



Labour market trends, Quarters 1–3 of 2017

Contents

1. Employment outlook.....	1
1.1. Employed people.....	1
1.2. Labour demand.....	3
1.3. Unemployed people, potential labour reserve.....	4
1.4. Inactive people.....	5
2. Earnings, income from work.....	6
2.1. Gross earnings.....	6
2.2. Net earnings and family tax benefit.....	8
2.3. Income from work.....	8

1. Employment outlook

1.1. Employed people

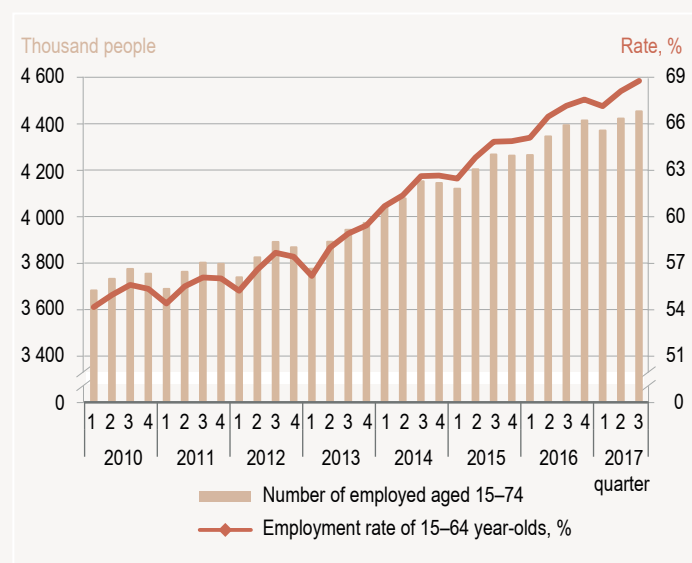
According to the data of the labour force survey, the number of employed people was 4,413 thousand in Quarters 1–3 2017, 81 thousand more than in the same period of the previous year. The number of the employed grew from quarter to quarter, but the growth rate slowed down during the year. The growth rate of 2.5% in the 1st quarter was followed by a 1.8% increase in the 2nd and a 1.4% growth in the 3rd quarter. The labour supply continued to decrease, while the labour demand of the economy generated by the favourable economic upswing increased. The number of people in the generations entering the labour market is much smaller than that of people leaving the labour market due to retirement, which, for the time being, is offset by the continuous rise in the retirement age. In the last one or one and a half years, the labour supply reducing effect of labour migration was less pronounced than in the previous period, but it is still significant in case of some professions, profession groups.

In Quarters 1–3 2017, the employment rate calculated for the 15–64 year-old population was 68%, 1.8 percentage points¹ higher than in the same period of the previous year. The magnitude of the positive trend in employment in recent years is indicated by the fact that by the 3rd quarter of 2017, the improvement was more than 13.2 percentage points compared to the employment rate of 55.5% in the 3rd quarter of 2010, the nadir of the crisis, i.e. 663 thousand more people receive income through their work than 7 years earlier. The improvement affected all age groups irrespective of gender, but it was the most

significant at the two ends of the age scale where our lagging behind the EU average was the highest anyway. While in the 3rd quarter of 2010, 18.6% of 15–24 year-old people were employed, this proportion was already 29.3% in the 3rd quarter of 2017. Over the same period, the employment rate of the 60–64 year-olds increased from 12.7% to 35.7%. In addition to the improvement of the employment indicators of the young age group that the upper age limit of compulsory education was reduced and employers employ more and more students due to the increasing labour shortage. In case of older people, the rise in the retirement age was the decisive factor, but there is an increasing need for the work of pensioners in the economy which is also shown by the establishment of pensioners' cooperatives this year.

Figure 1

Changes in the number of employed and in the employment rate of people aged 15–64



Source: labour force survey.

The labour market trends of 2017 are also unique in that the expansion of employment has only affected the domestic primary labour market. The growth of 109,000 people in this segment compensated for the significant decrease in the number of public workers and the slight reduction in the number of employees indicating local units abroad as workplace. In Quarters 1–3 2017, the number of employed people grew the most dynamically in Northern Great Plain, while in the other regions, the growth rate was below average, and the number of employees was stagnant in Southern Transdanubia.

¹ The decline in the denominator, the number of 15–64 year-olds explains 0.6 percentage point of this.

