



# 2023 Survey on Employers' Response to Fuel Subsidy Removal in Nigeria

September 2023

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# Executive Overview

## Executive Overview

We are pleased to publish our survey report on employers' response to the removal of subsidy on the pump price of Premium Motor Spirit (PMS) (otherwise called Petrol or Fuel), announced by President Ahmed Bola Tinubu at the swearing-in ceremony of his administration on May 29, 2023. The survey was conducted in June, a month after the announcement to gauge employer's response as well as provide insights for informed decision making.

We have also covered market developments subsequent to the survey to draw a holistic view of the market for informed decision making.

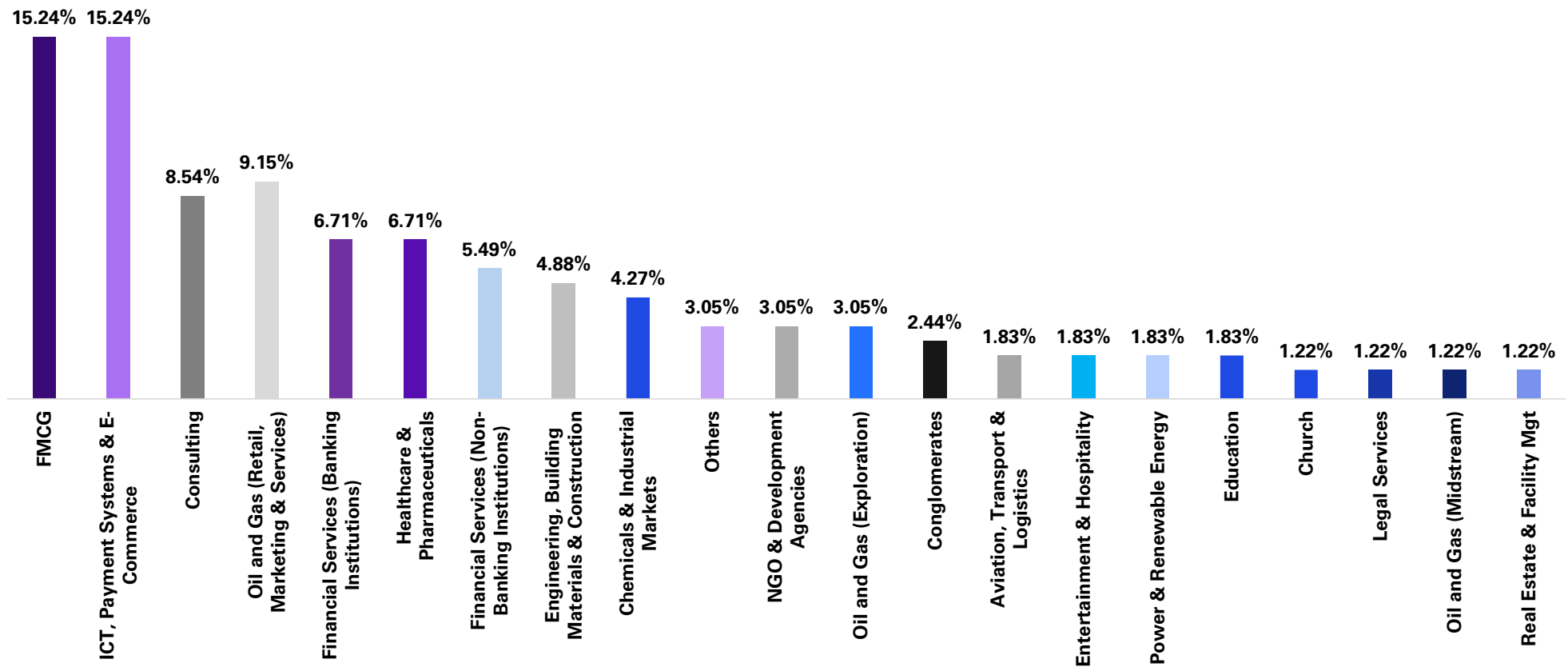
Although there had been past attempts and discussions on removal of fuel subsidy, the May 29 pronouncement has turned out to be different because it has fully eliminated subsidy, unlike past instances of partial removal. The development took most, if not all employers by surprise. Virtually caught offguard, most employers were uncertain of their response, especially given business challenges within prevailing economic circumstances. This is evidenced by the fact that 81% of respondents were yet to implement any palliative one month into the subsidy removal. We, however, expect this number to have reduced significantly as of the time of this report, given subsequent developments and demands from employees/labour unions post the survey.



# Participants Demography

We received about 200 submissions from respondents. However, after quality assurance review, we have prepared this report based on 164 submissions. About 55% of the submissions comprise FMCG; ICT, Payment Systems & E-Commerce; Consulting; Oil and Gas (Retail, Marketing & Services); and Financial Services (Banking Institutions) companies, as shown below. We also noted that 97% of the respondents are private sector organisations, while the balance of 3% are public sector entities.

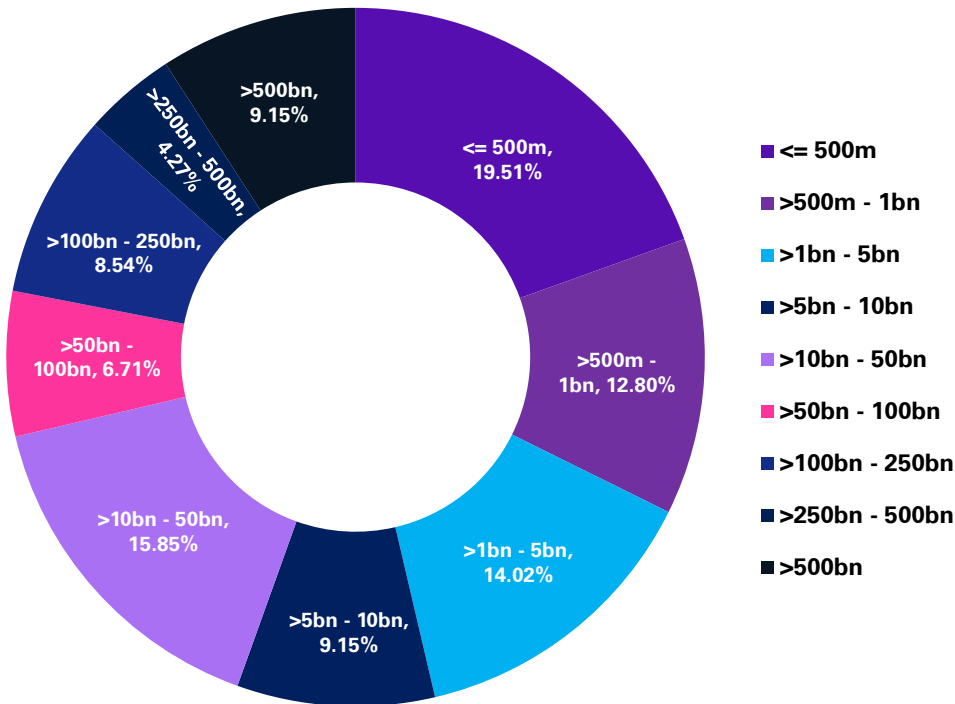
## Sector Breakdown of the 164 Participating Companies



Note: "Others" include Advertising, Packaging, Outsourcing, Agribusiness.

**Financial Turnover of Respondents:** In terms of size, the survey respondents are well-distributed between small and large entities. About 22% of the respondents have revenue of more than ₦100 billion, while about 9% have revenue of above ₦500 billion. Also, about 71% have turnover size of ₦50 billion and below, as presented in the chart below:

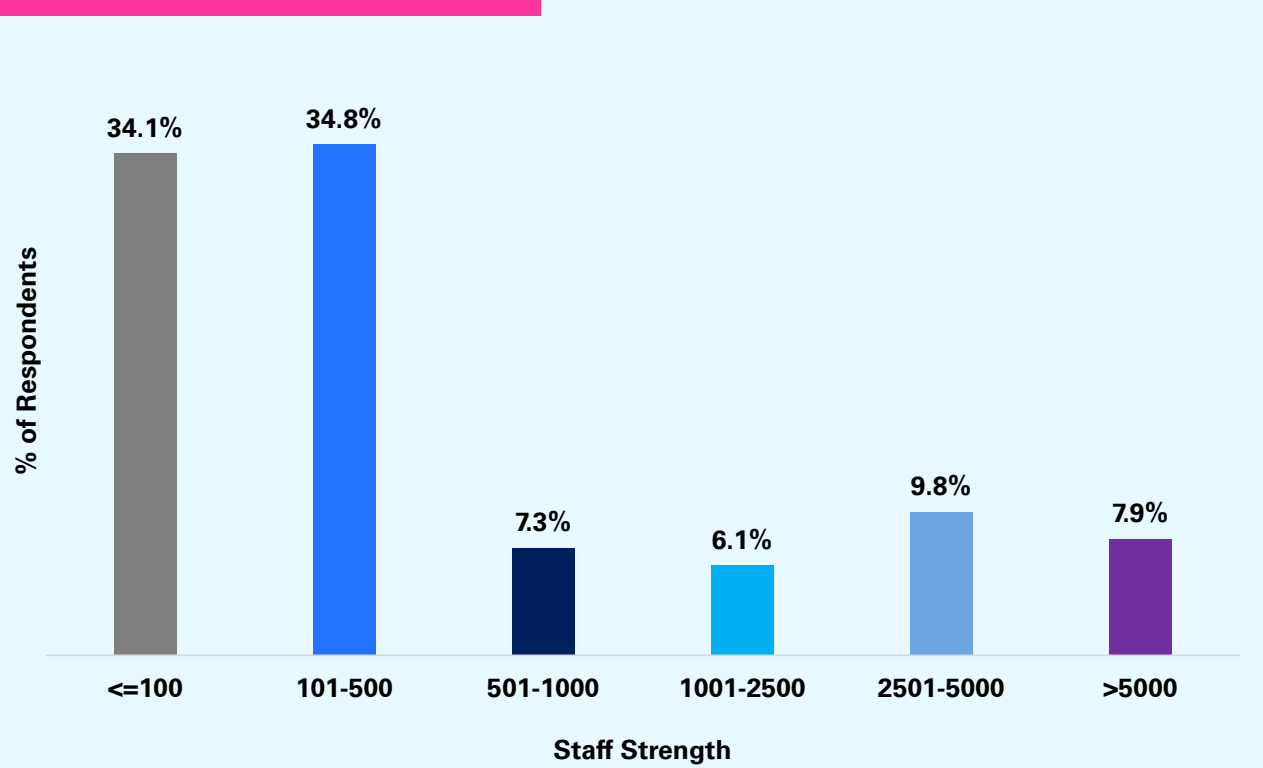
Survey Respondents by Financial Turnover (N)



### Staff Strength of Respondents (Temporary and Permanent)

About 18% of respondents have staff strength of at least 2,500, while about 69% have strength of 500 employees and below. Further details are presented in the chart below:

Staff Strength of Survey Participants





# Inflation & Pay Increases

Following the subsidy removal, the pump price of petrol has increased from between ₦189/litre and ₦194/litre<sup>1</sup> as of May 2023 to between ₦577/litre and ₦617/litre<sup>2</sup> presently, depending on location within the country. This represents an increase of between 205% and 218%.

According to National Bureau of Statistics, the average cost of intra-city bus transportation in Nigeria has increased from ₦649.59 in May 2023 to ₦1,285.41 in June 2023, representing about 979% increase, largely due to the increase in pump price of petrol.

