

This wages schedule contains important facts concerning the collective agreement for the metal and electrical industry in North Rhine-Westphalia.

If the Entgeltrahmenabkommen (ERA) – the new, unified payment system for manual workers and employees – has been introduced in a company, then the ERA tables appearing on page 5ff. are applicable for all employees and workers.

The collective agreement from 22 April 2006 contained – in addition to the new collective agreements concerning retirement provisions (TV AVWL) and qualification (TV Q) – the following increases in agreed salaries for 13 months:

For March to May 2006 employees receive a **one-off payment**, totalling for full-time employees 310 Euros and for trainees 90 Euros. By virtue of voluntary company agreement this one-off payment can be delayed according to the financial situation of the company, reduced to zero, or doubled. The one-off payment cannot be raised if the company already has in place extra provisions such as an annual bonus, gratuity, annual premiums, profit sharing, Christmas bonus, or similar provisions.

As of 1 June 2006 the wage tables will be increased by 3 %.

AGREED WAGES AND SALARIES (companies without ERA)
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Important: In addition to a one-off payment and table increase, beginning in March 2006 and lasting until company-wide ERA introduction, further one-off payments will be made from the ERA structural components of 2.79% will be paid as long as the respective parties do not agree to any additional deposit to ERA adjustment funds (see page 4).

Agreed wages and piecework rates for manual workers
Monthly wage table
basic monthly wage in Euro, valid from 1 June 2006

Age groups (§7 LRA) ¹	Wage group								
	2	3	4	5	6	7 ²	8	9	10
up to and including: 19 Years 90%	1,466.12	1,483.36	1,517.86	1,586.85	1,655.85	1,820.67			
20 Years 95%	1,547.57	1,565.77	1,602.18	1,675.01	1,747.84	1,916.49			
As of 21 Years 100%	1,629.02	1,648.18	1,686.51	1,763.17	1,839.83	1,916.49	2,069.81	2,261.46	2,548.93
Differential in %	85	86	88	92	96	100	108	118	133

¹⁾ the age group key in accordance with § 7 LRA applies only to time-rate workers.

²⁾ in the wage category 7, the specified wage rate does not correspond to the age group key because of the application of § 7 paragraph 2 of the LRA of 26.9.1967.

Agreed basic monthly wages for manual workers whose regular individual weekly working time deviates from the agreed weekly working time (35 hours/week) must be calculated using the formula below:

$$\frac{\text{Agreed monthly wage laid down in the relevant table}}{\text{Regular individual working time per week}} \times \text{Regular individual working time per week}$$

**Agreed wages and piecework rates for manual workers
(basic monthly wage in Euro)
valid from 1 June 2006**

Age groups (§7 LRA)	Groups of tariff wages								
	2	3	4	5	6	7	8	9	10
Up to and including 19 years 90%	9.63	9.74	9.97	10.42	10.88	11.96			
20 years 95%	10.16	10.28	10.52	11.00	11.48	12.59			
As of 21 years 100%	10.70	10.83	11.08	11.58	12.08	12.59	13.59	14.85	16.74
Differential in %	85	86	88	92	96	100	108	118	133

Since April 1992, the monthly wage has been binding. Hourly wages are no longer determined through collective bargaining and are applicable only in exceptional circumstances. The basic monthly wage can be converted into hourly wages using the following formula:

$$\frac{\text{Agreed basic monthly wages in wage group}}{35 \times 4.35}$$

The above table is based on this formula.

