



22/12/2023

RAP/RCha/HUN/2023

## **EUROPEAN SOCIAL CHARTER**

Ad hoc report on the cost-of-living crisis

submitted by

**THE GOVERNMENT OF HUNGARY**

Report registered by the Secretariat

on 22 December 2023

**CYCLE 2024**

Az előterjesztést a Kormány nem tárgyalta meg, ezért az nem tekinthető a Kormány álláspontjának.



**Ministry of Interior**

**Ad-hoc report on the implementation of the Revised European Social Charter**

**Submitted by:  
Government of Hungary**

**2023 Budapest**

***Question 1: Please provide information as to whether and how the statutory minimum wage is regularly adjusted/indexed to the cost of living. Please indicate when this last happened, specifically whether it has been adjusted /indexed since the end of 2021.***

In the case of employees, Article 153 of *Act I of 2012 on the Labour Code* (hereinafter referred to as the "Labour Code") states that the amount and scope of the statutory minimum wage and the guaranteed minimum wage shall be determined by the Government, and that the Government may determine different statutory minimum wages and guaranteed minimum wages for different groups of employees. When determining the amount and scope of the statutory minimum wage and the guaranteed minimum wage, the requirements necessary for the performance of the work, the characteristics of the national labour market, the situation of the national economy, and the labour market characteristics of the individual sectors of the national economy and of the individual geographical areas, are taken into account (Article 15(3) of the Labour Code). The amount of the statutory minimum wage and the guaranteed minimum wage shall be reviewed each calendar year (Article 153(4) of the Labour Code). A government decree shall determine the expected level of wage increases necessary to maintain the net value of wages below HUF 300,000 gross, the amount of fringe benefits that may be taken into account in this context, and the detailed rules relating to the expected level of wage increases (Article 153(5) of the Labour Code).

There is no automatic indexation of the statutory gross minimum wage. The statutory minimum wage is reviewed regularly, on an annual basis. The setting of the minimum wage is primarily a matter of negotiation and agreement between the social partners, which the Government takes into account. In the negotiations, several factors are assessed, including changes in the cost of living due to inflation. Since the end of 2021, the minimum wage has been increased at the beginning of 2022 and subsequently at the beginning of 2023.

Pursuant to Article 2(1) of *Government Decree No. 703/2021 ( 15 December) on the establishment of the statutory minimum wage (minimum wage) and the guaranteed minimum wage* (hereinafter referred to as "Government Decree No 703/2021"), the statutory minimum amount of the basic wage (minimum wage) for full-time employees was increased to HUF 200,000 gross per month, and pursuant to paragraph (2), the guaranteed minimum wage for jobs in at least the intermediate level of the job classification was increased to HUF 260,000 gross per month.

Based on Article 3(2) of Government Decree No. 703/2021 (15 December.), which entered into force on 1 January 2022, these amounts were to be applied for the first time in determining the salary for the month of January 2022.

Pursuant to *Government Decree No. 573/2022 (23 December) on the setablishment of the statutory minimum wage (minimum wage) and the guaranteed minimum wage* (which entered into force on 1 January 2023), the minimum wage was increased to HUF 232,000 gross per month as of 1 January 2023 and HUF 266,800 gross from 1 December 2023, while the guaranteed minimum wage was increased to HUF 296,400 gross from 1 January 2023 and to HUF 326,000 gross from 1 December 2023 per month. This means that the amount of the minimum wage in 2023 (HUF 232,000/month) has increased by 16% compared to the amount of the minimum wage in 2022 (HUF 200,000/month) and by almost 39% compared to the amount of the minimum wage in 2021 (HUF 167,400 gross monthly).

Az előterjesztést a Kormány nem tárgyalta meg, ezért az nem tekinthető a Kormány álláspontjának.

Similarly, the guaranteed minimum wage also shows an upward trend, rising from HUF 219,000 gross per month in 2021 to HUF 260,000 gross per month in 2022 and to HUF 296,000 gross per month in 2023.

On 20 November 2023, the *Government Decree No. 508/2023 (20 November) on the establishment of the statutory minimum wage (minimum wage) and the guaranteed minimum wage* was published. Based on this, the statutory minimum wage has been increased to HUF 266,800 gross per month and the guaranteed minimum wage to HUF 326,000 gross per month. The increases entered into force on 1 December 2023.

**Questions 2 and 4:**

***Please provide information on any supplementary measures taken to preserve the purchasing power of the minimum wage since the end of 2021.***

***Please provide information as whether the cost of living crisis has led to the extension of in-work benefits<sup>1</sup>.***

Information on wage adjustments affecting the minimum wage is provided under the first question. The Government of Hungary has introduced the following measures regarding wage adjustments and employee benefits in occupational status other than employment status.

**1) Measures to preserve the purchasing power of the minimum wage and the guaranteed minimum wage**

The aspect of preserving purchasing power is on the agenda of the tripartite negotiations, taking inflation into account in the first place.

The minimum wage was increased at the beginning of 2022 and subsequently at the beginning of 2023.

Additional measures, which also affect minimum wages, but not exclusively, go back several years. The Government has designed a system of labour taxes that is in principle linear, but provides targeted support for the employment of workers in more difficult situations, and takes into account the number of dependants in the family through the family benefits in personal income tax and social security contributions. One element of the benefit system<sup>2</sup> is the family tax and contribution allowance, which reduces the personal income tax base by an amount depending on the number of children. From 2023, an increased family allowance will be available for long-term sick or severely disabled children. The first-married couples' allowance has been available since 2015 to help families start a family. From 2020, mothers with four or more children pay no personal income tax at all. In 2022, the personal income tax exemption for workers under 25 was introduced, exempting young people from personal income tax on their wage income (up to the level of the average wage). In January 2023, the scope of beneficiaries of personal income tax was further extended to include mothers under 30 years of age.

**2) Measures to preserve the purchasing power of public work wages**

The programmes under the public work scheme (PWS) allow disadvantaged families and jobseekers living rural areas to catch-up and help them to secure their livelihoods with exploiting the potential of the agricultural environment.

Public work schemes focus on the value-added programmes of the district-level start-work model programmes. The purpose of agricultural projects is to produce vegetables, fruits, to breed animals and to implement related processing activities, which supplies local public catering and the local people in need, finally facilitates the self-sufficiency of settlements.

The programmes deliver delicious, high-quality food to local kitchens, especially for children.

---

<sup>2</sup> The rules on tax relief are set out in Act CXVII of 1995 on personal income tax.

As a result of the PWS, the municipalities can manage their agricultural land in a planned and sustainable way, can provide conditions for livestock farming and breeding, thus ensures quality food produced locally.

The effectiveness of coordinated, planned management results in quality of crops, livestock and other agricultural products. In 2022 45% of the crops and products produced in the programmes were own used (mainly in the catering of school and other insitutions in the municipality), 29% were sold, but social use was also common (22%) – this means that they were distributed among the poor inhabitants in the settlement.

### **Wage adjustments for public workers**

Unchanged from 1 January 2017, public-work wages have been increased from 1 March 2021. The monthly wage, for a full-time employee in the public work has been increased to HUF 85,000 from HUF 81,530. Those who have at least upper secondary education and his/her work requires a vocational qualification, the monthly guaranteed wage has been increased to HUF 110,815 from HUF 106,555.

From 1 January 2022, *Government Decree No. 170/2011 (24 August) on the Compensation for Public Employment and the Guaranteed Wage for Public Employment* [hereinafter referred to as “Government Decree No. 170/2011”] adjusted the public-work wages to the minimum wages, so the public-work wages and the public-work guaranteed wages have been set at 50% of the minimum wage and of the guaranteed minimum wage, respectively [Article (1)-(2) of *Government Decree No. 170/2011*].

In other words, from that date, the change in the minimum wage effects automatically a change in the public-work wages. From 1 January 2022, following the change in the minimum wages, the monthly gross public-work wage has been increased to HUF 100,000, the guaranteed wages to HUF 130,000 (according the Government Decree No. 704/2021 (XII. 15.).

From 1 January 2023 and from 1 December 2023, also following the change in the minimum wage, the gross public employment wage and the guaranteed public employment wage increased further as follows:

| <b>Period</b>                | <b>in HUF</b> | <b>Public-work monthly wage</b> | <b>Public-work monthly wage for foremen</b> | <b>Guaranteed public-work monthly wage</b> | <b>Guaranteed public-work monthly wage for foremen</b> | <b>Special public-work wage (6 hours)</b> | <b>Special guaranteed public-work wage (6 hours)</b> |
|------------------------------|---------------|---------------------------------|---|--|--|---|--|
| 1 January – 30 November 2023 | gross         | <b>116,000</b>                  | 127,600                                     | <b>148,200</b>                             | 163,020  | 63,800                                    | 81,510   |
|                              | net           | 77,140                          | 84,854                                      | 98,553                                     | 108,408  | 42,427                                    | 54,204   |
| As of 1 December 2023        | gross         | <b>133,400</b>                  | 146,740                                     | <b>163,000</b>                             | 179,300  | 73,370                                    | 89,650   |
|                              | net           | 88,711                          | 97,582                                      | 108,395                                    | 119,235  | 48,791                                    | 59,617   |

### **3) Salary adjustments for persons performing law enforcement duties**

- Salary adjustments for police staff

The salaries/wages of Police personnel with different employment contracts are regularly adjusted to the minimum wage and the guaranteed minimum wage in accordance with the legislative intent.

Article 154(3) of *Act XLII of 2015 on the employment status of professional staff of law enforcement agencies* (hereinafter referred to as “Hszt.”) states that the basic salary of a member of professional staff may not be less than the amount of the guaranteed minimum wage specified by law, depending on the level of education and professional qualification required for the post held. This provision shall not apply to junior members of the professional staff until they have obtained a partial qualification.

In connection with the above-mentioned legal provision, Article 3(6) of the Decree 33/2015 (VI. 16.) of the Ministry of the Interior *on the determination of salaries and other benefits of members of law enforcement bodies in professional service under the control of the Minister of the Interior and on the rules of payment* (hereinafter referred to as “BM Decree 33/2015”) stipulates that if the salary of a member of the professional staff is less than the guaranteed minimum wage pursuant to Article 154(3) of the Hszt., it shall be supplemented to the extent specified by law. The supplement must be shown as a separate salary element in the employer's action and rounding can only be carried out afterwards.

In the case of candidate police officers in an officer candidate status, Article 287(1) of the Hszt. also prescribes the amount corresponding to the guaranteed minimum wage as the minimum amount of the basic salary.

Pursuant to Article 154(2) of the Hszt., the basic salary of a member of the uniformed staff – in addition to the elements of the salary for the rank, seniority allowance and professional allowance – is supplemented with effect from 1 January 2022 by the additional allowance, the rate of which has been increased from 10% to 21% on the basis of Article 38/B(1) of *Ministerial Decree No. 33/2015 BM on the determination of salaries and other allowances of members of law enforcement bodies in professional service under the control of the Minister of the Interior and on the rules of payment*.

- Salary adjustments for staff of the professional disaster management organisation

The salaries and wages of the staff of the professional disaster management organisation (professional staff, law enforcement administration staff and employees) with different employment contracts were adjusted when the minimum wage and the guaranteed minimum wage changed.

From 1 January 2022, as in 2020 and 2021, the ceiling of pay grades of the law enforcement administrative staff was increased. As such, the salary of the staff concerned increased by an average of 5%, taking into account the results of their performance appraisal.

In the case of officer candidates, considering Article 287(1) of the Hszt., the basic salary was set at the guaranteed minimum wage for the first semester of the academic year of 2023/2024.

In 2022, a significant increase in the salaries of uniformed staff was the result of the six-month service allowance, of the additional allowance increased from ten to twenty-one percent from January 1, 2022, as well as of the professional allowance increased by 250 percent from September 1, 2022.

