



JOINING THE FEDERAL SECTOR-BASED AGREEMENT FOR 2017-2019 IN HOUSING AND UTILITIES

FAO: CEOs of companies, specialists of legal departments and HR departments of companies in housing and utilities

At the federal level, a sector-based agreement has been adopted which sets additional obligations and automatically extends to companies in housing and utilities. To refuse to join the agreement, a well-grounded refusal in writing should be submitted to the Russian Ministry of Labour by 17 March 2017.

On 17 February 2017, Rossiiskaya Gazeta published a Letter of the Russian Ministry of Labour and Social Welfare (the '**Ministry**') about joining a sector-based agreement in housing and utilities in Russia for 2017-2019 (the '**Agreement**').

The Agreement has effect in relation to:

- companies in housing and utilities that are members of the all-Russian Industrial Association of Employers of Infrastructure System (the '**Association**').
- companies in housing and utilities that are not members of the Association but have authorised the Association to enter into the Agreement on their behalf;
- other companies in housing and utilities unless such companies submit to the Ministry a well-grounded written refusal to join the Agreement by **17 March 2017**.

Below we set out some of the provisions of the Agreement which lay down additional requirements for employers.

- Using the consumer price index to revise tariffs (clause 2.4)
- Job duties, rules and standards are introduced and revised and payment conditions are changed in consultation with the trade union (clauses 2.13 and 7.5.8).
- An increased night differential is at least 40% of the tariff / base salary (clause 2.8.2.1)
- Payment of a one-off allowance in the following cases (clause 4.3.1.):
 - a) in the event of a work-related death through the fault of the employer and through no fault of the employee in the amount of the annual salary for each dependant, but no less than RUB 500,000 in total for all dependants;
 - b) disablement diagnosis owing to the injury through the fault of the employer and through no fault of the employee, or occupational disease, in the following amounts:
 - for disabled persons of group I - at least 75% of their annual salary;
 - for disabled persons of group II - at least 50 % of their annual salary;

- for disabled persons of group III - at least 30 % of their annual salary.

- The job titles, specialisations and job duties of employees are determined taking account of the duly established occupational standards (clause 7.5.8).
- Primary trade union organisations should have provided to it the premises along with all equipment, heating, lighting, cleaning services, vehicles, office equipment and means of communication (clause 7.5.11).

Implications for companies

For companies which did not play a part in the Agreement being concluded (i.e. those which are not members of the Association of Employers and did not authorise it to enter into the Agreement), the only option for refusing to join is to file a well-grounded refusal with the Ministry of Labour. This should be accompanied by the minutes of discussions with the elective body of the primary trade union organisation which represents the company's employees (*article 48(8) of the Russian Labour Code*).

We recommend considering whether it is prudent to join the Agreement, and, if the decision is taken to refuse to join, filing a well-grounded refusal with the Ministry. The time period for filing a well-grounded refusal is 30 calendar days after the agreement is published. To rule out disputes over whether the refusal to join the agreement was filed in due time, we recommend that you ensure that the refusal is filed with the Ministry **on or before 17 March 2017**.

If such well-grounded refusal is filed in breach of the deadline, the employees will have the right to claim (including through the court) that guarantees, compensations and benefits be granted to them in accordance with the Agreement. Labour inspectorates will have grounds to hold the company administratively liable for not complying with the Agreement.

Help from your advisers

Pepeliaev Group's lawyers will readily provide the necessary legal support when the documents are prepared which are required to refuse to join the Agreement, and on any other issues which relate to the Agreement being in effect.

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