



| Vorstand
VB 04

Collective Agreement 2010



Job security and wage security in the crisis

Collective Agreement 2010

- ➔ **Initial situation: A special situation needs a special solution.**
- ➔ **The elements of the Collective Agreement 2010 for the metal and electrical industries in Germany (Focus: NRW).**
- ➔ **Conclusions**

Initial situation

Situation in the metal and electrical industries in 2009 in Germany

- ➔ Orders decreased in 2009 compared with the previous year by 23.4 per cent.
- ➔ Production decreased in 2009 by 22.4 per cent.
- ➔ Short time work escalated, approx. 20 per cent of the working hours were dropped (average!).
- ➔ Since the end of 2008 200,000 jobs lost in the metal and electrical industries.
- ➔ Since the beginning of the crisis 220,000 temporary agency workers have lost their jobs (in metal and electrical industries alone).



Initial situation

Worst crisis in the history of the Fed. Rep. of Germany

➡ **A large number of jobs secured**

- Improved short time work is the most important instrument, thanks to IG Metall and the acting works councils

➡ **Slight recovery, but the crisis is still going on**

- Economic outlook: Pre-crisis production levels will not be reached before 2013

➡ **Duration and depth of crisis need additional instruments to secure employment**

- Elements must be interconnectable („Chain of instruments to secure employment“)

➡ **Estimated job losses approx. 500,000 in the metal and electrical industry without additional instruments (depending on the scenario, here: slight recovery)**

Initial situation

Short time work:
max.: 24 months

period of notice:
redundancies are
expected in the first half
of 2010 → start of
exploratory talks as early
as possible

First instruments:

Reduction of

- Overtime
- Flextime accounts
- TAW

One-off instruments!!!

when the instrument
of short time work
expires out the crisis
will not end and a lot
of companies will have
severe liquidity
problems →
Redundancies!!!

30. April
2010: „old“
agreement
ends

2008

2009

2010

second half of
2008: first impact
of the crisis in
German M+E

untill the end of 2008:
reduction of production
of more than 30 percent
in German M+E

2009: decrease of
production by 22.4
per cent

2010: level of
production still more
than 10 per cent
lower than the pre-
crisis level

➡ Since November 2009: Exploratory talks in all collective bargaining regions of metal and electrical industries

- Additional instruments to secure employment.
- first choice: short time work (only BaWü with a collective agreement).
- additional reduction of working time with a part compensation of wage losses.
- Employment for young workers on completion of their apprenticeship.
- Continuation of TV FlexÜ.
- Temporary agency work.

➡ Decision of National Executive Committee of IG Metall on the 9th of February 2010:

- Start of negotiations NRW and BaWü on instruments to secure employment and wages (due to the different conditions in the regions, e.g. collective agreement „Short Time Work-Qualification-Secure Employment“ and additional payment on top of the short time allowance at company level in BaWü).



- **What are the job package contents?**
- **Focus on the North Rhine-Westfalia agreement (blueprint for the other regions, exeption BaWü).**

The collective agreement in NRW – What contains the Job Package?



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➔ Collective agreement „Future in Work“

- Condition: Statutory short time work for at least 12 months.
- New short time work time with reduced residual costs for at least 6 months (ZiA-Kurzarbeit)
- Reduction of working time with a part compensation of the reduced work. The working week can be reduced from 35 hours to 28/26 hours for at least 6 months (Collectively agreed short time work „Tarifliche Kurzarbeit“)
- Improved possibilities of employment for young workers on completion of their apprenticeship.
- Valid till: 30.06.2012

➔ Additional time for qualification of apprentices

➔ Collective agreement „Future in Qualification“ („Zukunft in Bildung“)

➔ TV FlexÜ (Funding for partial retirement)

➔ Wages



Wages

- ➔ **Lump sum of 320.- € for all (full time) employees**
- ➔ **Lump sum for apprentices of 120.- €**
- ➔ **Payment in two steps:**
 - on 01st of May 2010
 - on 01st of December 2010
- ➔ **2.7 % wage increase beginning on 01st of April 2011**
 - This date can be altered by agreements at company level, either two months earlier or later.
- ➔ **Duration 23 months, from 01st of May 2010 until 31st of March 2012.**



Special Situation for wage policy during the crisis

- ➡ **Despite decreasing productivity - wages must not decrease.**
- ➡ **IG Metall guarantees the real wages in 2010 with a lump sum (approx. 1%).**
- ➡ **Social component (same lump sum for all employees).**
- ➡ **Wage increase beginning on April 2011 increases the wage system and guarantees wage security for workers.**
- ➡ **Secure income stabilises purchasing power and employment.**

New collective agreement „Future in Work“ (NRW)

Old models on secure employment and improvements:

new	short time work with reduced residual costs (ZiA-Kurzarbeit)	reduction of working time with part compensation of wages (Tarifliche Kurzarbeit)
old	Short time work with STW allowance	reduction of working time without part compensation of wages (§ 2 TV Besch)

The „old“ instruments: Short time work with STW allowance (1)



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- ➡ **Maximum period of short time allowance: 24 months, condition short time must start latest in December 2009.**
- ➡ **IG Metall has supported the demand to prolong the period of short time allowance from 18 to 24 months. Change of legislation in 29th of May 2009.**
- ➡ **Volume of short time allowance in relation to the lost net wage:**
 - 60% for employees without children
 - 67% for employees with children
- ➡ **The employer alone has to pay the social security contribution for the short time allowance (unlike the normal wage: employers and employees share together)**

The „old“ instruments: Short time work with STW allowance (2)



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- ➡ From 01.07.2009 the employer receives 100 % reimbursement for the social security contribution on short time allowance.
- ➡ Short time work is the best model for our colleagues, but it has it's limit.
- ➡ The use of short time work can bring companies to the limit of their liquidity (residual costs) ➔ redundancies.