The commuting allowance increased from HUF 9 to HUF 15 per kilometre from 2022, and from 2023 onwards, on the basis of *Government Decree No. 16/2023 (27 January) on the application of certain rules on commuting allowances in emergency situations*, this amount increased to HUF 18 per kilometre.

With regard to health care workers, Article 317/B of the Hszt., effective from 1 December 2021, provides that the salaries and wages of health care workers shall be determined in accordance with the salary set out in Annex 1 to *Act C of 2020 on the Healthcare Service Relationship (Eszjtv)*, Table 3 of which is the basis for determining the salaries of the workers concerned as of 1 January 2023.

Pursuant to Article 317/C of the Labour Code, also in force from 1 December 2021, a health care worker holding a health care position or occupation defined by the Minister in a decree, and who is in a service relationship or in a law enforcement administrative service relationship, is entitled to a health care worker's allowance. For health care professionals who are law enforcement officers and employees, the increased amount of the professional allowance has been established with effect from 1 July 2023.

- Salaries of border hunters

With regard to the new legal status created in 2022, the contractual border hunter's legal status, Article 319/L(3) of the Hszt. stipulates that the basic salary of the border hunter must reach the amount of the guaranteed minimum wage.

- Remuneration of law enforcement staff

With regard to law enforcement employees, Article 289(3) of the Hszt. provides that the guaranteed basic salary of a law enforcement employee must be at least equal to the amount of the minimum wage and the guaranteed minimum wage established by the Government.

Article 30 and Annex 2 of *Act CXLVIII of 2021 amending certain cultural and other laws* amended the 12th Annex of the Hszt., regulating the lower and upper limits of the basic salary of law enforcement employees, as a result of which the lower limit of the salary range assigned to the first step of job category "A", to steps 1-3 of job category "C", and to step 1 of job category "D" was changed to a guaranteed minimum wage instead of the previous amount. Accordingly, the salaries of the law enforcement officials concerned were increased to the amount of the guaranteed minimum wage, without its being shown as a separate salary component, with the proviso that the salary may not exceed the amount of the guaranteed minimum wage.

The upper limit of the salary range for each grade of job categories "A" to "E" and for the managerial job categories has also been increased, in view of which the basic salary of a member of the law enforcement administration staff receiving a correction allowance under Article 362/G(6) of the Hszt. shall be increased up to the upper limit of the salary range for his/her grade as set out in Annex 12 of the Hszt. The amount of the increase shall be deducted from the correction fee. This measure may not be used to adjust the total salary of the person concerned.



- Salaries of persons employed by healthcare providers working for law enforcement bodies

With regard to the measures relating to the salary increase for health care workers, Article 317/B of the Hszt., effective from 1 December 2021, provides that the salary or wages of health care workers shall be determined in accordance with the salary set out in Annex 1 to *Act C of 2020 on the Healthcare Service Relationship* (hereinafter referred to as “Healthcare Service Act”). Table 2 of the Healthcare Service Act contains the amounts applicable for 2022 and Table 3 of which contains the amounts applicable from 1 January 2023.

Pursuant to Article 317/B of the Hszt., a health care worker in a professional service is entitled to 106% of the salary specified in Annex 1 to the Healthcare Service Act instead of the salary pursuant to Articles 154-158 of the Hszt., and a health care worker employed in a law enforcement administrative status or as an employee is entitled to 100% of the salary specified in Annex 1 to the Healthcare Service Act. The salary of a health worker employed in a professional or police administrative status may be increased by up to 20% on the basis of a performance assessment.

Pursuant to Article 317/C of the Labour Code, also in force from 1 December 2021, a health care worker holding a health care position or occupation defined by the Minister in a decree, and who is in a service relationship or in a law enforcement administrative service relationship, is entitled to a health care worker's allowance.

Pursuant to paragraph (2), point a) of the legislation, in the case of a healthcare worker in a service relationship, the healthcare worker's bonus is part of the salary under Article 154 and shall be taken into account as other allowances. According to paragraph (5) of the legislation, the post and job which entitle the holder to the health worker's bonus shall be classified in the post or job of a healthcare worker with secondary, higher and tertiary education. The levels of qualification required for the healthcare worker's bonus shall be laid down by a ministerial decree.

- Salaries of school guards

The job of school guard is linked to secondary education in the Police Service's establishment table, so the salary of school guards should be set at the guaranteed minimum wage (see answer to question 1).

- Remuneration of armed security guards

The armed security guard job is classified as a job requiring secondary education, so armed security guards are entitled to a guaranteed minimum wage. The salaries of armed security guards employed in a law enforcement administrative status under the Hszt. are set at least at the guaranteed minimum wage with effect from 1 January 2022. In order to supplement the salaries of armed security guards in employment to the guaranteed minimum wage, the necessary employer measures have been implemented, i.e. the modification of the qualification requirements in the relevant staff tables and the modification of employment contracts.

- Pay adjustments affecting staff of the National Protective Service

As a central budgetary body, the National Defence Service pays salaries, wages and other allowances to its staff in accordance with the Staff Regulations, which are legally defined in terms of both their components and amounts. In addition, as an employer, it provides additional benefits (e.g. travel to and from work, reimbursement of travel expenses, reimbursement of the cost of spectacles, etc.).

- Salary supplements for prison staff

The amendment of the *Decree of the Minister of Interior 33/2015 on the determination of salaries and other allowances of members of the law enforcement bodies in uniformed service under the authority of the Minister of Interior and on the rules of payment* in 1 January 2020 and 1 January 2022 allowed for a 10 + 11% salary increase (additional allowance) for uniformed staff, totaling 21%.

The 1 January 2020 increase in the basic salary of regional prison officers has resulted in a 21-36% increase for nearly 2,500 officers.

On the basis of *Government Decree No. 712/2021 (20 December) on the service allowance established for the recognition of professional service in the armed forces and law enforcement agencies*, members of the uniformed staff received a one-time service allowance for their work in the interests of Hungary's security, at a rate of six times the combined amount of the absence allowance and the additional allowance. The one-time service allowance was granted to uniformed staff members by 15 February, 2022.

In its *Government Decision No. 1339/2022 (15 July)*, the Government decided on the salary increase for uniformed members of the law enforcement agencies and the Parliamentary Guard under the control of the Minister of the Interior, under which the first increase of the uniformed allowance came into effect on 1 September, 2022. The measure, with the amendment of the *Decree of the Minister of Interior 20/2022 (250% increase in the uniformed allowance)*, resulted in a gross increase of HUF 116,900 in the monthly salary of all uniformed staff.

For law enforcement administrative staff, basic salary increases – averaging 5% – have been implemented for the years 2020-2022, based on performance evaluation. As a result of the amendment to *Act XLII of 2015 on the employment status of the uniformed staff of law enforcement agencies*, which entered into force on 1 July, 2023, the minimum amount of the basic salary for those in job category 'A' after a specified period of service was fixed.

It was also a recognition of some of the staff members that – in accordance with *Act C of 2020 on the Health Care Service status* and the provisions of the *Ministerial Decree No. 27/2021 (9 August) BM on the health professional allowance applicable to law enforcement bodies under the control of the Minister of the Interior* – health professionals received significant salary increases (health professional wage scale, professional allowance) in 2021, 2022 and 2023.

The employees of the Bv. Holding Group whose wages in a given year are below the statutory minimum wage or the guaranteed minimum wage if the relevant conditions are met, the increase is mandatory under the applicable government decree. This is reviewed and implemented every year in accordance with the mandatory wage increases prescribed by government decree [most recently under *Government Decree No. 573/2022 (23 December) establishing the statutory minimum wage and the guaranteed minimum wage*].

In addition to the above, taking into account the inflation rate and the liquidity situation, an average wage increase of 5-15% has been foreseen for the Bv. Holding Group employees, which was differentiated to avoid wage tension.

#### **4) Salary adjustments affecting the professional staff of the Hungarian Defence Forces and defence employees**

For military and defence personnel, the existing status laws contain provisions on the minimum wage and the guaranteed minimum wage.

In the case of soldiers, Article 122 (6) of the *Act CCV of 2012 on the Legal Status of the Defence Forces* (CCV Act) stipulates that if the combined amount of the basic salary and the defence service pay is less than the minimum wage as defined in the *Government Decree No. 573/2022 (23 December) on the establishment of the statutory minimum wage and the guaranteed minimum wage* (HUF 200,000 from 1 January 2022, HUF 232,000 from 1 January 2023, HUF 266,800 from 1 december 2023), or the guaranteed minimum wage, (HUF 260,000 from 1 January 2022 and HUF 296,400 from 1 January 2023, HUF 326,000 from 1 december 2023) – or its pro rata part in case of part-time service – the difference shall be determined as additional salary.

On the basis of the amendment of Article 48/F of *Decree of the Minister of Defence No. 7/2015 (22 June) on the Salaries and Salary-related Allowances of the Defence Forces* (hereinafter referred to as “Salary Decree”), a uniform 10% salary increase was implemented on 1 January 2022, followed by a differentiated salary increase on 1 September 2022 pursuant to Article 48/I of the Salary Decree. In the latter case, with the introduction of the supplementary service salary, the lowest pay grade received the highest increase, namely 28% for crew members, 26.5% for non-commissioned officers and 25% for officers. In addition, the minimum salary amounts to be achieved for each personnel group were also determined in Article 48/I (3) of the Salary Decree, namely HUF 399,180 for crew members, HUF 474,456 for non-commissioned officers and HUF 567,858 for officers.

The *Act CXIV of 2018 on the Legal Status of Defence Employees* (hereinafter referred to as “Haj.tv.”) guarantees that defence employees are entitled to a salary at least equal to the minimum wage, or to the guaranteed minimum wage in the case of jobs requiring secondary or higher education, or secondary or higher vocational qualifications. [Article 67(10) of Haj.tv.]

In addition to their salary, defence personnel are entitled to a defence salary supplement, the basic amount of which – from the previous HUF 55,100 – has increased to HUF 63,000 from 1 January 2022, and a compulsory 2% earnings supplement calculated on the basis of their salary, taking into account the provisions of the applicable legislation. [Pursuant to Article 75 of the Haj.tv., and Article 19 of the *Decree of the Minister for Defence No. 21/2018 (28 December) (Haj.vhr.) on the Status of Defence Staff*, as well as Article 76, paragraphs (1a) a), (2) of the Haj.tv. and Article 23/A, paragraph (2) of the Haj.vhr.]

#### **5) Salary adjustment for health care workers**

Due to the increased workload caused by the epidemic situation in 2020, the government decided to draft a new legal status law, the Healthcare Service Act. The aim of the Act was clearly to clarify the status of workers, who had previously been working in a wide range of different legal relationships, by introducing a single health care service status. The scope of the

Healthcare Service Act covers both state and municipal health care providers and their maintainers. If a health care provider not covered by the Healthcare Service Act is maintained or owned by a church legal entity, the scope of the law may be extended to its employees if it decides so. In addition, the separation of public and private health care and the phasing out of the gratuity have been introduced. In addition, the new Status Law introduced a new three-stage salary scale for doctors, pharmacists, non-medical university graduates, general practitioners, dentists and school doctors.

### **Eligibility for a wage increase**

The basic rules for entitlement to a wage increase in the health sector are laid down in *Act LXXXIV of 2003 on certain issues related to the performance of health care activities*.

According to Article 11/A(2) of this Act, health workers in a specific job are entitled to a wage increase if they

- have a valid financing contract,
- are employed by a health care institution which is owned or maintained exclusively by the State, a local authority, a religious legal person or religious association, excluding employee share ownership,
- are employed by health care providers providing in-patient or out-patient specialised care and other health care services as defined by Government decree.

To qualify for a wage increase, the institution must meet all the legal conditions.