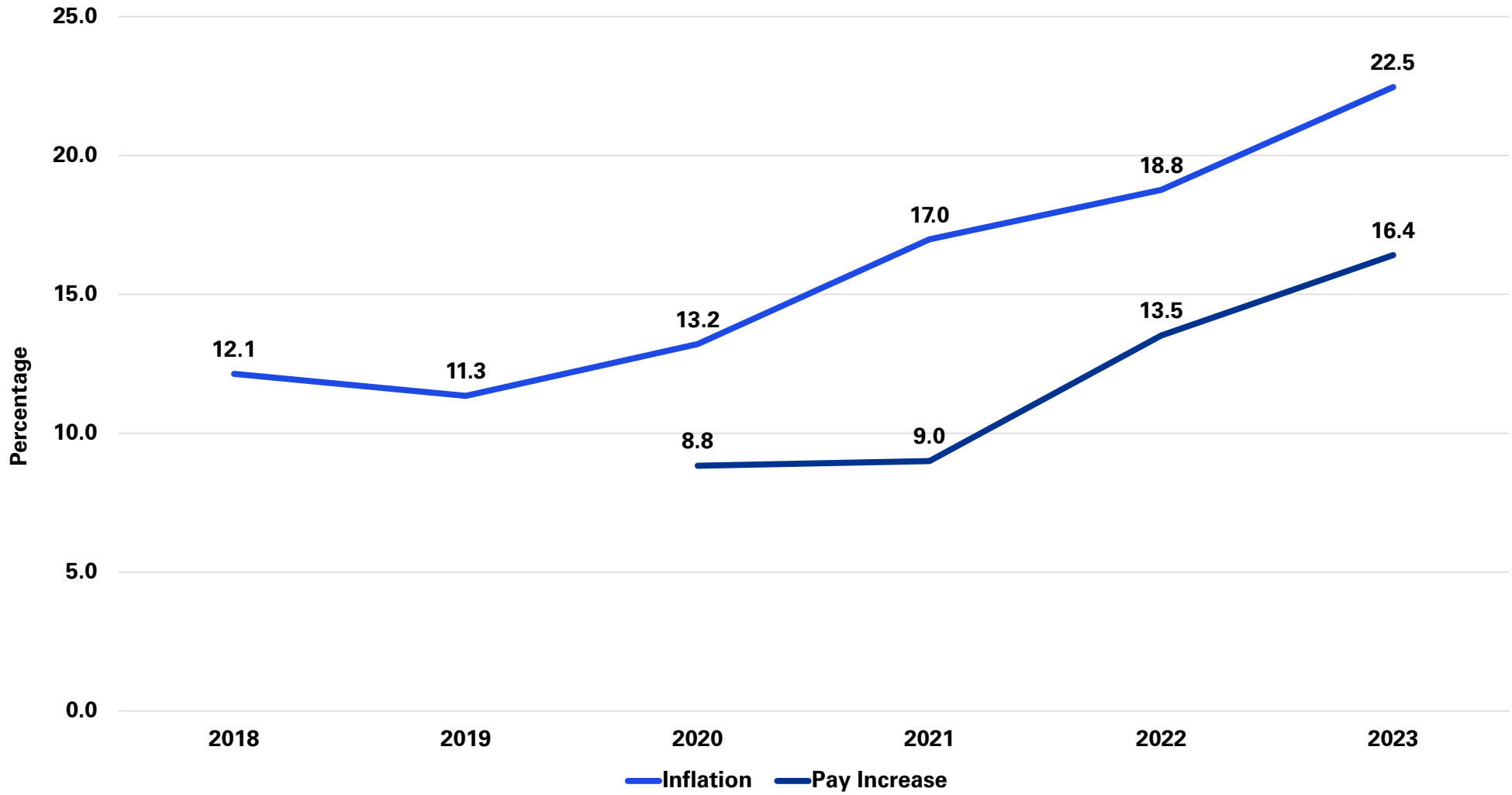
From experience, average salary increases have generally lagged inflation due to affordability and sustainability issues. This is depicted in the chart overleaf. However, pay increases have trended in similar trajectory as inflation. For the gap between pay increases and inflation to narrow, the former must either grow at a higher pace and/or inflation drops over time. Rising energy and food prices present a challenge to this, including persistent currency depreciation.

<sup>1</sup> Removing Nigeria's PMS Fuel Subsidies: We Can't Have Our Cake & Still Eat It, KPMG Nigeria, June 2023

<sup>2</sup> [www.globalpetrolprices.com](http://www.globalpetrolprices.com); [www.carmart.ng](http://www.carmart.ng)



### Pay Increases Lag Inflation



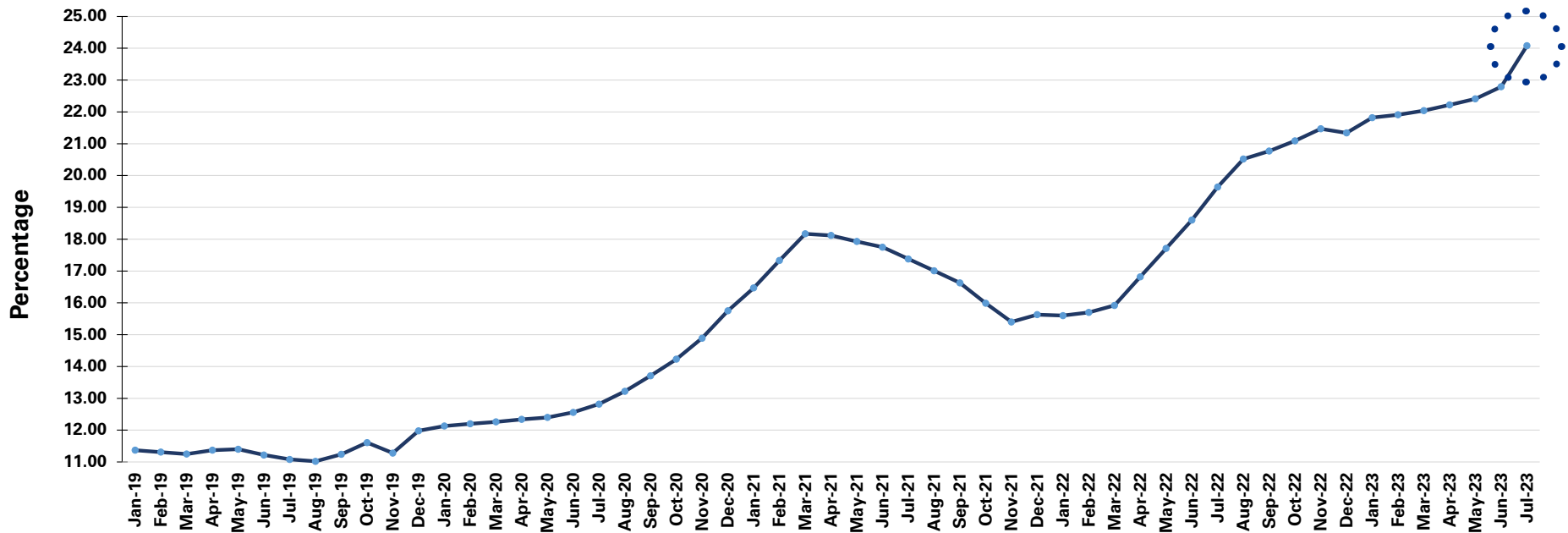
Source: National Bureau of Statistics; KPMG

Inflation increased from 22.41% in May 2023 to 24.08% in July 2023 indicating a steep increase in price levels compared to prior months. According to the World Bank, Nigeria's consumer price index has surged and is currently one of the highest globally. Generally, average annual inflation has been on an upward trend since 2019 and a source of concern for employers and employees.

The chart of historical inflation below shows an upward trend in inflation from September 2019 to March 2021, due to rise in food prices occasioned by border closure, increase in minimum wage, foreign exchange restrictions on food importation, increase in VAT from 5% to 7.5%, increase in power tariff, COVID-19 adverse impact on foreign exchange rate and increase in pump price of petrol, amongst others. Thereafter, we experienced a downward trend from April 2021 to November 2021. However, there has been a reversal with a steady increase from early 2022 to date owing to rising global energy and food crises and persistent depreciation of the Naira. The sharp increase between June 2023 and July 2023 (highlighted below) is partly attributable to the pass-on effect of the fuel subsidy removal and high food prices.

The World Bank has projected that inflation may hit 25% in 2023 because of the petrol subsidy removal. In Q1 2024, it is projected that the subsidy removal will start to have a disinflationary effect, meaning that it will alleviate inflationary pressures despite higher petrol prices<sup>3</sup>.

**Monthly Inflation Rate from 2019 - 2023**

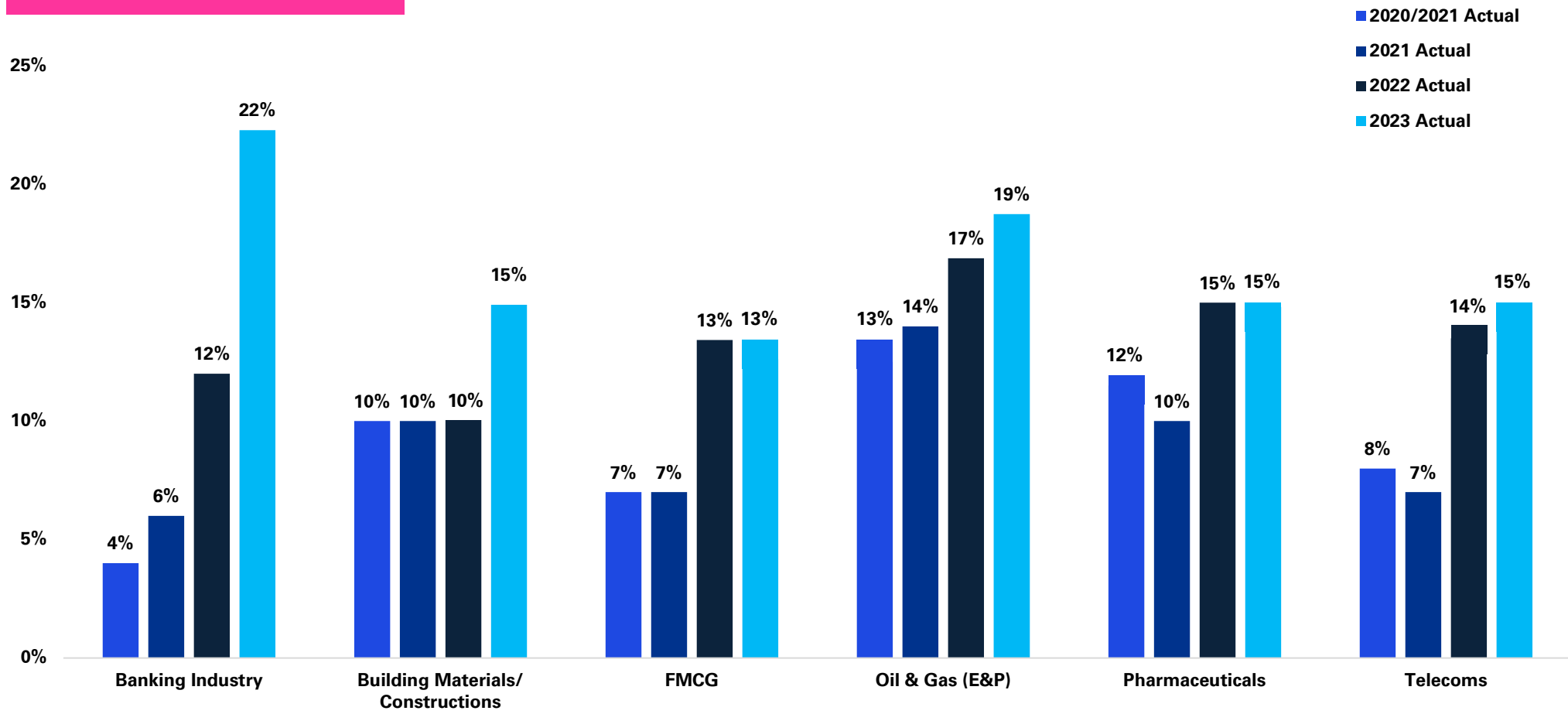


Source: National Bureau of Statistics; KPMG

<sup>3</sup> Punch Newspaper

Based on the chart below, pay increases between November 2020 and July 2023 have generally trended between 4% and 22%, compared to inflation which trended between 16% and 24% during the same period. In response to the fuel subsidy removal, we observed that employers have implemented much higher pay increases of between 19% and 40% in 2023. This has the potential to narrow the gap between inflation and income levels and protect purchasing power.

