



Industrial relations  
**Hungary: Developments  
in working life 2017**

*[Developments in working life in Europe:  
EurWORK annual review 2017](#)*

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## **Political context affecting working life aspects**

The political context affecting working life did not change in 2017: it was the last year of the Government's current term in office prior to the Parliamentary election in spring 2018. So neither the Government nor social partners initiated significant transformation of the legal framework of the world of work.

The deepening labour shortage and wage demands, especially in the public sector (education, health care), however, prompted both the Government and social partners to deal with working life issues more actively than expected.

## **Social partners reactions following changes in governments**

No new government took office nor elections held in 2017.

## **Labour market reforms or major packages of working life regulations**

There were no labour market reforms or major changes.

## **Developments in industrial relations 2017**

### **Changes affecting the national-level actors and institutions of industrial relations and social dialogue in 2017**

#### *Representativeness*

No major changes in this area.

#### *Actors*

No major developments occurred affecting the national level actors of industrial relations and social dialogue. The general trend of slowly eroding trade union membership continued with some exceptions of membership growth following decisive union actions (in manufacture, commerce sectors). No major developments in relation with employers' organisations.

#### *Institutions*

A trade union initiative to set up a separate consultative forum for totally or partly state owned public utility companies (similar to that of the private sector, the Permanent Consultative Forum of the Competitive Sector and the Government /Versenyszféra és a Kormány Állandó Konzultációs Fóruma, VKF/) was positively considered by the Government. Accordingly, a new consultative body is due to start its work in January 2018. It will bring together the management of these companies, the respective trade unions and the Government (as the maintainer) to discuss wage setting, employment and other relevant policy issues.

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

In general, the practice of national-level social dialogue processes did not change. Moreover, 2017 was the last year for the Government in its current term in office, so no fundamental legislative initiative was tabled for consultation. For example, the modification of the Labour Code or the Act on Strike was pushed aside. Even less comprehensive amendments proposed by the trade unions were not meaningfully discussed, thus the issue of workers in hazardous jobs and their possible early retirement, having been on the agenda for years, remained pending.

Some EU related issues were touched upon by the national tripartite consultative forum of private sector (VKF). Information was provided on the revision of the Posting of Workers Directive, the European Pillar of Social Rights – on dossiers of high importance and sensitivity for the Government. Genuine consultation on European issues is, however, not yet a practice.

## National social dialogue in 2017 – Scope and Contribution

### Main social dialogue topics and outcomes in 2017

Themes	Description of issue	Code(s)-interaction	Type of Interaction	Code(s)-Outcome	Outcome
<b>General labour market topics</b>					
Job creation, reduction of unemployment, active labour market policies, labour market participation of different groups	The establishment of pensioners' cooperatives of public interest. As a member of a cooperative pensioners, elderly people can get income with favourable taxation (while tax relief is also provided to the cooperatives, as employers). Pensioners' work is considered as a personal contribution to the cooperative (i.e. not as an employment relationship even if the cooperative places them to a third party like a temporary agency).	3	The Permanent Consultative Forum of the Competitive Sector and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma, VKF) discussed the issue, but only after the Parliamentary adoption and entry into force of the relevant Act LXXXIX of 2017. No consultation took place on the introduction of this new form of work, VKF could only discuss the very first experiences.	1	Not before the adoption of the law, but after the conciliation was the debate, that's why it was about rather the experiences. Social partners could neither influence the introduction nor the actual legislative framework of pensioners' cooperatives as consultation took place only after the adoption of the Act.
Skills, training and employability	Transformation of the vocational training system: aiming at more flexible education, strengthening dual vocational training. In connection with that, trade unions expressed their demand for participating in the	3	Social partners were informed about the transformation of the vocational training system. They had opportunities to raise their questions and express their opinions within	1	The Parliament adopted the fundamental restructuring and modification of the vocational system as submitted by the Government.

