



7 May 2019

Dear VM member,

On 3 May of this year, VM and the Confederation of Icelandic Employers, on behalf of member companies and professional associations within the Federation of Icelandic Industries, signed a collective wage agreement.

#### **Main aspects of the agreement:**

- The term of the wage agreement is from 1 April 2019 until the end of October 2022.
- Wage tables are simplified. Initial rates will increase by a minimum of ISK 90,000. Starting wage for journeymen will increase by ISK 114,000 (see wage rates in the presentation online)

#### **The general wage increase is:**

- 1 April 2019: ISK 17,000
- 1 April 2020: ISK 18,000
- 1 January 2021: ISK 15,750
- 1 January 2022: ISK 17,250
- A lump-sum of ISK 26,000 will be paid in May 2019.

#### **Growth-related wage increases**

- A wage increase will be implemented in 2020-2023, depending on the development of economic growth per capita. This provision will be most beneficial those with lower incomes, as the increase will be implemented fully for basic rates and by 75% for other wages. The growth-related wage increases will enter into effect on 1 May in 2020, 2021, 2022, 2023, based on economic growth in the previous year as calculated by Statistics Iceland.

#### **Changes in working hours – active working time - 1 April 2020**

- Coffee breaks will no longer be included in active working hours. No change in the taking of coffee breaks, except as decided in the workplace.
- Daytime work will be divided by 160 instead of 173.33.
- This will increase daytime wages by 8.33% - monthly salaries remain unchanged
- **1.4.2020 - New overtime percentages**
  - Overtime rates 1: **1.02%** of monthly salary (63.2% supplement on daytime working rates, 76.7% when divided by 173.33) maximum 17.33 hours per month.
  - Overtime rates 2: **1.10%** of monthly salary (**penalty supplement**) (76% on daytime working rates, 90.7% when divided by 173.33) after 17.33 hours and between the hours of 00:00 og 06:00



- **1 January 2021**
  - Overtime rates 1: **1.00%** of monthly salary (60% premium for daytime work, 73.3% when divided by 173.33) maximum 17.33 hours.
  - Overtime rates 2: **1.15%** of monthly salary (**penalty supplement**) (84% on daytime working rates, 99.3% when divided by 173.33) after 17.33 hours and between the hours of 00:00 og 06:00
- The supplement for work on major public holidays remains unchanged, 1.375% of monthly salary for daytime work (138.3% when divided by 173.3)
- **From 1 April 2020 - division by 160**
  - Employees and companies can agree to reduce working hours at the workplace to 36 hours per week (156 hours per month). This must be approved by a majority of employees.
- **January 2022**
  - If a company does not want to reduce working hours by agreement, employees can **unilaterally** reduce their working hours, cease to take formal coffee breaks, and work 36 hours and 15 minutes per week!
  - **The actual reduction in working hours will then be 3 hours, 45 minutes.** Thereof, 50 minutes is pure reduction, plus cancelled coffee breaks totalling 2:55 hrs.
  - Agreed in “*standard optional company provisions*”
  - Employees decide on this reduction in a secret ballot!
  - **7 hour and 15 minute work day**

(see online presentation of the collective wage agreement)

#### **Overtime work 1:**

- Applies to the first 17.33 hours in the pay period/month on average, for full-time work.

#### **Overtime work 2 (penalty supplement)**

- Paid for work in excess of 177.33 hours per pay period/month!
- Always applies at night, between 00:00 and 06:00
- If working hours are reduced to 156 hours per month, the number of hours will be 173.33.

#### **Notes for overtime rates 1 and 2.**

a) For a full-time employee working 37 daytime work hours on average per pay period/month (160 hours in an average month), overtime rate 1 is paid for the first 4 hours per week, on average, or 17.33 hours per month in an average month. Overtime rate 2 is paid for work in excess of this.

b) If an employee does not work full daytime work hours due to work organisation or absences, overtime rate 2 is paid when the employee has worked 41 hours on average per month, or 177.33 hours in an average month.



c) However, daytime work hours on special vacation days, during holidays, during sick leave or during unpaid leave are considered a part of the 37 hour working week/160 hours per month. Such absences are considered part of working hours in the sense of item a).

d) Unworked overtime, paid due to e.g. reduction in rest periods, and supplemental payments for work during paid refreshment breaks outside the daytime working period is not counted with the hours that accrue and entitle workers to overtime rate 2.