- First eight weeks** During the first eight weeks of employment, time rate workers will receive 91.8% of the agreed wage for their wage group given in the above tables (§5 LA, §9(3) LRA).
- Performance bonus** On average, beginning with the ninth week of employment, time-rate workers and supervisors receive a performance bonus of 16% of the agreed wage for wage groups 2-6 and 7-10 respectively (§ 9(4) LRA).
- Performance-linked pay** Instead of time wages, performance linked pay can be agreed for the company (piecework wage (§ 10 LRA) or time rate plus premium wage (§ 12 LRA)).
- Additional allowance for foremen** The additional allowance for foremen is 5% of the agreed wage for the respective wage group (§ 4 LRA).
- Hardship supplement** The hardship supplement is 6% of the basic wage for skilled workers (LG 7) for every hour of work under hardship conditions (§ 5 LRA).
- Additional allowance for foundry workers** The additional allowance for foundry workers is EUR 0.49 per hour (§ 6 LRA).

Salary payments
(Salaries and fixed ERA performance bonuses) for workers in Euro
valid from 1 June 2006

Age	Groups K/T						Foremen "Meister" ³⁾
	1	2 ¹⁾	3 ¹⁾	4 ²⁾	5	6	
Less than 19 years	1,085.48 72.03	1,217.45 80.78	1,357.52 90.08				M1 2,290.48 152.00
19 years	1,190.41 79.00	1,340.76 88.97	1,485.17 98.56				
20 years	1,294.25 85.88	1,455.97 96.62	1,616.60 107.28				M2 2,746.43 182,25
as of 21 years:							
1st year of employment in the group	1,397.56 92.74	1,575.48 104.54	1,750.73 116.18	2,238.57 148.55	2,831.87 187.93	3.586.36 237.99	M3 3,328.37 220.88
2nd year of employment in the group	1,504.63 99.84	1,693.39 112.38	1,878.90 124.68	2,408.39 159.82	3,047.14 202.21	3.851,38 255.57	
3rd year of employment in the group	1,609.56 106.80	1,808.06 119.98	2,009.79 133.37	2,577.68 171.06	3,257.52 216.17	4.122,34 273,56	M4 3.672,90 243,73
After 3rd year of empl. in the group	1,710.70 113.52	1,930.29 128.08	2,143.92 142.27	2,744.81 182.14	3,469.00 230.20	4.394,39 291,62	

To make it easier to understand the table:

As a result of the ERA, salaried workers receive significantly higher performance bonuses. To prepare for the introduction of the scheme, from 2004 the wages increases will be allocated to a so-called fixed ERA-performance bonus (salaries thus remain unchanged). Until the ERA is introduced this will be treated as a part of the salary (e.g. when averages and individual performance bonuses are calculated). They are then allocated to the performance bonus that may vary by approx. 10% on average, as agreed in the ERA. This pre-structuring does not result in any material disadvantage for employees.

Example

M 1	
2,290.48	Agreed basic salary
152.00	fixed ERA performance bonus
2,442,48	Salary (plus performance bonus)

- 1) In groups K/T 2 and K/T 3 salary scales for workers aged up to and including 21 do not apply to employees having completed semi-skilled training or apprenticeship training. Therefore, at the start of their employment they will be paid according to the relevant wage group and, on completion of each year's employment, will move up into the next employment year regardless of age.
- 2) The supervisors of draughtsmen receive an additional payment equal to 10% of the final wage in T 4.
- 3) Foundry foremen receive an additional 6%.

The agreed wage for employees whose regular individual weekly working time deviates from the agreed weekly working time (35 hours/week) is calculated using the formula below:

$$\frac{\text{Agreed wage plus fixed ERA performance bonus}}{35} \times \text{Regular individual weekly working time}$$

Individual performance bonuses Under §§ 5 GRA, 4 TV LB Ang, employees receive a performance bonus of between 0% and 8%.

Training allowance
in Euro
valid from 1 June 2006

Monthly training allowances are as follows:

First training year	694.40 Euro
Second training year	728.98 Euro
Third training year	780.34 Euro
Fourth training year	847.81 Euro

Trainees pursuing certain specialisation in foundry and metalworking will receive an **allowance** of 20.45 Euro per month.

Trainees are normally offered **at least twelve months' employment** after successful completion of their training (§ 3 TV Besch, § 8 TV BB).

