

Annual collective bargaining report 2012

Higher settlements – successful outcomes on temporary agency work and training

Reinhard Bispinck and the WSI-Tarifarchiv

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The 2012 bargaining round led to generally positive outcomes on pay. Following the progress made in 2011, trade unions were once again successful in achieving higher pay settlements. Given the modest rise in consumer prices, this led to a rise in real agreed earnings of 0.7 per cent. There was also progress on a number of qualitative issues. The pay gap between temporary agency workers and permanent staff was narrowed in some sectors, and the terms on which trainees were taken on following completion of their apprenticeships were also improved. None the less, the ongoing bargaining round for 2013 is expected to take place against an uncertain economic background.

1. Overview of the 2012 bargaining round

1.1 The context

The generally positive progress achieved in the 2012 bargaining round was not initially one that might have been anticipated, given the unfavourable economic context in which it began. Over the course of 2011, the pace of economic growth, which had got off to a vigorous start, slackened markedly, and GDP actually shrank by 0.1 per cent in the fourth quarter. Most of the leading economic institutes did not expect 2012 to be an especially good year, with the majority forecasting a reduced rate of growth of 0.5-1.0 per cent, and in some cases a fall (IMK, 2011). In this respect, the 2012 bargaining round had many similarities to that of the preceding year. As a consequence, trade unions bided their time somewhat whilst finalising and submitting specific claims. By contrast, one favourable factor in this process was the situation on the labour market. Over the course of 2011, the unemployment rate fell from 7.9 per cent to 6.6 per cent with seasonally adjusted registered unemployment down from 3.1 million to 2.9 million. The total number of economically active people in work rose by 1.0 per cent, and the number of employees registered for social insurance purposes by 1.9 per cent (Bundesagentur für Arbeit, 2013). As in 2011, there was considerable political support for demands for substantial pay rises in the 2012 round, a call echoed in this instance by the leading economic research institutes. A significant role was also played in this by the ‘fairness debate’, triggered by exorbitant rises in management pay, especially in DAX-listed companies (Spiegel Online, 2012).

In addition to pay claims, trade unions also submitted a number of claims on qualitative topics, in general aimed at curbing the incidence of precarious employment and pressing for the implementation of ‘Decent Work’. The main sectors dominating the 2012 bargaining round were the public sector (covering federal government and local authorities), the metalworking and electrical industries, and the chemical industry. There was a fairly high level of conflict, as evidenced by the widespread ‘warning’ strikes in the public sector and metalworking industry.

Union pay claims in 2012 were clustered around 6-7 per cent, broadly the same as in 2011 (see Table 1 and Bispinck/WSI-Tarifarchiv 2012a). The food and hospitality trade union, NGG, submitted claims of between 5 and 6 per cent, together with a minimum hourly agreed rate of €8.50. Claims of 6 per cent were also submitted in the chemical industry, banking and agriculture (5.9 per cent in the latter case). The claim in the metalworking and electrical industries, as well as at Volkswagen, was for a 6.5 per cent increase, with a similar claim at

Deutsche Telekom AG. In the public sector, covering employees in federal and local government, the trade union ver.di also submitted a claim of 6.5 per cent and at least a €200 increase, which implied increases of 10 per cent and more for employees in lower salary grades. Ver.di put in a claim for 7 per cent at Deutsche Post AG as well as for the private transport sector in Baden-Württemberg. At 5 per cent, the claim submitted in the textile and clothing industry was substantially below the general level.

The sequence of bargaining at branch level was determined by the dates on which preceding agreements expired, as indicated below:

- Agreements at Deutsche Post AG, and at local health insurance funds (*Ortskrankenkassen*) expired at the end of December 2011, followed at the end of January 2012 by the agreement at Deutsche Telekom AG.
- In February 2012, agreements expired in the public sector (federal and local government) and in banking.
- At the end of March, agreements expired in the metalworking and electrical industries, as well as in some bargaining units in the private transportation sector.
- A number of regional-level agreements awaited renegotiation at the end of April in the vehicle repair sector and in hotels and hospital.
- The agreement at Volkswagen AG expired at the end of May. Some regional agreements in the chemical industry also expired at the end of May, with others following at the end of June.
- At the end of August, agreements expired in the paper and cardboard industries, followed in September by other agreements in private transport, plastic and synthetic materials fabrication, and in the energy industry; in October, agreements run out for the textile and clothing industry, and for agriculture.

