



# Hungary: Developments in working life 2016

[Developments in working life in Europe:  
EurWORK annual review 2016](#)

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## Political context affecting working life aspects

No information.

### The government(s) in office during 2016

Government 1	
In office since / to	2010, re-elected for a new four-year-term in 2014
Name of the head of government (prime minister / chancellor / ...)	Mr. Viktor ORBÁN
Name all the parties that are forming this government	Fidesz – Hungarian Civic Alliance (Fidesz-Magyar Polgári Szövetség) and Christian Democratic People's Party (Kereszténydemokrata Néppárt)
List the changes in the composition of the government in 2016	None

### Elections and referenda

Election 1	
When did the elections take place?	2 October 2016 The referendum was initiated by the <a href="#">government</a> .
What kind of election it was? (parliamentary / presidential / referendum / local / ...)	Referendum against EU resettlement quota. The referendum question was: "Do you want the European Union to be able to mandate the obligatory resettlement of non-Hungarian citizens into Hungary even without the approval of the National Assembly?"
Outcomes of the election (mention also % of the votes achieved by the major participants in the election)	The referendum was invalid due to the lack of sufficient participation. The turnout was 41%, below the 50% plus one threshold. Out of those who cast ballots, more than 98,4% ticked a "no" vote, compared to 1,6% voted "yes".
Additional comments	Some trade unions (for example the National federation of Workers' Councils /Munkástanácsok Országos Szövetsége, MOSZ/) supported the referendum, and mobilized their members to vote "no".

### Forthcoming significant elections or political events in 2017

There will not be any forthcoming significant elections or political events in 2017.

### Reactions from the social partners on new government's working life policies

Not applicable

## Developments in social dialogue and collective bargaining 2016

### Major developments in national/peak-level social dialogue 2016

#### *Changes affecting the social dialogue actors and institutions in 2016*

#### **Representativeness**

While the National Economic and Social Council (Nemzeti Gazdasági és Társadalmi Tanács, NGTT), a multipartite dialogue committee, has further moved away from being an institution for consulting social partners, its [legal basis](#) has been amended regarding membership criteria as well. For social partner organisations affiliation to the relevant European social partners is no longer a necessary criterion for membership in NGTT, and thus indirectly, for representativeness.

#### *Major developments affecting the main actors*

Following its court registration, the Hungarian Trade Union Confederation (Magyar Szakszervezeti Szövetség, MASZSZ), MASZSZ has been acknowledged as the legal successor of the National Confederation of Hungarian Trade Unions (Magyar Szakszervezetek Országos Szövetsége, MSZOSZ) and the Autonomous Trade Union Confederation (Autonóm Szakszervezetek Szövetsége, ASZSZ) both formerly members of the Permanent Consultative Forum of the Competitive Sector and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma, VKF) and National Economic and Social Council (Nemzeti Gazdasági és Társadalmi Tanács, NGTT).

#### **Legislative or institutional changes to the main social dialogue institutions**

No legislative or institutional change in the given period.

#### *Changes in the social dialogue processes*

No major change in practice during the given period.

#### *Main social dialogue topics and outcomes in 2016*

Themes	Description of issue	Main result
<b>General labour market topics</b>		
Job creation, reduction of unemployment	OKÉT (Országos Közszolgálati Érdekegyeztető Tanács - National Interest Reconciliation Council for the Public Sector) – Consultation on labour shortage and related employment policy measures	Exchange of views
Active labour market policies	OKÉT – Consultation on the Government's aims and measures regarding public works programmes OKÉT – Information and	Exchange of views

	consultation on the draft 2017 budget bill, and its impact on employees in the public sector	
Benefits (unemployment, sickness schemes)	No (major) issues debated in this area	
Taxation and non-wage related labour costs	No (major) issues debated in this area	
Pension reforms	No (major) issues debated in this area	
Labour market participation of different groups	OKÉT – Consultation on the situation of workers employed in the framework of public works schemes – its impact on the number of public employees	Exchange of views
Working life related themes		
Wage setting systems, including the setting of minimum wages	VKF - Permanent Consultative Forum of the Competitive Sector and the Government – Consultation on the modification of the cafeteria system (fringe benefits)  VKF consultation on wage development in 2016 and on the minimum wage and guaranteed wage minimum for 2017  VKF – Consultation on conditions of Sunday work in retail trade	Exchange of views  Tripartite consensus on minimum wage and guaranteed wage minimum for 2017 as well as for 2018  Exchange of views
Working time regulations	No (major) issues debated in this area	
Terms and conditions of employment, including different forms of contracts	No (major) issues debated in this area	
Health, safety and well-being at work	VKF – Setting timetable for consultations on improving situation of workers exposed to increased health damages  VKF – National OSH policy 2016-2022	VKF approved the consensus over the