ERA structural components (one-off payments and the ERA adjustment fund)

Background: To prepare for the ERA project (see following page) and to ensure companies the agreed-upon cost neutrality, since June 2002 a total of four so-called "ERA structural components" with a combined volume of 2.79 % have been agreed upon, and have been paid to employees and trainees, and in subsequent agreement periods the saved amount has been paid by the end of each financial year into the so-called ERA adjustment fund and put on hold or will be put on hold until the end of February 2006. These additional contributions to the funds, which are also the basis at the end of each financial year for the reserve sums in the trade balance, are calculated based on the company wage and salary total with the help of binding factors that are set forth in the ERA adjustment fund agreement.

(The funds serve – as one measure among many – to balance out any additionally arising company expenses in keeping with agreed-upon company net neutrality.)

The appropriation obligation of the ERA adjustment fund as set forth in the collective agreement includes the period including February 2006 after which it ends.

As of March 2006, until company introduction of ERA employees/trainees receive **additional one-off payments from the ERA structural components of 2.79 %**. The company parties can, however, instead of paying these one-off payments, agree to further appropriations to the funds.

The calculation for the one-off payments due or, alternatively, for contributions to the ERA adjustment funds are based on the following formula:

2.79 % x from the one-off payment or appropriation in respective months of the year x agreed income for the months in which payment is made.

The monthly factor for March to June is to be raised by 0.17 to 1.17 per month (to include vacation pay) and for July through December by 0.09 to 1.09 (to include special company payments).

ERA payment schedule

The following ERA tables apply only to employees in companies that have introduced the new – previously unified—payment system for manual workers and employees from 18 December 2003, the agreed-upon Entgeltrahmenabkommen (ERA).

The employer decides the date of introduction (at the latest by: 1 March 2009).

The introduction of ERA involves a fundamental change in determining basic wages for all employees. A new evaluation system will be enacted with task-related requirements “skills / initiative and decision-making / cooperation / team-leadership” as the basis for 14 wage groups based on point scores. The point evaluation system for wage groups is printed on page 7.

The framework for performance-based pay and performance bonuses, determined by the company, also has some significant changes (see also page 6).

Training allowances (see page 4) are not affected by ERA.

Assistance with ERA as well as ERA NRW CD 2005/2006 with detailed information is available from your regional federation of employers (also at www.eranrw.de).

**ERA payment groups¹⁾ for employees in Euro
valid from 1 June 2006**

N.B. 110%⁴⁾

	Euros	Euros
Payment group EG 1	1,728.00	1,900.80
Payment group EG 2	1,749.00	1,923.90
Payment group EG 3	1,770.00	1,947.00
Payment group EG 4	1,797.00	1,976.70
Payment group EG 5	1,834.50	2,017.95
Payment group EG 6	1,882.50	2,070.75
Payment group EG 7	1,941.00	2,135.10
Payment group EG 8	2,042.00	2,246.20
Payment group EG 9	2,207.50	2,428.25
Payment group EG 10	2,425.50	2,668.05
Payment group EG 11	2,719.50	2,991.45
Payment group EG 12		
Up to 36th month ²⁾	2,802.50	3,082.75
After 36th month ²⁾	3,114.00	3,425.40
Payment group EG 13		
Up to 18th month ²⁾	3,131.50	3,444.65
After 18th month ²⁾	3,316.00	3,647.60
After 36th month ²⁾	3,684.50	4,052.95
Payment group EG 14		
Up to 12th month ^{2) 3)}	3,558.00	3,913.80
After 12th month ²⁾	3,780.50	4,158.55
After 24th month ²⁾	4,003.00	4,403.30
After 36th month ²⁾	4,448.50	4,893.35

- 1) Owing to the rules in the wage agreement introducing the ERA that provide certainty for operators exceeding these limits and bringing those under the limits into line within the framework of cost-neutrality actual wages and salaries may deviate greatly from the ERA table.
- 2) The months indicated in the table refer to the months employed in the wage or salary group.
- 3) Employees who have already been in the EG 13 wage or salary group for at least 36 months with the same employer are considered to have completed their first 12 months in EG 14.
- 4) The ERA basic monthly wages and salaries are not directly comparable with the current basic monthly wages for manual workers and salaries for clerical workers (moreover, to establish an actual ERA income account must be taken of the rules that provide legal certainty for operators exceeding these limits and bringing those under the limits into line set out in the collective agreement introducing the ERA).

