



### New agreement for Austrian metalworking and mining industry concluded

In the early morning hours on 30 October 2007 –when the social partners in the metalworking and mining industry met for the third time- the Metalworking, Textiles and Food Workers' Union (GMTN) and the Union of Salaried Employees, Printing, Journalism and Paper (GPA-DJP) on the employees' side and the various branch subunits of the Chamber of Economy on the employers' signed a new collective agreement covering about 164.000 metalworking employees. Negotiations proved difficult, but after 17hours of continuous negotiations eventually an increase in wages/salaries and improvement of some legal framework regulations could be reached.

#### Provisions of agreement:

- Minimum wages and salaries will increase by 3,6 percent
- Effectively paid wages and salaries will increase by 3, 5 percent. While 3,2 percent are a fixed minimum pay increase, 0,3 percent can be distributed flexibly among certain employee groups by the individual employer on the basis of a plant agreement with the works council of the enterprise concerned. All effectively paid wages and salaries in non-organised enterprises without a works council or in organised companies which fail to conclude a plant agreement on flexible distribution of part of the pay increase till 14 December 2007, will be increased across the board by 3,5 percent.
- An extra one-off payment of €200 will be introduced, coming into effect in March 2008. This amount is payable only for companies, yielding a profit of over 6 percent (EBIT). For those companies with business results (EBIT) ranging from 0 to 6 percent an extra one-off payment of €150 will fall due. Companies with a negative result will be relieved of providing an additional pay under the condition that the affected employers submit written relevant information not later than 31 January 2008 to both social partners, proving that within the business year from 1 August 2006 to 31 July 2007 they could not reach the required EBIT-Marge. If they fail to bring in the annual financial statement in time , the whole amount of the extra one-off payment will fall due.

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 margin (EBIT) of 6 percent was not reached in the period under review. Affiliates of company groups with a negative business result, proven by their fully consolidated annual financial statement, will be also relieved to pay an additional extra one-off payment.

**Overview for better understanding of how the amount of extra one-off payment, payable for the individual company, will be determined**

EBIT in % of the business result of an individual Austrian company, belonging to a business group	EBIT in % of the business result of the whole business group	Amount of extra one-off payment falling due (in €)
Negative	Negative	0
Negative	0-6	150
Negative	>6	200
0-6	Negative	150
0-6	>6	200
>6	0-6	200
>6	>6	200
Unknown business result, incomplete data, not submitted in time	Unknown business result, incomplete data, not submitted in time	200

- Apprentices' remuneration will increase by 3, 6 percent. In addition, they will receive half of the amount of the extra one-off payment.
- Any additional allowances, including reimbursement allowances, will increase by 3, 6 percent.
- The employees' claim for paid training leave as already demanded during last year's bargaining round has now been realised. Adult employees preparing for final graduation exams at secondary vocational schools or for graduation from apprenticeship will be entitled for a one-week paid training leave.
- The new collective agreement will come into force on 1 November 2007.

The social partners were satisfied with the agreement's provisions. The chief negotiator for the employees' side, GMTN-head Erich Foglar, emphasised that this year's increase in wages is considerably above the prospective inflation rate of 1, 9 percent and thus mirror the continuing favourable economic situation of

both the sector and the overall economy. Productivity is forecast to increase this year by 1,7% (2008: 2,0%).

Last year an increase of both minimum and effectively paid wages/salaries by 2,6 percent and an additional one-off payment of €100, depending on the individual companies' profitability, was achieved.