The institutions eligible for the wage increase are listed in Annex 2 to *Government Decree No. 256/2013 (5 August) on the detailed rules of salary or wage increases for certain health care professionals and health care employees and the receipt of related support*, and the eligible job categories are listed in Annex 1 to the legislation. The list of health visitor service providers subject to the health sector promotion rules is published on the website of the National Health Insurance Fund:

([http://www.neak.gov.hu/pfile/file?path=/letoltheto/altfin\\_dok/szerzodott\\_szolgaltatok/Vedonoi\\_cimlista\\_pdf&inline=true](http://www.neak.gov.hu/pfile/file?path=/letoltheto/altfin_dok/szerzodott_szolgaltatok/Vedonoi_cimlista_pdf&inline=true))

### **Wage increase**

#### **i. Doctors**

From the beginning of 2021, the gross monthly salary of a junior doctor increased to HUF 481,468, which also increased in two steps to HUF 687,837 from 1 January 2023. Gross monthly earnings for doctors in the highest salary bracket will reach HUF 2,380,057 from 2023, after 41 years of practice, which is very high by national and international standards.

## Wage increases for doctors under the new Healthcare Service Act:

| -                                      | Gross basic salary in October 2020 | Gross basic salary on 1 January 2021 | Gross basic salary on 1 January 2022 | Gross basic salary on 1 January 2023 |
|--|------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Junior doctor (H)                      | HUF 255,320                        | HUF 481,486                          | HUF 619,053                          | HUF 687,837                          |
| Junior doctor (J)                      | HUF 467,320                        | HUF 481,485                          | HUF 619,053                          | HUF 687,837                          |
| 20 years of experience as a doctor (H) | HUF 298,720                        | HUF 1,044,175                        | HUF 1,342,511                        | HUF 1,491,679                        |
| 20 years of experience as a doctor (J) | HUF 532,220                        | HUF 1,044,175                        | HUF 1,342,511                        | HUF 1,491,679                        |
| 30 years of experience as a doctor (H) | HUF 327,820                        | HUF 1,256,300                        | HUF 1,615,243                        | HUF 1,794,715                        |
| 30 years of experience as a doctor (J) | HUF 561,220                        | HUF 1,256,300                        | HUF 1,615,243                        | HUF 1,794,715                        |
| 41 years of experience as a doctor (H) | HUF 361,520                        | HUF 1,666,040                        | HUF 2,142,051                        | HUF 2,380,057                        |
| 41 years of experience as a doctor (J) | HUF 602,120                        | HUF 1,666,040                        | HUF 2,142,051                        | HUF 2,380,057                        |

The Government has allocated HUF 197,126 billion for the first stage of the wage increase in 2021, HUF 101,619 billion for the 2022 stage and HUF 53,749 billion for the 2023 stage.

The basic salary amounts may be supplemented by various salary supplements (e.g. workplace bonus, shift bonus), salary supplements (e.g. bonuses) and mobile pay elements (on-call, standby and overtime pay), the sum of which together make up the total amount of earnings. Thus, in some cases, the amount of earnings may be higher than the basic salary.

Remuneration in addition to salary is provided for in *Act LXXXIV of 2003 on certain aspects of the exercise of health care activities* and in the National Directorate General for Hospitals' Instructions No. 3/2023 (14 July).

**For primary care workers**, a similar wage increase can be assured indirectly through an increase in funding fees, with the possibility of higher salaries, wages (or other remuneration). Given that the Government's aim has been to create the possibility for all health workers to increase their income, there have been various levels of increases in funding rates for primary care recently.

Together with the prohibition of accepting additional allowances, the wages have also been increased for primary care general practitioners and dentists who are not employed in a health care service status. The regulation is provided for in *Government Decree No. 53/2021 (9 February) on joint practices* and in Annex 37 of *Government Decree No. 43/1999 (3 March) on the detailed rules for financing health services from the Health Insurance Fund*.

### ii. Health care professionals

On 17 December 2018, *Government Decision No 1684/2018 (17 December) on the salary increase for healthcare professionals and health visitors for the years 2019-2022* was published. This includes for the next 4 years, the rate and timing of the wage increase for professional staff subject to the health sector promotion rules, for non-medical college graduates (e.g. speech therapists, special education teachers), and for the inclusion in the pay scales of the professional staff of district and school nurses employed in primary care by a health visitor service provider owned and maintained by the State, local government, a religious legal person or a religious association.

Health professionals are graded on the salary scale according to their level of education ("A" to "H") and experience (grades 1 to 17).

The rate and timing of wage increases for 2019-2022 are as follows:

- the 8% increase in health care workers' salaries due from 1 November 2019 was already implemented from 1 July 2019, at the same time district and school nurses employed by a health care provider owned and maintained by the state, local government, a religious legal person or a religious association were also included in the scope of the health care workers' salary scale and received the salary increase
- from 1 January 2020: 14%
- from 1 November 2020: 20%
- from 1 January 2022: 30%.

In all cases, the wage increase is based on the 2018 salary base. Thanks to the wage increase, professional salaries have increased by 72% between July 2019 and January 2022.

As of 1 July 2019, health visitors have been covered by the scale for health care professionals in terms of their pay grading, and are therefore also covered by the wage increase.

The wage increase for health care professionals has continued in 2023. *Government Decision No. 1681/2022 (28 December) on the wage increase for health care professionals and health care workers subject to the health sector promotion rules* (hereinafter referred to as "Government Decision No 1681/2022") provides for the wage increase for health care professionals and health care workers. According to Government Decision No. 1681/2022, the wage increase is to be made in two stages:

- the first stage from 1 July 2023,
- the second stage from 1 March 2024.

According to the Government Decision 1681/2022, the first and second phases of the wage increase shall be implemented in such a way that by 1 March 2024, the average basic salary of health care professionals reaches 37% of the average basic salary of doctors.

An amount of HUF 41.5 billion is allocated to cover the first phase of the wage increase for health workers.

In the first phase, health professionals concerned by the health sector promotion rules received an uniform 18% wage increase, while maintaining the structure of the health professional pay scales and supplementary allowance system. The wage increase will be non-retrospective from 1 July 2023, for a total of six months in 2023, with the same rate for non-graduate and graduate health professionals.

As a result of the wage increase, the basic pay ratio for medical assistants will rise to 30.8% on average, with an expected 71% increase in earnings for health professionals between 2020 and 2023.

Basic salaries may be completed by various salary supplements (e.g. workplace bonus, shift bonus, rewards) and mobile pay elements (on-call, standby and overtime pay), the sum of which together make up the total amount of earnings. Thus, in some cases, the amount of earnings may be higher than the basic salary.

For the first time on 15 February 2021, the wage subsidy table for health care professionals was introduced as Annex 36 to Government Decree No. 43/1999 (3 March), which determined the amount of the subsidy depending on the length of practice (e.g., a wage subsidy of HUF 71,800 was granted retroactively from 1 January 2021 for those with 0-3 years of practice). Subsequently, from 1 January 2022, the first increase in the wage subsidy was implemented by amending Annex 36 (e.g. the wage subsidy for those with 0-3 years of practice increased from HUF 71,800 to HUF 138,000).

This measure provided for the granting of a wage subsidy for health care professionals working in primary care who are not concerned by the act concerning the health care service status (Eszjtv).

### iii. Salary increase for economic, technical and administrative staff in health care institutions

Economic and technical workers were not covered by the sectoral wage increase. However, a centralised measure was taken to adjust the wages of these workers in 2022. The Government Decision 1681/2022 includes, in addition to the wage increase for health professionals, a wage increase for workers in economic, technical and administrative posts. This measure allows for the provision of a wage subsidy as of 1 July 2023 for employees of those health care providers who are subject to the sectoral promotion rules (they are listed in Annex 2 of Government Decree No. 256/2013 (5 July)). Based on the Healthcare Service Act, the salaries of workers in the health sector are determined by free agreement between the parties. The rate of increase of the basic salary of employees in the health sector is on the same scale as the increase of the salaries of health care professionals, except that in their case the employer is entitled to a monthly wage subsidy of HUF 57,600 per person per month. Health care providers are obliged to use the wage subsidy amounts to increase the basic salaries of their employees. An amount of HUF 8.4 billion is allocated for covering the first stage of the wage increase of employees in the health sector.

#### Examples of basic salary changes for health care professionals

| Occupational group                   | Payment group  | Basic salary until 31 August 2016 | Basic salary from 1 January 2018 | Basic salary from 1 July 2019 | Basic salary from January 2020 | Basic salary from November 2020 | Basic salary from January 2022 | Basic salary from July 2023 |
|--------------------------------------|--|-----------------------------------|----------------------------------|-------------------------------|--------------------------------|---------------------------------|--------------------------------|-----------------------------|
| "Nurses with an 'E' category interme | Junior with 0-3 years of employment status (salary grade E1) | HUF 129,000                       | HUF 191,865                      | HUF 207,214                   | HUF 234,152                    | HUF 272,787                     | HUF 330,072                    | HUF 389,485                 |

|   |   |             |             |             |             |             |             |             |
|---|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>diploma<br/>in<br/>nursing</b>                                 | 19-21 years of employment status (salary grade E7)                            | HUF 138,952 | HUF 226,599 | HUF 244,727 | HUF 276,541 | HUF 322,171 | HUF 389,827 | HUF 459,996 |
|   | 37-39 years of employment status, <b>before retirement</b> (salary grade E13) | HUF 160,012 | HUF 261,333 | HUF 282,240 | HUF 318,931 | HUF 371,554 | HUF 449,581 | HUF 530,506 |
| <b>Nurses with an 'F' category higher education qualification</b> | <b>Junior</b> with 0-3 years of employment status (salary grade F1)           | HUF 163,425 | HUF 237,350 | HUF 256,338 | HUF 289,662 | HUF 337,456 | HUF 408,322 | HUF 481,820 |
|   | 19-21 years of employment status (salary grade F7)                            | HUF 190,525 | HUF 286,970 | HUF 309,928 | HUF 350,218 | HUF 408,004 | HUF 493,685 | HUF 582,549 |
|   | 37-39 years of employment status, <b>before retirement</b> (salary grade F13) | HUF 230,225 | HUF 336,590 | HUF 363,518 | HUF 410,774 | HUF 478,552 | HUF 579,048 | HUF 683,277 |

## 6) Wage measures for workers in social and child welfare services

For workers in basic social and child welfare services and specialised care, particular attention has been paid recently to the wage adjustment for workers in the sector. Starting in 2014, the following measures have been taken:

- from 1 January 2014, the social sector allowance; from 1 July 2015, the supplementary allowance; from 1 December 2016, the consolidated social sector allowance; and from 1 January 2018, the supplementary health care allowance increased;
- In 2019, the amount of the consolidated social sector allowance and the supplementary health care allowance increased in certain categories. The increased amounts were paid to employees from 1 January 2019 for the consolidated social sector allowance and from 1 July 2019 for the supplementary health care allowance.
- The increases in the minimum wage and the guaranteed minimum wage, which came into force on 1 January 2020 and 1 February 2021 respectively, have further increased average earnings. In the social sector, the increase in the minimum wage and the guaranteed minimum wage will be fully reflected, given that the allowances introduced as wage policy measures so far are paid to workers on top of the basic wage.



Az előterjesztést a Kormány nem tárgyalta meg, ezért az nem tekinthető a Kormány álláspontjának.

- As of 1 January 2022, the wages of employees in the social, child welfare and child protection sector increased by 20%. The rate of increase represents a 20% increase compared to the basic wage plus the social sector's consolidated allowance in 2021.
- From 1 January 2022, in addition to the 20% pay increase for the sector, the special home allowances have also increased, resulting in higher pay supplements for staff in institutions caring for children with special needs.
- From 1 January 2023, the wages of employees in the social, child welfare and child protection sector increased by a further 11.8%, generated by the increase in the minimum wage and guaranteed minimum wage.