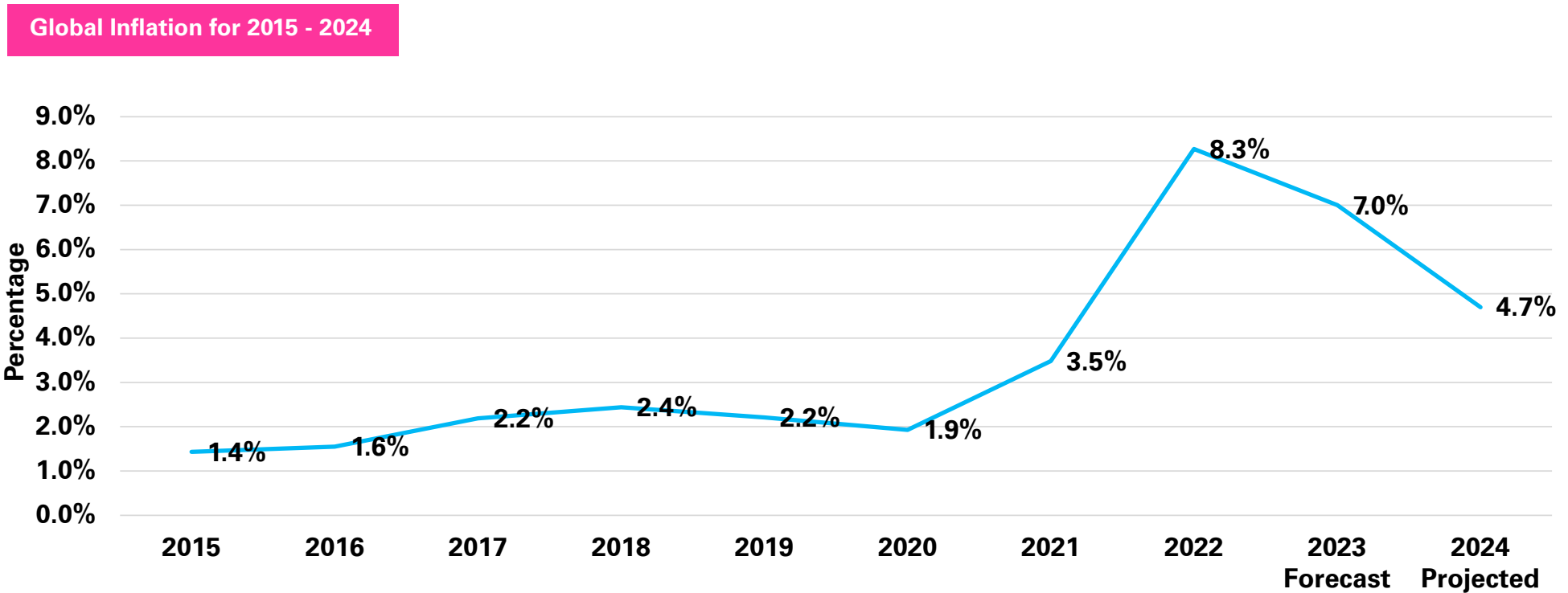
**Review of Pay Trends Per Sector**



Source: KPMG Annual Industry Surveys in Nigeria

## Global Pay Movements & Inflation

The global market has witnessed significant increase in inflation over the past two (2) years, as shown below. According to Euromonitor, global inflation is forecast to reach 7.0% in 2023 and 4.7% in 2024.<sup>4</sup>

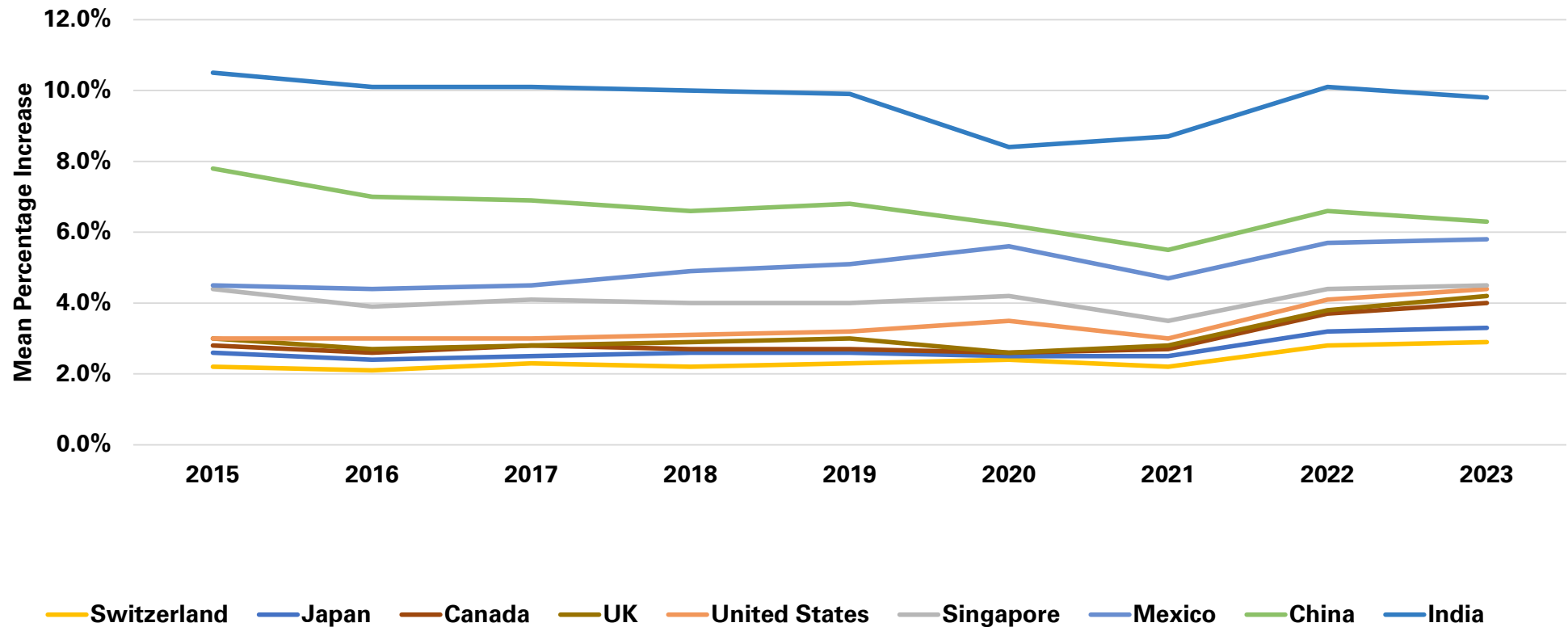


Source: Euromonitor; [www.macrotrends.net](http://www.macrotrends.net)

<sup>4</sup> Euromonitor

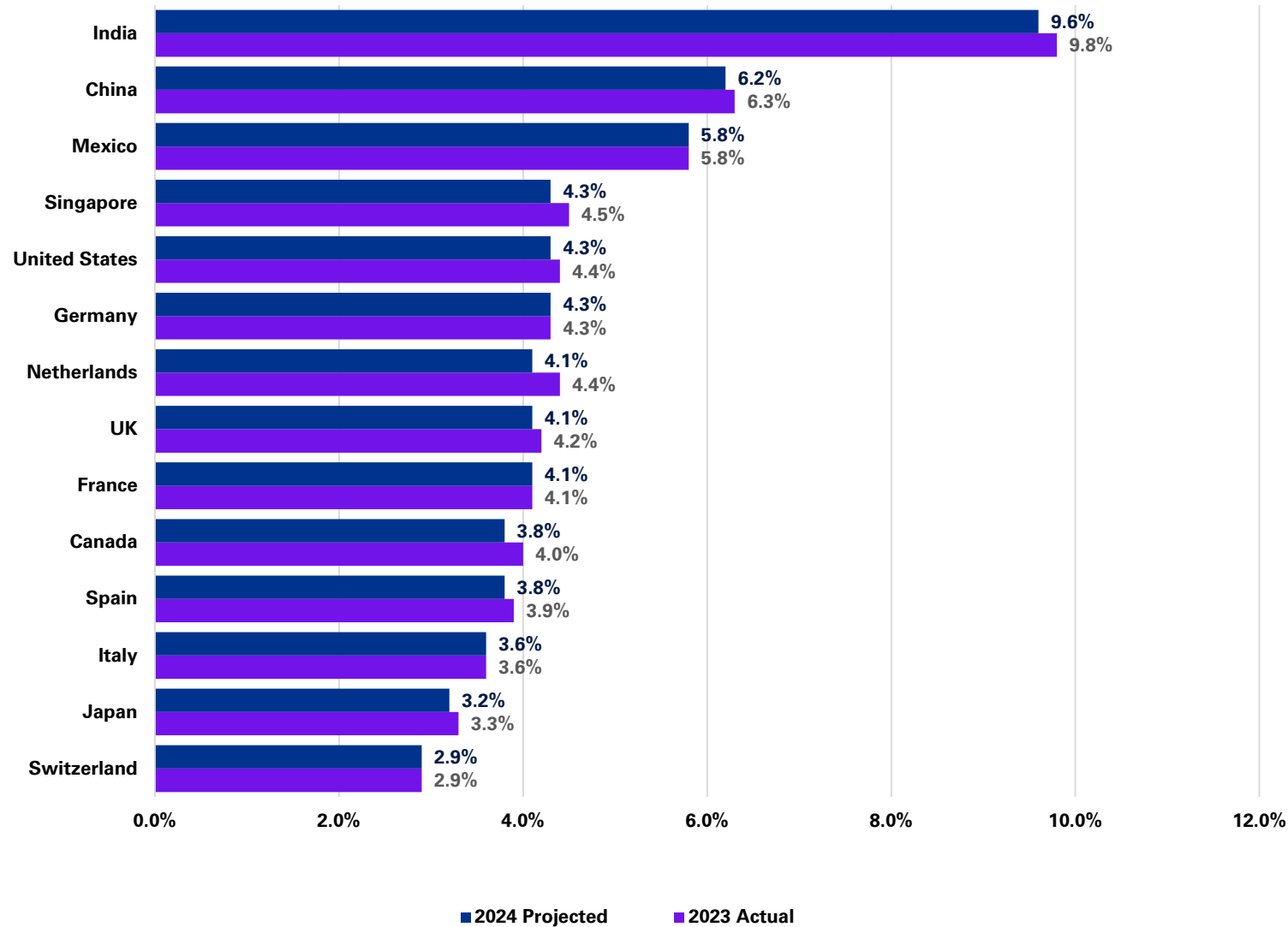
For most countries globally, salary increases are still being awarded. Inflation, labor markets, unemployment rates and overall economic climate continue to play an important role in determining those salary increases. The data below shows a drop in pay increases in 2020 and 2021, due to COVID-19 and the aftermath tough economic conditions. However, we noted a pick-up in 2022 before moderating again in 2023.

**2015 - 2023 Actual Salary Increases Across the Globe**



Source: WorldatWork; KPMG

### 2023/2024 Budgeted Salary Increase Across the Globe

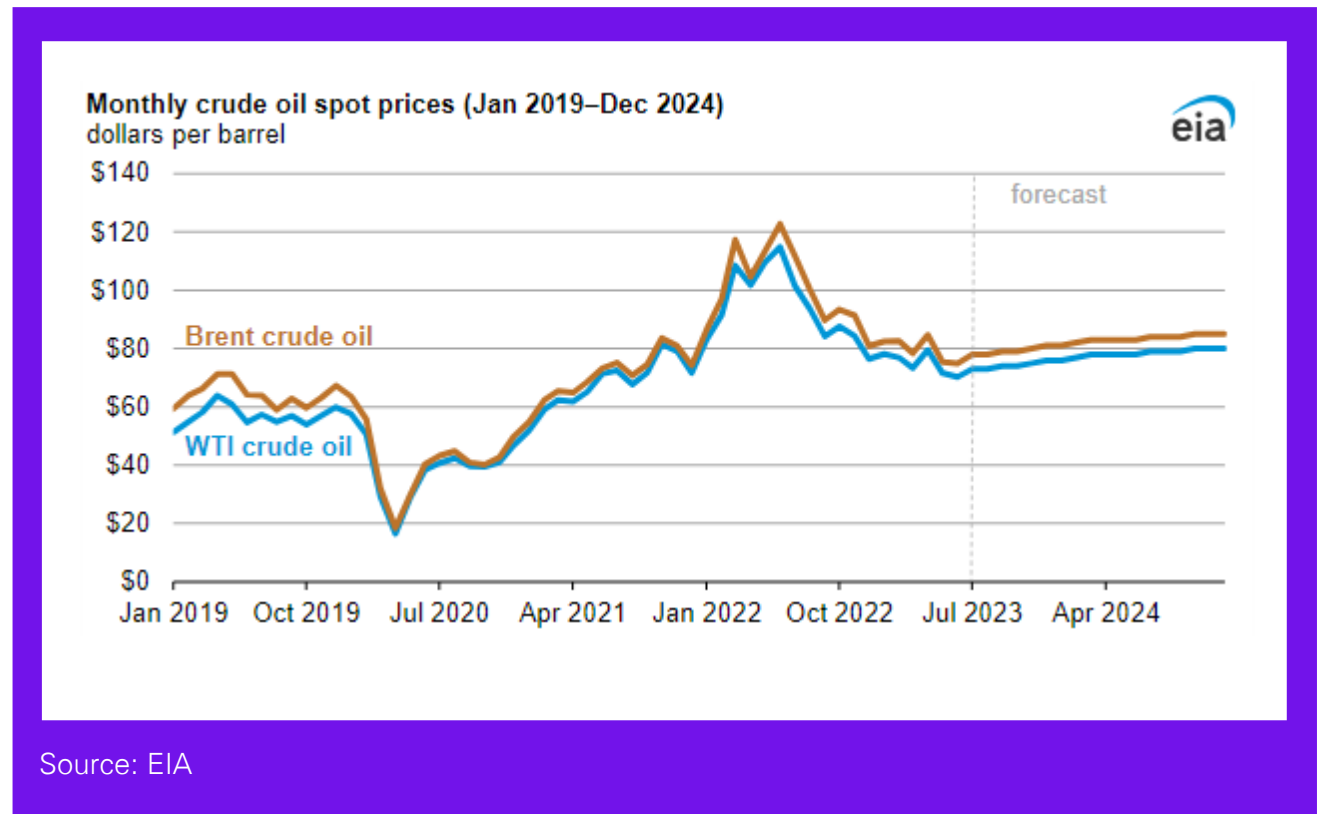


As shown in the adjacent chart, the projected salary increase for 2024 is lower, compared to 2023 actual increases. Also India, China and Mexico have the highest pay increase rates, which should be an indication of their relatively high price levels.