	Improving the situation of workers in work of particularly high levels of physical and / or psychological pressure, hazardous working conditions	National OSH policy 2016-2022 reached at the National OSH Committee
Work-life balance related themes, incl. family leaves	VKF – The EC recommendation on pay transparency and the gender pay gap	Exchange of views, revealing the lack of common understanding of concepts and of related, reliable figures
Skills, training and employability	No (major) issues debated in this area	
Any other relevant themes/topics addressed in the national level/peak level social dialogue	VKF – Consultation on amending the Labour Code and the Law on Strike	

### *Examples of selected significant social dialogue debates*

#### **Consultation on minimum wage and guaranteed wage minimum**

The 2017 wage round, in the framework of VKF - Permanent Consultative Forum of the Competitive Sector and the Government, was concluded with a tripartite consensus on a significant increase of the minimum wage (15%) and the guaranteed wage minimum -paid for work requiring secondary+ / professional qualification- (25%) in November. The tripartite consensus – with the supporting signature of the public sector social partners – also contains a 5% decrease of employer contributions. It also includes the main figures for 2018 (minimum wage increase of 8%; guaranteed wage minimum increase of 12%; along with 2% decrease of employer contributions).

Employer organizations originally stood for lower wage increases referring to the foreseen negative employment consequences and the worsening of their competitiveness while trade unions welcomed the Government position accepting the long lasting union demand for the net minimum wage to reach subsistence minimum by the end of office term of the Government.

#### **National OSH Policy 2016-2022**

Since no national OSH strategy/policy has been in place over a decade, the government proposal of a seven-year comprehensive policy for improving the health and safety situation at work was positively discussed by social partners, leading to an overall consensus. Social partners also positively evaluated the modification of Act XCIII of 1993 on Occupational Safety which stipulates the election of workers' safety representatives in workplaces with more than 20 workers and also in public sector. Trade unions have called for reinstating their former role in OSH management.

## **Sectoral and company level social dialogue 2016**

Conditions for the functioning of sectoral dialogue committees have changed significantly. The supporting secretariats of these bipartite social dialogue institutions were attached to the Ministry for National Economy (Nemzetgazdasági Minisztérium, NGM) with significant cuts both in terms of staff and financing. This latter has seriously affected the activities of the committees.

At the same time, the 29 sectoral dialogue committees/subcommittees have been undergoing verification of credentials (as stipulated by law every 5 year).

Collective bargaining takes place mostly at company level - no major changes have occurred in this regard.

### *Main developments - other than wages and working time - from important collective agreements or bargaining rounds*

No main development in the given period.

### *Examples of innovative collective agreements (at any level) made during 2016*

No example of innovative collective agreement during 2016.

## **Policies and actions to address pay-inequalities**

### **The recent public debate on pay gaps at the workplace**

Gender pay gap was made a topic of public debate in 2016. In 2014 the ILO published a recommendation for Member States which defines measures to reduce gender wage gap. The Government so far has not done anything to implement this recommendation. The Women's Section of the Hungarian Trade Union Confederation (Magyar Szakszervezeti Szövetség Női Tagozata) [embraced this issue](#), arguing that gender pay gap is a huge problem in Hungary. The government party, similarly to the opposition parties, was willing to discuss gender pay gap with the Women's Section and promised to deal with the issue.

What makes any debate on pay gap difficult is the fact that there is no common method of calculation. Indicators are very different, thus it's difficult to measure the real extent of the problem. For instance, according to World Economic Forum (Világgazdasági Fórum) it is [18.4](#) percent. Furthermore, these are average figures. The higher the position on the hierarchy ladder, the wider the wage differences. Among managers the indicator can be even [50 percent](#). Pay gap also increases by age, as researches stressed. It has many reasons including a strong gender aspect.

### **Positions regarding the posted workers directive**

#### *Positions of trade unions*

Trade unions [didn't support](#) the Commission proposal. They argued that it would not provide a solution to the problems experienced when implementing the directive and would not be able to efficiently protect posted workers. A common trade union position was developed including the standpoints of all national trade union confederations. All Hungarian trade union confederations signed that (MASZSZ, LIGA, SZEFE, ÉSZT, MOSZ). Positions of employers organisations

#### *Positions of employers organisations*

Employers did not support the proposal, because [it would reduce their competitive advantage](#). One of the employers' organisations - Confederation of Hungarian Employers and Industrialists (Munkaadók és Gyáriparosok Országos Szövetsége, MGYOSZ) - confirmed their disagreement with the modification.