With the wage increase, the average wage in this field is expected to exceed HUF 400,000. This means that by 2023, social workers' wages have increased by 190% compared to 2010.

In 2016, the Parliament also decided to declare 12 November, Social Work Day, a public holiday from 2017.

## **7) Wage adjustments for judges and judicial staff**

In 2019 the Hungarian Parliament adopted an amendment<sup>3</sup> that has significantly increased the remuneration of judges and prosecutors from January 2020. This amendment is in line with the principle that judges should be remunerated in a manner that is commensurate with the dignity and responsibilities of their profession.

With an elevation of an average 32 % in case of judges and 21% in case of public prosecutors, the level of their remuneration has been brought to the same level in 2020. Following the increase in the remuneration of judges in 2020 and 2021 (by 12 %), their salary continued to increase in 2022, as well (by 13 %). In 2022, the statutory salary base of judges has increased from 507,730 HUF to 566,660 HUF. The salary base of prosecutors has also increased from 507,730 HUF to 566,660 HUF.<sup>4</sup>

The salaries of the judicial staff of the Hungarian Institute for Forensic Sciences (HIFS) are determined on the basis of *Act LXVIII of 1997 on the Legal Status of Judicial Staff*. The method used to determine the salary scale are not within the control of HIFS. As a result of the amendment to the legislation, the salary of judicial staff has increased by 11.6% as of 1 January 2022.

---

<sup>3</sup> Act CXXVII of 2019 amending certain Acts in connection with the creation of single-level district office procedures, Articles 132-139, 145; 150, 152 ([Az egyes törvényeknek az egyfokú járási hivatali eljárások megteremtésével összefüggő módosításáról szóló 2019. évi CXXVII. törvény](#))

<sup>4</sup> Act XC of 2021 on the Central Budget of Hungary for the Year 2022, Article 66(1) and (2)

Az előterjesztést a Kormány nem tárgyalta meg, ezért az nem tekinthető a Kormány álláspontjának.

***Question 3: For States Parties with no statutory minimum wage, please describe any measures taken to preserve the purchasing power of the lowest wages since the end of 2021.***

The question is not relevant for Hungary.

### **Questions 5 and 6:**

***Please provide information on changes to social security and social assistance systems since the end of 2021. This should include information on benefits and assistance levels and the allocation of benefits.***

***Please provide information as to whether social security benefits and assistance are indexed to the cost of living, as well as information in particular on how income-replacing benefits such as pensions are indexed. Please indicate when benefits and assistance were last adjusted/indexed.***

#### Cash benefits and in-kind benefits<sup>5,6</sup>

In parallel with the rise in the minimum wage, the amount of several benefits has also increased: the nursing allowance<sup>7</sup>, the child home care fee<sup>8</sup> and the old-age allowance<sup>9</sup>.

#### Measures affecting social benefits in cash and in kind in 2022

The child home care allowance (GYOD) was introduced in 2019 as a completely new, independent form of support. Its amount has changed as follows: in 2019, the amount of the allowance was 77% of the minimum wage, HUF 100,000. From January 2021, the amount of the allowance increased from 77% to 88% of the minimum wage (HUF 141,680 from January, and then to HUF 147,315 from February due to the increase in the minimum wage effective from February). From January 2022, the amount of GYOD increased from 88% to 100% of the minimum wage (from HUF 147,315 to HUF 200,000)..

A parent by blood or adoption, who is caring for a child by blood or adoption unable to support himself/herself because of a serious disability, or a child unable to support himself/herself because of a long-term illness, is entitled to this benefit (only one parent may be awarded this benefit for the same child). It may also be established for a relative living in the same household as the child if the parent's entitlement to benefits in respect of the child has already been established but the parent has died; or the parent's parental custody has been terminated or suspended by the Court pursuant to Article 4:186, paragraph (1), points (a), (c), (e) or (h), or Article 4:186, paragraph (2) of the Civil Code; or the parent has become incapable of taking permanent and long-term care of the child due to his or her own health condition.

The monthly amount of the GYOD depends on other regular cash benefits that the claimant receives, so its actual amount equals to the difference between the amount of the benefit established and the gross monthly amount of other regular cash benefits paid to the claimant. If the difference is less than HUF 1,000, a benefit of HUF 1,000 shall be awarded to the beneficiary.

Exceptions to this rule are regular cash benefits under Article 39/B(5), point a) of Act III of 1993 *on Social Administration and Social Benefits*, if the conditions laid down therein are met,

---

<sup>5</sup> Act III of 1993 *on Social Administration and Social Benefits*, Chapter II, Article 25

<sup>6</sup> The detailed rules are set out in *Government Decree No. 63/2006 (27 March) on the detailed rules for the application for and the establishment and payment of social benefits in cash and in kind*

<sup>7</sup> Act III of 1993 *on Social Administration and Social Benefits*, Chapter II (cash benefits), Article 40

<sup>8</sup> Act III of 1993 *on Social Administration and Social Benefits*, Chapter II (cash benefits), Article 38

<sup>9</sup> Act III of 1993 *on Social Administration and Social Benefits*, Chapter II (cash benefits), Article 32/B

furthermore the infant care allowance, the child care fee or child care allowance paid to the parent if it was not established in respect of the child entitled to child home care fee, and the child-raising support.

Currently, 28,500 people are covered. The number of people receiving benefits is increasing by 7-8% each year.

The gross monthly amount of the nursing allowance has increased by a further 5% from 1 January 2022.

From 1 January 2022, the monthly amount of the old-age allowance and the income threshold for entitlement to the benefit increased by the rate of the pension increase.

As of 1 January 2022, the income threshold previously applicable to payment advances on child support was abolished, and the maximum monthly amount that can be advanced was increased from 50% of the minimum old-age pension (HUF 14,250) to 30% of the minimum wage (HUF 60,000).

The income threshold for entitlement to the regular child protection benefit has increased by 20% from September 2022. The income threshold for the benefit has thus increased from 135% (HUF 38,475) of the then old-age pension minimum (from 2023 the social reference base) to 165% (HUF 47,025), and in special cases, such as single parents or children with a long-term illness or severe disability, from 145% (HUF 41,325) to 180% (HUF 51,300).

The maximum amount of the health damage and childcare allowance under the active-age care scheme<sup>10</sup> has been increased to HUF 59,850 and HUF 37,050 respectively in 2022 (in 2021, the same benefit was HUF 48,795 and HUF 25,995 respectively). However, the amount of the employment substitution allowance (HUF 22,800) has not changed.

### Measures concerning in-cash and in-kind benefits in 2023

From 1 January 2023, the amount of child home care fee (GYOD) has been increased to the amount of the 2023 minimum wage, being HUF 232,000. A 10% pension contribution is deducted from the amount of the benefit.

From 1 January 2023, the amount of the nursing allowance has increased by 5.2%. The basic amount of the nursing allowance will therefore be HUF 45,665 from 1 January 2023, the increased nursing allowance will be HUF 68,500 and the extra nursing allowance will be HUF 82,200.<sup>11</sup>

From 1 January 2023, the amount of the old-age allowance<sup>12</sup> has increased by the same amount as the January pension increase (15%). The maximum amount of the old-age allowance will thus reach HUF 52,045 from 2023. The maximum monthly amount of the advance payment of child support is 30% of the current minimum wage, so the maximum amount has increased to HUF 69,600 from 1 January 2023 in line with the increase in the minimum wage in 2023.

---

<sup>10</sup> Act III of 1993 on Social Administration and Social Benefits - Chapter II (Cash Benefits), Article 33

<sup>11</sup> The amounts of the GYOD and the carer's allowance were fixed in Act XXV of 2022 on the Central Budget of Hungary for 2023.

<sup>12</sup> The place of legislation on the increase of benefits in the case of the "old-age allowance" is *Government Decree No. 506/2022 (13 December) on the increase of pension benefits and certain other benefits in January 2023*.

The maximum amount of the health damage and childcare allowances under the active-age care scheme has increased to HUF 69,430 and HUF 46,630 respectively in 2023. The amount of the employment substitution allowance remains unchanged.

The amount of disability allowance, blind persons' personal allowance and invalidity annuity increased by 15% from 1 January 2023, in line with the pension increase. From 1 January 2023, the monthly amount of the disability allowance will be HUF 32,222 if the claimant is visually, hearing, mentally or physically handicapped, autistic or chromosomally disabled; HUF 39,660 if the claimant is a person with multiple disabilities or if the claimant is visually, mentally or physically handicapped, autistic or chromosomally disabled, provided that the claimant has no capacity for self-care. The monthly amount of the personal allowance for blind persons from 1 January 2023 is HUF 26,706. The monthly invalidity annuity from 1 January 2023 is HUF 53,830.

Benefits for people with reduced working capacity increased by 15% from 1 January 2023. The basic amount determining the minimum and maximum amount of invalidity and rehabilitation benefit increased to HUF 129,860 from 1 January 2023.

### **Changes in cash health insurance benefits**

Monthly amount of health insurance cash benefits (considering that the gross monthly minimum wage is HUF 167,400 in 2021, HUF 200,000 in 2022 and HUF 232,000 in 2023):

- infant care allowance (CSED): 100% of the daily base, determined on the basis of the claimant's income. The CSED rate has been increased from 70% to 100% from 1 July 2021;
- child care fee (GYED): 70% of the daily base, determined on the basis of the claimant's income, up to a maximum of 70% of twice the current minimum wage per month. The maximum GYED is HUF 234,360 in 2021, HUF 280,000 in 2022 and HUF 324,800 in 2023;
- degree holder's child care fee (graduate/student GYED): 70% of the minimum wage for undergraduate students (117,180 HUF in 2021, 140,000 HUF in 2022, 162,400 HUF in 2023); 70% of the guaranteed minimum wage for Master's students (153,300 HUF in 2021, 182,000 HUF in 2022, 207,480 HUF in 2023);
- child care fee for foster parents (foster parent's GYED): 70% of 55% of the minimum wage: HUF 64,449 in 2021, HUF 77,000 in 2022 and HUF 89,320 in 2023;
- grandparent's child care fee (grandparent's GYED): 70% of the daily base determined on the basis of the grandparent's income, but no more than 70% of twice the current minimum wage per month. The maximum GYED is HUF 234,360 in 2021, HUF 280,000 in 2022 and HUF 324,800 in 2023;
- adoption fee: 70% of the daily base determined on the basis of the adoptive parent's income, up to a maximum of 70% of twice the current minimum wage per month. The maximum adoption fee is HUF 234,360 in 2021, HUF 280,000 in 2022 and HUF 324,800 in 2023;
- sickness benefit, accident cash benefit: the rate of sickness benefit and accident cash benefit is linked to the minimum wage if the insured person has not been insured for 180 days continuously before the first day of entitlement to sick pay. In this case, the daily basis of the sickness allowance shall be determined on the basis of the minimum wage applicable on the date of commencement of entitlement. Furthermore, the maximum amount of sick pay is also linked to the minimum wage, as the amount of sick pay cannot be more than twice the minimum wage applicable on the starting date

of entitlement to sick pay, so the maximum daily amount of sick pay is HUF 11,160 in 2021, HUF 13,333 in 2022 and HUF 15,467 in 2023;

- Job-seeker benefit: It is based on earnings for the period preceding the application (four calendar years), but there is a statutory maximum, which is linked to the value of the current minimum wage. The maximum amount is the daily amount of the minimum wage in force on the day the entitlement to unemployment benefit starts.

**Subsidies:**

- school-leaving examination fee: 15% of the statutory minimum wage of that year or 25% of the statutory minimum wage of that year;
- back to school allowance - the annual amount per person per child may not exceed the current monthly minimum wage on the first day of the current year;
- utility subsidies - up to 15% of the monthly minimum wage on the first day of the current year;
- housing mortgage repayment subsidy - up to 15% of the monthly minimum wage on the first day of the current year.