Source: WorldatWork 2023/24 Salary Budget Survey

# Outlook for the Rest of 2023 and 2024

The World Bank projects that the subsidy removal in Nigeria will start to have a disinflationary effect from Q1 2024, meaning that it will alleviate inflationary pressures despite higher petrol prices<sup>5</sup>. In the global market, the expectation is that inflation will drop to around 4.7% in 2024<sup>6</sup>. The US Energy Information Administration (EIA) forecasts higher crude oil prices in the second half of 2023 and into 2024, as shown in the adjacent chart. Given the positive correlation between crude oil prices and petrol, it is expected that the current high pump price of petrol may persist into 2024 and possibly increase further. The Dangote Refinery that was inaugurated on 22 May 2023 is yet to deliver on the expectation of producing the first fuel products by July or August 2023. Based on media reports, the revised date to commence operation is October at 370,000 barrels per day,<sup>7</sup> starting with diesel, jet fuel, then gasoline (petrol) after ramp-up in November 2023. In addition, there are efforts to rehabilitate the NNPC refineries with the Port Harcourt refinery expected to be ready in December 2023, while Warri & Kaduna refineries are expected to commence production in Q1 2024<sup>8</sup>. This implies that petrol import may continue for the rest of 2023, at the minimum, and possibly into part of 2024. Employers will need to monitor developments and plan to respond appropriately.



<sup>5</sup> Punch Newspaper

<sup>6</sup> Euromonitor

<sup>7</sup> S & P Global Commodity Insights

<sup>8</sup> Reuters News

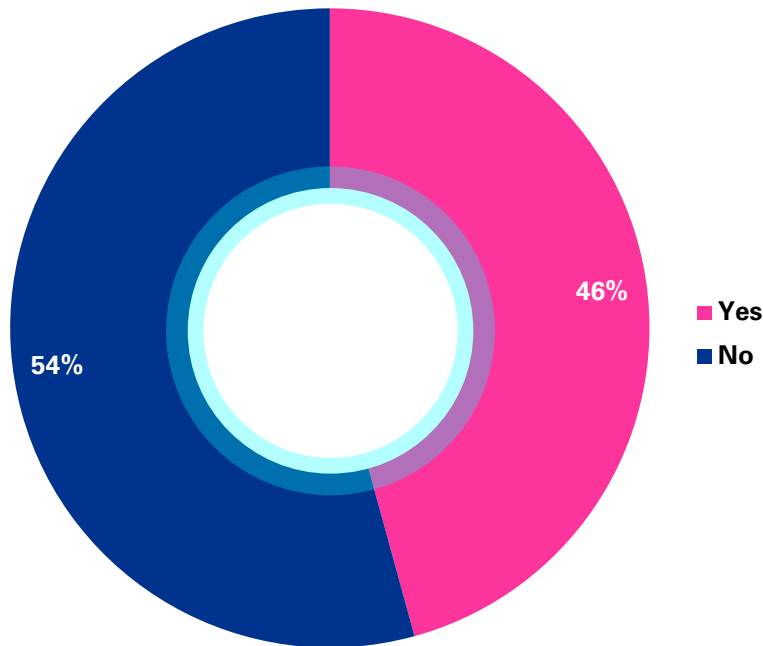
# Key Findings from the Survey

Key Findings from the Survey

## Communication & Engagement with Employees

Given the sudden nature of the subsidy removal and significant impact on employees, it is important that employers communicate and engage their employees to acknowledge the difficult situation, show empathy and give assurance of necessary support to cushion the impact. As of the time of this survey, only 46% of the 164 participating companies had issued some form of communication and / or engaged their employees. We expect this percentage to have increased as of the time of this report.

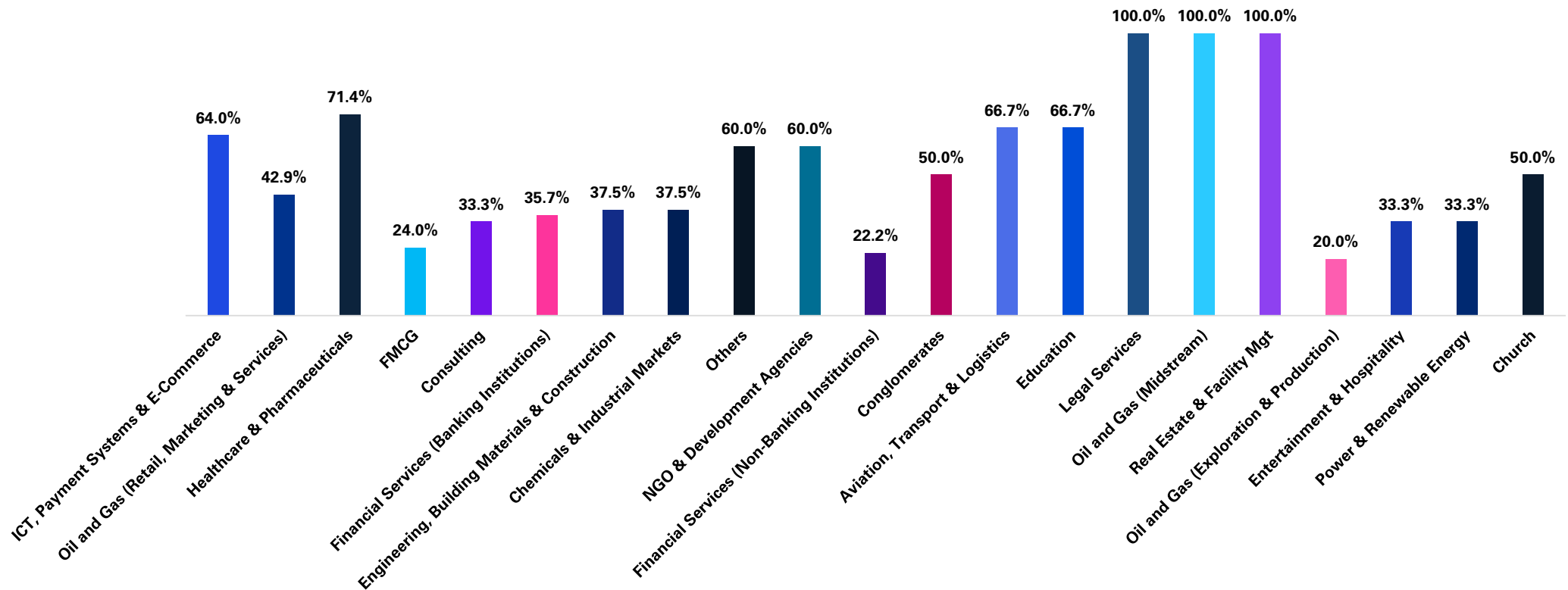
Respondents Who Had Sent Out Communication to Staff a Month into the Subsidy Removal





A cross-section of the communication rate per sector is provided in the chart that follows. Communication was lowest amongst the Oil & Gas Exploration & Production Sector. Also, although majority of respondents came from the FMCG sector, only 24% of the FMCG participants had put out communication or engaged their employees as of the time of this survey. Legal Services; Oil & Gas (Midstream); and Real Estate & Facilities Management are at 100% because of the relatively lower number of participants:

**Sector Breakdown of Rate of Communication with Employees**



Executive Overview	Participants Demography	Inflation & Pay Increases	Outlook for the Rest of 2023 and 2024	Key Findings from the Survey	Some Market Developments Post-KPMG Fuel Subsidy Survey (July to August 2023)	Conclusion
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### What Employers that Had Communicated Told their Employees

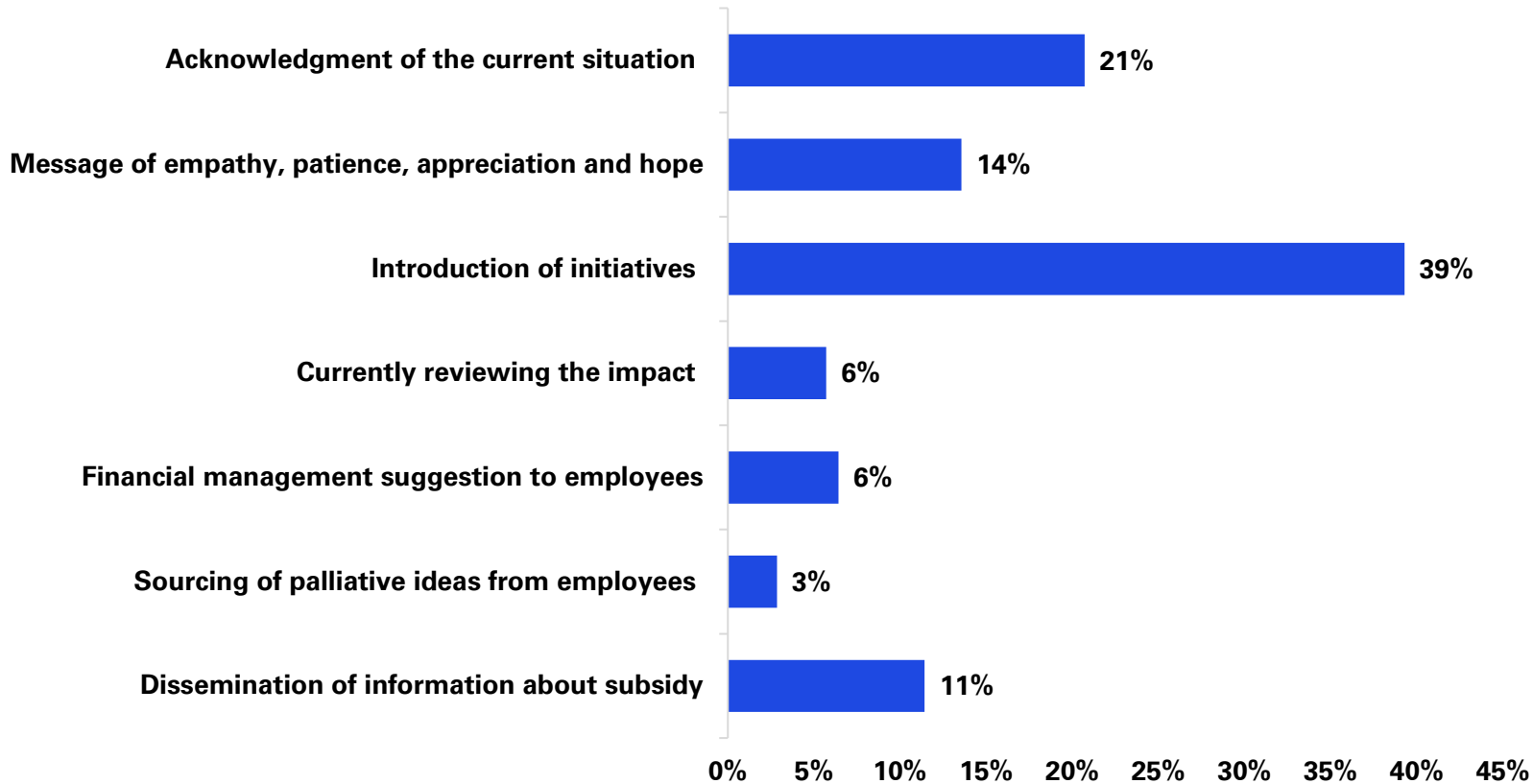
For companies that had issued a communication or engaged their employees, we noted similarity in their messaging when compared with the communication plans of the companies that were yet to engage their employees. The key messages revolved around the following (in no particular order):