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Themes	Description of issue	Code(s)-interaction	Type of Interaction	Code(s)-Outcome	Outcome
	vocational training committees.		the framework of VKF.		
Pension reforms	Introducing a sort of flexible retirement scheme for workers in hazardous jobs. There used to be an early retirement scheme for these workers but was terminated by the Government and actually phased out in 2014.	3	VKF discussed this issue several times over the past years.	7	No solution has been found, thus the issue is still pending.
<b>Working life related themes</b>					
Wage setting systems, including the setting of minimum wages (but excluding the 'regular' annual debates about the determination of the level of the new minimum wage)	The Graduate Minimum Wage was initiated by the Forum for the Co-operation of Trade Unions (Szakszervezetek Együttműködési Fóruma, SZEK). The goal is to introduce an additional national, statutory minimum wage for graduates whose amount is 30-35% higher than the so called guaranteed wage minimum for workers in skilled jobs.	3	The initiative was tabled to the relevant consultative forum (National Interest Reconciliation Council for the Public Service /Országos Köszolgálati Érdekegyeztető Tanács, OKÉT/). The Government didn't shy away from the proposal, but suggested that social partners of the business sector be also heard.	7	
Working time regulations	Extending the working time reference period	4,8	None of the consultative fora discussed the issue. Trade unions, however, could arrange some informal consultations, and formally	7	The Parliamentary Committee withdrew the bill. At the same time, the Committee called the Government, which formally has neither disagreed nor supported

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Themes	Description of issue	Code(s)-interaction	Type of Interaction	Code(s)-Outcome	Outcome
			expressed their opinion to the Parliamentary Committee on Economics, which submitted the bill.		the bill, to discuss the working time regulation in more details, taking into account the special circumstances of the various sectors.

No major social dialogue debates were held on the following themes: Benefits (unemployment, sickness schemes, minimum income); Taxation and non-wage related labour costs; Terms and conditions of employment, including different forms of contracts; Health, safety and well-being at work; Work-life balance related themes, incl. family leaves.

Note:

Codes for '*Type of interaction*': **1** - Tripartite debate; **2** - Tripartite negotiation; **3** - Formal consultation of both social partners; **4** - Formal consultation of trade unions; **5** - Formal consultation of employers organisations; **6** - Bipartite debate; **7** - Bipartite formal negotiations; **8** - Lobbying from at least one side; **9** – Type of interaction unknown.

Codes for '*Outcome as per 1.1. 2018*': **1** - Unilateral decision by government; **2** - Legislation passed; **3** - Legislation prepared (in legislative process, not concluded); **4** - Tripartite agreement or joint position reached; **5** - Bipartite agreement reached; **6** - Joint opinion of social partners reached; **7** - Issue not closed, ongoing exchange; **8** - Issue dropped, no concrete outcome, no further exchange; **9** – Outcome unknown, none of these types.

## **Selected major social dialogue debates**

### *Graduate Minimum Wage Initiative for the workers of public sector*

The Hungarian Civil Servants and Public Employees Trade Union (Magyar Köztisztviselők, Közalkalmazottak és Közszolgálati Dolgozók Szakszervezete, MKKSZ) and the Forum for the Co-operation of Trade Unions (Szakszervezetek Együtműködési Fóruma, SZEF), which unites the trade unions in the public sector, proposed introducing the so-called graduate minimum wage. Currently there are two types of statutory minimum wages: the minimum wage (for any worker employed) and the guaranteed wage minimum for workers employed in skilled jobs.

Both statutory minima were considerably increased in the past years, mainly as a means to mitigate labour shortage. However, these rises were not followed by wage adjustments for the more qualified. The salary scales set by law for public servants and public employees have remained unchanged for more than eight years. Consequently, for example highly qualified persons possessing Academic Doctorate (the highest scientific decree) earn the same amount as an absolute beginner in a skilled job.

That is the reason trade unions demanded the introduction of a statutory minimum wage category for people who work in any kind of job requiring higher educational attainment.

Its amount, as of 1 January 2018, should be at least 30-35 percent higher than the guaranteed wage minimum, according to trade unions.