1.2 Settlements

A large number of sectors did not engage in bargaining in 2012 due to the multi-year agreements concluded in previous years. These included the retail and wholesale sectors, the construction industry, printing, insurance and, in the public sector, the tier of regional (*Land*) government. The main settlements, in chronological order, were as follows:

March

The first major settlement, on 31 March, was in the *public sector, covering federal government and local authorities*. This was concluded after extensive token industrial action ('warning strikes'), and provided for a rise in agreed rates of 3.5 per cent from 1 March 2012, with two subsequent staged increases each of 1.4 per cent (on 1 January 2013 and 1 August 2013). The overall duration of the agreement is 24 months.

April

The agreement concluded at *Deutsche Telekom AG* on 28 April 2012 also had a two-year duration: this comprised a three-month pay freeze, followed on 1 May 2012 by an increase in agreed rates of 2.3 per cent, with two subsequent staged increases, each of 2.1 per cent (on 1 January 2013 and 1 August 2013).

May

On 4 May 2012, the food, drink, and hospitality workers' union, NGG, not only succeeded in winning a staged pay increase in the *hotel and hospitality sector* for the North-Rhine Westphalia region¹ of 3.1 per cent from 1 June 2012 after a one-month freeze, with two further rises of 1.6 per cent from 1 February and 1 September 2013, but also secured a general uplift in lower pay grades to ensure that no employee will receive less than €8.50 an hour as from 1 September 2013.

In the *metalworking and electrical industries*, and following extensive warning strikes, union IG Metall concluded a pattern-setting agreement in the Baden-Württemberg region that provided for a 4.3 per cent increase after a one-month pay freeze, with the agreement set to run for 13 months. The settlement at *Volkswagen*, concluded on 31 May 2012, provided for a similar overall increase, but without the pay standstill.

In the *chemical industry*, the agreement concluded on 24 May 2012 included a one-month pay freeze followed by a rise in agreed pay of 4.5 per cent for 18 months.

June

In the *banking sector*, the services union ver.di was able to negotiate an increase in agreed pay scales of 2.9 per cent with effect from 1 July 2012, followed by a further increase of 2.5 per cent from 1 July 2013, together with a lump-sum of €350 to cover the period from March to June 2012. The overall duration of the agreement is 26 months.

September

Ver.di also negotiated a settlement for the *paper and synthetic materials* industry that provided for an increase in agreed rates of 3.1 per cent, as from 1 November 2012, preceded by a two-month pay freeze, with a further increase of 3.0 per cent from 1 November 2013, with the agreement running for a total of 24 months.

November

The two sides concluded a settlement for the textile and clothing industry that provided for a 24 month agreement, beginning with a lump-sum payment of €240 to cover an initial three-month period, followed by an increase in agreed rates of 3.0 per cent as from 1 May 2013, with a further rise of 2.0 per cent from 1 June 2014.

A number of significant developments were registered on qualitative issues.

In the *metalworking industry*, agreement was reached that, as a basic principle, all trainees should be offered indefinite employment on successful conclusion of their apprenticeships; in addition, improvements were negotiated in works council rights to be consulted when companies take on temporary agency staff (for existing agreements cf. Bispinck/WSI-Tarifarchiv 2012b).

In the *chemical industry*, negotiations on qualitative issues centred on enhancing the current agreement 'Lifetime working hours and demography'. The settlement provided for additional

¹ North-Rhine Westphalia is the most populous German region (*Land*), with some 17 million inhabitants.

sums to be paid into the ‘demography fund’ as well as provisions on working hours for older employees.

In *banking*, building on an earlier provision, ver.di negotiated a joint declaration on health and safety with the employer association for the industry that also included arrangements for annual monitoring (see too Roach, 2012).

In the area of *collectively-agreed minimum wages*, as provided for under the Posted Workers’ Act² and Temporary Employment Act, increases in minimum rates were negotiated in nine of the eleven branches covered, with rises ranging from 1.0 to 14.9 per cent.