### Key Messages Communicated to Employees:

1. Acknowledgement of the situation and showing empathy, as well as appreciating staff for their patience and commitment
2. Assurance of Management's commitment to working out a suitable palliative in due course. Some of the potential palliatives communicated included salary increase, remote working, car and transport allowance review, etc.
3. Introduction or enhancement of Work-for-Home (WFH) arrangements to reduce commuting to and from the office. A technology company said it "activated a one-month WFH".
4. Introduction of a temporary day-off for staff, while Management works out a permanent solution.
5. Analysing the impact on both company and employee at a townhall
6. Advising employees to wait for the outcome of Nigeria Labour Congress' (NLC) engagement with government.
7. One company charged its employees to support the business to grow in the midst of the challenging environment in order to support sustainable salary increases and other incentives, while working to cut waste and inefficiencies. Similarly, another company communicated the need for cost containment and restructuring.
8. Some companies used the opportunity to source palliative ideas from employees as a way of obtaining their input towards arriving at a decision.
9. Other companies made suggestions to staff to explore car-pooling and other cost-saving options.
10. One company gave employees the option of working from home three (3) times a week or accept a transport subsidy of ₦50,000 to work onsite every day of the week.
11. One company plans to review its policy on mileage to align it with new realities.
12. Advice to employees on financial management and other tips to cope with or navigate the current tough economic circumstances.
13. To prioritise and support employees with wellbeing and mental health programs, whilst the business works out mitigating measures.

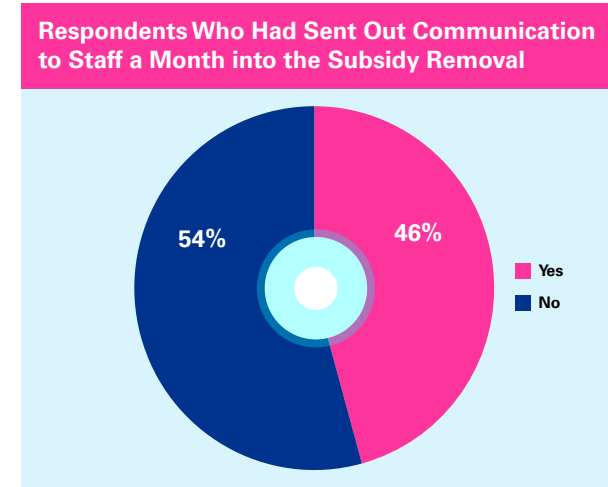
Based on the chart below, most employers that had communicated or engaged their employees used the opportunity to communicate initiatives or palliatives to mitigate the impact of the subsidy removal.

**Key messages employers are communicating to employees**

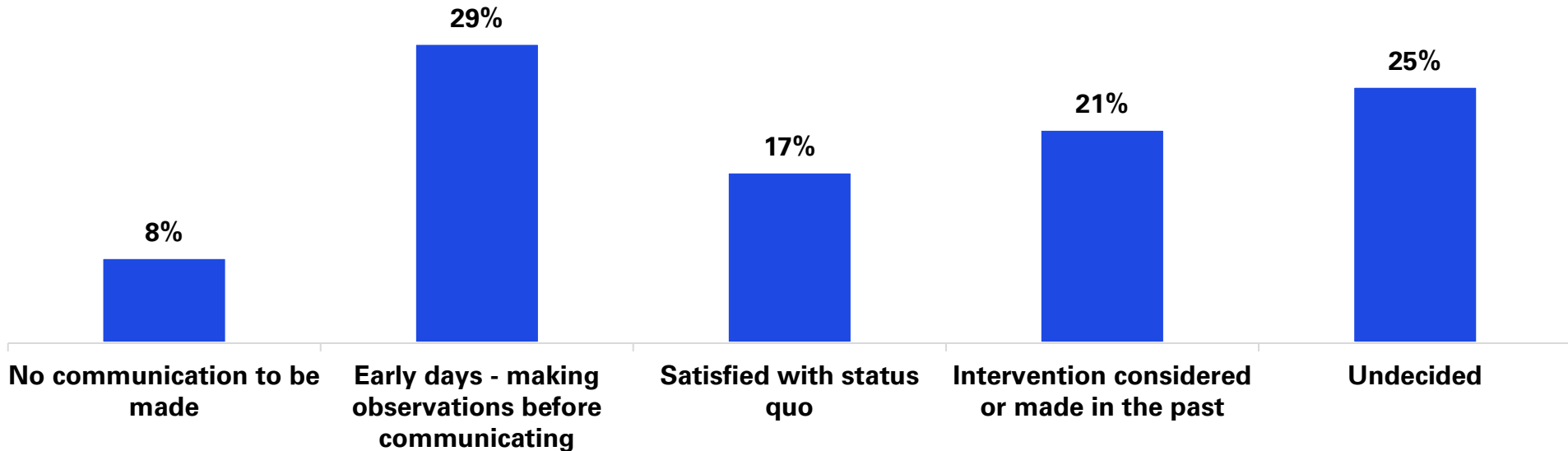


## Companies Yet to Communicate & Engage Employees

For the 54% respondents (see adjacent chart) that were yet to communicate or engage their employees, most (29%) believed it was early days and wanted to wait to see how developments would unfold before acting, as shown below. Given experience with past attempts to eliminate fuel subsidy, where government have had to scale back decisions to manage stiff resistance from the populace, the position of these companies may be understandable. However, based on developments to date, this particular instance of subsidy removal seems to be permanent. Another 25% of those yet to communicate are undecided on their response or what to communicate to staff:

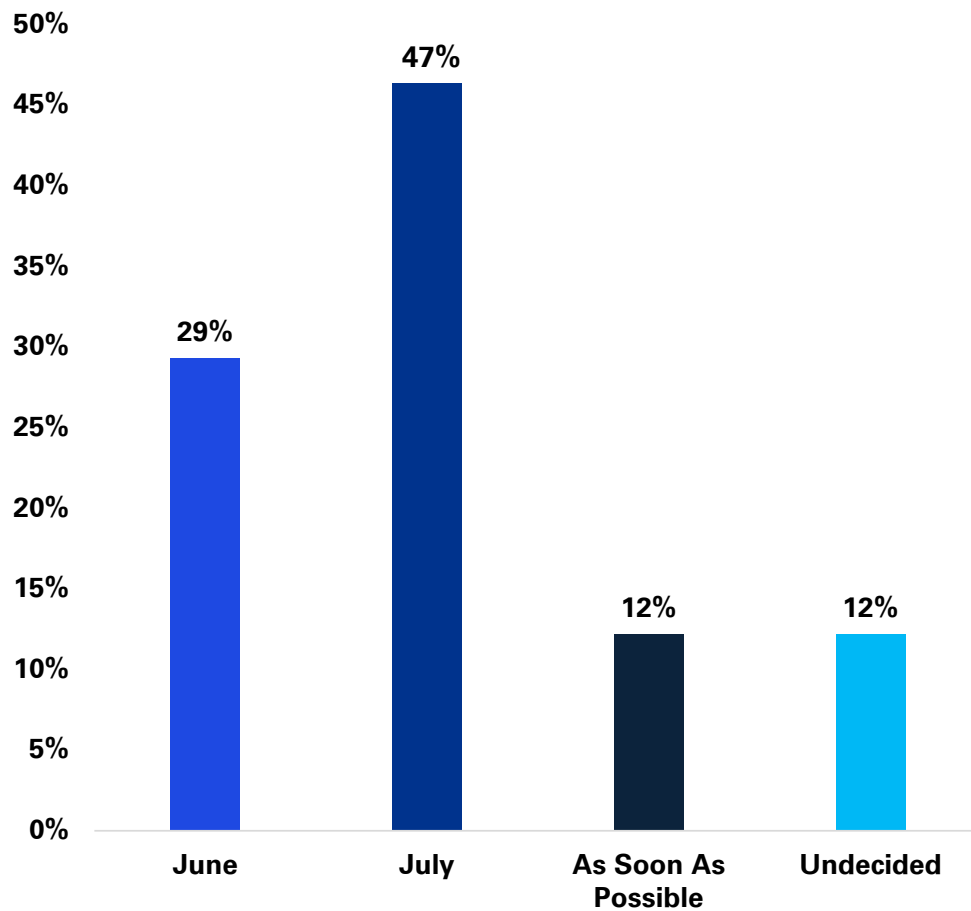


### Reasons for non-communication



76% of the companies yet to send out any communication to staff said they had plans to still engage their employees by July 2023. The remaining 24% are undecided or plan to engage as soon as possible, as shown below.

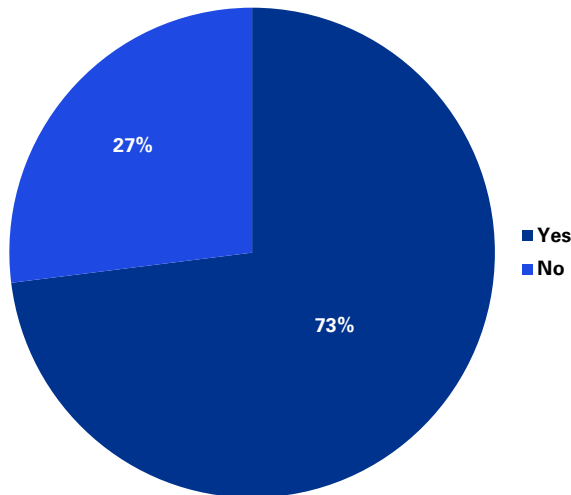
**Timing of Planned Communication with Staff**



### Companies Not Planning to Engage Employees

It was interesting to note that 27% of the companies did not plan to communicate or engage employees on the subsidy matter. For these companies, some of the reasons they gave include:

#### Planning to send out communication



Existing staff bus will continue to run despite increase in fuel cost;



Recently carried out a salary increase just before the subsidy removal;



Palliatives and flexible work arrangements are already in place;



The business is already considering increasing the number of staff buses as well as increasing allowance for senior management;



Waiting to see the full effect of the subsidy removal to be guided appropriately;



One company said it believes more in action (palliatives) than communicating with staff;



Undecided on what to do;



Collective bargaining ongoing;



Some companies prefer to have clarity and direction on the course of action before engaging employees.

## Demands Employees Made on Employers After the Subsidy Removal

Regardless of whether employers had engaged employees or not, employees had formally or informally made demands on the business to respond to the situation. Employees of 114 of the 164 participating companies (about 70%) made requests such as:



Increase in compensation and benefits (including for outsourced staff), especially lunch, transport subsidy / fuel allowance for those commuting to the office. One company said employees requested 150% increase in all allowances!