**Eligibility conditions for health insurance cash benefits under Act LXXXIII of 1997 on Compulsory Health Insurance Benefits (Ebtv.)**

- CSED (Infant care allowance) (Ebtv. 40-42. §)

CSED is granted to a woman who has been insured for 365 days in the two years preceding the birth of her child and whose child

- is born during her period of insurance or within 42 days of its termination, or
- is born within 42 days of the termination of insurance during the period of receipt of accident cash benefit or within 28 days of the termination of such benefit.

**Can still qualify for CSED:**

- the adoptive mother,
- the custodial guardian,
- the biological father, if custody rights of the mother have ceased or if she is removed from the household where the child is being cared for due to ill health, or if the mother dies,
- the adoptive father, if he has taken the child into care alone with a view to adoption, or if the woman who is intending to adopt the child leaves the household where the child is being cared for because of ill health, or if the woman who is intending to adopt the child dies,

if, on the date on which any of the above conditions apply, he or she has the same eligibility conditions as the woman who gave birth.

CSED is paid for the duration of the maternity leave. The mother is entitled to 24 consecutive weeks (168 days) of maternity leave, of which she must take two weeks.

- GYED (child care fee) (Ebtv. Article 42/A-42/D.)

The following persons are entitled to GYED if they are bringing up a child in their own household:

Az előterjesztést a Kormány nem tárgyalta meg, ezért az nem tekinthető a Kormány álláspontjának.

- an insured parent who was insured for 365 days in the two years preceding the birth of the child;
- a mother and a person who was in receipt of a childcare allowance (CSED) but whose insurance has ended during the period of entitlement to the allowance, and who has been insured for 365 days in the two years preceding the birth of the child.

GYED is paid from the day after the end of the CSED (maternity leave) or the corresponding period until the child is 2 years old, or until the children are 3 years old in the case of twins.

- Degree holder's GYED (Ebtv. Article 42/E)

A mother who meets all the following conditions is entitled to graduate GYED:

- is not eligible for childcare allowance under the general rules (for example, because she is uninsured or has not had at least 365 days of prior insurance within 2 years before the birth of her child),
- has at least two semesters of active full-time student status in a state-recognised higher education institution, except for courses in a foreign language for foreign nationals, within two years preceding the birth of his/her child, with the proviso that only one semester of active student status per semester may be taken into account. To qualify for two active semesters, you must have a total of 260 calendar days of student status in the two active semesters within two years preceding the birth of the child.
- your child is born during the period of student status or within 1 year after the suspension or termination of student status,
- the child is being raised in his/her own household,
- is a Hungarian national or a national of another EEA Member State, and
- has a registered place of residence in Hungary at the time of the birth of the child.

The biological father may be entitled to the degree holder's GYED if the mother dies or does not meet one of the conditions listed above. The biological father must meet all the eligibility conditions for the degree holder's GYED listed for the mother.

As of 1 January 2020, a mother (or father) in receipt of a degree holders' GYED may also be entitled to a degree holders' GYED if she has a new child within 1 year of receiving the benefit or within 1 year of its termination.

Degree holder's GYED is paid from the birth of the child until the child is 2 years old.

- Foster parent's GYED (Ebtv. 42/F. §)

As of 1 January 2020, a foster parent may be entitled to a so-called foster parent's GYED for the fostered child during the period of his/her employment as a foster parent if he/she has 365 days of insurance coverage in the two years preceding the child's foster care.

During the period of foster-parent employment, foster-parent GYED is paid from the day the child is taken into care until the child is 2 years old.

- Grandparent's GYED (Ebtv. Article 42/G)

From 1 January 2020, an insured grandparent who is not yet retired may also be entitled to a childcare allowance if all the following conditions are met:

- the grandparent was insured for 365 days in the two years preceding the birth of the child,
- both the mother and the father (the parent caring for the child in the case of a single parent) are in a gainful employment status,
- the child is being cared for and raised in the parent's household,
- the parents of the child have given their written consent to the grandparent's claiming of the GYED,
- the grandparent is not allowed to work during the GYED, unless the work is done exclusively at home,
- the grandparent is not entitled to a social security retirement benefit or a benefit of this kind,
- the child does not benefit from institutional day care,
- neither the grand parents, nor anyone else can receive child care assistance benefits (CSED, GYED, GYES) for the child, and parents cannot receive child care benefits (CSED, GYED, GYES) for their other child.
- at least one of the parents meets the eligibility criteria for GYED under the general rules.

GYED can be paid to grandparents from the day after the end of the CSED (maternity leave) or the corresponding period until the child is 2 years old, or until the children are 3 years old in the case of twins.

- Adoption fee (Ebtv. Article 42/H)

From 1 January 2020, a parent adopting a child over two years old (over three years old in the case of twins) may be entitled to an adoption fee if he or she is insured and has 365 days of insurance within two years before the day the child is taken into care, and has been continuously fostering the child in his or her own household for less than one year before the day the child is taken into care. The adoption allowance is payable for 168 days from the day on which the child is taken into care.

### **Pension increases**

In 2020, the Government decided to reintroduce the 13th month pension which was abolished during the previous financial crisis. As such, 25% of one month's pension was paid in 2021, and the full monthly pension was paid in February 2022 and 2023. Those whose benefits are to be increased in the same way as pensions under the legislation in force received a thirteenth month's benefit.

Since 2012, the pension increase has been adjusted each year to the inflation rate foreseen in the Budget Act. In November, the adjustment is based on annual expected inflation calculated on the basis of the actual data for the first eight months of the year, taking into account the consumer price index for pensioners. The pension increase for the month of January 2022 was 5%, followed by an additional pension increase of 3.9% in July and 4.5% in November, retroactive to January. This brought the total pension increase in 2022 to 14%. Pensions and pension-like benefits were increased by 15% in January 2023 and by a further 3.5 percentage points in November, retroactively to January (3.1% of the amount for November), which represents an annual increase of 18.5% from 1 January 2023. The increase for January 2024 is 6%.

According to Eurostat data, the evolution of the risk of income poverty for people aged 65 and over has compared much more favourably with the EU average in recent years.



Az előterjesztést a Kormány nem tárgyalta meg, ezért az nem tekinthető a Kormány álláspontjának.

| <b>Risk of income poverty among people aged 65 and over (2014-2022<sup>13</sup>)</b> |             |             |             |             |             |             |             |             |             |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Year</b>  | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
| EU average (%)   | 13.2        | 13.7        | 14.3        | 14.7        | 15.5        | 16.1        | 17.1        | 16.8        | 17.3        |
| HU (%)   | 4.5         | 4.6         | 6.8         | 9.1         | 9.8         | 11.1        | 15.0        | 15.4        | 13.4        |

---

<sup>13</sup> Year of data collection

***Question 7: Please provide information as to whether any special measures have been adopted since late 2021 to ensure persons can meet their energy and food costs, such as price subsidies for energy, fuel, and basic food items.***

### **1. Measures to offset the rise in energy and fuel costs**

The Government of Hungary has introduced the following measures to offset the increase in energy and fuel prices.

In the case of electricity and natural gas, the supply of electricity to the public at a certain price, the so-called utility protection service, is a public service. For these energy products, they are available below the statutory consumption limit at the official price, which has been reduced since 2013, and above the consumption limit, at the so-called retail market price (also set by the authorities, i.e. not the actual market price). This price paid by the public does not cover the purchase price of electricity and natural gas, so the losses incurred by the universal service provider MVM Group in providing the universal service are compensated by the Government (the Ministry of Energy, hereinafter referred to as "the EM"), from the Utility Protection Fund.

For electricity, the cost increase of the so-called system charges (RHD) will necessitate central budget support from 2023 onwards. This will be paid to distribution network operators through the Ministry of Energy, out of the Utility Protection Fund.

The losses incurred by district heating companies in supplying residential customers are also subsidised by the central budget (through the so-called district heating fund), also from the Utility Protection Fund.

In addition to ensuring reduced prices for electricity consumption for residential consumers up to a certain quantity, the Government has been providing an additional electricity consumption allowance for daily users of certain medical devices since 1 August 2023. The range of medical devices covered by the subsidy is constantly expanding and currently includes electric wheelchairs, electric mopeds, mains-powered oxygen concentrators, home ventilators and automated peritoneal dialysis (APD) machines.

As regards support for individual heating methods, the social firewood programme is not a subsidy in kind, but is provided exclusively on a social basis through the municipalities to those most in need. The State Forestry Services provide firewood (centrally regulated, at cost price, without budgetary support) to each claimant up to a set quantity.

Water and sanitation services are provided in a heterogeneous way: partly through state-owned regional water utilities and partly through municipal companies. It should be noted that a voluntary integration process is under way, whereby municipalities can transfer the task to the state (together with the associated water assets free of charge). In order to maintain operational security, the central budget will provide subsidies to compensate for increased energy prices, also from the Utility Protection Fund.

In the case of municipal waste collection, based on an earlier decision of the Government, the concession company MOL took over the provision of the service throughout the country from 1 July 2023, so from that date on, it has been operating on a market basis, without budget support.

## **2. Food price subsidy**

In order to preserve Hungary's security of supply and food sovereignty, the government provides significant subsidies to the agricultural sector, including the food industry, from both EU and domestic sources.

Until December 31, 2022, the food industry has been subsidised in the amount of HUF 730 billion:

- grants from the Rural Development Program amounted to HUF 397.5 billion;
- the Economic Development and Innovation Operational Programme has a budget of HUF 109.6 billion;
- Support for the Large Business Investment Support Programme run by the Ministry of Finance is HUF 78.4 billion;
- the Investment Incentive Target, coordinated by the Ministry of Foreign Affairs and Trade and operated by HIPA National Investment Promotion Agency Nonprofit Zrt., provided HUF 93.6 billion.

As a result of the energy crisis, many food businesses were also in a very difficult situation, with liquidity problems in many cases. Therefore, the government has decided to introduce support programmes that have specifically helped/help stakeholders in response to this situation:

## **3. Processing SME Energy Cost and Investment Support Programme**

The programme was announced by the Ministry of Economic Development in October 2022. Support can be granted to small and medium-sized enterprises whose energy costs in 2021 exceeded 3 % of their net turnover. The aid rate covers 50 % of the energy cost increase of the companies concerned and covers a period of three months. In addition to cost support, it is also possible to support investments in energy efficiency.

Applications were open until 30 June 2023 and invoices were handed until 31 August, accounting for energy costs for the period October 2022 to March 2023.

In order to be eligible for aid, one of two conditions should be set, either the main activity of the undertaking falls within the manufacturing sector or the largest proportion of its turnover comes from manufacturing activities.

## **4. Factory Rescue Programme**

The programme provides non-refundable support to large companies for energy efficiency and energy-generating investments. Aid intensity of up to 30 % in Budapest, up to 45 % in rural areas, and one company is eligible for aid totalling EUR 15 million. The investment made must be at least EUR 500,000.

Projects implemented under the programme can be supported on 3 grounds:

- Nr. 1: support investments to achieve a higher level of energy efficiency.
- Nr. 2: support investments in the production and storage of renewable energy.
- Nr. 3: helping companies affected by the negative economic impact of the armed conflict in Ukraine by supporting investments in energy efficiency and/or renewable energy production and storage.

The application phase of the programme has been completed and grants are being awarded and disbursed.