Under the wages and salaries framework, agreement employees will receive on average a performance bonus of approx. 10% or a performance-related payment of at least 10%. For this reason, the table includes the 110% figures up until now to enable a comparison to be made with current wages and salaries agreed. These 110% figures are comparable with current wages until now and salaries (taking into account average performance bonuses) of 16% for manual workers and 4% for clerical workers.

Agreed basic monthly wages for manual workers whose regular individual weekly working time deviates from the agreed weekly working time (35 hours/week) must be calculated using the formula below:

$$\frac{\text{Agreed monthly wage laid down in the relevant table} \times \text{Regular individual working time per week}}{35}$$

Performance bonus	Employees paid a salary based on working time receive an individual performance bonus of 0-20 % as of the fourth month of employment according to § 10 ERA. The company average of performance bonuses based on the point system should be 9-11%. If it is not, the employer can/should correct it using factors.
Performance-linked pay	Based on company agreement, performance-based pay can replace salaries based on working time, i.e., piecework, premium wage or a performance-objective system (§§ 7 - 9 ERA). Combinations of these forms are possible. Performance-based components should be at least 10% of the agreed monthly wages and salaries total (§§ 5 und 6 ERA).
Hardship supplement	The hardship supplement is 6% of basic hourly wages (EG 7) (§ 11 ERA) per hour of work under hardship conditions.
Additional allowance for foundry workers	The additional allowance for foundry workers at ERA introduction is 4% of basic hourly wages for wage group 7, to be increased within 10 years toward the hardship supplement of 6% (§ 6 ERA-ETV).

Point system for evaluating job functions

Responsibility:		Task no.:
Dept./Cost center:	Date:	Evaluator:

Task description		Evaluation levels for work-related functions		Point value	
Skills	Manual skills	1	Duties require skills, which can be learned in up to one week.	6	
		2	Duties require skills, which can be learned in less than four weeks.	12	
		3	Duties require skills, which can be learned in four or more weeks.	18	
		4	Duties require skills, which can be learned in three months or more.	25	
		5	Duties require skills, which can be learned in six months or more.	32	
		6	Duties require skills, which can be learned in one year or more.	40	
	Professional skills	7	Duties require skills, which as a rule are acquired by completing a certified training program of at least two years.	48	
		8	Duties require skills, which as a rule are acquired by completing a certified training program of at least three years.	58	
		9	Duties require skills, which as a rule are acquired by completing a certified training program and an additional 1-year professional qualification.	69	
		10	Duties require skills, which as a rule are acquired by completing a certified training program and an additional 2-year professional qualification.	81	
		11	Duties require skills, which as a rule are acquired by completion of a vocational college degree.	94	
		12	Duties require skills, which as a rule require a university degree.	108	
Professional expertise	1	Duties, which in addition to professional knowledge also require professional experience of at least one to three years.	6		
	2	Duties, which in addition to professional knowledge also require professional experience of more than three years.	12		
Initiative and decision-making ¹⁾	1	Fulfilment of duties is specified in detail.	2		
	2	Fulfilment of duties is largely specified.	10		
	3	Fulfilment of duties is partly specified.	18		
	4	Duties are fulfilled mostly without specifications largely independently.	30		
	5	Duties are fulfilled largely without specifications independently.	40		
Cooperation	1	Fulfilment of duties requires minimal communication and teamwork.	2		
	2	Fulfilment of duties requires regular communication and teamwork.	4		
	3	Fulfilment of duties requires regular communication and teamwork as well as occasional coordination.	10		
	4	Fulfilment of duties requires regular communication and teamwork as well as coordination.	15		
	5	Fulfilment of duties requires a high degree of communication and teamwork as well as coordination.	20		
Team-leadership	1	Fulfilment of duties does not require leadership.	0		
	2	Fulfilment of duties requires giving employees professional instruction, guidance and support.	5		
	3	Fulfilment of duties requires delegating tasks to employees in order to meet objectives as well as giving employees support and motivation.	10		
	4	Fulfilment of duties requires goal-setting and delegating tasks to employees for attaining objectives and also support and motivation of employees.	20		
Total point score					