Introduction or increase in WFH/remote work, with transport allowance provided for commute days as well as review of data and airtime allowances



Increase mileage rate/policy



Alignment of fuel card allowance with current market realities such as increase in fuel allocation



Introduction or expansion of staff bus arrangement



Early closure from work to limit exposure to traffic commuting back home



'Request to continue with a temporary allowance introduced as an inflationary/currency devaluation response'

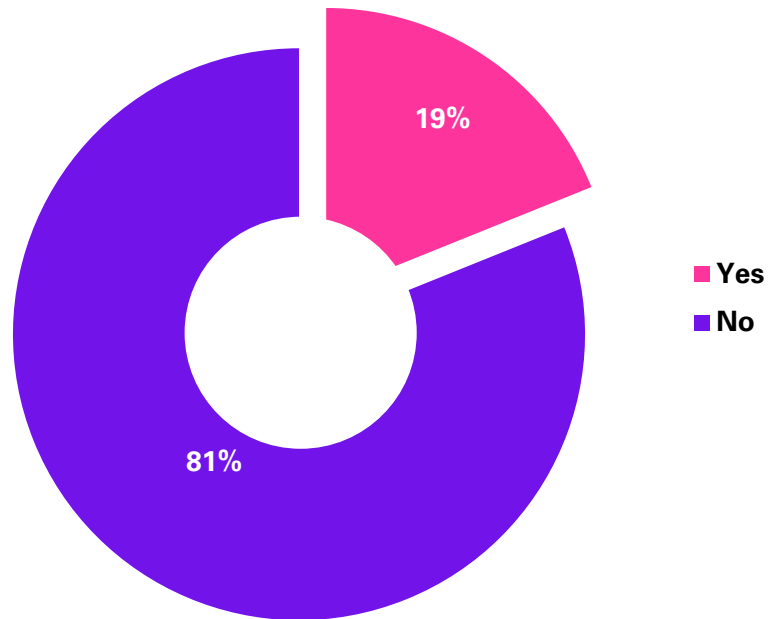


'Educate the public more and hasten the roll out of regulations. Provide clarity to Stakeholders for better understanding of the new policy.'

## Palliatives Implemented

Only 19% of respondents had implemented a form of palliative or the other as of the time of the survey, as shown below. We expect this percentage to have gone up materially, subsequent to the survey.

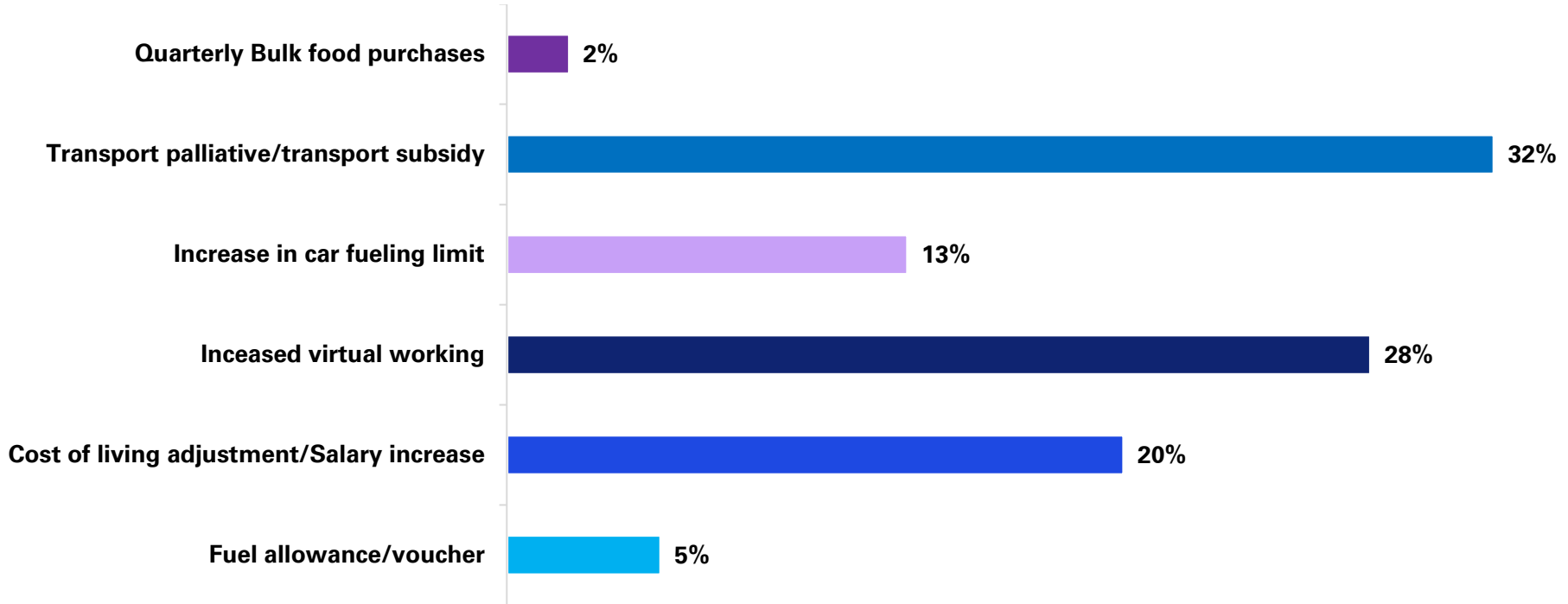
Respondents who have implemented a palliative vs those who are yet to





Most of the palliatives implemented were Salary Increase, Transport/Car/Fuel Allowance or Voucher Review and WFH, as shown in the chart that follows:

**Forms of palliative implemented after the fuel subsidy removal**



## Some key highlights of the palliatives implemented



**Increase in staff  
bus routes**



**Up to 100% increase  
in car fueling limit**



**Transport support of  
₦10,000** per permanent staff &  
**₦5,000** per outsourced staff



At least  
**15% increase in  
transport allowance**



**Fuel voucher** of at least  
**₦15,000** per head



**Allowance of ₦50,000**  
for employees who work  
from the office



Provision of an equivalent of  
**40 Litres of fuel**  
in cash at prevailing pump  
price to car owners



**Cost of Living  
Adjustment**  
**20% - 30%**  
of net monthly salary



**15% - 25%**  
**pay review**  
for junior blue collar staff



**Remote Working**  
arrangement of 2 days  
in-person, 3 days work  
from home



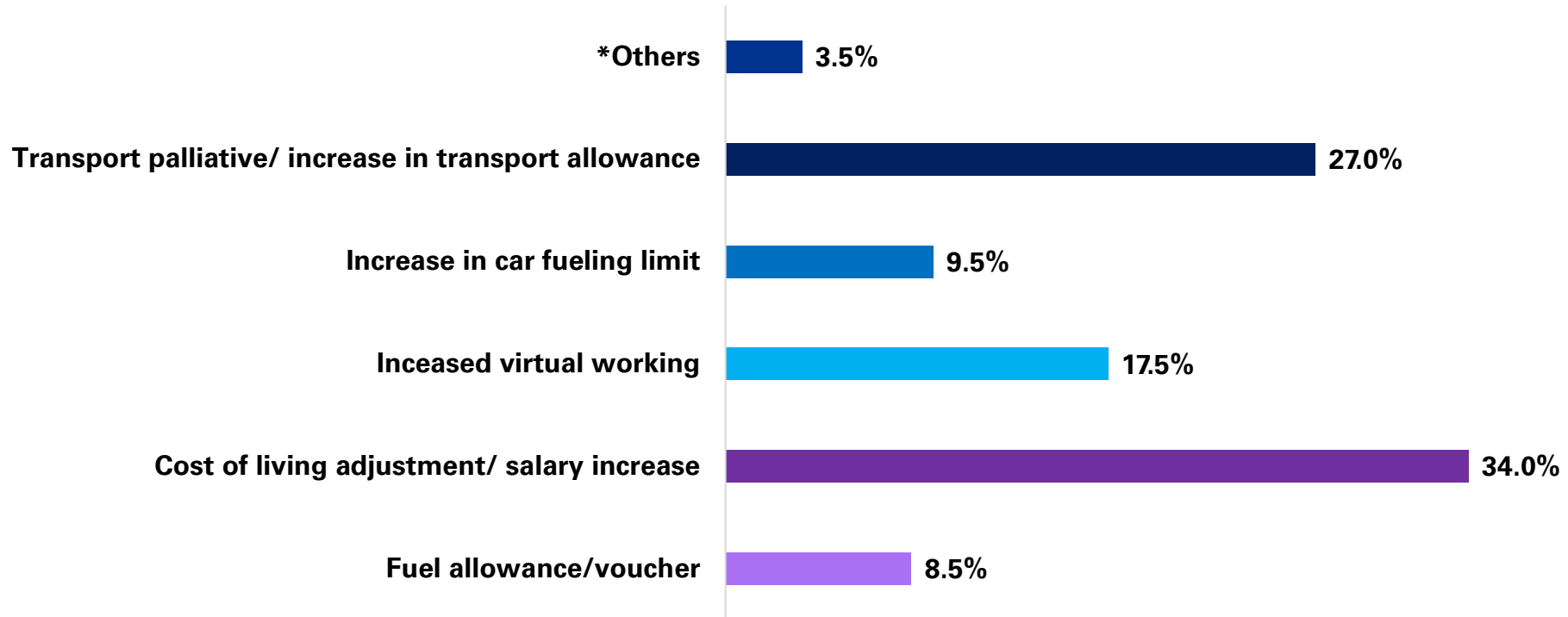
**30% - 100% increase  
in transport subsidy**  
for field sales staff,  
depending on coverage



**One-off payment of  
₦30,000 to ₦60,000**  
as transport palliative

83% of the companies yet to implement a palliative at the time of the survey plan to do so before the end of 2023. Some of the measures being considering are as follows:

**Forms of palliative being considered by companies yet to announce any intervention**



**\*Others:** Includes one-time relief payment, an increase in mileage rate, more staff buses, a fixed variable monthly productivity pay, and staff carpooling initiative.

The remaining 17% of the companies that are yet to implement any palliative are not considering doing so due to the following reasons:

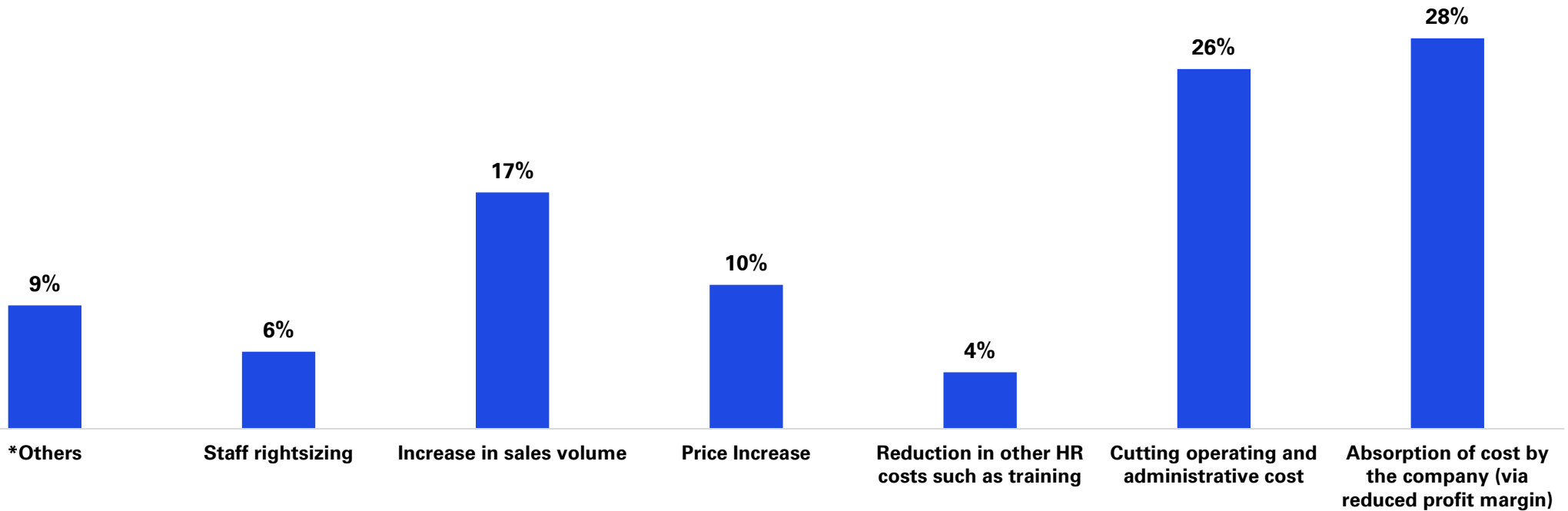
**Reasons for not considering implementation of salary review or palliative**



## How Businesses Plan to Fund the Palliatives

Most businesses plan to absorb the additional cost or cut other costs to accommodate the palliatives, as shown below:

### Ways business will fund the provision of palliatives to employees

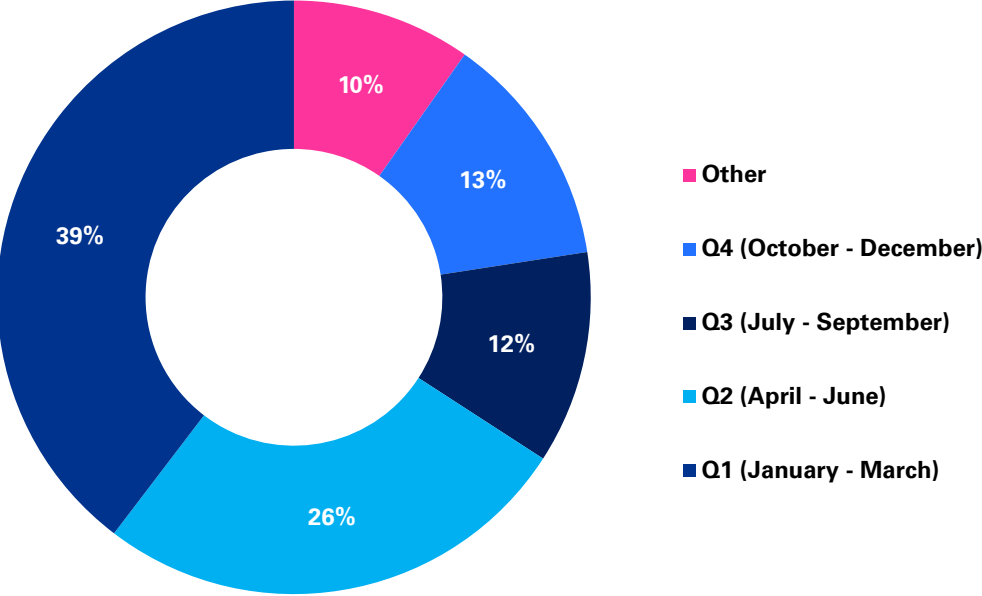


**\*Others:** Includes donations/grants, budget reallocation, reassigning cost, increase in productivity, etc. while some other businesses were undecided about the funding mechanism.

