

# Canadian Downsizing and Economic Trends

ISSUE 17

August 6, 2011 – August 19, 2011

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## Human Resource & Labour Trends

### Employees Should Expect Smaller Raises in 2012, Survey Finds

Companies' optimism about their prospects for growth and profitability in 2012 isn't translating into significant wage gains for their employees, according to the findings of a survey of 250 Canadian companies that suggest the projected increase in salary budgets for next year is less than the inflation rate.

Salary increases in 2012 will range from 2 percent to 3.5 percent, about the same as in 2011, according to Morneau Shepell's 29th Annual Compensation and Trends Projections Survey. The 250 firms polled between mid-June and mid-August employ some 1.2 million Canadians.

"It is worth noting this is the first time in a decade that the average salary budget increase is lower than the prevailing inflation," the Toronto-based human resources consulting firm stated in a news release.

Twenty-five percent of the organizations polled expect significant growth in revenues and profitability next year, said Morneau Shepell.

The biggest salary gains — an average of 3.4 percent — are expected in the mining and oil

## Economic Indicators

### National Statistics

**Consumer prices** rose 2.7 percent in the 12 months to July, primarily the result of higher prices for gasoline and food purchased from stores. This follows a 3.1 percent increase in June and a 3.7 percent advance in May.

**Manufacturing sales** fell 1.5 percent (-\$713 million) in June to \$45.3 billion, the lowest level since November 2010. Sales have declined for three consecutive months after growing steadily since May 2009.

Canada's merchandise exports fell 1.7 percent in June, while imports decreased 0.2 percent. As a result, Canada's **trade deficit** with the world widened from \$1.0 billion in May to \$1.6 billion in June.

**Wholesale sales** rose 0.2 percent in June to \$47.8 billion, following a 2.0 percent advance in May. In June, four of the seven subsectors, representing about half of the total wholesale sales, posted gains.

and gas extraction sector, while workers in public administration will see the lowest increases, about 2 percent on average, it said. Salaries should rise by 2.6 percent in the manufacturing sector, 2.7 percent in services and 3.2 percent in the finances sector.

The companies polled by Morneau Shepell identified recruitment and retention as their top human resources priorities for next year.

“Employers have been quite active in the last couple of years to introduce various measures that would rein in escalating costs of their benefits programs,” Morneau Shepell said. “They plan to be equally keen again in 2012. Increasingly, employers are anticipating implementing preventive measures, such as health promotion initiatives, in order to better control future costs.”

## Downsizing Announcements

**Equitrac**, Waterloo, ON, which makes software for sophisticated multi-function office printers and other printer products, is laying off approximately 20 people from its local workforce of about 100. The reductions are part of an integration that started in June, when the Equitrac parent company, headquartered in Florida, was bought by Nuance Communications of Burlington, Massachusetts. Richard Mack, vice president of corporate communications at Nuance, said despite the layoffs, the new owner has every intention of maintaining the Waterloo office as an important research and development centre. Nuance is a provider of voice recognition technology, but it also has a document imaging business, which is why it was interested in Equitrac.

*Waterloo Region Record, August 6, 2011*

**Linamar Corp.**, Guelph, ON, confirmed it is reducing its workforce at the company’s Skyjack facility, part of its industrial division. The operation makes industrial scissor lifts in two plants in Guelph. An employee who did not want to be named said about 100 people will be affected starting next week.

*Guelph Mercury, August 12, 2011*

**Smart Technologies Inc.**, Calgary, AB, a maker of electronic whiteboards, has announced it will close an Ottawa assembly plant and give the work to third-party manufacturers overseas. Smart employs third-party manufacturers in Europe and Central America and has said one of the existing contractors will get the work from Ottawa. Spokeswoman Marina Geronazzo said the round of layoffs will last six months and 59 employees will lose their jobs in the first phase. She would not say how many jobs would be lost in total.

*Times Colonist, August 11, 2011*