



The wages for oil and gas in Siberia

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As Leanan and [jihman](#) have noted, the discontent over profit distributions in the oil business appears to have hit [Russia](#) with workers in Surgut, in Siberia, previously praised by President Putin, now complaining about the way that they are being paid.

Under the system, one of the harshest in the oil industry, only 30 percent of wages are fixed. The other 70 percent consists of bonuses that can be taken away at any time, depending on an employee's performance, Zakharkin said by telephone from Surgut on Thursday.

"Low wages, fines and boorish behavior" by managers are the bane of the workers' lives, Zakharkin said, adding that the protests' aim is simply to get a hearing with the company.

Worsening conditions are affecting morale, Zakharkin said. "How will they raise birth rates if people are crestfallen and feeling depressed?" he said, in a reference to the government's plan to combat demographic decline.

At present the article quotes the average salary as being some \$630 a month, although they are asking for a 50% raise. This was disputed by a company spokeswoman

"We all want a better salary," said Raisa Khodchenko, a company spokeswoman. "I also want to go the Bahamas and the Caribbean every year."

She said workers' wages were raised by 20 percent in January and would be raised by another 20 percent in October. The fixed part of salaries was 38 percent, not 30 percent as the workers claimed, she said.

The average salary is about 28,000 rubles, (\$1,040) per month and workers lost bonuses for good reasons, Khodchenko said.

These salaries are quite a bit less than those being made in the gas fields being developed by [Gazprom](#) where salaries up at the edge of the Arctic Circle are significantly higher.

"Working for Gazprom is considered prestigious." The company bills itself as the "Pride of the Nation."

The Communist Party's state socialism dissolved nearly two decades ago, but Gazprom's corporate paternalism softens the rigors of life in a region the locals refer to simply as "the North." While the average Russian worker makes \$350 a month, gas field technicians here take home up to \$3,000. Roadside billboards proclaim "Glory to the gas workers!" Nationwide, Gazprom has 330,000 employees.

Workers in Novy Urengoy live with their families in apartment blocks painted shades of blue, pink, and yellow. Gazprom covers 97% of the cost of running 14 kindergartens, charging employees only 100 rubles, or \$4, a month for child care. It provides interest-free housing loans, free medical care, and heavily subsidized overseas vacations.

The Business Week article has another interesting view on what might be the future prospects for Gazprom and the Russian President.

Dmitry Medvedev, another member of the St. Petersburg clique and chairman of Gazprom's board, also serves as Putin's first Deputy Prime Minister.

Gazprom's political heft would be underscored if, as is rumored in Moscow, Putin becomes CEO after stepping down from the presidency in 2008. (Putin has denied any such plan.) Medvedev, meanwhile, is widely seen as a leading candidate to replace his boss as President in two years.

The article also points out the rapid gasification program that is going on in Russia and the considerable savings that will come from the switch for Russian consumers, since they pay a considerably lower rate than foreign consumers.

By the end of 2006 all nine of Kalyazin's heating plants are to be converted to gas from fuel oil, which sells for about \$280 a ton. The equivalent amount of gas--1,000 cubic meters--costs just \$93 for industrial users and \$56 for residential ones. Consumers will pay just over a dollar each month for gas to power their stoves, compared with \$4.50 for bottled propane.

Electric bills will decline sharply thanks to the fact that residents will no longer have to use electric water heaters. "I'm proud of it because it's our Russian company," local hotel manager Irina Zhupanova says of Gazprom. "For daily life, of course [gas] is a big plus," says resident Elena Chertovskikh.

With Gazprom board chairman Medvedev maneuvering ahead of the 2008 presidential election, Russia is gasifying furiously. Kalyazin is one of 1,120 towns and villages the company has promised to hook up under its 2005-2007 program. The miracle of gas is to be bestowed on 60% of all Russians, compared with 53% in 2005.

At the same time Gazprom continues to spend its profits on acquiring other company assets, in the latest case shares in [Gazprom Neft](#) the oil company, which Yukos had owned. The price appears to be about a third of the value of the shares, from the article, but when you have as much control of the Russian energy business as Gazprom is now acquiring then I guess the rules change.

At the same time the growth in domestic consumption that is apparently currently in progress, can only give a bit more concern to those in the West who are going to be increasingly dependant on natural gas supplies from Russia, where investments in the developments of new deposits seem to be taking second place to other interests.



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