

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

## AGREED WAGES AND SALARIES

In addition to the new derogation clauses regarding working hours, the collective agreement of 16 February 2004 comprises a two-step increase in wages and salaries.

After two months of no change, the first step of the payment increase is from 1 March 2004 to 28 February 2005. It consists of a linear increase of the payment tables by 1.5%, as well as a so-called "ERA-Strukturkomponente" (structural component) of 0.7%, which, for this period, will be paid to employees and apprentices in two one-off payments in March and October 2004. This is the third structural component since 2002.

The second step of the agreed payment increase maintains this pay-out system:

From 1 March 2005 to 28 February 2006 the payment tables will be increased by a further 2.0%, with the addition of a (fourth) "ERA structural component" of 0.7%. The tables for wages and salaries for 2005 will appear at the beginning of 2005.

Important: In addition to the wage and salary increases indicated in the following tables and the one-off "ERA structural component" payments, account should be taken of the allocation to the ERA adjustment fund/liability reserve (p.4).

### Monthly wages for manual workers Agreed wages and piecework rates (basic monthly wage in €) valid from 1 March 2004

Age groups (§ 7 LRA)	Wage group								
	2	3	4	5	6	7 <sup>2</sup>	8	9	10
Up to and including: 19 Years 90%	1 395.50	1 411.92	1 444.76	1 510.43	1 576.10	1 732.98			
20 Years 95%	1 473.03	1 490.36	1 525.03	1 594.34	1 663.66	1 824.19			
As of 21 Years 100%	1 550.56	1 568.80	1 605.29	1 678.25	1 751.22	1 824.19	1 970.13	2 152.54	2 426.17
Differential in %	85	86	88	92	96	100	108	118	133

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

<sup>2)</sup> 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:

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

**Hourly wages for manual workers  
Agreed wages and piecework rates  
(basic monthly wage in €)  
valid from 1 March 2004**

Age groups (§ 7 LRA )	Groups of tariff wages								
	2	3	4	5	6	7	8	9	10
Up to and including: 19 Years 90%	9.17	9.27	9.49	9.92	10.35	11.38			
20 Years 95%	9.68	9.79	10.02	10.47	10.93	11.98			
As of 21 Years 100%	10.18	10.30	10.54	11.02	11.50	11.98	12.94	14.14	15.94
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:

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

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, time-rate workers and supervisors receive a performance bonus of 16% of the agreed wage for wages groups 2-6 and 7-10 respectively. (§ 9(4) 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 equal to 6% of the basic wage (LG7) (§ 5 LRA)
- Additional allowance for foundry workers:** The additional allowance for foundry workers is EUR 0.49 (§ 6 LRA)
- Performance linked pay:** Instead of time wages, performance linked pay can be agreed for the company (piecework wage (§ 9 LRA) or time rate plus premium wage (§ 12 LRA)).

**Salary payments for workers**  
**Salaries and fixed ERA performance bonuses in €**  
**Valid from 1 March 2004**

Age	Groups K/T						Foreman "Meister" <sup>3)</sup>
	1	2 <sup>1)</sup>	3 <sup>1)</sup>	4 <sup>2)</sup>	5	6	
Up to and including 19	1085.48 16.28	1217.45 18.26	1357.52 20.36				M 1 2290.48 34.36
After 19	1190.41 17.86	1340.76 20.11	1485.17 22.28				
After 20	1294.25 19.41	1455.97 21.84	1616.60 24.25				M 2 2746.43 41.20
After 21: 1st year of employ- ment in the group	1397.56 20.96	1575.48 23.63	1750.73 26.26	2238.5 7 33.58	2831.87 42.48	3586.36 53.80	M 3 3328.37 49.93
2nd year of employ- ment in the group	1504.63 22.57	1693.39 25.40	1878.9 28.18	2408.3 9 36.13	3047.14 45.71	3851.38 57.77	
3rd year of employ- ment in the group	1609.56 24.14	1808.06 27.12	2009.79 30.15	2577.6 8 38.67	3257.52 48.86	4122.34 61.84	M 4 3672.9 55.09
After 3rd year of employment in the group	1710.7 25.66	1930.29 28.95	2143.92 32.16	2744.8 1 41.17	3469.00 52.04	4394.39 65.92	

To make it easier to understand the table:

Example:

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. 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.

<b>M 1</b>	
2290,48	Basic salary
34,36	fixed ERA performance bonus

- <sup>1)</sup> 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.
- <sup>2)</sup> The best draughtsmen receive an additional payment equal to 10% of the final wage in T 4.
- <sup>3)</sup> Foundry supervisors receive an additional 6%.

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

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

35

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

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**Training allowance  
in €  
valid from 1 March 2004**

Monthly training allowances are as follows:

First training year	€660.95
Second training year	€693.87
Third training year	€742.75
Fourth training year	€806.98

Trainees pursuing certain specialisation in foundry and metalworking will receive an **allowance** of €20.45 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: As agreed in the collective agreement of 18 December 2003, the *Entgeltrahmenabkommen (ERA)* – the unified payment system for manual workers and employees – is to be introduced at company level between 1 March 2005 and 28 February 2009. The employer decides the date of introduction. To prepare for the introduction of the ERA and to compensate for the additional costs resulting from it, the parties agreed on the following for the period covered by this wages schedule:

In **2004** employees and trainees will receive part of their agreed wage increase (**0.5%** or **0.7%**) as the so-called **third ERA structural components**, calculated on the basis of the "agreed income" (regular individual monthly wage for the month of payment excluding overtime payments and any extra pay not governed by the collective agreement) and paid out in the following one-off payments.