The „old“ instruments: Reduction of working time without part compensation of wages (1)



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- ➡ **Employees maintain their status as full time workers and receive during the contract protection against job losses at company level.**
- ➡ **Reduction of wages in relation to reduced working time.**
- ➡ **Reduction of 5 hours means wage reduction of 14.3 per cent.**
- ➡ **The reduction of working time without part compensation of wages till 30 hours (West Germany) and 33 hours (East Germany) due to TV Besch is a high burden for the employees.**

New collective agreement „Future in Work“ (NRW)

What's new in the collective agreement „Future in Work“ ZiA?

- ➡ **Use statutory short time work as long as possible.**
- ➡ **After 12 months statutory short time work the so called „ZiA short time work“ with reduced residual costs can be adopted voluntarily by an agreement at company level.**
- ➡ **ZiA-short time work must have a duration of at least 6 months.**
- ➡ **After that period a reduction of working time with part compensation of the wages possible („collectively agreed short time work“ Tarifliche Kurzarbeit).**

New collective agreement „Future in Work“ (NRW)

How do the new models work?

- ➡ **Short time work with reduced residual costs (ZiA-short time work)**
 - **Holiday and Christmas bonuses will be based on the monthly wage.**
 - **So the bonuses are reduced proportionally to the number of worked hours.**
 - **The monthly short time allowance increases and compensates the wage reduction.**

New collective agreement “Future in Work”

Part compensation for reduced wages



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Supplement to the average hourly wage:

➡ On the 31st hour	+0.5 h
➡ On the 30 th hour	+0.75 h
➡ On the 29 th hour	+1.0 h
➡ On the 28 th hour	+1.5 h

redundancies are not allowed when this collective agreement is adopted

Further reduction is possible with voluntary company agreement:

➡ On the 27 th hour	+1.75 h
➡ On the 26 th hour	+2.0 h

Collective agreement “Future in Work”: “New short-time work—reduced working hours with part compensation of wages”



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Old

Short-time work with
STW allowance

enforceable
with
arbitration

Reduced working time
§ 2 TV Besch

- After 12 months short-time allowance,
- Through voluntary company agreement

- After 18 months short time allowance
- voluntary company agreement
- With agreement of the negotiation partners

New

(Collective
Agreement
FUTURE
IN
WORK)

Short-time work with
reduced residual costs
(1/12 social supplement)
for at least 6 months

enforceable with
arbitration

compliant with voluntary
company agreement model

Reduced working hours
with partial
compensation for at
least 6 months

Exclusion of Redundancies - Guaranteed Employment - Agreement

Improvement of the situation of apprentices in CA

„Future in Work“ (NRW) (1)



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- ➔ **Guaranteed employment remains for at least 12 months on completion of the apprenticeship.**
- ➔ **If a company trains more apprentices than needed, the situation will be reviewed three months before the apprenticeship ends.**
- ➔ **If there is no employment possible (due to the crisis) the following steps must be explored:**
 - Part time employment
 - Employment in another company plant or in an alternative company in the same region.
 - Employment in short time work

Improvement of the situation of apprentices in CA

„Future in Work“ (NRW) (2)



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- ➡ **At company level it can be agreed that the young worker can be employed after social or military service.**
- ➡ **At company level it can be agreed that those who can not be employed on completion of their apprenticeship can still receive till job offers from their former company for a period of 24 months.**

Supplementary agreement

“Training and Employment NRW“ (ZAB)



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➡ “Qualiweek”: Apprentices have the opportunity to use five days to gain qualifications

- Technical working group creates concept
- Educational institutions in North Rhine Westfalia
- Certified training events
- Subjects: Social policy, economics, politics, the study of Civil Rights

➡ Collective Agreement “Future in Training” (ZIB)

- Similar to part-time retirement
- Studying in a block
- Ongoing payment of benefits related to qualification and employment phases
- For example: Receive 2/3 of your wages for 3 years. During this time, two years are spent in the company and one year in advanced qualification or in further training as a foreign language correspondent.
- Followed by a at least 12 months employment with complete wage after qualification time.

Collective agreement FlexÜ (funding for partial retirement)



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- ➡ **Companies have the obligation to create funds for partial retirement.**
- ➡ **The bargaining partners agreed that the funding for partial retirement (collective agreement FlexÜ from 12th of January 2009) is guaranteed from 01st of May till 31st of March 2012.**
- ➡ **This collective agreement TV FlexÜ can be used in this period.**

Conclusions

IG Metall was able to act despite the crisis

- **Impetus to politicians and government: scrap premium and demands for a stimulus package (improvements of short time work).**
- **Together with our colleagues in the works councils we could secure employment on a large scale by the adoption of instruments like reduction of overtime, flexi-time accounts, short time working, collective agreement „Secure employment“.**
- **With the „Job package“ we have new instruments to help avoid redundancies during the crisis.**
- **Wages in real terms are guaranteed in 2010.**

Now government must act!

Now we need political solutions!

- ➡ Prolongation of the elements of the improved short time work (§ 421 t SGB III) especially the reimbursement of the social security contributions. This element will end on 31.12.2010.**
- ➡ The part compensation of wages during the collectively agreed short time work must be excluded from the social security contribution.**
- ➡ We need solutions for the structural and financial-market driven reasons for the crisis:**
 - Sustainable industrial policy**
 - Regulation of financial markets**
 - Fair distribution of the burdens – those guilty for the crisis must pay for the crisis.**



FB Tarifpolitik, Ressort Europa | Vorstand

Thanks for your attention!

Collective Bargaining Department / European Wage Policy

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