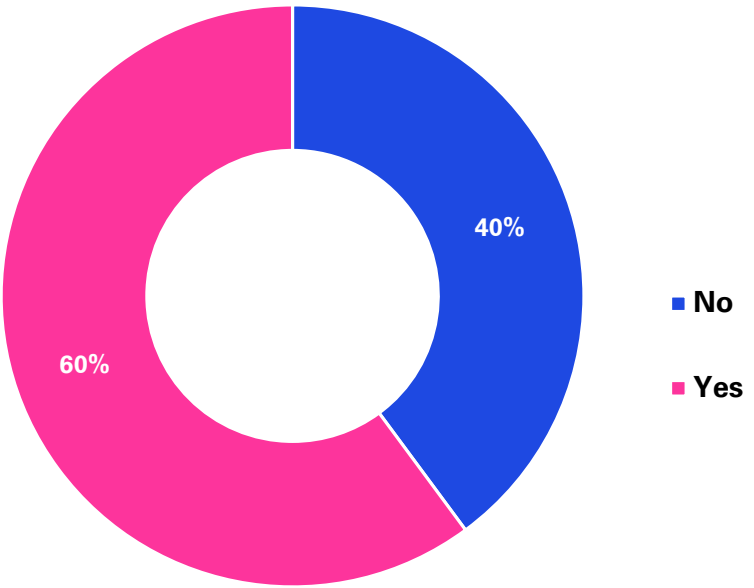
### Salary Reviews

Majority of companies (65%) conduct their annual salary reviews in first and second quarters of the year. This is further evidenced by 60% of the companies that had already conducted 2023 salary reviews as of 30 June 2023.

Annual salary review cycle

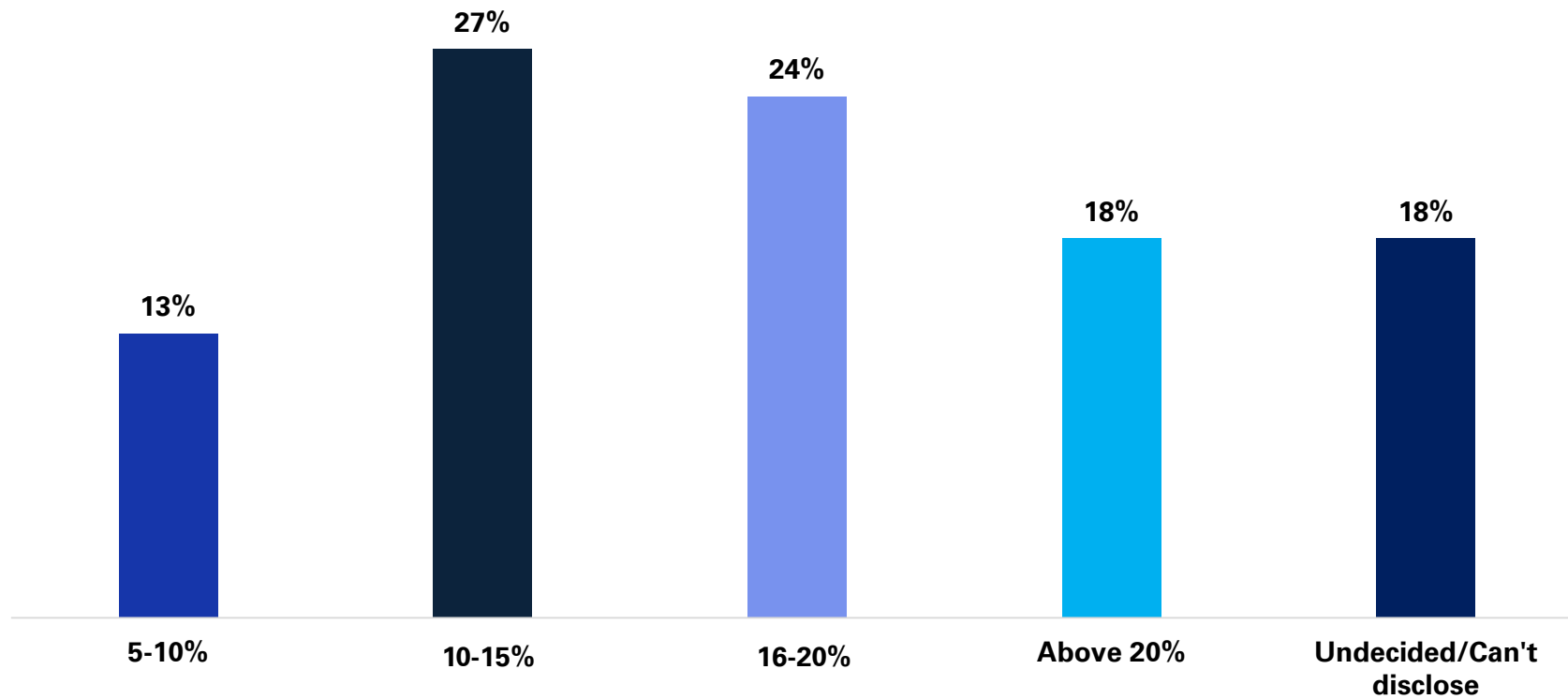


Companies that had already carried out 2023 salary review as of June 2023



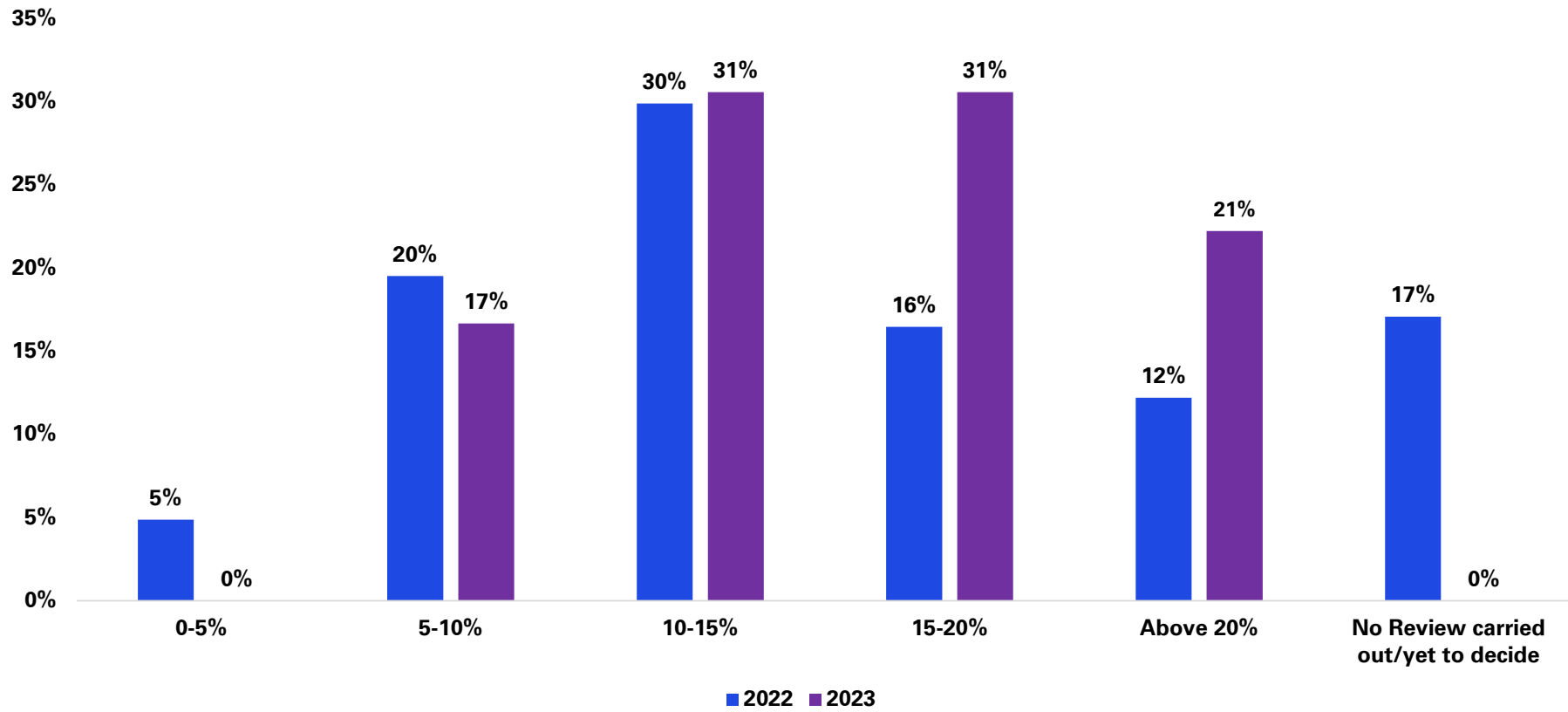
It is interesting to note that of the 40% which are yet to carry out a salary review, close to 70% plan to implement at least 10% increase, as shown below.

**Expected percentage increase for respondents who are yet to implement salary review as of June 2023**



Of the 60% that had conducted a salary review, 30% implemented a 10-15% salary increase in 2022, compared to 31% that did so as of June 2023. Even though it was still middle of the year (June 2023), we noted an increase in the percentage of companies implementing higher pay reviews, compared to 2022. For example, 83% of companies carried out more than 10% increase as of June 2023, compared to 58% in 2022.

**Salary increase implemented in 2022 and 2023**





# Some Market Developments Post-KPMG Fuel Subsidy Survey (July to August 2023)

## Federal Government's Response

We observed the following steps from the federal government:

**1** The federal government announced a **₦5 billion palliative for each state** of the federation, including the federal capital territory (FCT), to cushion the impact of the removal of the petrol subsidy. The funding is aimed at assisting state governments procure 100,000 bags of rice, 40,000 bags of maize and fertilizers to cushion the effect of food shortage across the country<sup>7</sup>.

<sup>7</sup> The Cable Newspaper

<sup>8</sup> Premium Times Newspaper

<sup>9</sup> FG begins 40% pay rise for workers, excludes doctors, lecturers, The Punch Newspaper

**2** The federal government released **5 Trucks of Rice to each state** to be distributed to their citizens.

**3** The federal government indicated willingness to carry out upward review of public sector workers' wages, including **at least doubling minimum wage**

which is currently set at ₦30,000 per month<sup>8</sup>. From experience, consequential increases typically follow an increase in minimum wage, for staff levels above the minimum wage cadre. Earlier in April 2023, the federal government implemented a 40% salary increase in the form of Peculiar Allowance for 144,766 federal civil servants under the Consolidated Public Service Salary Structure to help cushion the effects of rising inflation, rising cost of living, and hikes in transportation fare, housing and electricity tariffs.<sup>9</sup>

# Federal Government's Response - Continued

## 4 Introduction of Mass Transit Schemes

for the urban working population at the State and Federal Level.