### *Position of the Government*

Hungary did not agree and [refused the proposal](#) of the Commission. According to the official standpoint of the Government, the proposal violates the principle of subsidiarity and proportionality. It would limit the free movement of services and would distort the current playing field to such an extent which cannot be justified by any endeavour to reduce wage differences. The proposal also limits the possibility to implement differentiated treatment of workers justified by the different employment status of domestic and posted workers. It also intends to curtail the right of the sending country to determine freely the wages for their citizens, i.e. their workers posted to another Member State. The Government was especially against paying posted workers the same wages as domestic workers. As [they argued](#), this amendment of the directive would push Eastern and Central European workers out of the internal market, bankrupt companies and give rise to black market.

### **Pay gaps at the workplace**

#### *Evidence*

No comprehensive national studies were carried out on pay inequalities in the given period, neither were relevant research findings published. This is a serious barrier to having meaningful and well informed debate.

An article on the website of [berbarometer.hu](http://berbarometer.hu) intends to clarify, as the first step, the basic concepts, how pay gap comes into existence, what the main reasons are, what workers themselves can do about it, what role social partners, NGOs have in addressing pay gap, etc.

[The](#) survey of Trenkwalder(2016) consulting firm and its partner, Simconsult, has revealed interesting findings (in Hungarian), based on wage data of 56,000 workers. The survey focuses on 2015 and presents, for instance, the difference between the average total income of the highest and the lowest positions, how big the difference was between wages paid by different companies, which are the sectoral, regional differences and so on. There is twenty-eight-fold difference between the average total income of the highest and the lowest level jobs, thus the values didn't approach to each other compared to the last year. According to the data, the average base salary of the lowest-level physical workers is 117 thousand forints (~EUR 36 150) while the average base salary of the highest-level managers is 2,4 million forints (~EUR 741 600). In the comparison of fields, total income is over the average mainly on the IT field, technical field and financial field. On sectoral level total income is over the average mainly in the automotive sector and machinery industry. We can find the lowest wages in the metal industry, public utility operators and commercial sector. On regional level, the most developed regions are Budapest and Central Hungary and the most backward region is Northern Hungary. Usually the foreign-owned companies provide the highest wages.

Currently, [labour authorities do not inspect](#) pay inequalities at workplaces.

#### *Policies to address pay inequalities at the workplace*

No legislative or non-legislative policies to addressing pay inequalities at workplace were introduced in the 2014-2016 period.

#### *Social partner's involvement in addressing pay inequalities at the workplace*

As indicated earlier there were no Government policy/legislative initiatives in the past 2-3 years.

As an effect of the [campaign during 2016](#), the representative of the Womens' Section of Hungarian Trade Union Confederation was invited to a session of the Business Development Committee (Vállalkozásfejlesztési Bizottság) after when the Parliament made a decision that pay inequalities isn't a gender problem but an economic question.



In 2016, two members of the Hungarian Socialist Party (Magyar Szocialista Párt, MSZP), Lajos Korózs and Nándor Gúr, submitted a proposal, in partnership with the Women's Section of Hungarian Trade Union Confederation (Magyar Szakszervezeti Szövetség Női Tagozata), requesting legislative amendments. The proposal includes that the Government should assess the extent and reasons of gender pay gap than it would be necessary to develop proposals for solutions against pay inequalities. The Parliament voted down this proposal.

Besides that, there were two other proposals, one of these is in 2016, the other one is in 2015. These were submitted without consultation with trade unions. The essence of these proposals is the same like the previous: to develop proposals for solutions against pay gap. The rate of the reduction should be 30 percent till 2018. Both of them were voted down.

## **Promoting the reconciliation of working families and caregivers**

### **Recent policies**

The Hungarian Government is of the opinion that the family support system in Hungary is [one of Europe's most advanced one](#). The Hungarian State spend 4 percent of the budget for family support, while the european average is only 2.5 percent. One family in Hungary has received on average 1,1 million Ft (3,550 euro) in 2015.

Over the past two years, the Government introduced a lot of modifications in order to provide assistance more efficiently and reaching more families

The supply of childcare support and the amounts of benefits have been increased (Changes to the Labour Code starting from 1.1.2015). The large number of benefits expand year after year. Benefits under Act LXXXIV of 1998 on family support are: family allowance (including educational benefit, schooling allowance); childcare support (including child care assistance, child support, and maternity allowance). The partner is now also eligible to a family allowance.

Working time reduction, as an option, is also intended to support parents with small children. (Changes to the Labour Code starting from 1.1.2015). Depending on the agreement between the parties, uneven working hours arrangement can only be applied with the consent of the employee, starting from the determination of pregnancy to the age of three of the child (as of 1/1/2015). The employer should reduce working hours of any parent with three or more children to half of the average working time (i.e. to 4 hours) if the worker claims this in writing, until the child gets 5 years old. Thereafter, parents can continue working part-time based on an agreement with the employer. Under mutual agreement working hours can be scheduled unevenly. Thus, for example, a parent can work 6 hours instead of 4 on two days a week, this way he/she may have three, instead of two, days off. (Changes to the Labour Code starting from 1.1.2015).

