a subsidiary of Onex Corporation) in December 2019, resulting in its transition from a publicly traded to a private company. This shift limits data transparency, making 2015-2019 the most recent comparable period for assessing WestJet's financial metrics alongside other airlines.

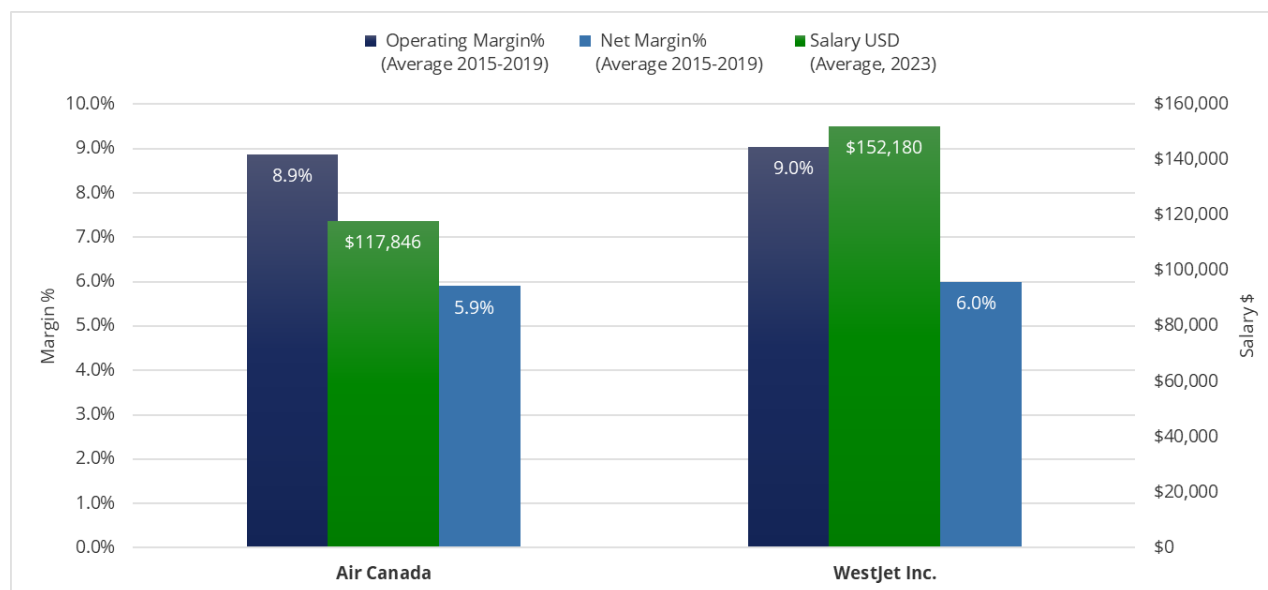
Using the 2015-2019 period avoids the distortions of the COVID era, providing a clearer picture of normal operating conditions and enabling a fairer comparison of profitability and pilot compensation.

WESTJET'S CONTRACT NEGOTIATION: SETTING A NEW BENCHMARK

In 2023, WestJet pilots achieved a substantial pay increase through a new multi-year contract, raising their average salary to **\$152,180 USD**. With a pre-pandemic Operating Margin of **9.0%**, WestJet demonstrated that competitive pay is possible even with moderate profitability. WestJet's pilot salaries now surpass those of Air Canada, setting a new benchmark within the Canadian market (Chart 2).

This outcome underscores that profitability alone does not dictate pilot compensation; strong negotiation strategies also play a vital role. WestJet's success in securing higher pay provides a roadmap for Canadian pilots as they seek to close the pay gap with their U.S. counterparts.

Chart 2: Air Canada & WestJet Financial Performance and Salaries



Source : t6ix Economics calculations, Company financial disclosures, Morningstar Inc.
 Salary data from: PayScale, Indeed Inc., Holmes Institute Aviation (Australia), PCC Aviation Services Inc.