Table 1: Selected pay claims and settlements, 2012

Settlement date in 2012	Bargaining unit	Claim	2012	2013	Agreement duration (months)
12.01	Deutsche Post AG	7.0%	€400 lump-sum to cover three months 4.0% from 1.04.12		15
31.03	Public sector (Federal and local government)	6.5%, at least €200	3.5% from 1.03.12	1.4% from 1.01.13 1.4% from 1.08.13 until 28.02.14	24
28.04	Deutsche Telekom AG	6.5%	Three-month pay freeze 2.3% from 1.05.12	2.1% from 1.01.13 2.1% from 1.08.13 until 31.04.14	24
4.05	Hotels und hospitality (North-Rhine Westphalia)	6.0%	One-month pay freeze 3.1% from 1.06.12	1.6% from 1.02.13 1.6% from 1.09.13 until 30.04.14	24
8.05	Private transport (Baden-Württemberg, excluding South Baden)	7.0%	3.5% from 1.04.12	2.5% from 1.04.13 until 31.03.14	24
19.05/22.05	Metalworking and electrical industries	6.5%	One-month pay freeze 4.3% from 1.05.12 until 30.04.13		13
24.05	Chemical industry	6.0%	One-month pay freeze 4.5% for 18 months, with varying start/end by region (31.12.13, 31.01 and 28.02.14)		19
30.05	Vehicle repair (Baden-Württemberg)	6.5%	One-month pay freeze 4.0% from 1.06.12 until 31.05.13		13
31.05	Volkswagen AG	6.5%	4.3% from 1.06.12 until 30.06.13		13
6.06	Banking	6.0%	€350 lump-sum to cover four months 2.9% from 1.07.12	2.5% from 01.07.13 until 30.04.14	26
6.09	Paper industry	6.5%	Two-month pay freeze, 3.1% from 1.11.12	3.0% from 1.11.13 until 31.08.14	24
12.09	Energy sector (North-Rhine Westphalia, GWE group)	6.0%	2.95% from 1.09.12 until 31.10.13		14

² Under the Posted Workers’ Act, 1996, minimum employment conditions may be set in specified branches. The original aim of the law was to ensure mandatory minimum conditions for employees posted to Germany, in particular in construction and associated trades. The law has since been amended to allow agreed minimum conditions to be set for any employee working in Germany, provided a sector has been brought within the scope of the law. Protection has mainly taken the form of minimum wage rates specially negotiated by the bargaining parties in the relevant branches and extended to all employees in those sectors by ministerial decree.

Settlement date in 2012	Bargaining unit	Claim	2012	2013	Agreement duration (months)
7.11	Textiles and clothing	5.0%	Two-month pay freeze	€240 lump-sum for four months 3.0% from 1.05.12 2.0% from 1.06.14 until 31.10.14	24

Source: WSI-Tarifarchiv as at 31 December 2012

2. Collective bargaining – key data on the bargaining round

2.1 Pay and trainee rates

In 2012, trade unions affiliated to the Deutscher Gewerkschaftsbund (DGB) concluded wage and salary agreements covering 8.9 million employees: of these 7.9 million were in the former West Germany and 1.3 million in East Germany.³ This was equivalent to some 46 per cent of all employees covered by collective bargaining. A further 8.6 million employees were affected by increases already agreed in 2011 or earlier. For some 2.1 million employees, pay agreements expired in 2012 or previously without any fresh agreement being concluded during 2012 or for which no pay increases were due under existing agreements.

Settlement rate

The settlement rate across the whole economy averaged 5.0 per cent (compared with 4.8 per cent in 2011), with a settlement rate of 4.9 per cent in West Germany and 5.6 per cent in East Germany. This figure encompasses all increases in agreed pay scales, including those that take effect in 2013 or later. It excludes lump-sum payments and additional one-off sums that are not consolidated into agreed pay scales. The range of settlements on this definition extended from 3.2 per cent in energy, water and the extractive industries, to 4.3 per cent in the raw materials, intermediate and investment goods sector, and 6.3 per cent in local government and social insurance administration.

This overall settlement rate is only of limited value, however, as it relates to the increase in agreed pay for the whole of the duration of the agreement, which varies considerably between sectors. Considering only the agreed increases concluded for and coming into effect during 2012, the settlement rate falls to 3.9 per cent (West, 3.9 per cent; East, 3.8 per cent). Breaking this average down by sector yields a range from 2.4 per cent in horticulture, agriculture and forestry to 4.2 per cent in the raw materials, intermediate and investment goods sector. It should be noted that since these increases take effect at different points in the year, their impact on the overall increase in agreed pay for 2012 as a whole will vary.

‘Pay freezes’ (*Nullmonate*), in which increases in rates are deferred typically for one to three months, played a much less notable role in the 2012 pay round than in the previous year. Although such provisions were agreed for some 6.1 million employees (8.1 million in 2011), covering some 68 per cent of all employees whose pay was renegotiated in 2012, the number

³ In this overview, ‘East Germany’ refers to the regions which constituted the former German Democratic Republic (GDR) and which joined ‘West Germany’ in 1990 as a result of German unification.

of months during which rates were frozen, at 1.8, was markedly below the preceding year's average of 3.2 months.