The Government did not question the need to further differentiate the minimum wage system, but indicated that the introduction of a graduate minimum wage would also have an impact on wages in the competitive sector and thus the opinion of the respective employer organisations should also be taken into account. The Government expressed its openness to discuss the proposal within the framework of the National Interest Reconciliation Council for the Public Service (Országos Közszolgálati Érdekegyeztető Tanács, OKÉT), which actually took place in November, without any tangible progress.

The Hungarian Civil Servants and Public Employees Trade Union (Magyar Köztisztviselők, Közalkalmazottak és Közszolgálati Dolgozók Szakszervezete, MKKSZ) decided to exert more pressure on the Government and announced a series of strikes should their wage claim not be met immediately. They will go on strike for two days in January 2018, then for three days in February and in a similar manner in the subsequent months, since municipal workers have not received any wage increase over the past eight years.

Discussions on the graduate minimum wage initiative are expected to continue when the general political election is over in April 2018.

### *Initiative to introduce a three-year working time reference period*

According to the Labour Code in force, the employer may schedule working time in a reference period meeting the EU limit on weekly working time (of maximum 48 hours) in a longer time period. This reference period may be maximum four months or 16 weeks ([Labour Code, Section 94.§ \(1\)](#)). In special cases (e.g. continuous operation, shift work, seasonal work, in the so-called ‘stand-by-jobs’) employers can unilaterally adapt a reference period of up to six months or 26 weeks.

Additionally, in collective agreements the reference period could be extended to 12 months or 52 weeks, should the period provided by law considered to be short, especially in sectors with long production cycle and subject to global market fluctuations.

The Parliamentary Committee on Economics [initiated](#) the amendment of the Labour Code in April 2017, without any prior notice to social partners or public discussion. The proposal, among others, included that the reference period set by collective agreements could be

extended from the current 12 months up to 3 years, allowing even more discretion to employers in the organisation of work. However, the rule that on the average the weekly working time including overtime cannot exceed 48 hours in 12 months would remain unchanged. Thus, the essence of the proposal was not to increase the maximum average annual working time, but to make it possible, in case of high temporary production decline, to bank the 'not used ordinary working time' for subsequent years and thus to avoid ordering overtime in peak periods and paying the additional bonuses accordingly.

Trade unions unanimously opposed the initiative. The three trade union confederations present in the business sector requested the convening of the Permanent Consultative Forum of the Competitive Sector and the Government (Versenyszféra és a Kormány Állandó Konzultációs Fóruma, VKF). Prior to that, their representatives were invited to the meeting of the Parliamentary Committee initiating the bill, where they expressed their strong disagreement, arguing that the modification would increase workers vulnerability. The Committee withdrew its own but nevertheless called the Government to discuss the working time regulation in more details with social partners, taking into account the need for more working time flexibility in some sectors. Within the short time between submission and withdrawal of the bill, employer organisations did not state their opinion. In 2017 no further debate took place.

### *Unilateral government actions – without social dialogue*

The introduction of pensioners' cooperatives of public interest was initiated by government party MPs with the open support of the Government. Pensioners' cooperatives invite retired people to work for a few days/some hours in a week where labour shortage is acute, such as for example the retail sector. Pensioners' cooperatives are economic enterprises, only natural persons could establish or join them, and the share of old age pensioners should be at least 90 percent among cooperative members. Pensioners work is considered as a personal contribution to the cooperative (i.e. not as an employment relationship), so members of the cooperatives do not possess workers' rights and obligations. Pensioners' work thus could be remunerated for example by food voucher (instead of wages) free of taxes up to a certain limit. When paid in cash tax relief is provided to both the cooperatives (as employers) and the pensioners.

The Hungarian Trade Union Confederation (Magyar Szakszervezeti Szövetség, MASZSZ) strongly opposed the initiative and demanded to reintegrate pensioners and elderly people to the labour market by proper employment contracts. Employer organisations supported the introduction of pensioners' cooperatives as a means to ease labour shortage.

