



New agreement concluded in Austrian metalworking industry

During the night from 5 to 6 November 2008 our joint negotiating team, involving the Metalworking, Textiles and Food-Processing Union ([GMTN](#)) the Union of Salaried Employees, Printing, Journalism and Paper ([GPA-DJP](#)) finally achieved pay increases for about 170.000 employees in the sector. The new collective agreement was reached after a discussion on the economic situation at the opening of this year's round and five subsequent bargaining sessions. In addition, on 29 October, when the negotiations already were at breaking point, a mass meeting of more than 3000 works' council representatives of the sector took place in order to discuss and decide on eventual industrial action, which was harshly criticized by the employers' side.

This year's bargaining round was overshadowed by the ambivalent economic situation. Until recently, till the first half of 2008, economy was prospering. Forecasts, however, suggest a marked slowdown due to the global financial crisis and its negative impact on economy. Against the background of increasingly unfavorable economic conditions, we could nevertheless reach a settlement, providing for pay increases well beyond the record high inflation rate (3, 4 percent average annual inflation rate predicted). Above all, the new deal secures wage increases with a lasting effect on future pay. The increase in effectively and minimum wages by 3, 8 percent and 3, 9 percent respectively, plus extra one-off payments result in an overall pay increase of 4, 6 percent.

As in previous rounds, the allegedly core point of controversy during negotiations was the issue of flexible wage elements (one-off payments) depending on the profitability of individual companies, as demanded by the business side versus collectively agreed wage increases. Though from the unions' side we do not completely reject one-off payments, we nevertheless prefer collectively agreed pay increases since the pay increase of the subsequent year will add on the earnings of the previous year and thus have a lasting effect on future pay.

Provisions of the agreement in detail:

- Increase by 3,9 % (in effectively paid and minimum wages) for the lower occupational groups A-C
- Increase by 3,8% (in effectively paid and minimum wages) for the occupational groups D-K
- The new collectively agreed minimum wage thus stands at € 1.457,01

- Additional one-off payment based on the profitability (EBIT) at individual company level. The amount of the extra payment ranges from €100 up to €250 depending on the individual companies' percentage in profit (EBIT). Companies, recording no profit at all need not make any extra payment.

Overview for better understanding of how the amount of extra one-off payment will be determined

EBIT at individual company level	EBIT of the whole company group			
	0-negative	0<4%	4%<8%	8% and more
0-negative	€ 0	€100	€200	€250
0<4%	€100	€100	€200	€250
4%<8%	€200	€200	€200	€250
8% and more	€250	€250	€250	€250

- Companies, either the owner or the auditor, have to submit written information about their operative profit within the business year from 1.8.2007 to 31.7.2008 not later than 31.1.2009.
As for Austrian enterprises, being part of a company group, the overall financial situation of the whole company group will be taken into consideration in order to prevent that the profits in the internal financial accounts will be written down for tax purposes. The reduced extra one-off payment will be then only payable under the condition that the fully consolidated financial statement of the business group, confirmed by the auditor of the Austrian company, shows that the required profit threshold of 8% or 4% respectively was not reached in the period under review. If the Austrian affiliate of the company group fails to provide this information the full amount of the additional one-off payment will fall due.

Further provisions:

- Increase in apprentices' remunerations by 3,8 percent;
- Any other additional allowances will be raised by 3,8%
- The new collective agreement will have retroactive effect, as of 1 November 2008
- With regard to qualitative aspects, the new collective agreement meets our demand for one week of paid training leave for

preparation purposes ahead of final examinations for secondary general education or at higher vocational –technical colleges or colleges for business administration;

- Improved conditions regarding crediting of parental leave for receiving severance pay upon termination of employment;
- **Working time:**

Provision of averaging working time out on a basis, stretching over several years

In order to manage or to reduce fluctuations in personnel, in a model test the reference period for averaging working time could be extended to a several years' basis. It should be however limited to those companies with an according longer business cycle that are affected by fluctuation. The introduction of such a model test is bound on a works' agreement between individual employer and works' council with the consent of the two unions involved, the GMTN and the GPA—DJP.