Of these, 76 per cent had to wait for one month for an agreed increase, with 14 per cent waiting for two to three months; for the remaining 10 per cent, the deferral was four months or even longer. For some 980,000 employees, 16 per cent of those affected, trade unions agreed compensation in the form of lump-sums averaging €2 per month (West, €2; East, €5).

Duration of agreements

The trend towards pay agreements running for almost two years, observable over the past decade or so, slackened somewhat in 2012. On average, pay agreements concluded in the 2012 round had a duration of 18 months (compared with 22.8 months in 2011). Some 4.6 million employees (52.1 per cent of all those covered by a new pay agreement) were subject to an agreement running for between 11 and 15 months; for 0.9 million (10.3 per cent), the agreement ran from 16 to 23 months; and for 3.3 million (37.6 per cent), the agreement was for two years or longer. Overall, agreements in the East were set to run for one month longer than in the West.

Table 2: Duration of agreements (in months)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
All Germany	14.5	18.3	20.5	21.8	25.7	22.1	22.2	22.4	24.1	24.3	22.8	18.0
West	14.1	18.1	20.4	21.8	25.2	21.6	22.2	22.2	24.3	23.6	22.6	17.9
East	16.4	19.7	21.0	22.0	28.4	24.7	21.9	23.4	23.2	28.3	23.9	19.1

Source: WSI-Tarifarchiv as at 31.12.2012

Annual rise in collectively-agreed pay

In contrast to the settlement rate, the rate of increase in collectively-agreed pay for the calendar year is calculated by taking into account the effect of the timing and duration of pay settlements together with any carryover provisions from the previous year as well as additional lump-sums and any one-off payments made to compensate employees for delays in reaching settlements (for example, if a settlement is only reached after the previous agreement has expired). The annual increase in collectively-agreed pay is measured in terms of the whole of 2012 in relation to the preceding year, and encompasses a total of 17.5 million employees.

For the whole of Germany, the **annual rise in agreed remuneration** in 2012 was **2.7 per cent** compared with 2011 (in 2011 the corresponding rise was 2 per cent). The highest rate of increase, at 3.3 per cent, was in the investment goods sector, followed by raw materials and intermediate goods at 3.0 per cent, horticulture, agriculture and forestry with 2.9 per cent, and food, drink and tobacco with 2.8 per cent. The commerce sector was exactly in line with the average, at 2.7 per cent. Below-average rates of increase were recorded in private services

and non-commercial organisations, together with construction, at 2.5 per cent, transport and communications with 2.3 per cent, and local government and social security administration with 2.2 per cent, energy and water, and mining, with 2.1 per cent, and financial services with 2.0 per cent.

Regionally, the annual rise in East Germany was 2.8 per cent, and in the West, slightly lower, at 2.7 per cent.

The annual rise for 2012 was somewhat negatively affected by the impact of long-term settlements from 2011. These carryover provisions provided for an increase of 2.5 per cent, while new settlements for 2011 were worth 2.9 per cent – yielding the average noted above of 2.7 per cent.

Pay agreements covering some 622,000 employees expired in 2012 without any fresh settlement being achieved by year-end. If these employees are included, the annual rise in agreed remuneration falls to 2.6 per cent.

Agreements for a further 1.5 million employees expired in 2011, and in some cases before this, without any succeeding agreement being concluded (although previous agreed pay continues to apply). If this group is included, then the annual rise in agreed pay for *all* employees covered by a collective agreement falls to 2.4 per cent for 2012.

Table 3: Rise in agreed pay in 2012 in % ¹

Sector	East	West	All-Germany
Horticulture, agriculture, forestry	3.3	2.8	2.9
Energy and water, mining and quarrying	3.3	1.9	2.1
Raw materials and intermediate goods	3.1	3.0	3.0
Capital goods	3.4	3.3	3.3
Consumer goods	2.3	2.1	2.1
Food and drink	3.6	2.7	2.8
Construction	2.7	2.5	2.5
Commerce	2.7	2.7	2.7
Transport and communications	2.7	2.3	2.3
Banking and insurance	2.0	2.0	2.0
Private services, non-commercial organisations	2.9	2.4	2.5
Government and social security	2.2	2.2	2.2
Whole economy	2.8	2.7	2.7

¹ Annual increase in agreed basic pay for 2012 in relation to 2011.