Within the framework of the *MFB Food Industry Rotating Asset Loan Programme 2020*, enterprises operating under the Hungarian Development Bank Zrt. can take on favorable working capital loans, including daily operating expenses, to finance energy costs. The amount of the loan available to take on up to HUF 1 billion, with a maximum duration of 6 years and a maximum of 3 years with a grace period. The loan is variable, the interest rate is 3 months Euribor + a maximum of 5.5 %. The currency of the loan is HUF, but due to its special construction, the forint loan is charged an interest rate corresponding to foreign currency interest rates, which results in a lower interest rate than the level of interest on forint loans. The Ministry of Agriculture grants an interest rate subsidy amounting to 60 % of the loan interest rate.

## 5. Fuel price cap

*Government Decree No. 626/2021 (13 November)* laid down detailed rules for the distribution of fuels at official prices. The measure known as the “fuel price cap” was introduced taking into account to the effect of international processes on fuel price increases.

*Government Decree No. 57/2022 (28 February)* on certain measures related to the official fuel price capped the wholesale price of fuels subject to official prices.

As a result of the measure, the maximum prices applicable to the retail sale of fuels known as ‘95 petrol’ and ‘gas oil’ in everyday practice are set at HUF 480 per litre.

Furthermore, in order to maintain security of supply, the range of persons entitled to the official price has been narrowed down in several areas by means of regulatory solutions focusing on the technical characteristics and the nationality and the operator of the vehicles and machinery concerned:

- the first major reduction was the market price for refuelling trucks and buses;
- a subsequent significant step was the exclusion from the official price of motor vehicles registered outside Hungary;
- in addition, motor vehicles which are not operated by private individuals have been excluded;
- in parallel to the latter, the open question of refuelling into the container and tank was also settled, with a clear prohibition of such refuelling at official prices;
- at the same time, certain options have been left open to ensure preferential refuelling of agricultural machinery.

The regulation imposed an operating obligation on undertakings which sold fuels which had become official prices prior to the introduction of the official price. Service providers who were unable to provide customers with fuel at official prices for a total of more than 48 hours during the normal opening hours of 7 consecutive days were obliged to announce a shutdown. For the resumption of service stations that have been announced, the Minister responsible for Trade must, within 24 hours, designate a service provider from among those service providers who have requested their registration in the register of service providers applying for the operation of another service station.

*Government Decision No. 1117/2022 supporting small gas stations in order to guarantee the security of supply in rural areas* was adopted to promote small petrol stations in order to guarantee security of supply in rural areas. The Government decided that petrol station operators are entitled to apply for aid of HUF 20 per litre proportional to the turnover of March-September 2021 for the period March-September 2022.

The aid scheme was not been extended beyond September 2022.

In accordance with *Government Decree No. 494/2022 (6 December) on certain provisions related to fuel prices due to the entry into force of the EU sanctions*, the fuel price stop ceased to exist on 6 December 2022.

## **6. Food Price Cap**

In accordance with *Government Decree No. 6/2022 (14 January) on the different application of Act LXXXVII of 1990 on setting price rates during a state of emergency*, the Government of Hungary has capped the price of certain basic foods at the level of 15 October 2021. During the period of price regulation, the gross retail price of the products had to be set in such a way that it could not be higher than the price applied on 15 October 2021.

Traders were obliged to display information, with the content and form specified in the *Ministerial Decree 3/2022. (26 January) MK on information by retailers in connection with Government Decree No. 6/2022 (14 January) on the different application of Act LXXXVII of 1990 on setting price rates during a state of emergency*, in a clearly visible place in the shop, and in the case of online sales or in the case of webshops, on the opening page.

- Price regulation covered the following basic foods:
- crystal sugar (white sugar);
- fine wheat flour (BL 55);
- refined sunflower cooking oil;
- domestic pork thighs (including bony, leather, filleted, cut, sliced or minced, whether or not prepacked, fresh, chilled, frozen);
- chicken breast, chicken rear – back, whole or separate tail and wing ends (including bony, leather, filleted, chopped, sliced or minced, whether or not prepacked, fresh, chilled, frozen);
- ultra-high temperature-treated cow's milk with a fat content of 2.8 % by weight;

In the meantime, the range of products covered by the food price cap has been added. For these products, the commercial activity in the shop or shopping center and the gross retail price to be applied in the context of mail order shall not be higher than the gross retail price applied by the trader on 30 September 2022.

- The following basic foods have been added to the price regulation:
- fresh eggs, in shell of fowls of the species *Gallus domesticus* (excluding fertilised eggs intended for incubation);
- potatoes for food, except new potatoes.

The Government was also aware that determining a fixed price is not sufficient in itself, and it is also necessary to ensure that fixed-priced products are available continuously to serve customers by avoiding shortages of goods. To avoid it, a distribution obligation for retailers has

been established and amended. The products covered by the price stop had to be continuously available on the shelves in the quantities specified in the Regulation, unless that shop had already sold twice the average daily quantity in 2021 and 2022 on the same day.

The price cap was introduced on 1 February 2022 and supplemented on 10 November 2022 in order to protect the Hungarian inhabitant from the unpredictable changes that have occurred in Hungary due to the economic difficulties caused by the pandemic, the disruptions in global supply chains and the energy prices that have risen in the meantime due to the failed Brussels sanctions. The outbreak of the Russian-Ukrainian war on 24 February 2022 resulted in a further destabilisation of the economic situation and uncertainty in the energy market has increased.

The historical drought in 2022 also contributed to the increase in food prices, resulting in both autumn and summer crop yields below the averages of recent years and animal husbandry suffering from drought. The drought affecting Europe as a whole, and Hungary in particular, has not only restrained economic performance, but has also significantly increased food inflation.

Several extensions of the food price stop introduced on a temporary basis were justified by the new and new adverse effects described above, which, in turn and in several cases, maintained a continuously increasing price pressure in Hungary.

The introduction of food price stops helped to trigger a gradual decline in inflation and, in particular, food inflation. The sanctioned inflation peaked in January 2023 and showed a substantial decrease during the summer, so the government's effective measures enabled the phasing-out of the food price cap on 1 August 2023.

## **7. Supporting the shops**

On the basis of *Government Decision No. 1656/2022 ensuring support for butcher shops*, butcher shops could benefit from a HUF 4.5 billion subsidy.

By introducing food price caps, the government protects the population against the effects of war, supply chain disruptions, and sanctions policy. At the same time, the possibilities of retailers are also limited, the energy crisis and the difficult economic environment created as a result of the Russo-Ukrainian war and the failed Brussels sanctions in response present challenges to the players of the retail trade on the development of a support program for rural butcher shops.

As short supply chains, small butcher shops contribute to the realization and maintenance of food security and also provide jobs for the people living there. At the same time, the existence of these shops also forms the basis of the population retention power of the countryside and especially of small towns, so their support is extremely important from a social and demographic point of view.

The support was available to micro-enterprises whose main scope of activity covers the retail trade of meat and meat products. Another condition is that the butcher shop has a closed business year and undertakes to continue its activities at least until December 31, 2023.

## **8. Mandatory weekly promotions**

On the basis of a *Government Decree No. 162/2023 (5 May) on measures required to reduce wartime food price inflation*, retail stores with significant income were obliged to announce regular promotions.

The Government introduced the decree as a new anti-inflation tool based on the Greek and French examples in order to break the sanctioned inflation.

The information aid for the products belonging to the product categories subject to promotion was published on the website of the Ministry of Agriculture. Basic foods must be classified into 20 categories: for example, poultry, cheese, bread, vegetables and fruits. In all categories, one freely chosen product must be offered at least 10 percent cheaper than the lowest price within 30 days prior to the promotion.

As of August 1, 2023, mandatory store promotions were extended to those product types that fell under the scope of the food price cap, and in order to further increase price competition, the rate of mandatory promotions was increased to 15%. Thus, basic foodstuffs will continue to be available at favorable prices.

During the promotional period, the trader is obliged to sell an adequate quantity of the product affected by the mandatory promotion and to keep it in stock. All this is constantly checked by the consumer protection authority.

The Government's goal remains the protection of Hungarian families and the economy, the functioning of the food supply, and the provision of high-quality, safe food to the population.

In the interest of customers, the Government expectation from the new measure is that by reducing prices and increasing the competitive situation, inflation can be further reduced in the near future.

## **9. Price monitoring system**

*Government Decree No. 163/2023 (5 May) on the creation and operation of the price monitoring system* established the price monitoring system. The purpose of the government decree is to further reduce food prices and increase competition in retail trade.

The online price monitoring system started on July 1, 2023:

- The measure obligatorily applies to the largest retail chains, as retailers whose net sales exceed HUF 100 billion are required to provide data to the price monitoring system.
- Pursuant to the regulation, a business engaged in commercial activity is considered a trader, the main activity of which is the activity indicated in the Unified Sectoral Classification System of Activities under the designation "4711 - Miscellaneous retail trade in food stores".
- The price monitoring system keeps track of the daily and regular customer prices for each merchant and store, in addition to the data required for product identification.
- Initially, the online database contains the prices of food in more than 60 product categories, including: pork leg, white bread, 1.5 percent ESL milk, Trappist block cheese, idared apples, sausage, margarine, butter, spaghetti pasta.
- When determining the daily price, the gross retail price, which was applied due to the expiration of the quality preservation or consumption period within 72 hours for the given product, cannot be taken into account.

- The trader must upload the data electronically on a daily basis, no later than the end of the day before the daily price and regular customer price are applied.
- Traders are obliged to enter the daily price into the system for a period going back one year.
- Traders who are not subject to the mandatory data provision obligation can join the electronic system voluntarily.
- The online price monitoring database is operated by the Hungarian Competition Authority.

The Government expectation from the measure is that a database would become available to the population and customers, which enables them to transparently compare consumer prices. The use of the price monitoring database significantly strengthens transparency, makes different pricing practices known, and prevents overpricing. Ultimately, the service contributes to increasing market competition in the retail sector in line with the interests of consumers.

## **10. Reduction of utility tariffs for electricity and natural gas**

Between 2011 and 2013, the Hungarian government froze and then reduced the prices of several public services in several stages mainly for households, so the overhead bills to be paid did not increase or decreased. These include electricity and gas. (Act No. LIV of 2013). During the creation of the new rules for overhead reduction introduced since June 2022, the Government has created a system of rules that provides the widest possible protection for the population and micro-enterprises in relation to the energy market conditions.

Regarding the universal service, the applicable domestic regulations and measures in electricity supply are as follows:

The *Government Decree No. 217/2022. (17 June) on the determination of the persons entitled to universal service during an emergency* (hereinafter referred to as “Government Decree No. 217/2022.”) states that the following beneficiaries are entitled to universal service:

- i. residential consumers and
- ii. micro-enterprises with a connection capacity of no more than 3\*63 A.

In universal service, residential users are entitled to the discounted official price up to consumption of 2,523 kWh/year/measuring point (place of use), while micro-enterprises are entitled to consumption of 4,606 kWh/year/all places of use. For electricity consumed above the discounted amount, residential users also pay the official price (residential market price), the level of which is determined by the MEKH (Hungarian Energy and Public Utility Regulatory Authority), while micro-enterprises pay the competitive market price published by the service provider in the notice. The reduction therefore ensures that residential and micro-enterprise users who purchase universal service are protected against high energy prices up to the level of average consumption. Above the the average consumption, they pay a higher market price, which acts also as an incentive for the implementation of energy efficiency measures and investments.

As a result of the Government's measure, residential users and micro-enterprises buying at low voltage will not see an increase in the electricity system usage fee in 2023.

In order to reduce the electricity costs paid by micro-enterprises using the universal service, the Government decided to determine the lower price level of the discount band applicable from



May 1, 2023. As a result, the price below average consumption for micro-enterprises decreased from HUF 90.1/kWh to HUF 60.9/kWh. Besides, based on the announcement of MVM NEXT Ltd, the price above the average consumption was reduced from HUF 166.5/kWh to HUF 70.1/kWh.

