

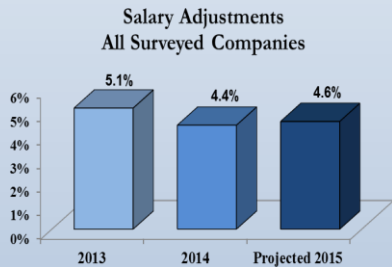


HRC Associates 2015 Salary Adjustment Survey Trinidad & Tobago

Summary

This Newsletter reports on a snap Salary Adjustment Survey recently conducted. A total of fifty (50) companies participated in the survey.

The survey results suggest a projected average salary increase of about **4.6% across all industries**. This represents a very minor increase over the 4.4% rate reported for 2014.



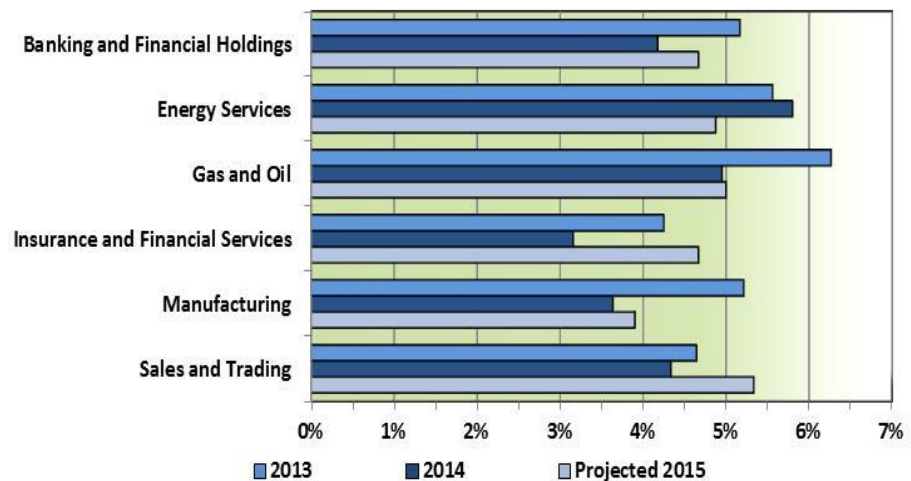
Most of the data in this survey was collected prior to the sharp decline in Oil price. Within the first quarter 2015, when most companies will be making salary decisions, our Consultants predict that adjustments will come in under what was originally projected for 2015, especially in the Gas & Oil and Energy Sectors. Overall adjustments are expected to be within the 3 to 4% range, a drop from the 4 to 5% average that's been the norm for the last few years.

HRC Associates conducted a snap Salary Adjustment Survey during October 2014 to December 2014, in order to gauge what annual salary adjustment participants were planning for fiscal 2015. Keeping in mind that around October, the price of Brent Crude Oil was about US\$85/barrel and given the precipitous decline in price during the December-January 2015 period, we anticipate that many participants have since revisited their 2015 corporate budgets toward cost-cutting and austerity, especially in expenses regarding staffing and associated costs.

A total of fifty (50) companies assisted in this snap survey and the following tables show the results amongst six (6) representative industries.

Industry	Projected 2015	Change from Actual 2014
Sales and Trading	5.3%	+1.0%
Gas and Oil	5.0%	0.0%
Energy Services	4.9%	-0.9%
Banking and Financial Holdings	4.7%	+0.5%
Insurance and Financial Services	4.7%	+1.5%
Manufacturing	3.9%	+0.3%

The chart below illustrates these results further and provides comparisons for the previous 2 years.





HRC Associates

2015 Salary Adjustment Survey

Trinidad & Tobago

About

HRC Associates

During the past 25 years, HRC Associates has been conducting comprehensive compensation surveys, engaging the leading organisations across all industries in Trinidad and Tobago.

HRC Associates is launching its Compensation Survey 2015-2016 in **March** of this year. This Survey will represent the 16th edition of our flagship biennial survey, and will analyse compensation for a wide range of positions across 11 distinct industries. We also plan to host a Seminar on *Compensation Trends and Forecasts* sometime later in the year.

Overall salaries are expected to increase by an average of 4.6% during fiscal 2015. Companies which have already made January adjustments may have stuck to their budgeted amounts. However, we predict that companies which have not yet made 2015 adjustments will be cautious with their salary budgets and shave adjustments by 1-2%.

We also predict that, should the fall in oil and gas prices continue or remain low, we may return to the days of salary freezes and retrenchment. We have already seen the multinational energy companies with Trinidad and Tobago branches and subsidiaries moving quickly to respond to falling oil and gas prices. BPTT recently announced an across-the-board VSEP package, with parent company BP announcing salary freezes for roughly 84,000 employees worldwide. Baker Hughes and Schlumberger have cut 7,000 and 9,000 jobs respectively due to segments becoming unprofitable, this roughly represents 11% and 7% of their global staffing respectively. Weatherford, another locally -represented Energy Services firm, has been forced to reconfigure its organisation to a flatter management structure to account for current and expected market conditions, this at the cost of vacating key Group-level Executive jobs. The Trinidad and Tobago economy is highly dependent on the country's energy industry which contributes in excess of 40% of Gross Domestic Product (GDP). The Government of Trinidad and Tobago, which presented its national budget at US\$80/barrel of crude oil and US\$2.75/mmBtu of gas, recently revised to US\$45/barrel of crude oil and US\$2.25/mmBtu of gas. The Minister of Finance has also signalled that another budget review is not out of the question.

The Prime Minister has announced that there will be no cuts in public sector employment or wages. However, 2015 is an election year and once elections are over, we believe that any government will have little choice regarding cut-backs in the generous social programs which create illusions of full-employment and economic well-being, including price and wage stability.

We see 2015-2016 as a watershed period for the Trinidad and Tobago economy, in spite of the country's relative healthy macroeconomic position. This could herald a return to fiscal prudence and austerity at both the national and corporate levels. We may well return to a period not unlike the 1980s at the end of the oil boom (1974-1982), when the economy was characterised by recession and restraint. For most of the decade the prevailing organisational response included salary freezes, cuts and reductions in workforce.

Founded in 1990, HRC Associates is a management consulting firm specialising in human resources, compensation, executive recruitment, general management, and organisation strategy and change issues. HRC's mission is to work with our clients to help them reach their full potential by integrating their people and organisational systems with their corporate vision and strategic intent.