Table 1
Number of the employed and its change compared to earlier periods

(thousand persons)

Denomination	Number of employed			Change in the number of employed, quarters 1–3 of 2017 compared to	
	2010	2016	2017	2010	2016
	Quarters 1–3			Quarters 1–3	
Total	3 726.3	4 331.9	4 412.7	686.5	80.9
Men	1 986.8	2 352.4	2 410.8	424.0	58.4
Women	1 739.5	1 979.5	2 002.0	262.5	22.5
Central Hungary	1 190.9	1 398.8	1 419.6	228.7	20.9
Central Transdanubia	425.8	487.0	499.8	74.0	12.9
Western Transdanubia	398.9	455.7	467.8	68.8	12.1
Southern Transdanubia	338.1	369.3	369.4	31.4	0.2
Northern Hungary	393.2	465.7	473.5	80.3	7.8
Northern Great Plain	499.8	608.5	628.8	128.9	20.3
Southern Great Plain	479.5	547.1	553.8	74.2	6.7
Employee	3 265.8	3 863.5	3 957.0	691.2	93.5
Members of business partnerships	141.6	145.9	158.0	16.4	12.1
Self-employed	306.3	309.6	285.6	–20.7	–24.0
Unpaid family workers	12.5	12.9	12.1	–0.4	–0.8
Working in premises in Hungary	3 676.8	4 215.2	4 300.9	624.1	85.7
of which: declare to be public worker	73.7	222.0	199.2	125.5	–22.8
Working in premises abroad	49.5	116.6	111.8	62.4	–4.8

Source: labour force survey.

As a result of the favourable labour market trends in recent years, our position in the EU improved continuously. According to the most recent available data published by Eurostat, in the 2nd quarter of 2017, the employment rate of the 15–64 year-olds was 68.1%, 0.4 percentage point higher than the EU average, within which the advantage grew to 2.2 percentage points in case of men, while the disadvantage of 1.4 percentage points for women was 0.4 percentage point higher than in the previous quarter. With the 83.7% employment rate calculated for the 25–54 year-olds, i.e. people in the best working age, we belonged to the one third of EU member states which are in the best position. The improving employment data are accompanied by low unemployment, and in the 2nd quarter of 2017, only 3 member states (the Czech Republic, Germany and Malta) had unemployment rates lower than the 4.3% in Hungary which equalled the one in the United Kingdom.

Table 2
Employment rate and unemployment rate in EU member states, 2nd quarter 2017

Country	Employment rate						Unemployment rate, % ^{b)}
	15–24	25–54	15–64 year-old			change ^{a)}	
	year-olds		men	women	together		
	%						
Austria	50.0	84.4	76.2	68.1	72.2	0.8	5.4
Belgium	20.7	79.7	67.1	58.4	62.8	0.8	7.0
Bulgaria	23.2	79.8	70.5	63.9	67.2	3.5	6.3
Croatia	28.3	74.8	64.7	53.7	59.2	1.8	11.0
Cyprus	26.9	79.4	70.2	61.3	65.6	1.1	10.6
Czech Republic	28.4	86.5	80.6	65.7	73.3	1.6	3.0
Denmark	56.7	81.2	76.9	71.3	74.1	–1.2	5.5
Estonia	38.8	82.9	76.7	69.8	73.2	–0.1	7.0
Finland	45.2	80.8	72.0	69.0	70.5	0.6	9.9
France	28.6	80.4	68.6	61.6	65.1	0.7	9.1
Germany	45.0	84.1	78.6	71.0	74.8	0.6	3.8
Greece	14.4	68.2	62.9	45.2	54.0	1.6	21.2
Hungary	28.9	83.7	75.1	61.1	68.1	1.7	4.3
Ireland	31.4	76.6	71.1	60.4	65.7	1.0	6.4
Italy	16.8	69.6	67.1	49.1	58.1	0.4	11.0
Latvia	35.8	80.3	71.4	68.4	69.8	0.8	8.9
Lithuania	31.6	83.4	70.5	70.7	70.6	1.1	7.0
Luxembourg	23.1	83.9	69.7	62.0	65.9	0.7	5.3
Malta	46.5	80.5	78.9	54.4	67.0	1.0	4.1
Netherlands	61.9	83.4	80.2	71.2	75.7	0.9	5.0
Poland	29.6	81.7	72.5	60.0	66.2	1.9	5.0
Portugal	25.2	82.3	70.8	64.5	67.6	2.5	9.0
Romania	27.3	81.3	73.2	57.7	65.5	3.7	4.8
Slovakia	27.0	79.9	72.0	60.1	66.1	1.2	8.1
Slovenia	34.4	86.0	72.8	65.1	69.1	2.9	6.4
Spain	19.9	73.3	66.5	55.7	61.1	1.7	17.2
Sweden	45.6	86.5	78.5	75.6	77.1	0.4	7.3
United Kingdom	50.1	83.8	78.6	69.6	74.1	0.7	4.3
EU-28	34.3	79.8	72.9	62.5	67.7	1.1	7.6

a) Q2 2017–Q2 2016 (percentage point).

b) Calculated for the 15–74 year-olds.