The universal Existing national regulation and measures taken in natural gas supply:

Pursuant to Article 7(1) of *Government Decree No. 217/2022*, (i) residential customers and (ii) micro-enterprises with a purchased capacity not exceeding 20 m<sup>3</sup>/hour are entitled to universal service.

For the universal service, the reduced official price is granted to residential consumers up to a consumption of 1 729 m<sup>3</sup>/year/measuring point (place of use) and to micro-enterprises up to a consumption of 1 489 m<sup>3</sup>/year/ total place of use. For natural gas consumed above the discounted amount, household consumers pay a price reflecting competitive market costs, the level of which is set by the MEKH, while micro enterprises pay the competitive market price published by the supplier in a notice. The domestic cuts in electricity prices will therefore ensure that residential and micro-enterprise users buying from the universal service are protected against high energy prices up to the level of average consumption. Above average consumption, they pay a higher market price, which provides an incentive for energy efficiency measures and investments.

In addition to the universal service:

Based on the Government Decree No. 217/2022., users who have fallen out of the universal service received the so-called final shelter care until December 31, 2022. Then, from January 1, 2023, if they did not enter into a supply contract with another trader, they automatically remained MVM users. In this case, in the case of natural gas, they will be supplied until October 1, 2023, and in the case of electricity, until January 1, 2024, under the "Váltófix" contract.

With another important decision, the Government supports users who no longer benefit from the universal service. As of May 1, 2023, in the case of businesses who are not entitled to universal service from last August and remained MVM NEXT users under the so-called Váltófix contract, the unit price of electricity has decreased by 59% compared to the electricity rate applied at the time the service relationship was established, and the unit price of natural gas has decreased by 52% compared to the gas rate applied at the time the service relationship was established. The decrease applies to the price of natural gas energy (molecule) (HUF 44,595/kWh). From May 1, 2023, the resulting final price is HUF 13,724 /MJ gross. (For information, the public pays a gross price of HUF 22,002/MJ for natural gas in the band above the reduced band.)

In relation to the overhead reduction, the Government also decided upon the following measures:

- A discount for condominiums was also introduced.
- The discount for large families remains for gas consumption. The average consumption of 1,729 m<sup>3</sup> for a family with three children increases by 600 m<sup>3</sup> and increases by another 300 m<sup>3</sup> for each child.
- Wheelchair-users and disabled people using electric mopeds, as well as people using oxygen concentrators on a daily basis are entitled to the reduced electricity price up to

the discounted band limit above the average consumption. The amount of the electricity consumption discount is 1,697 kWh/year per beneficiary.

- A special discount is provided for family consumer communities in the universal natural gas service. With this solution, the Government ensures a fair determination of the universal service entitlement of users living in multi-generational family homes.
- The Government also took measures to improve the situation of public institutions that are no longer entitled to purchase at the universal service price. These customers have the opportunity to fix their contract based on a methodology for a much more favorable stock market period until the end of the year - or, in the case of natural gas, until the end of the gas year.
- The Government has also decided to help enterprises that carry out additional activities in the manufacturing industry, accommodation services and warehousing and transport. The electricity purchased on the basis of the fixed-price contracts of these enterprises and individual entrepreneurs can be accounted for at a maximum of EUR 200/MWh. The government compensates traders for lost revenue.
- The Government established an Utility Protection Fund. Most of the income of this Fund comes from extra-profit special taxes and other budget sources.
- Commercial licensees must make an offer to companies intending to buy electricity and/or natural gas, and in addition, during this offer, they must waive the liquidity guarantees justified in the current situation. With this, the Government is trying to ensure the continuous supply of non-universal service recipients.
- Municipalities with more than 10,000 inhabitants received overhead support.
- In the universal service, the price of electricity and gas does not increase throughout the year, so the burdens of residential users and micro-enterprises do not increase.
- Based on the Government's decision, the hospitals maintained by the National General Directorate of Hospitals received compensation for electricity and natural gas prices in the amount of HUF 11,180,352,132 in 2022 based on Government Decision No. 1285/2022 (7 June) and HUF 39,361,903,461 in 2023 based on Government Decision No. 1264/2023 (6 July).
- The health care institutions maintained by the registered church and its internal ecclesiastical legal entity received, in 2022, a total of HUF 368,998,793 in overhead subsidies under Government Decision 1588/2022 No. (30 November), and in 2023, for the first time, HUF 379,751,349 under Government Decision No. 1066/2023 (8 March), and then a total of HUF 3,805,729,862 under Government Decision 1264/2023 No. (6 July) and Government Decision No. 1328/2023 (27 July).
- The medical universities maintained by the public interest trusts performing public tasks have received overhead subsidies of HUF 1,275,445,836 for the hospitals taken over as of 1 July 2023, based on Government Decision 1264/2023 (VII. 6.).

Based on data of **July 2023 registered** by the Hungarian Energy and Public Utilities Regulatory Authority (hereafter: MEKH), **Hungarian domestic residential consumers had the lowest average price for natural gas and the second lowest for electricity** compared to other European countries.

## **11. Measures introduced to support people in insolvency**

In Hungary bankruptcy proceedings called personal insolvency proceeding are available for private individuals. In case of payment difficulties, this proceeding can be initiated that allows to agree with the creditors on payment discounts and postponement of payment deadlines.

In 2022 and 2023 changes in legislation were introduced in order to ensure that debtors undergoing personal insolvency proceedings are able to cover their living expenses from their income and that their housing is secured either in their own or rented apartment. Amendments to the legislation increase the amounts - valorising the sum in accordance with the state statistics on inflation - which debtors and their family members can spend on food, energy and housing.

### The personal insolvency proceeding

The purpose of Act CV of 2015 *on the Debt Settlement of Natural Persons* (hereinafter referred to as "Act Are.") is to restore the solvency of the debtor through the responsible cooperation of the debtor and creditors, and to contribute to the creation of a balanced debt settlement process for over-indebted natural persons who are unable to meet their payment obligations.

During the personal insolvency proceedings, the Family Bankruptcy Protection Service carries out the tasks set out in the Act Are.

Personal insolvency proceedings can take place out of court or in court. There are also two stages of debt settlement in court: here too, the main aim is to reach an agreement, and if this fails, the so-called debt repayment proceeding is used.

The relationship between the procedural stages and their main characteristics:

#### a) Out-of-court debt settlement

The Act Are. creates the possibility of out-of-court proceedings for the first time, in order to allow the parties to try to reach an agreement or settlement in a more flexible, informal and cost-saving way.

The debtor first turns to his main creditor, i.e. the financial institution with the first local mortgage on his residential property, to initiate the procedure.

At this stage, the agreement between the debtor and his creditors is prepared and concluded under the coordination of the main creditor. This is a civil law agreement, which requires the agreement of the debtor and all creditors and the signature of the agreement to be valid.

If either creditor disagrees with the agreement, it will not be concluded between the parties, in which case the out-of-court debt settlement phase will fail. The Act Are. contains relatively few rules for this stage, giving the parties a wide margin of manoeuvre to reach an agreement.

The role of the Family Bankruptcy Service is more limited at this stage: it checks the debtor's eligibility, examines the documents, and registers. At this stage, the family trustee is not involved in the preparation of the settlement, the sale of the assets and does not control the debtor's management and cash flow.

If the out-of-court procedure is unsuccessful, civil, non-judicial proceedings are initiated, primarily to reach a settlement, failing which a so-called debt repayment court decision is issued, enforcing the requirements of the Are.

At this stage, the Family Bankruptcy Service and the family trustee perform important professional preparatory, monitoring, sales and other tasks requiring great care and expertise,

such as preparing the settlement, the debt repayment plan, monitoring the debtor's management, holding the debtor to account, etc.

Court settlement procedure: the aim at this stage is also to reach a consensus between the debtor and his creditors, but not all creditors need to agree to a settlement. The agreement of the debtor and the main creditor is required for a settlement, but a simple majority of votes in the other creditor classes is sufficient.

The weighting of votes differs for each creditor class, so that holders of senior or privileged creditor claims have more influence to vote for or against a settlement.

The record of the settlement is submitted to the court by the family trustee. The legally settlement is approved by the court.

#### b) Debt repayment proceeding

If the previous stage is also unsuccessful, the court proceedings will continue as debt repayment proceedings. At this stage, the court will order the distribution of the debtor's assets and income according to the detailed rules and criteria set out in the Are. The debt repayment plan prepared by the family trustee is approved by the court if it meets the statutory conditions, and the agreement of the debtor and creditors (except for the mortgage creditor in certain respects) is no longer required at this stage.

The aim is therefore to achieve debt settlement by the agreement of the debtor and creditors, either by full consensus out of court or by partial consensus in court.

However, in the absence of this, it is possible for the court to determine the terms of the debt settlement without the consent of the parties according to the criteria set out in the law, but the consent of the main creditor as mortgage creditor is required by law for decisions on the merits, due to EU requirements for financial institutions.

At the court debt repayment stage, the court determines by law the assets and income that can be retained by the debtor, the assets to be sold, the rules for the sale, the distribution of the proceeds among the creditors, and the roles of the family trustee, the debtor and the creditors in the proceedings.

In practice, the distribution of assets and minimum return to creditors set out in Act Are. for the debt repayment stage is expected to be a final point to which the debtor and creditors will be aligned in earlier stages of the proceedings.

In the out-of-court settlement and in the court settlement phase, the debtor, co-debtors and creditors will therefore seek to reach a more favourable solution.

#### Summary:

The new legislation on the debt settlement of natural persons is a means for the responsible cooperation of the debtor and all his creditors to restore the solvency of the debtor, to contribute to the establishment of a debt repayment plan for those in payment difficulties and for those who are over-indebted which requires payment discipline and takes into account the fair interests of creditors, while ensuring the subsistence and housing of the debtor and his family.

Az előterjesztést a Kormány nem tárgyalta meg, ezért az nem tekinthető a Kormány álláspontjának.

During the debt settlement period, the Act provides for the possibility for the debtor (sometimes the contracting party) and the financial institution to cooperate with each other in reaching a debt settlement agreement, by focusing on the consensus between creditors and debtors (other debtors) and taking into account each other's mutual interests.

If the debtor fails to comply with his obligations under the Act, he will be excluded from the procedure, will lose the possibility of out-of-court debt settlement and will not be able to start another debt settlement procedure for 10 years.

A summary of the debt settlement procedure in Hungarian and English is available at the following link: Family Bankruptcy Protection Service (<https://csodvedelem.gov.hu>)

**Question 8: Please provide up-to-date information on at-risk-of-poverty rates for the population as a whole, as well as for children, families identified as being at risk of poverty, persons with disabilities and older persons. Please show the trend over the last 5 years, as well as forecasts for upcoming years.**

Overall, the accepted measure of multidimensional poverty, a risk indicator of poverty or social exclusion, has declined in recent years in Hungary.

The percentages for the forementioned social groups are:

|                                  | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----------------------------------|------|------|------|------|------|------|
| Whole population                 | 20.6 | 20   | 19.4 | 19.4 | 18.4 | 19.6 |
| Children 0-17 years              | 26.4 | 24.1 | 21.7 | 23.2 | 18.1 | 24.4 |
| Families with children           | 22.2 | 20.7 | 18.7 | 19.8 | 16.4 | 20.4 |
| Single-parent families           | 43.1 | 34.7 | 42.7 | 40.7 | 39.8 | 36.9 |
| 2 adults with 3 or more children | 31.4 | 28.6 | 24   | 27.9 | 21.6 | 30.4 |
| Elderly over 65                  | 9.1  | 9.8  | 11.1 | 15.0 | 15.4 | 13.4 |

Source: Hungarian Central Statistical Office (KSH)

There are no forecasts for the coming years, but in the medium to long term, the share of people in these groups affected by poverty or social exclusion is expected to continue to fall. While 2023 was the year of disinflation, 2024 will be the year of a resumption of economic growth. We expect real wages to continue rising next year, which will contribute to a reduction in poverty rates.