Source: WSI-Tarifarchiv as at 31.12.2012

The rise in agreed average pay for 2012 at 2.7 per cent was above the increase in living costs of 2.0 per cent. As a consequence, basic agreed pay in **real terms** rose on aggregate in real terms by **0.7 per cent**.

Earnings

Earnings also continued to rise during 2012. **Total earnings** in the whole economy rose by 3.7 per cent in 2012. Calculated on a monthly basis, earnings per employee rose in nominal terms by **2.6 per cent**; on an hourly basis they were up by as much as 3.2 per cent. Adjusted for inflation, this meant that real earnings in 2012 once again rose by 0.6 per cent on a monthly basis and 1.2 per cent on an hourly basis. As such, there was no notable wage drift on a monthly basis.

The **cost-neutral scope for nominal pay growth**, which is the sum of (positive) consumer price inflation (+2.0 per cent) and negative whole economy per employee productivity growth (-0.3 per cent), was 1.8 per cent in 2012. If, in contrast, hourly productivity is taken, which rose by 0.4 per cent, then the cost-neutral scope for nominal pay growth was 2.4 per cent. As a consequence, both agreed and actual pay movement lay above this cost-neutral figure. However, if the ECB's target inflation rate (2 per cent) and long-term productivity growth (1.5 per cent) are taken as yardsticks, then pay growth in 2012 remained below the aggregate of these two variables.

In terms of the functional distribution of income, total income from property, interest and corporate profits fell by 1.4 per cent, compared with total earnings from employment, which rose by 3.6 per cent.

Table 4: Data on economic developments and distribution 2012

- Change over the previous year in % -

	2012
Consumer prices	+2.0
Hourly labour productivity	+0.4
Cost-neutral scope for distribution (inflation + productivity growth)	+2.4
Agreed pay	+2.7
Gross earnings per employee	+2.6
Gross earnings per hour	+3.2
Hourly unit wage costs	+2.7
Income from profit, interest and rent	-1.4

Source: Federal Statistics Office, WSI-Tarifarchiv

Pay convergence between East and West Germany

The extent to which agreed pay in East Germany has **converged** with that of the West can be ascertained by looking at the overall movement of agreed basic pay. As of 31 December 2012, and based on 50 bargaining units with 1.64 million employees, agreed pay on average in the East stood at 97.0 per cent of its level in the West. This represented an overall increase for the whole economy of 0.5 percentage points compared with the previous year.

Table 5: Level of agreed pay in East Germany as percentage of West Germany

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
92.3	92.8	93.4	94.0	94.6	95.1	95.2	96.8	96.1	96.6	96.5	97.0

Source: WSI-Tarifarchiv as at 31.12.2012

Trainees' pay

Pay for trainees rose faster during 2012 than in the preceding year. According to the Federal Institute for Vocational Training (Bundesinstitut für Berufsbildung) trainees' pay rose by 4.3 per cent (West, 4.1 per cent; East, 5.0 per cent), exactly matching the rate of increase for basic agreed pay (BIBB, 2013).

This average figure concealed large variations by individual bargaining unit. Taking trainee pay in the third year of training as the basis for comparison, the rate of increase in 26 selected bargaining units ranged from 1.6 per cent to 11.1 per cent. In four bargaining units, there was no increase at all at either national or regional level.

Table 6: Increases in agreed trainees' remuneration, 2012 in %*
- Selected industries -

Bargaining unit	%
Banking	5.5
Construction (West/East)	2.6/2.9
Chemical industry (North-Rhine/East Germany)	5.4/5.8
Printing	2.0
Retail (North-Rhine Westphalia/Brandenburg)	2.0
Energy (North-Rhine Westphalia)(GWE group)/East Germany (AVEU)	2.9/3.0
Commercial cleaning (West/East)	3.8/11.1
Hotels and hospitality (Bavaria/Saxony)	2.5/1.6
Vehicle repair (North-Rhine Westphalia/Thüringia)	2.4/3.8
Metalworking and electrical industries	4.3
Public sector (Federal government, local and regional government)	6.3/2.7
Confectionery (Baden-Württemberg/East Germany)	2.8/3.1

Increase for trainees in their third year of an apprenticeship, compared with levels in December 2011.

WSI-Tarifarchiv, as at 31 December 2012

2.2 Working time

Weekly working hours remained broadly constant over the past year. At the end of 2012, average agreed weekly working hours stood at 37.7 for the whole of Germany (West, 37.5; East, 38.6).