¹⁾ Professional skills and expertise, abilities and competence can also be attained by other means.

Professional skills can either be attained by consecutive enrolment or by non-consecutive periods of study/training leading up to a degree or qualification. In the latter case, the duration of study/training is determined by the total amount of time enrolled in all programs.

²⁾ "Duties" in the sense of initiative and decision-making connote instructions and guidelines. Normally, initiative and decision-making is more strongly limited by instructions than guidelines. Instructions describe in detail how a task is to be completed. Guidelines describe in general terms what is necessary to complete a task.

Wage group	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Point range	10-15	16-21	22-28	29-35	36-43	44-54	55-68	69-77	78-88	89-101	102-112	113-128	129-142	143-170

OTHER CONDITIONS OF EMPLOYMENT

Working time (§ 3 MTV / EMTV)

Agreed working time: 35 hours/week for those in full time employment.

There is the possibility of individual contracts **extending** the regular individual weekly working time up to 40 hours/week for up to 18% of the workforce.

In companies with a large number of highly skilled employees (over 50% of all employees are either paid on scales outside the agreed rates or are in the top two salary brackets, the foreman's categories or – in the ERA – the highest wage or salary groups) a plant agreement may fix a higher quota (up to 50% of all staff employed under the terms of the collective agreement, not including those paid on scales outside the agreed rates).

To promote innovation or counter the effects of a lack of skilled workers, the parties to the collective agreement should, as a rule, extend the quota for a company to up to 100% if requested to do so by the company and its employees. It is possible to make extending working times binding by means of a plant agreement by extending the quota in a company.

Reduction of the regular individual weekly working time to under 35-30 hours/week is possible through collective bargaining in exchange for protection against dismissal for the whole company, company departments or groups of employees without any wage compensation.

Part time work can be agreed on the basis of individual contracts.

Part time work on grounds of age (half the present working time) is possible for employees who have reached the age of 55 and have been with the company for 5 years. In the first half of the period of part time work the employee continues almost exactly as before and then in the second half is released completely from employment ("Blockmodell"). The extra hours built up guarantee that the employee will receive 82% of his previous net wage throughout the entire period, and the employer will pay higher retirement insurance contributions (95% of contributions to date are secured). These additional payments by the employer are refunded in part by the job centre if the employers find replacement employees.

Employees aged 57 to 60 have in principle the **right** to an "old age" part time (block model) contract of 2–6 years, depending on their age and the system. The exact commencement of this "old age" part-time contract depends on agreed wage and salary conditions; employees aged 61 or over are covered by a separate scheme with special conditions. If the end of an "old age" part-time contract is reached before the employee can enter a full pension scheme, the employee may have a right to "early retirement" benefits.

Duration of training (§ 3 MTV / EMTV)

Agreed duration of training: 35 hours/week

Overtime (§ 5 MTV / EMTV)

It is possible to extend daily working time to 10 hours per day or to add 10 hours to the weekly working time.

Exceptionally, extra overtime can be agreed on an operational basis. (However, this must not lead to permanent overtime, which can be avoided by taking on new employees.)

There is the possibility of a voluntary workers council agreement whereby overtime can be fully or partly compensated by time off and, if the time off is taken within two months, the employer is not required to make any extra payment (§ 5 TV Besch).