Source: Eurostat (state of 8 November 2017).

The number of employed people grew by 1.7%, or by 3.1% excluding public workers in Quarters 1–3 2017 compared to the same period of the previous year.² In the business sector, including about 8 thousand public workers, 2,042 thousand people worked, 3.0% (60 thousand people) more than in the same period of the previous year, while at budgetary institutions – excluding the 147 thousand public workers – the headcount of 698 thousand was 0.5% higher than a year earlier. Non-profit organisations designated for data supply employed 142 thousand people including about 13 thousand public workers.

In the observed segment of the national economy, the number of full-time workers increased by 1.5% (to 2,729 thousand including public workers) and that of part-time workers grew by 3.9% (to 301 thousand). At budgetary institutions, corporations employing at least 5 persons and observed non-profit organisations, the monthly average statistical staff number of public workers was 169 thousand in Quarters 1–3 2017, 17% less than in the same period of the previous year.

According to the data communication of the Ministry of Interior³ containing also those who are not covered by the institutional labour statistics, the monthly average number of people registered as public workers was 183.9 thousand in Quarters 1–3 2017 and 173.6 thousand in September, while this figure was 216.1 thousand in the same month of 2016. In the long run, the goal is to reduce the average number of public workers to 150 thousand by 2020. The government decision of March on the role and future of public employment, among other things, limits the employment of people under the age of 25 or skilled workers as public workers. This latter, supplemented by the fact that people with educational attainment higher than primary school are more likely to benefit from the increasing labour demand caused by labour shortages further deteriorated the composition of public workers by educational attainment. In September, the last month of the observed period, 55.2% of people participating in the public work programme had only primary educational attainment at most. As a result of the government decision of March, the

number of public workers younger than 25 years of age decreased much more than the average, and in September only 7.9% of public workers belonged to this age group. In the given month, the five most common jobs filled by public workers were simple service and transport occupations (45.2%), simple agricultural occupations (8.9%), simple construction industry occupations (5.7%), other cleaners and helpers (4.3%) and general office administrators (2.9%). It had a positive impact on the entry of public workers to the primary labour market that the growth rate of public employment wage was decoupled from that of minimum wage. Thus, the public employment wage did not change in 2016 and increased very modestly, only by 3.0% in 2017.