However, given the extensive scope for workplace deviation from agreed industry-level provisions and the wide range of flexible arrangements (such as individual working time accounts and long reference periods over which agreed hours must be averaged), aggregate and branch figures for agreed working time represent a basic reference figure rather than a precise description of actually prevailing working time levels and provisions.

Agreed annual holiday entitlement stood at 30 days (West, 30.9; East, 29.5), unchanged from the previous year: this represents the maximum entitlement under agreements where the number of days depends on seniority.

Based on this and other working time elements, **average annual agreed working hours** on all-German basis amounted to 1,655.5 (West, 1,646 and East 1,704.9).

Table 7: Agreed working time arrangements 2012

Agreed provision	East	West	All-Germany
Average weekly working hours	38.6	37.5	37.7
<i>Percentage of employees with:</i>			
<i>Up to and including 35 hours</i>	9.6	25.6	23.0
<i>36 - 37</i>	5.3	8.3	7.9
<i>37.5 – 38.5</i>	30.4	34.9	34.1
<i>39 - 40 and above</i>	54.2	30.7	34.5
Annual holiday entitlement (days) ¹	29.5	30.0	30.0
Annual agreed hours	1,704.9	1,646.0	1,655.5

¹ Maximum entitlement, where dependent on seniority

Source: WSI-Tarifarchiv as at 31.12.2011

3. Regulating temporary agency work

The growth of precarious employment has increasingly become a focus of trade union collective bargaining activity in recent years, based around two main issues: firstly, the rapid expansion in the low-paid sector, which unions have sought to limit through minimum wage agreements in individual branches combined with the targeted raising of any very low agreed pay rates; and secondly, the upswing in the number of temporary agency employees, both in the period immediately preceding the financial crisis and subsequently, which has heightened concerns that a second – much lower – level of pay was being permanently entrenched that could undermine agreed pay norms in many workplaces. IG Metall initiated a campaign some years ago intended to highlight their demands in this area, not only at workplace level but also within the collective bargaining sphere and wider policy debates. Since its start in April 2008 under the slogan ‘Fair conditions for temporary work’, the campaign (‘Equal Work – Equal Pay’) aimed to secure the principle of equal pay for temporary and permanent staff.⁴ In the 2012 round, IG Metall submitted specific demands aimed at extending works councils’ codetermination rights when companies want to make use of temporary staff and to raise the level of pay for such workers closer to that for permanently-employed staff through branch-level supplements and uplifts to hourly pay after a certain period spent on an assignment.

In a new collective agreement on temporary work in the metalworking and electrical industries, the following provisions were agreed:

⁴ A statutory minimum wage was also called for to prevent temporary work being carried out for poverty-level wages; there was a demand for the ban on hiring employees solely for the duration of an assignment to be reintroduced (known as the ‘Synchronisationsverbot’, abolished in 2003) in order to prevent a ‘hire and fire’ culture in the sector; and a maximum length of assignment was intended to prevent agency work being used to cut ‘core’ jobs (<http://www.gleicharbeit-gleichesgeld.de/initiative/gruendungserklaerung/>).

- The use of temporary agency staff should not lead to any deterioration in pay or other terms and conditions of employment at the client company nor endanger permanent jobs.
- A temporary assignment is permitted if it is for a fixed-term, if there is a material reason, or in order to deal with periods of peak demand.
- The use of temporary agency staff requires as a normal matter of principle the consent of the works council at the client company.
- If the use of temporary agency staff is envisaged as lasting longer than three months, if requested by the works council, the posts should be advertised internally first.
- After any assignment lasting for 18/24 months, the client company must either review the scope for an indefinite contract of employment or (after 24 months) offer such a contract.
- If there is a series of temporary assignments in the same workplace, these will be added together if the gap between them is for fewer than three months.
- It will be possible to conclude a voluntary workplace agreement with the works council to regulate the purposes for which temporary staff may be employed, the areas in which such staff may work, the volume of agency employment, the level of pay, maximum length of assignment, and provisions for transferring agency staff to indefinite contracts.
- Provisions can be stipulated at workplace level to allow for the following: raising the quota (maximum 12 percentage points) of employees whose weekly working hours may be extended to 40; the same proportion may be offered a reduction in working time to 30 hours (reduced full-time work with a right to revert to previous hours); if temporary agency staff are hired permanently, any credits in their working time accounts should be paid out.
- The works council has a right to information about the scale of temporary agency work and the areas in which it is being used, as well as a right to inspect the contracts between the employer and the agency.
- The client company is obliged to inform the agency about any workplace provisions that favour temporary staff.