***Question 9: Please provide information on what measures are being taken to ensure a coordinated approach to combat poverty as required by Article 30 of the Charter, and to diminish reliance on last-resort relief, such as food banks and soup kitchens.***

### **General projects to tackle poverty**

To overcome barriers to access to social rights, public work training with mentoring is a coordinated approach between employment and training policies. The flagship Economic Development and Innovation Operational Program (hereinafter referred to as “GINOP”) project GINOP-6.1.1-15-2015-00001 "Training of low-skilled and public workers" has achieved its objective of improving the participation in education and training of the adult population, and in particular public workers, with low educational attainment, without skills or qualifications sought on the labour market. The human pandemic (coronavirus) in March 2020 also caused changes and difficulties in the implementation of the flagship project, but the amended legislation of 1 July 2021 created the possibility for the implementation of classroom lessons requiring presence through interactive and distance learning or closed distance learning training management systems. The new legislation has made it possible to continue training in distance mode, if the conditions are met, rather than suspending the training if a COVID-19 infection has occurred in a training group. More than 100,000 people were involved in training under the flagship project between 2016 and 2020, i.e. the vast majority of enrolments took place before the pandemic. The new legislation has made it possible to continue training in distance mode, if the conditions are met, rather than suspending the training if a COVID-19 infection has occurred in a training group. More than 100,000 people were involved in training under the flagship project between 2016 and 2020, i.e. the vast majority of enrolments took place before the pandemic. In the years 2021 - 2022, the number of enrolments in the project was significantly lower, which could be successfully achieved despite several changes to the planned closure date of the flagship project. A total of 112,031 people were involved in the priority project, 105,960 people successfully completed the training, of which 90,279 people had a low level of 1-2 qualifications according to the Unified International Classification of Education (ISCED) before entering.

### **Programmes to alleviate material deprivation of the most deprived - provision of basic food packages, regular distribution of basic consumer goods to people on low or no incomes**

Within the framework of the Operational Programme for Persons in Need (hereinafter referred to as “RSZTOP”), streamlined measures to reduce poverty have been implemented in several areas:

- **RSZTOP-1.1.1-16-2016-00002 Provision of food assistance for poor families with children; RSZTOP-2.1.1-16-2017-00001 Provision of basic consumer goods for poor families with children:** provision of food assistance, basic consumer goods and educational kits for poor families with children.
- **RSZTOP-2.1.2-2021-00001 Provision of basic consumer goods to poor families with children II:** Packages of basic consumer goods and kindergarten equipments were delivered to the most vulnerable 3-6 year-old children and their families living in the municipalities of the Catching-up Settlements programme (see below).

- **RSZTOP-4.1.1-16-2017-00001 Provision of food aid to socially deprived elderly people with reduced work capacity and very low income.**
- **RSZTOP-3.1.1-16 Provision of benefits in kind for people living in public spaces:** provision of food assistance to people belonging to the identified group of people living in public spaces and implementation of accompanying measures to prepare and, where appropriate, facilitate the reintegration of the most vulnerable persons into society.

### **Measures to tackle poverty as a public policy objective**

In addition to the above, the Government of Hungary has introduced other measures that contribute to alleviating certain consequences of poverty.

- Catering for children

In the period under review, no systemic measures were taken to regulate and finance free and reduced-price institutional child catering and free school holiday catering.

Out of the children who received meals in nurseries, kindergartens, primary and secondary schools, 585,749 received it for free or at a reduced price in the 2021/2022 school year and 580,447 in the 2022/2023 school year (data on the 2023/2024 school year are not yet available). 104,714 children received free catering during the 2021 summer holidays, 104,441 children during the 2022 summer holidays and 95,040 children during the 2023 summer holidays.

In the context of the Ukrainian war crisis, a transitional measure came into force in March 2022, which provided that if the claimant takes into care a child of a Hungarian citizen who is an asylum seeker, a person seeking recognition as an asylum seeker or a person who is a permanent resident of Ukraine, and arrives from Ukraine on or after 24 February 2022, on the basis of his/her application, the child or pupil is entitled to free institutional and holiday child catering for 6 months from the date of application, without having to examine the eligibility criteria under Act XXXI of 1997 on the Protection of Children and Guardianship Administration. After that, the child or pupil is entitled to free institutional childcare if the monthly income per person in the family caring for the child does not exceed 130% of the compulsory minimum wage net of personal income tax and social security contributions. (The right to child catering during the holidays no longer applies to them.)

- Strengthening the focus of the public work scheme

Public work is a means of job creation for jobseekers who cannot find an employment in the primary labour market, but in the domestic economic and labour market conditions it also plays an important role in the field of regional development, municipal settlement development and social policy. The government's priority objective is to help people living in poverty and social exclusion, those entitled to employment substitution assistance, and to enable the public worker to enter the primary labour market with the skills and experience acquired through the labour market training and services provided during the period of public work.

The public employment wage and the guaranteed wage for public employment have been adjusted to 50% of the current minimum wage with a 17% increase from 1 January 2022.



With the increase of the compulsory minimum wage (minimum wage) and the guaranteed minimum wage effective from 1 January 2023, the public employment wage was adjusted to HUF 116,000 (16%) and the guaranteed wage for public employment to HUF 148,200 (14%).

In November 2022, the share of people living in beneficiary municipalities was close to 77%. The proportion of people with up to 8 years of primary education was 62.7%, and the proportion of people aged 50 and over was close to 38%.

- Implementing an active labour market programme to improve the labour market situation of young people not in employment or education

**The GINOP-5.2.1 Youth Guarantee programme and the VEKOP 8.2.1-15 "Youth Guarantee in the region of Central Hungary" programme:** The aim of the programme is to improve the employability of young people under the age of 25, registered with a labour market organisation, by providing them with the Youth Guarantee, i.e. a quality job offer through active labour market measures. The aggregated national results of the programme from the start of the projects until the end of September 2023: 184,725 NEET young people under the age of 25 have been enrolled in the Youth Guarantee labour market programmes. Nearly 143,295 young people have found a job through the support provided by the programme, and nearly 91,595 young participants were employed on the 180th day after leaving the programme.

#### **Continuation of active labour market programmes to improve the employability and labour market opportunities of jobseekers and inactive people who are disadvantaged on the labour market**

##### **GINOP-5.1.1 and VEKOP-8.1.1 Pathway to the labour market:**

Since 2015, the projects have been exclusively using active labour market instruments to increase the chances of groups with a disadvantaged labour market position to find long-term employment and to re-enter the open labour market, by providing a personalised, complex package of labour market services, counselling, employment and entrepreneurship support and training.

By the end of September 2023, 275,726 people had been involved in the labour market programmes by the consortium partner government agencies throughout the country. A key element of the programme is the provision of wage subsidies with an employment extension obligation. Thanks to the wage subsidies, as well as the support for entrepreneurship and mobility grants, nearly 213,000 people have found a job within the framework of the programme. The longer-term effectiveness of the programme is demonstrated by the fact that, according to the data available, 54.29% of participants (149,700) were in employment on the 180th day after leaving the programme.

**TOP PLUSZ-3.1.1-21 County employment and economic development cooperation:** The aim of the project implemented under the priority labour market programme is to coordinate labour supply and demand at county level, to improve the employability of disadvantaged job-seeking and inactive people who are seeking employment in the region, and to support their integration into the open labour market. The programme has the potential to improve the labour market situation of nearly 33,000 jobseekers and inactive people. The labour market programme was launched in November 2021 as a continuation of the previous TOP programmes. Only jobseekers and inactive persons aged 30 and over in the designated target group of the region concerned are eligible.

### **Support for social entrepreneurships**

**"Focus is on supportin social cooperatives with municipal membership, organised on the basis of the public work scheme":** The Focus programme aims to create new, sustainable jobs, particularly in disadvantaged districts, by supporting the activities and sustainable operation of social cooperatives. The programme is primarily intended to provide incentives and support to increase the employability of social cooperatives organised on the basis of public work, and to help them become self-sustaining market players.

At the end of 2022, 255 social cooperatives were operating on the basis of public work, mainly in disadvantaged municipalities in the country.

### **Tackling the social problems associated with settlement-like housing**

**EFOP-1.6.2-16 Tackling segregated living situations through complex programmes (ESF) and EFOP-2.4.1-16 Tackling segregated living situations through complex programmes (ERDF):** Complex housing programmes are designed to tackle peripheral living situations. They aim to help the social inclusion and integration of disadvantaged people living in segregated housing and in extreme poverty. The intergenerational transmission of deprivation and disadvantage cannot be prevented by the disadvantaged people or by the disadvantaged municipalities themselves. Complex, coordinated and process-supported policy interventions involving well-trained professionals are needed to reduce the social inequalities that have developed.

The ERDF programme aims to launch and reinforce desegregation processes by building new social rented housing, renovating existing social rented housing and supporting housing mobility. The investment will take place primarily in locations within an integrated environment or where the segregated housing environment can be linked to the integrated housing environment of the host municipality. The improvement of the housing conditions of at least 20% of the direct target group included in the ESF scheme is required.

The ERDF programme is linked to the results of the EFOP-1.6.2-16 Programme for the elimination of segregated living conditions through complex programmes (ESF). It provides for the housing and community infrastructure development of the complex programmes implemented there, which will result in the improvement of the housing conditions of the target group members of the complex programme, as well as the improvement of the living conditions of the settlement area, and indirectly of the population of the settlement as a whole. The renovated or newly constructed social rental housing will be integrated into the housing management system of the municipality, help to retain young people in the area and strengthen local patriotism.

***Question 10: Please provide information on steps taken to consult with, and ensure the participation of, the persons most affected by the cost of living crisis and/or organisations representing their interests in the process of designing of measures in response to the crisis.***

### **The sectoral wage subsidy programme**

Within the framework of the meetings of the Permanent Consultative Forum of the Industry and Government (VKF), the government regularly presented to the social partners its measures and related labour market programmes in response to the impact of the coronavirus. The government's programme to support sectoral wages was a prominent example. In this framework, the government provided sectoral wage support between November 2020 and 31 May 2021 under the priority labour market project GINOP-10.1.1-21 Sectoral Wage Support to address the labour market impacts of the COVID-19 epidemic. Under the project, businesses in sectors specifically affected by the pandemic were eligible for a subsidy of 50% of the gross wage of the workers they employ. As a result, the government has helped to save the jobs of 163,000 workers specifically affected by the epidemic.

### **Measures concerning persons of Roma nationality**

The Roma Coordination Council (ROK-T) has been in operation since 2011 on the basis of **Government Decision No. 1102/2011 (15 April) *establishing the Roma Coordination Council (ROK-T)***, which provides a forum for dialogue and cooperation on measures to promote the effective inclusion of the Roma population. Its tasks include: raising awareness of the problems that hamper the implementation of measures to promote Roma inclusion; providing opinions on proposals for measures, national and international reports and briefings; formulating proposals and contributing to the creation and development of professional networks to promote inclusion. It also participates in the evaluation of the impact of interventions to improve the social situation of Roma people and to promote their social integration, in the monitoring of the implementation of the Strategy, in the annual evaluation of the action plan of the Strategy and in the regular review of the Strategy. The ROK-T meets as necessary, but at least twice a year.

The ROK-T is a 33-member body, whose members include representatives, among others, of national NGOs, county-level Roma national self-governments and churches. Permanent invitees include the Equal Treatment Authority, the Hungarian Central Statistical Office and the chairman of the Cultural Committee and of the Welfare Committee of the National Assembly.

To compensate for the increased overheads in 2022 and 2023, the (church and other non-public) operators of child protection specialised care institutions – children's homes, foster care networks – received overhead compensation, which was preceded by a forum-like consultation with the stakeholders.