### **Changes affecting the sectoral and company level social dialogue 2017**

How to conclude collective agreements higher than enterprise/institutional level in the public sector, and how to make them binding beyond the signatory parties – these questions emerged some years ago. They became particularly important in the health care sector, where the trade union had the ambition to address some issues in a sectoral collective agreement, affecting most if not all employees.

At the end of 2016, a legislative amendment (Par. 19/B of the Act LXXXIV of 2003 on Certain aspects of health care activities) made it possible to extend the collective agreement to all employers in the sector. For this to happen, 50% of the workers should be working for the employers signing the collective agreement. Besides, the membership ratio of the undersigning trade union should be at least 10% in the sector.

In April 2017 the sectoral collective agreement was signed by the National Healthcare Services Center (Állami Egészségügyi Ellátó Központ, ÁEEK) based on the mandate given by around fifty hospitals and healthcare institutions, and the Hungarian Social and Health Workers' Democratic Trade Union (Magyarországi Munkavállalók Szociális és Egészségügyi

Ágazatban Dolgozók Demokratikus Szakszervezete, MSZ EDDSZ). Its extension was initiated by the signatory parties but no decision has yet been made by the relevant Minister.

### *Innovation in collective bargaining*

No major innovations have been incorporated into collective agreements or implemented during bargaining.

## **Collective labour disputes in 2017**

There were no modifications in the regulation of collective disputes in 2017.

Over the past years the main debates centred around wages: to increase the minimum wage and the guaranteed wage minimum tangibly, to make the net minimum wage gradually catch up with the minimum subsistence. Eventually, a multi-annual national wage agreement was signed in December 2016, according to which unprecedented increases were applied as of 1 January 2017. (The statutory minimum wage was increased by 15% and the guaranteed wage minimum, for workers employed in jobs that require skill qualification, by 25%) As a result the minimum wage reached the subsistence minimum. In the framework of this agreement, in 2018, the amount of minimum wage and guaranteed minimum wage will continue to rise.

The massive increases had fundamental effects on the overall wage scene and, coupled with the growing labour shortage in many areas, brought about several further debates.

The most significant sectoral industrial action was at TESCO in the commercial sector: a massive country-wide strike in September. As a result of that, the collective agreement provides all TESCO workers a 9 percent higher minimum wage than the statutory guaranteed wage minimum for skilled jobs. As a spillover effect other major retail chains also had to reconsider their wage levels. This primarily affected multinational companies, thus also Auchan, Metro and Aldi implemented tangible wage increases. The sector is seriously affected by labour shortage, which made employers more cooperative during bargaining.

## **Working time 2017**

No major changes were made in the regulation of working time.

Trade unions would have wanted to make 24 December a public holiday and therefore initiated a national referendum. They, however, failed to collect the 200,000 signatures needed for holding a referendum.

## **Health and well-being at work 2017**

### **Physical working environment**

Regulating work in extreme temperature conditions became a major issue among social partners, following cases resulting in local industrial actions (rubber industry August 2017). The Ministry of National Economy issued a statement calling for lawful conduct. Tripartite discussions on regulating OSH aspects of telework (interpretation of legal provisions, regulating inspection issues) was going on, awaiting legislative steps to follow.

### **Psychosocial working environment**

No (major) issues were debated in this area.

## Employment status 2017

Type of contracts	Changes made during 2017.
'Standard' employment contracts	No major changes made during 2017
Self-employed	No major changes made during 2017
Fixed term contracts	No major changes made during 2017
Temporary agency workers	No major changes made during 2017
Posted workers	The regulations on the employment of posted workers have been on the agenda since 2016. This particularly affects freight transporters in the transport sector. Thus, discussions took place with the involvement of their representatives. No modifications were made in the legislation, but a package of proposals has already been implemented, which will be discussed in 2018.
Seasonal workers	No major changes made during 2017
Zero hour contracts	No major changes made during 2017

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