In negotiations with the two trade/employer associations in the sector, BAP (previously BZA) and iGZ, IG Metall secured the following provisions and branch-level supplements.⁵

- After the six week of the assignment or the 3rd, 5th, 7th or 9th month of uninterrupted work on an assignment in a client company, a supplement of 15/20/30/45/50 per cent of the agreed rate in the DGB-BZA/iGZ will be paid.
- Assignment periods will be added together and deemed a single assignment if there is a break of less than three months between them.

⁵ Agency employees working for agencies that are members of these associations have their pay levels set by a specific agreement for the sector, although they then work in branches with existing pay agreements. As a consequence, agreements on supplements in the metalworking industry have been concluded with agency employer bodies. By contrast, provisions on the deployment of agency staff in the metalworking industry were negotiated with regional metal trades employer associations.

- The supplement will be limited to the difference between the pay of temporary agency staff and comparable employees at the client company, excluding the average merit rating (10 per cent of pay) paid as an addition to core staff at the client company.
- Temporary agency staff will receive the branch supplement even if they are not working in a company subject to the industry agreement for the metalworking and electrical industries.
- The assignment-based supplement provided under Section 4 of the ETV and Section 5 ERTV between the DGB and BZA (or iGZ) will not be paid.

This agreement came into force on 1 November 2012, and runs until the end of 2017. IG Metall estimated that the supplement for temporary agency staff in the lowest pay grade will be worth between €186.33 and €21.09 a month, depending on the length of the assignment.

IG Metall emphasised that the employers were forced to abandon their strategy of total refusal to negotiate on the issue of temporary work and that this settlement represented the first time that the conditions under which temporary agency staff are deployed had been regulated in a collective agreement in Germany and that works councils had won greater scope for codetermination on this issue. According to regional official Jörg Hofmann (König and Detje, 2012), the agreement has significantly strengthened works council rights in this area. In contrast, the metalworking employers emphasised that, as previously, companies will remain free for the first two years of an assignment to decide whether and how to make use of agency staff. From their standpoint, the new provisions on working time flexibility, which offer compensation to offset any limits that might be placed on the use of temporary staff, are of key significance. IG Metall also noted that, irrespective of the agreed advances, there is a still a need for a statutory re-regulation of temporary agency work (Burmeister, 2012).

Despite the criticisms made about this settlement by other trade unions (Völpel, 2012; Wiedemuth, 2012), further agreements have been concluded in other branches that take their cue from the basic arrangement agreed in the metalworking industry – albeit with differing levels of supplement depending on the branch in question (see Table 8 below).

Table 8: Agreed branch-level supplements payable in the event of temporary agency work

	Grade	Supplements in % by length of assignment				
		From 7th week	From 4th month	From 6th month	From 8th month	From 10th month
Chemical industry	E1 - E2	15	20	30	45	50
	E3 - E5	10	14	21	31	35
	E6 - E9	0	0	0	0	0
Railways	E1 - E2	4	6	8	12	14
	E3	3	4	6	9	10
	E4 - E5	4	6	8	12	14
	E6 - E9	0	0	0	0	0
Wood and synthetic materials	E1 - E9	7	10	15	22	31
Rubber	E1 - E2	4	7	10	13	16
	E3	3	4	6	9	10
	E4 - E6	4	7	10	13	16
	E7 - E9	0	0	0	0	0
Plastic and synthetic material processing	E1 - E2	7	10	15	22	25
	E3 - E4	4	6	9	13	15
	E5	3	4	6	9	10
	E6 - E9	0	0	0	0	0
Metals and electrical	E1 - E9	15	20	30	45	50
Paper	E1 - E9	(from 5th week) 4	8	12	16	20
Wallpaper and coverings	E1 - E9	(from 5th week) 7	11	15	19	23
Textiles and clothing	E1 - E9	5	10	15	20	25

Source: WSI-Tarifarchiv as at December 2012

4. Collectively-agreed minimum wages

At the start of 2013, there were agreed minimum wages in twelve branches, on the basis of either the Posted Workers' Act or the Temporary Work Act. During the course of 2012, increases in minimum wages took place in nine branches, with rises ranging from 1.0 per cent to 14.9 per cent (see Table 9 below). In three branches, minimum wage rates already agreed had not yet come into effect at the time of writing (scaffolding) or the branches had not yet been brought within the scope of the Posted Workers' Act.