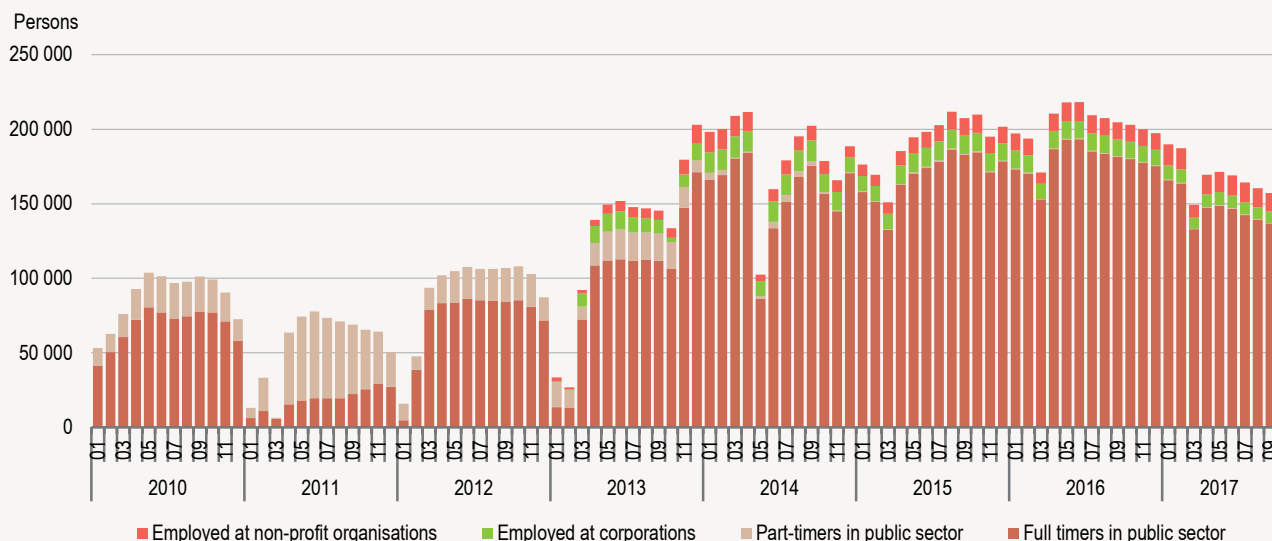
1.2. Labour demand

Based on the job vacancy survey conducted according to the EU regulation, at corporations employing at least 5 persons in the business sector, the number of job vacancies or jobs expected to become vacant in the near future, for which employers have already taken steps to fill as soon as possible (contacted head-hunter companies, announced the job vacancy, etc.) was 43 thousand in the 1st quarter, 48 thousand in the 2nd quarter and 54 thousand in the 3rd quarter of 2017. In the 3rd quarter, the number of job vacancies was by more than 12 thousand or 29% higher than a year earlier. Within this, the job vacancy rate of the business sector was 2.5%.

Within the business sector, the ratio of job vacancies to all jobs was the highest in the section of administrative and support service activities (5.0%) in the 3rd quarter of 2017. Corporations in manufacturing, the section of the national economy employing the largest headcount, reported 20.6 thousand job vacancies to be filled which accounted for 2.9% of all jobs. There are significant labour shortages in the sections construction and accommodation and food service activities as well, the job vacancy rate was 2.7% in the former and 2.5% in the latter section in the 3rd quarter of the year.

Figure 2

Monthly number of public workers*

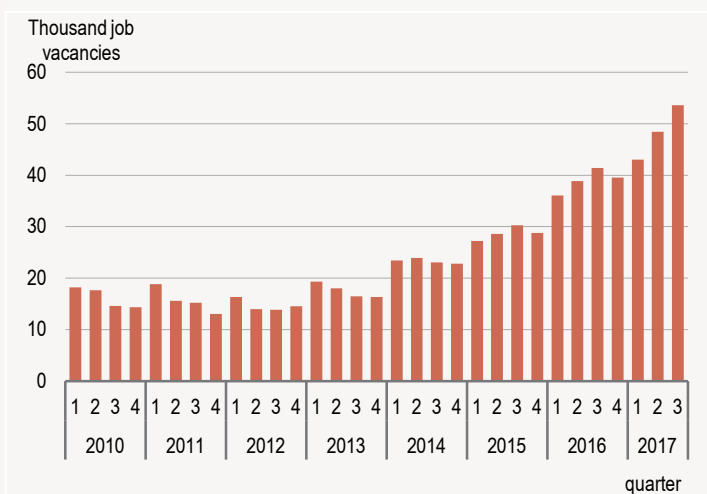


* Until 2012, only data of the public sector are available.
Source: monthly labour statistics.

² According to the data of the institutional labour statistics, at corporations employing at least 5 persons, budgetary institutions and observed non-profit organisations.
³ Source: monthly information on the state of public employment (www.kozfoglalkoztataskormanyu.hu).