[An important element of family assistance](#) is the additional days off for parents provided by the employer. (Changes to the Labour Code starting from 1.1.2015). As of January 2012 both parents are entitled to additional time-off granted for children. It means two extra days off for the mother and two for the father after one child. (See Labor Code). As of 2016 one child under 16 entitles the parents to two days, two children to four days, more than two children to a total of seven days of additional holidays. The increased role of fathers in families is promoted also in such a way that the additional holiday provided after children can be taken by either parent, or even by both simultaneously.

To ensure wider access to crèches, besides extending the capacities of the public institutions, the Government subsidises the operation of workplace day care facilities by [HUF 1 billion](#) (approx. EUR 325 000) in 2017. Companies running crèches can write off the operation costs from their corporate tax base.

The housing allowance for families (Családi Otthonteremtési Kedvezmény – CSOK), a lump-sum non-refundable housing allowance, was introduced as of 1 July 2015 and can be claimed with even more favourable terms from 15 September 2016. [CSOK 2016](#) (Families' Home-building Allowance) is a popular form of housing allowance that entitles families with children to buy a new flat, building a house, or buying or enlarging used apartments as well. The amount of the non-refundable subsidy for families with three or more children can be as much as HUF 10 million (approx. EUR 32 300). CSOK could also assist regional mobility, traditionally limited in Hungary, and thus assist people to find a job.

### **Carers leaves**

[The law](#) obliges children to provide old age care for their parents. If the elderly person is looked after by a fee-paying facility and their pension does not cover the costs incurred by the care, and if no other financing opportunity is available, the unpaid fee can be claimed from the major [child obliged to look for the parent](#).

According to Mt.131.§ (1) from 01. March 2016 the employer is to allow the employee two years of unpaid leave to take personal care of close relatives. The employee receives no payment but [has the opportunity to claim attendance allowance](#). The amount of the attendance allowance must not be lower than the lowest retirement pension (currently HUF 28,500 or EUR 95 per month).

### *Rights to request special working time arrangements, place of work etc.*

On request of the employee in the public sector, the employer may change the public employee status to a part-time arrangement also following the age of three of the child, up to the age of seven, provided it does not endanger the operation of the institution, when it is made necessary by child-care interests or any other reasonable interest. (see Act XXXIII of 1992 the status of public servants)

### **The role of collective agreements**

No research-based evidence is available on how collective agreements support work-life balance of working families. [The role of collective agreements](#), in general, has been diminishing in Hungary. In 2013 the ratio of workers covered by collective agreements decreased from 35.9 percent to 25 percent, while the ratio of trade union members fell from 14.4 percent to 10.4 percent, compared with the pre-crisis years before 2008.

The Democratic League of Independent Trade Unions (LIGA Szakszervezetek), in consortium with [two national employer organizations](#), carried out a nation-wide project titled 'For Work' ('A munkáért'), aiming at, among others, counselling on issues of collective agreements, and, simultaneously, contributing to overcoming wage inequality between genders.

According to experts' view, collective agreements, when addressing specifically work and family life balance, typically 'top-up' the provisions stipulated by the Labour Code and other relevant pieces of legislation. In Hungary the rate of workers protected by collective agreements was 35.9 percent before the 2008 crisis, which fell to 25 percent by 2013. In the same period the rate of trade union members decreased from 14,4 to 10,4 percent (Source: International Labour Organization (ILO). For example, they provide the possibility of part-time employment 'by request' for a wider range of workers and/or also for parents with older children than guaranteed by law; they provide more additional days off to parents and caregivers; etc. During the period of unpaid leave, the employee may claim only nursing award. The employer must allow two years unpaid leave to enable employees to care for close

relatives at home. The employee does not receive income, but has the opportunity to claim a care allowance. The amount of care allowance may not be less than the amount of the minimum retirement pension (now 28,500, - Ft, EUR 95 EUR / month).

[Collective agreements of the public sector](#) enable employees to use different family assistance opportunities. One of them is that the employer cannot post a parent, without his/her consent, to another work location until his/her child is 16 or if the parent is a personal care-taker of a family member (with at least a 50 percent deterioration of health established by the rehabilitation authority). In public education, the collective agreement ensures that, on request by the public employee, the employer may reduce parents' working hours to half of the normal daily working time (i.e. to part-time employment), when their child is [between 3 and 7](#), provided this does not endanger the operation of the organization. This is a mandatory provision. The conditions have been more favourable. Collective agreement in the public education enables eligibility for the allowances lasts until the age of three of the child, but if the mother goes back to work earlier than this time, she remains eligible to the benefits also while working. However, mothers working in public education may request the part-time hours arrangement until the child's age of seven years. (see. KLIK collective agreement).

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