U.S. AIRLINES: THE HIGH END OF PILOT PAY

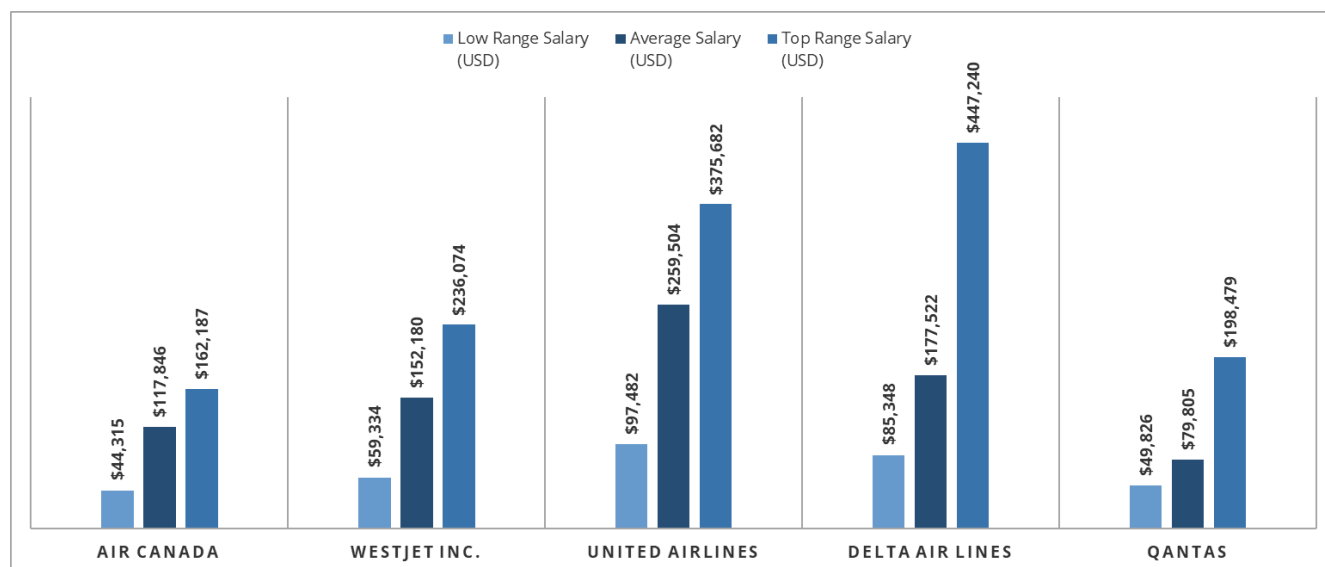
The U.S. Market: Setting the Global Benchmark in Pilot Pay

U.S. airlines continue to lead the industry in pilot compensation, bolstered by both financial strength and strong union influence. Delta and United have consistently outperformed other regions, with **Operating Margins of 15.5% and 11.5%**, respectively. These margins support high average salaries, with Delta pilots earning **\$177,522 USD** and United pilots **\$259,504 USD**.

The high salaries in the U.S. can be attributed to several factors, including **strong unions** such as the Airline Pilots Association (ALPA), which negotiate aggressively on behalf of pilots. The ability of U.S. pilots to secure wages that closely match operational profitability highlights the role of market dynamics and bargaining power in compensation outcomes.

The volatility in Operating Margins also offers insights: while Delta’s Operating Margin varies by **4.3%**, Air Canada’s is steadier at **1.8%**, suggesting that **Canadian airlines experience relatively stable profitability**. This stability could be a factor in the consistency of pilot pay in Canada, but it does not fully explain the salary gap relative to the U.S., where variability is higher, yet compensation remains elevated.

Chart 3: Salary Spectrum – Low, Average, and Top Salaries for All Airlines



Source: : PayScale, Indeed Inc., Holmes Institute Aviation (Australia), PCC Aviation Services Inc, t6ix Economics.

AUSTRALIA AS A COMPARATIVE BENCHMARK

Australia’s Qantas provides additional context for Canadian pilot pay, with similar market challenges such as vast distances and a relatively smaller population. With an Operating Margin of **6.2%** from 2015-2019, Qantas reports lower profitability than Canadian and U.S. airlines, while its pilots earn an average salary of **\$79,805 USD**.

