

Annual Preview of Projections for 2012 Salary Increases

Getting pay right can mean a competitive advantage for your organization. Salary costs are one aspect of expense management that companies watch carefully. In general, payroll is the largest expense in most organizations' budgets. Getting pay right is vital to enable organizations to attract and retain valuable employees.

Here is our annual preview of salary increase intentions in the Canadian market. This is prepared to assist our clients and business friends with their salary budgeting process for 2012. When your agenda turns to budget planning, the data on the market's intentions for next year will be useful intelligence.

The information below shows projected changes in *Base Salary* – sometimes called *Budgeted Increases*. We also show the projected change in *Salary Structure* – the change in a company's pay policy. Base Salary changes are greater than Salary Structure changes, because Base Salary changes include increases for individual merit or performance, promotions, organizational changes, general productivity increases, etc.

The surveys we follow suggest that companies plan to increase their salary budgets by about 3.1% in 2012. Pay range increases are being planned at about 2.2%. Salary budget increases include amounts for promotions, merit increases above inflation etc. Pay range increases are usually intended to reflect changes in the labour market.

<i>Salary Budget Increases</i>		
	2011	2012 (proj)
Non-Management	2.95%	3.05%
Management	3.03%	3.13%
Officer/Executive	3.10%	3.12%
Inflation (July 2011)	2.74%	2.00%

<i>Salary Structure Changes</i>		
	2011	2012 (proj)
Non-Management	2.00%	2.21%
Management	2.00%	2.21%
Officer/Executive	2.00%	2.21%
Inflation (July 2011)	2.74%	2.00%

Inflation from Bank of Canada

Inflation is Total Consumer Price Index: Core inflation is 1.56% (which eliminates volatile items, e.g. gasoline). We have more detailed information that can be filtered by city, region or industry.

We have summarized data from surveys that are the most reliable and largest available. The first survey includes information from 210 organizations, and represents

approximately 1.7 million Canadian employees. The second survey includes data from 530 companies, and covers more than 1.0 million Canadian employees. We have also verified the results with a third survey for additional reliability.

This information is useful when preparing annual budgets. Other aspects of effective organizational compensation involve developing a comprehensive pay policy, which is more complex. An effective and durable pay policy considers the external market (the competition), the company's pay structure, each job's relative size and level, and individual performance.

Pay Equity

If you have not completed the required work to comply with the Québec Pay Equity Act, the government web site may be useful <http://www.ces.gouv.qc.ca/>.

Any Québec company that has prepared a Pay Equity Plan must do a maintenance review at least every 5 years and not later than December 31, 2010. *Maintenance* means reassessing the company's situation and developing a new Pay Equity Plan.

The Commission de l'équité salariale is developing an affidavit that must be submitted by all companies, declaring its Pay Equity status.

Employers that do not meet the December 31, 2010 deadline will be subject to penalties up to \$45,000.

To see how AlternaSolutions can assist you, and for an explanation about your obligations concerning Pay Equity, click on our website www.alternasolutions.com.

AlternaSolutions can help with any of our clients' compensation and benefits needs, as well as providing a wide range of other human resource management solutions. We would be pleased to discuss any of your human resource needs.

We look forward to assisting you.

Contact us at:

AlternaSolutions Inc.
muson@alternasolutions.com

Phone: 514-910-7594