



# **A. Michael Hiles & Associates Inc.**

Human Capital Management

## **Salary Increase Projections for 2012**

Budgeting involves estimating where salaries are headed in the external market and planning to remain competitive. Getting pay right can mean a competitive edge, particularly in a difficult business environment, particularly since payroll is the largest expense in most budgets. Notwithstanding a recovery of corporate profits, companies are watching their costs very carefully – and getting pay right is important.

Each year, we provide our clients with a preview of salary increase intentions in the Canadian market. We have used 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 added reliability.

We show projected changes in Base Salary – sometimes call budgeted increases – and the projected change in Salary Structure – the change in a company’s pay policy. Base Salary changes are greater than Salary Structure because Base Salary changes include increases for individual merit or performance, promotions, organizational changes, general productivity increases, etc.

We show the information provided for changes to salary structure – how much salary ranges will increase – and for budgeted aggregate payroll increases.

<i><b>Salary Structure Changes</b></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

<i><b>Salary Budget Increases</b></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%

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.

This information is often useful when preparing high-level budgets. Developing a comprehensive pay policy is more complex. An effective and durable policy considers the external market (the competition), the company pay structure, the job relative size and level, and individual performance.

We can help with any of our clients’ compensation and benefits needs, as well as with a wide range of other human resource management issues. We would be pleased to discuss any of your human resource related concerns.