Agreed additional payments/allowances per hour (§ 6 MTV / EMTV))

a) for the first two daily hours of overtime	25%	} of agreed wage for skilled workers (time rate) LG7/EG7 (ERA) per hour of work
starting on the third daily hour of overtime	50%	
b) Late work	15%	
c) Night shift (as long as it is not connected with (d))	25%	
d) Night work (as long as it is overtime)	50%	
e) Sunday work	70%	
f) Work on 1 January, Easter (first day of), Labour Day, the first day of Pentecost and Christmas Day	150%	
g) Work on all other official public holidays	100%	
h) Late work on 24 December from 17.00 to 20.00 as well as night work on Christmas Day and on New Year's Eve	150%	

Continued payment of wages (§ 9 MTV / EMTV)

As of the beginning of the employment relationship, employees are entitled to continued payment of their wages for a period of six weeks in the event of incapacity to work or attendance at a cure.

The percentage of wages that continues to be paid is 100%, excluding overtime pay or overtime bonuses (§ 16 MTV / EMTV).

Leave entitlement (§ 13 MTV / EMTV)

The leave entitlement for employees and trainees is 30 working/training days on the basis of 5 working days/week. Employees who take their full leave entitlement between 1 October and 31 March will be granted one additional day of leave.

Leave allowance (§ 14 MTV / EMTV)

In addition to regular wages or the regular training allowance (= 100 %), a leave allowance of 50% will be paid for each day of leave. The calculation is carried out in accordance with § 16 MTV / EMTV, excluding overtime pay and overtime bonuses.

Contributions to employee pension capital formation (TV AVWL)

Contributions to employee capital formation (TV VL)

As of 1 October 2006 TV VL will be replaced by TV AVWL. According to the transitional agreement in § 5 TV AVWL, under certain conditions (existing VL contract, right to a renewed contract, employee's reaching age 58) instead of providing employee pension capital formation, the employer can also continue to provide employee capital formation, as long as the employee does not select employee pension capital formation based on TV AVWL.

The agreed contributions are:

for employees (full-time) 26.59 Euro for trainees 13.29 Euro

The agreed-upon annual retirement payment is as follows

for employees (full-time) 319.08 Euro for trainees 159.48 Euro.

Entitlement starts at the beginning of the seventh calendar month of uninterrupted employment within the group.

Pay conversion (TV EUW)

Employees, in principle, have the right to pay up to 2520 Euro per year (in 2006) into an occupational retirement scheme. They choose for at least one full year the amount and type of their pay that is to be used for this purpose. The employer decides on how this money is to be invested. The parties to the collective agreement have set up an industry-wide retirement agency ("MetallRente") for this purpose that offers the alternatives of "MetallDirektversicherung" (direct insurance), "MetallPensionskasse" (pension bank) and "MetallPensionsfonds" (pension fund) and the "Unterstützungskasse" (relief fund) (for details, visit www.metallrente.de)

Special payments (TV 13. ME / ETV 13. ME)

Employees or trainees who have been working or undergoing training without interruption for six months have the right to receive an agreed special payment on the relevant day (usually 1 December).

The amount of special payments can be determined by a voluntary company agreement according to the sickness ratio.

Should there be no agreement on that amount, the special payments are as follows:

after 6 months of employment	25%
after 12 months of employment	35%
after 24 months of employment	45%
after 36 months of employment	55%

of the monthly wage excluding overtime pay and overtime bonuses

Benefits paid by the employer such as financial incentives, shares in profits (bonuses, annual premiums), Christmas allowance, and similar payments are considered special payments and can be counted against agreed pay entitlements.

Note:

The above rules apply to the agreed conditions of employment in the metal and electrical industry in North Rhine-Westphalia.

The collective agreements are not generally binding.

All payment tables and this wages schedule can be found (also in English and French) in the internet on our homepage www.metallnrw.de (Download centre).

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