### **Increases in payroll items**

- **The holiday bonus for each holiday year (1 May through 30 April), based on full-time employment is:**
  - For the holiday year beginning 1 May 2019, the holiday bonus is ISK 50,000.
  - For the holiday year beginning 1 May 2020, the holiday bonus is ISK 51,000.
  - For the holiday year beginning 1 May 2021, the holiday bonus is ISK 52,000.
  - For the holiday year beginning 1 May 2022, the holiday bonus is ISK 53,000.
  
- **The December bonus for each calendar year, based on full-time employment is:**
  - In 2019           ISK 92,000
  - In 2020           ISK 94,000
  - In 2021           ISK 96,000
  - In 2022           ISK 98,000
  
- **Piece rates and tool and clothes allowances increase by 2.5% each time on 1 April 2019, 1. April 2020, 1 January 2021 and 1 January 2022**

### **Other items**

#### **Services outside standby shifts**

Services outside standby shifts by remote communications and telephone calls. If an employee who is not on standby shift is made to provide services by remote communications or telephone during their time off work, a compensation for the inconvenience incurred must be negotiated. The compensation shall be specified in the employment contract. Remote communications refers to work that the employee can carry out off-site by using computer equipment.

When determining the compensation, account must be taken of:

- a. The likelihood of the employee being inconvenienced by having to provide the service.
- b. How much work the employee is expected to carry out when the service is required.
- c. How swiftly the employee is expected to respond.
- d. At what time of day the employee may be asked to provide the service.

#### **Provisions for standby work**

Employees who have to be prepared to respond to calls **at short notice (less than an hour)** will be paid the equivalent of **33% of a daytime working hour** for each hour on standby.

- Employees who have to be prepared to **respond to calls with less than two hours' notice** will be paid the equivalent of **25% of a daytime working hour** for each hour on standby.



- Employees who have to be prepared to **respond to calls with two to four hours' notice** will be paid the equivalent of **16.5% of a daytime working hour** for each hour on standby.
- For standby shifts on **holidays (other than Sundays) and major public holidays, the standby shift supplement is 50% higher than the above rates.**
- Standby shifts must be announced with at least ten days' notice and the standby shift schedule must be prepared with at least two weeks' notice on average.

#### **Disturbance due to telephone**

- If the company publishes telephone numbers for employees, wages must be determined with reference to the additional work that this incurs.

#### **Accrued holiday entitlement**

- An employee who has worked for 10 years in the same occupation has the right to an annual holiday entitlement of 28 days and a 12.07% holiday bonus. The holiday increase takes effect on 1 May 2021 and the higher rate of holiday pay will be paid from that date. The increased holiday can therefore be taken in the holiday period beginning on 1 May 2022.

#### **Illness of children**

- Sick leave rights for children also applies to children under the age of 16 in serious cases where at least one day of hospitalisation is required.

#### **Information meetings:**

An information meeting will be held in Hof, **Akureyri**, on Wednesday, 15 May at 17:00. The meeting is held in conjunction with other tradesmen associations involved in the negotiations.

Other joint presentation meetings will be held with other tradesmen associations around the country. Further details will be published on the association's website.

#### **Voting**

Voting on the agreement will be conducted electronically. Votes will be cast on VM's website, VM.is. Voters have to log in with a digital certificate or an Íslykill identification. Members are encouraged to familiarise themselves with the agreements on the association's website and take part in the voting.

The company Outcome ehf. handles the electronic voting on the agreement. All votes are stored on the company's secure servers and no votes can be traced to individuals.

Voting will commence on Friday 10 May 2019 at 12:00 and close on noon, Tuesday 21 May 2019.

All further details on the agreement can be found on VM's website, VM.is

In solidarity - Best wishes,

Guðmundur Helgi Þórarinnsson, Chairman of VM.