Table 9: Agreed hourly minimum wages under the Posted Workers' Act

- includes only branches with increases applied in 2012 -

Branch	Employee-/wage grade	January 2012	January 2013	Difference in €	Difference in %
Waste disposal	Minimum wage	8.33	8.68	0.35	4.2
Construction					
West	Unskilled worker (incl. Berlin)	11.05	11.05		
	Skilled worker	13.40	13.70	0.30	2.2
Berlin	Skilled worker	13.25	13.55	0.30	2.3
East	Unskilled worker	10.00	10.25	0.25	2.5
Roofing	Minimum wage	11.00	11.20	0.20	1.8
Electrical contracting					
West	Minimum pay rate	9.80	9.90	0.10	1.0
East (incl. Berlin)	Minimum pay rate	8.65	8.85	0.20	2.3
Commercial cleaning					
West	Internal cleaning and upkeep	8.82	9.00	0.18	2.0
	External and glass	11.33	11.33		
East (incl. Berlin)	Internal cleaning and upkeep	7.33	7.56	0.23	3.1
	External and glass	8.88	9.00	0.12	1.4
Scaffolding	Minimum wage	9.50	10.00	0.50	5.3
Painting and varnishing					
West (82,200 employees)	Unskilled worker	9.75	9.75	0.00	
	Journeyman	11.75	12.00	0.25	2.1
East (23,000 employees)	Unskilled worker	9.75	9.75	0.00	
Security services					
	Minimum wage				
Baden-Württemberg		8.60	8.90	0.30	3.5
Bavaria		8.14	8.42	0.28	3.4
Bremen		7.16	7.50	0.34	4.7
Hamburg		7.12	7.50	0.38	5.3
Lower Saxony		7.26	7.50	0.24	3.3
North-Rhine Westphalia		7.95	8.23	0.28	3.5
Hesse		7.50	7.76	0.26	3.5
Rhineland Palatinate, Saarland, Schleswig-Holstein		6.53	7.50	0.97	14.9
East, including Berlin.		6.53	7.50	0.97	14.9
Laundries and laundry services					
West	Minimum wage	7.80	8.00	0.20	2.6
East	Minimum wage	6.75	7.00	0.25	3.7
Temporary agency work					
	Lowest rate payable				
West		7.89	8.19	0.30	3.8
East		7.01	7.50	0.49	7.0

Source: WSI Tarifarchiv, as at 31 December 2012.

5. Prospects

For many bargaining units, agreed increases have already been negotiated for 2013 and 2014, as Table 10 below shows. The agreed rises range from 2.1 per cent and 3.0 per cent. The 2013 bargaining around is also likely to centre on demands for substantial increases in agreed pay, with claims ranging from 5.0 per cent to 6.6 per cent. Public debates have featured growing

calls for above-average wage increases, in part as a necessary response to the Euro-crisis. For example, Gert G. Wagner, head of the DIW institute, has advocated pay rises ‘on average of 4 per cent or more’. Peter Bofinger, a member of the German Council of Economic Experts (Sachverständigenrat) has argued for ‘5 per cent plus for all branches’, which would include a 2 per cent ‘supplement to rescue the Euro’. On this view, substantial wage increases would stimulate domestic demand and indirectly create scope for a more positive development of wages in countries currently in crisis.

Agreements are set to terminate in the following major branches during the first half of 2013, and these will determine the overall course of bargaining for the year: public sector (regional – *Land* – government), where agreements expired at the end of 2012. The pay agreement in the iron and steel industry expires in February, followed by construction, insurance and some regions in retail, wholesale and export at the end of March. At the end of April, pay agreements in the metalworking and electrical industry are set to expire.

Table 10: Agreed increases for 2013

Bargaining unit	Rise	From (Month/2013)	Until (Month/Year)
Banking	2.5%	07	04/2014
Deutsche Telekom AG	2.1% 2.1%	01 08	01/2014
Hotels & hospitality (North-Rhine Westphalia)	1.6% 1.6%	02 09	04/2014
Public sector (Federal and local government)	1.4% 1.4%	01 08	12/2014
Paper manufacture	3.0%	11	08/2014
Private transport (Baden Württemberg)	2.5%	04	03/2014
Textiles and clothing industry (West)	3.0% 2.0%	05 06/2014	10/2014

Source: WSI-Tarifarchiv as at 31 December 2012.

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