## 5 The federal government intends to establish more gas stations in Nigeria and procure more CNG-powered Buses

as well as electric buses, to mitigate the high and increasing cost of diesel and petrol<sup>10</sup>.

6 Monthly Funds Transfer of N8,000 to the Poor: A monthly transfer to 12 million of the poorest households in the country for six (6) months, in a bid to cushion the effects of the removal of fuel subsidy. However, government plans to review the initiative, following negative backlash from Nigerians<sup>11</sup>.

7 The federal government has announced its commitment to rehabilitating and bringing onstream the nations dilapidated refineries to **reduce petrol importation**

<sup>10</sup> The Cable Newspaper

<sup>11</sup> Channels Television



# Some State Governments' Response<sup>12</sup>

Some of the responses announced by some state governments (not exhaustive) are summarized below:

<sup>12</sup> The Cable Newspaper

# Some State Governments' Response



## Ondo State

₦1,000 cash transfer to 1,000 vulnerable persons per the 18 Local Government Area (LGA); ₦10,000 to state and local government pensioners; free bus and boat shuttle for students from September to December 2023 and from January 2024, affordable transport fare would apply. In addition, the government will support farmers with palliatives such as agrochemicals, farm tools, etc. at affordable rates.



## Kwara State

₦10,000 to indigenous tertiary institution students; ₦10,000 to some category of security agents; Other multisectoral interventions were also implemented.



## Oyo State

Increase in government buses at reduced fares; food relief packages to 200,000 "poorest of the poor"; one-year health insurance cover for 100,000 most "vulnerable households".



## Ekiti State

5,000 conditional cash transfer for 10,000 households from August to December 2023, with emphasis on aged persons; food distribution; provision of free shuttle buses for workers and students; payment of one-year leave bonus and one-month pension arrears for state and local government workers and pensioners, respectively; distribution of inputs to farmers as well as financial support to small businesses and the informal sector.

# Some State Governments' Response - Continued

## Lagos State



50% reduction in transport fare of all state-owned transport services; agreement with commercial bus owners to reduce fares by 25%; free ante-natal and birth services in state general hospitals; direct food relief for the vulnerable; and expansion of staff bus fleet for public service employees.

## Ogun State



₦10,000 cash palliative to all civil servants and pensioners in the state from July to September 2023; hazard allowance to all health and medical workers; peculiar allowance to all civil servants; distribution of food to the vulnerable; distribution of subsidized fertilisers and farm input to farmers.

## Edo State



Creation of more virtual classes to reduce cost of commuting for parents, teachers and students; improvement of power supply to homes; continuation of ₦40,000 revised minimum wage.

## Osun State



Free medical care and surgical palliative for residents; amongst others.

# Some State Governments' Response - Continued



## Imo State

Increase in minimum wage to ₦40,000; increase in fleet of staff bus, recalibration of the tax system to exempt those earning below ₦100,000 per annum; provision of soft loans, grants, seedlings and farm tools to qualified farmers.



## Rivers State

Launching of 17 luxurious buses to cushion transportation burden on residents.



## Ebonyi State

Salary increase of ₦10,000 for state workers; employment of 1,454 people into the state civil service.



## Bayelsa State

Launching of new transport scheme of 100 cabs and 6 luxurious buses

# Some State Governments' Response - Continued



## Yobe State

Distribution of food items and other palliatives to 400,000 individuals in 80,000 households across the state.



## Borno State

₦5,000 cash, a bag of rice, a bag of beans and one wrapper (for women) for 300,000 households; 50 buses and 30 pick-up vans to convey farmers to their farmlands for free.



## Adamawa State

₦10,000 for civil servants and pensioners for six (6) months; implementation of national minimum wage (of ₦30,000) from August 2023; procurement of 70 trucks of maize and 20 trucks of rice for distribution at a subsidised rate; purchase of 50 trucks of fertiliser for state civil servants at a subsidised rate; purchase of staff bus to convey workers.



## Cross River State

Distribution of food and non-food items to vulnerable households.

# Some State Governments' Response - Continued



## Taraba State

Implementation of federal government approved minimum wage in October 2023; subsidized transportation for farm produce; access to free seedlings and fertilizers; employment of 10,000 youth to clean up the state at a salary of ₦15,000 per month.



## Zamfara State

Distribution of foodstuff across the state.



## Jigawa State

₦50 million to empower 1,000 women traders; ₦134 million for the purchase of five trucks of rice for distribution to the less privileged; ₦50,000 each for 1,500 young entrepreneurs



# Banking Sector Response

In July 2023, it was reported that Wema Bank PLC increased salaries of employees to cushion the impact of the fuel subsidy removal. Guaranty Trust Bank PLC also increased salary for Junior and Contract Staff with cleaners earning between ₦70,000 and ₦80,000, while drivers earn between ₦140,000 and ₦150,000 per month. Zenith Bank PLC also increased salaries across board, ranging from 25% to 50%, depending on staff level, with cleaners and drivers now earning ₦80,000 and ₦120,000. In addition, it was reported that Fidelity Bank PLC, GTB and Zenith Bank commissioned more staff buses to ease the burden on commuting employees<sup>13</sup>.

Banking sector employers implemented pay increase of **9% to 52%**, largely in response to the fuel subsidy removal. In addition, we noted staff bus and hybrid work arrangements, to complement the pay increases, as shown in the adjacent chart<sup>14</sup>

## Market Movement in Banking Sector Post-Fuel-Subsidy-Removal

Banks	Pay Increase Implemented or Proposed	Other Measures Taken
1	None	COLA Introduced. Amount vary
2	9-19% - Senior Management	Staff Bus; Hybrid Work
	12-29% - Management	
	21-52% - Other Levels	
3	15%-25%	Hybrid Work
4	Yes, but details not available at the time of this report	Staff Bus; Hybrid Work
5	17%	None
6	No	Hybrid Work
7	20-36%	Transport Subsidy; Hybrid Work
8	15%-25%	None

Source: KPMG Compensation Database

<sup>13</sup> Business Day; Independent Newspaper (July 2023)

<sup>14</sup> Only one of the banks is yet to implement the increase indicated in the table

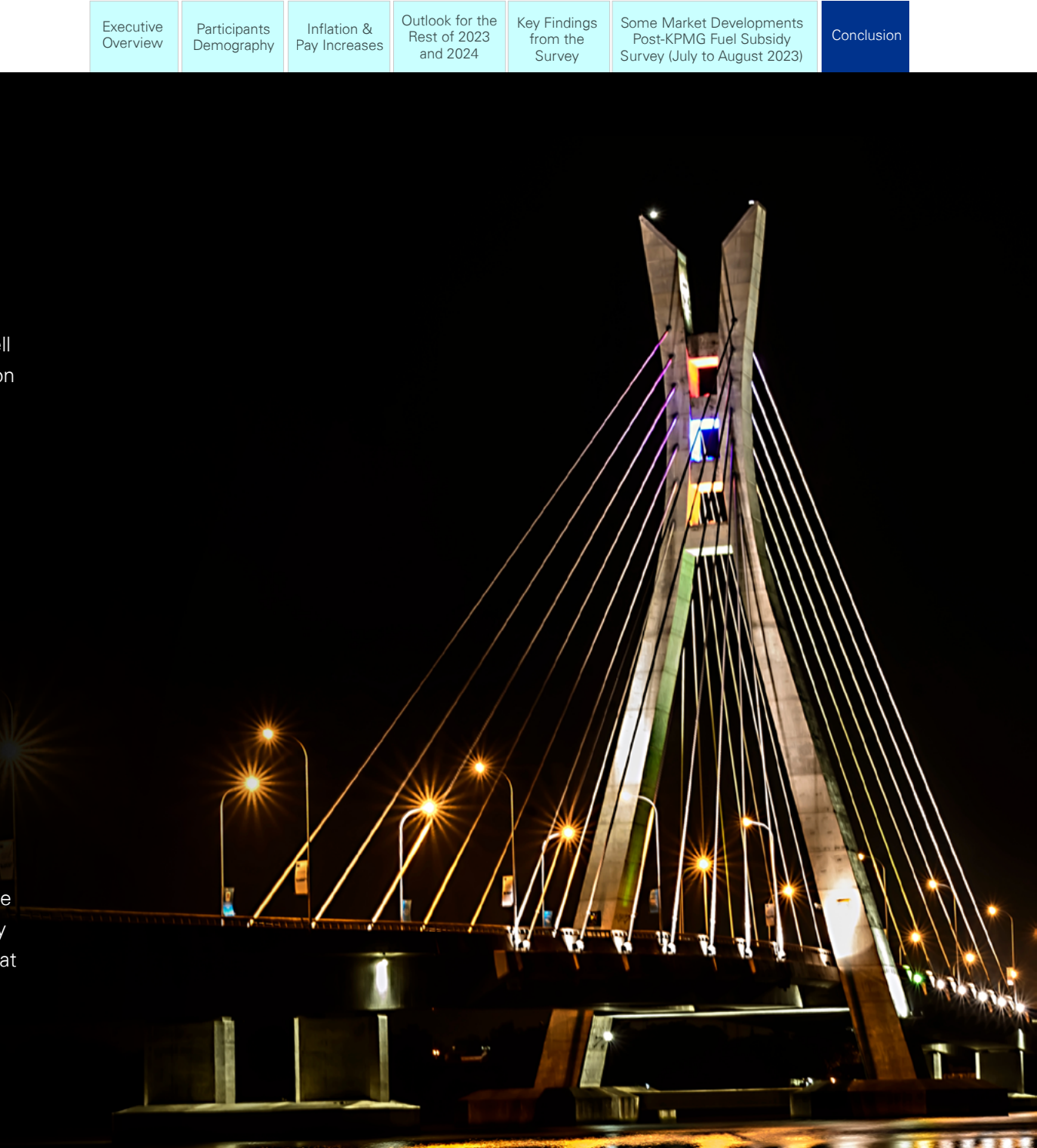
# Independent Oil & Gas Exploration & Production Response

Based on KPMG Compensation Database, we noted **up to 41% increase in guaranteed pay package** across staff levels between 2021 to 2023. We reason that this increase reflects improvement in business with the price of Bonny Light crude oil ranging between USD50 and USD88.35<sup>15</sup> during the period as well as the companies responding to the fuel subsidy removal, amongst others. The increase translates to a cumulative annual growth rate (CAGR) of **up to 18.74%**.

<sup>15</sup> [Oil Price Charts | Oilprice.com](#)

# Conclusion

The recent removal of subsidy on petrol price has triggered significant changes in the lives and livelihood of households as well as businesses. For employees, there has been a material reduction in purchasing power as prices of goods and services continue to rise. The development is expected to accelerate energy transition as government and households consider alternatives like electric vehicles (mass transit), CNG-powered vehicles, solar power, amongst others. It is expected that the boost to government revenue from the subsidy savings will be deployed to initiatives that enhance lives and businesses in the medium to long-term. In the meantime, employers must deal with a volatile and uncertain environment and introduce palliatives to cushion the impact on employees' take-home pay. Some of the measures introduced include salary increase, cost of living adjustment, transport / fuel subsidy, staff bus, work-from-home policy to reduce commute to the office, food stamps by the government, etc. Employers need to continually monitor market developments to remain informed and ensure data-backed decisions as well as engagement with all stakeholders. At KPMG, we understand the importance of data in empowering companies to take informed decisions for their people and, ultimately, the business. We will continue to make necessary investments to support the industry in this regard, and do hope that you find this report useful, although delayed.



# How We Can Help - People & Change Services



Organisation Design for Performance



Remuneration Strategy and Remuneration Cost Optimisation



Design & Administration of Equity Incentive Scheme



Behavioural Change Management



Culture Transformation



Workforce Transition & Effectiveness and Benefit Realization



Executive Search and Selection



HR Function Optimization / HR Transformation



Compensation and Benefits Survey and Pay Structure Design



HR Operating & Service Delivery Model and HR Policy and Processes



Employee Experience & Retention Strategy



Strategic Workforce Planning and Workforce Optimization



Board Remuneration Committee Support



Performance Management Framework Design



Leadership Development and Competency Catalogue Design



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