From 1 January 2004 to 30 June 2004 with the **March 2004** wage slip:

Amount of the **one-off payment** = agreed income for March 2004 x 0.042

From 1 July 2004 to 31 December 2004 with the **October 2004** wage slip:

Amount of the **one-off payment** = agreed income for October 2004 x 0.045

Divergent payments can be agreed upon.

**The ERA structural components** from last year (0.9% and 0.5%) will not be paid to the employees for this period, as they will be made available to the so-called "**operational ERA Adjustment fund**" (*Betrieblicher ERA-Anpassungsfonds*) in order to install the ERA funds and components, at the end of the current financial year. The exact amounts to be set aside for the fund and therefore the basis for the liability reserves to be entered in the balance sheet at the end of each financial year can be calculated from the company's total wages using factors laid down in the collective agreement for the ERA adjustment fund. The fund is one of several measures intended to compensate for any additional costs incurred by the company and ensure that the arrangement is, as agreed, cost-neutral.

**ERA agreed wages and salaries<sup>1)</sup> for employees  
1 March 2004 - 28 February 2005**

N.B. 110%<sup>4)</sup>

Wage or salary group	€	€
Wage or salary group EG 1	1 644.50	1 808.95
Wage or salary group EG 2	1 664.50	1 830.95
Wage or salary group EG 3	1 685.00	1 853.50
Wage or salary group EG 4	1 710.50	1 881.55
Wage or salary group EG 5	1 746.00	1 920.60
Wage or salary group EG 6	1 791.50	1 970.65
Wage or salary group EG 7	1 847.50	2 032.25
Wage or salary group EG 8	1 943.50	2 137.85
Wage or salary group EG 9	2 101.00	2 311.10
Wage or salary group EG 10	2 309.00	2 539.90
Wage or salary group EG 11	2 588.50	2 847.35
Wage or salary group EG 12		
Up to 36th month <sup>2)</sup>	2 667.50	2 934.25
After 36th month <sup>2)</sup>	2 964.00	3 260.40
Wage or salary group EG 13		
Up to 18th month <sup>2)</sup>	2 981.00	3 279.10
After 18th month <sup>2)</sup>	3 156.50	3 472.15
After 36th month <sup>2)</sup>	3 507.00	3 857.70
Wage or salary group EG 14		
Up to 12th month <sup>2) 3)</sup>	3 387.00	3 725.70
After 12th month <sup>2)</sup>	3 598.50	3 958.35
After 24th month <sup>2)</sup>	3 810.50	4 191.55
After 36th month <sup>2)</sup>	4 234.50	4 657.95

<sup>1)</sup> This ERA monthly basic wage and salary table applies only to employees in companies that have introduced the ERA agreed on 18 December 2003. The date of introduction of the ERA is decided by the employer. It can be introduced by 1 March 2005 only with the agreement of the partners to the collective agreement. Owing to the rules in the wage agreement introducing the ERA that provide legal 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 not deviate greatly from the ERA table. The ERA-introduction will not affect training allowances.

<sup>2)</sup> The months indicated in the table refer to the months employed in the wage or salary group.

<sup>3)</sup> 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.

<sup>4)</sup> 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 to enable a comparison to be made with current wages and salaries agreed. These 110% figures are comparable with current wages and salaries (taking into account average performance bonuses) of 116% for manual workers and 104% for clerical workers.

## OTHER CONDITIONS OF EMPLOYMENT

### Working time (§ 3 MTV)

**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 and 58 have in principle the right– according to TV BB – to an "old age" part time contract of 2–6 years, depending on their age, whereby the work free phase has to start at 60 at the latest; employees aged 59 and 60 are entitled in principle to a two year "old age" part time contract. Employees aged 61 or over are covered by a separate scheme with special conditions.

If employees opt for "old age" part time employment, they are entitled to compensation of up to €11 043.90.

### Duration of training (§ 3 MTV)

**Agreed duration of training:** 35 hours/week

### Overtime (§ 5 MTV)

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)

b) a) for the first two daily hours of overtime	25%	} of agreed wage for skilled workers (time rate) per hour of work
c) starting on the third daily hour of overtime	50%	
d) 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%	
f) Work on all other official public holidays	100%	
f) 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)

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).

### Leave entitlement (§ 13 MTV)

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)

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, excluding overtime pay and overtime bonuses.

### Contributions to employee capital formation (TV VL)

The agreed contributions are:

for each employee (full-time) €26.59

for each trainee €13.29

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

### **Pay conversion**

Employees, in principle, have the right to pay up to €2472/year (in 2004) into an occupational retirement scheme. They choose for 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 "ungeförderte Unterstützungskasse" (unsubsidised relief fund) (for details, visit [www.metallrente.de](http://www.metallrente.de))

### **Special payments (TV 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.

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