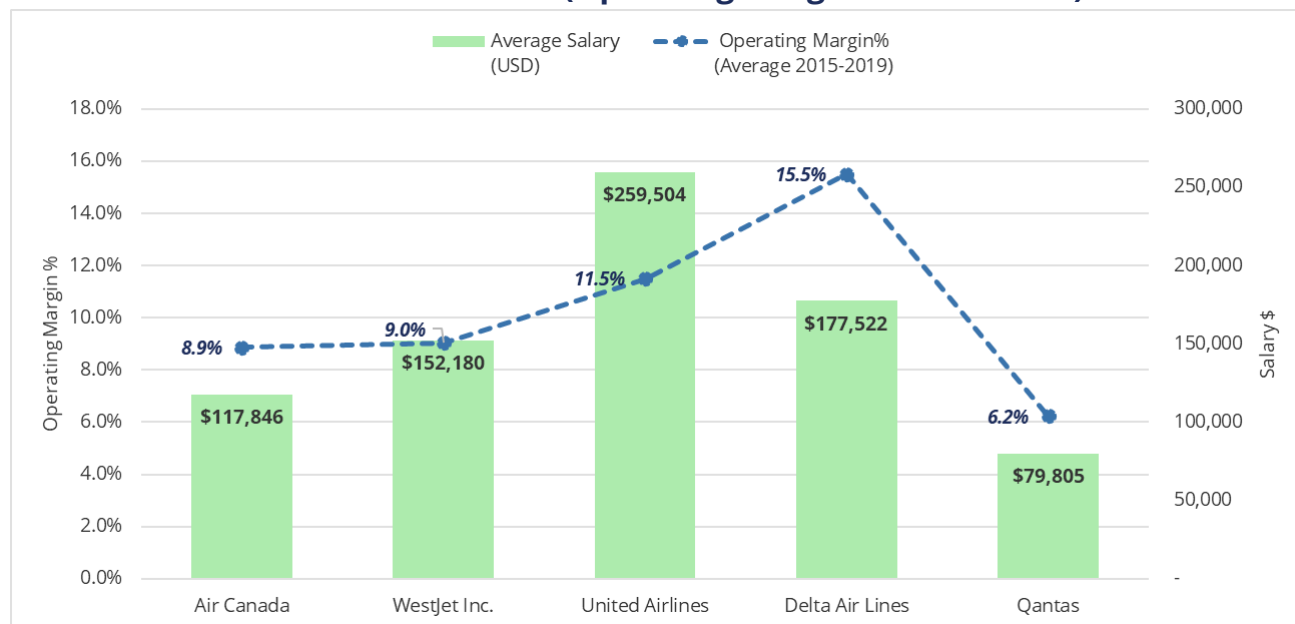
Qantas’ pilot compensation reflects regional market conditions and regulatory factors, which differ from those in North America. While Australian salaries are lower than Canadian levels, the comparison suggests that Canada’s pay structure aligns closer to Australia’s than the U.S. However, given that Canadian airlines maintain higher profitability, the argument for competitive pay relative to the U.S. market remains valid.

Box 2

Why Australia is a Useful Comparison

Australia serves as a reasonable benchmark for Canada due to similar geographic and market conditions, including large distances between major cities and reliance on long-haul international flights. However, regulatory and economic differences mean that U.S. comparisons remain more relevant for evaluating Canadian pilot pay.

Chart 4: Canada vs. Global Airlines (Operating Margins and Salaries)



Source: : t6ix Economics calculations, Company financial disclosures, Morningstar Inc.
 Salary data from: PayScale, Indeed Inc., Holmes Institute Aviation (Australia), PCC Aviation Services Inc.

EVALUATING CANADIAN PILOT COMPENSATION IN A GLOBAL CONTEXT

The analysis reveals that while Canadian airlines maintain strong profitability, pilot compensation still falls short compared to U.S. levels. With an **8.9% Operating Margin**, Canada’s profitability is competitive on a global scale, yet average pilot salaries in Canada, even with Westjet’s recent gains, do not match the levels seen in the U.S. This pay gap suggests that Canadian pilots could benefit from stronger negotiation efforts or industry reforms.

The success of Westjet’s 2023 contract negotiations provides a hopeful example for Canadian pilots, as it shows that better pay can be achieved even in a smaller market. Meanwhile, Australia’s Qantas illustrates how regional market factors impact pay structures, but Canada’s profitability suggests potential for improvement. As the industry continues to evolve, Canadian pilots may seek to align their compensation more closely with their counterparts in the U.S., supported by a stable and profitable operational environment.

Data Disclaimer

The data presented should be viewed as a guideline only and, at times, may not be 100% up-to-date.

Pilot Salaries and Bonuses may change at short notice.

Air Canada: Air Canada and ALPA are currently in contract negotiations as current Pilot Contract expired at the end of 2023.

WestJet Airlines: New multi-year contract negotiated and ratified in the Spring of 2023.

United Airlines: Data is based on new contract negotiated between UAL and ALPA in 2023. Figures below show 2024 pay rates. There will be an increased pay scales shown for 2025 and 2026.

APPENDIX A

Understanding the Data Used

- **Operating Margins:** Calculated as Operating Income divided by Revenue. This measure is widely used as a standardized proxy for operational profitability, offering a clearer view of core efficiency by excluding non-operating items.
- **Pilot Salaries:** Figures include low, average, and top salary ranges for each airline, converted to USD for uniform comparison. Sources include industry-standard databases and company financial disclosures.

Challenges in Obtaining Pilot Salary Data

Pilot salary data is challenging to compare across countries due to differences in pay structures, regional cost factors, and union influence. Factors such as seniority, aircraft type, union agreements, and flight routes (domestic vs. international) impact compensation levels, contributing to variability.

How Airline Pilots Are Compensated

Pilot compensation generally depends on:

- **Seniority:** Longer-tenured pilots earn higher salaries.
- **Aircraft Type:** Larger aircraft typically command higher pay scales.
- **Rank:** Captains earn more than First Officers and Second Officers.
- **Route Type:** International and long-haul flights offer higher pay than shorter domestic routes.

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