Number of job vacancies in the business sector

Figure 3

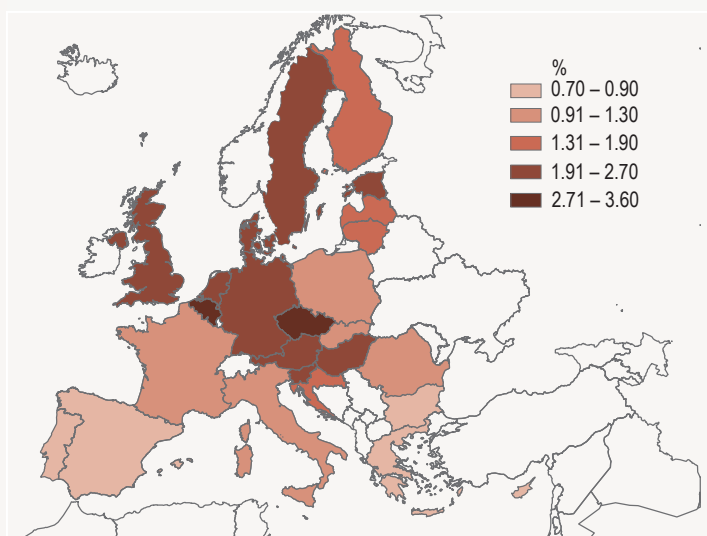


Source: job vacancy statistics

The increase in the absolute number and proportion of job vacancies is also characteristic of the EU as a whole; according to the latest available data of the 2nd quarter of 2017, the job vacancy rate grew to 2.0% in the European Union. There are significant differences in the indicators of the member states, the magnitude of which strongly correlates with the unemployment rate. In the 3rd quarter of 2017, the job vacancy rate was the highest in the Czech Republic (3.6%), Belgium (3.3%) and Germany (2.7%), but the rate of the Netherlands, Austria and the United Kingdom was only slightly lower than that with 2.6%. Thus, among migration destination countries, which are the most important for Hungary, the number of job vacancies was nearly 1.1 million in Germany, 100 thousand in Austria and about 800 thousand in the United Kingdom in the observed period. By contrast, only 0.7% of jobs in Greece, 0.8% in Bulgaria, Spain and Cyprus and 0.9% in Portugal, were to be filled. With the rate of 2.2% characteristic of the total national economy, Hungary is slightly above the EU average.

Figure 4

Job vacancy rates in EU member states, 2nd quarter of 2017



Source: Eurostat (state of 15 September 2017).

In addition to the statistics based on EU standards, the data series of the National Employment Service (NES) based on the continuously incoming labour demand notifications show the evolution of the labour demand according to a different concept. Employers are primarily interested in announcing those jobs at the employment service which they want to fill in supported form of employment, or this way, they typically search for candidates for jobs requiring lower qualification. In September 2017, employers reported altogether 42.8 thousand job vacancies at the NES, 56.0% of them were jobs to be filled in supported form of employment (the majority of which was public employment). One third of all demands were reported in Borsod-Abaúj-Zemplén county, Budapest, and Szabolcs-Szatmár-Bereg county. The total number of job vacancies registered at the NES in the given month was 134.3 thousand, out of which 88 thousand were still unfilled on the closing day of the month. The labour demand for unsupported employment was the highest in Budapest, Bács-Kiskun, Győr-Moson-Sopron and Komárom-Esztergom counties. The main target groups were people with simple industry occupations, simple construction industry occupations, simple service, transport and similar occupations n.e.c., as well as mechanical machinery assemblers.

1.3. Unemployed people, potential labour reserve

In Quarters 1–3 2017, the number of unemployed people according to the definition⁴ of the labour force survey fell to a historic low of 197.2 thousand. This corresponded to a decrease of 47.2 thousand compared to the same period of the previous year and thus, the employment rate fell to 4.3%.

Table 3

Major unemployment indicators

Period		Unemployed, thousand persons			Unemployment rate, %			
		men	women	together	men	women	together	15–24 year-olds
2015	Q1	186.3	161.3	347.6	7.7	7.8	7.8	19.4
	Q2	163.5	146.9	310.4	6.7	7.1	6.9	17.8
	Q3	151.8	140.9	292.7	6.1	6.7	6.4	16.7
	Q4	146.1	134.6	280.7	5.9	6.5	6.2	15.3
2016	Q1	147.0	125.8	272.8	6.0	6.1	6.0	14.2
	Q2	131.4	102.6	234.1	5.3	4.9	5.1	13.3
	Q3	121.6	104.8	226.5	4.9	5.0	4.9	12.7
	Q4	109.9	95.1	205.0	4.4	4.5	4.4	11.6
2017	Q1	108.9	97.9	206.8	4.4	4.7	4.5	10.3
	Q2	100.1	96.3	196.4	4.0	4.6	4.3	11.0
	Q3	90.9	97.6	188.5	3.6	4.6	4.1	11.3

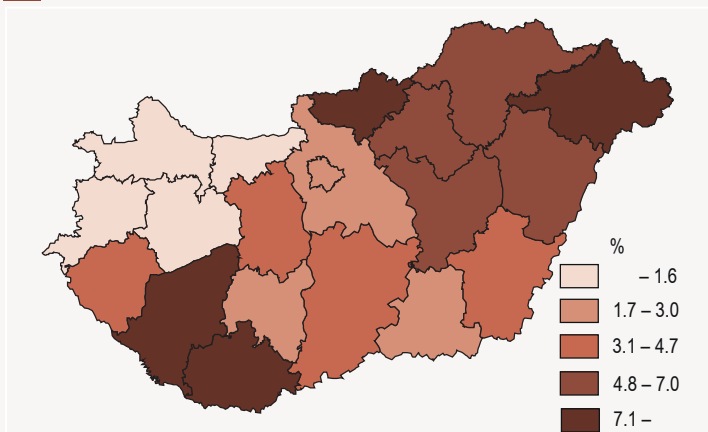
Source: labour force survey.

Despite the overall improvement in the labour market situation, regional differences did not decrease. In the 3rd quarter of 2017, the unemployment rate of the most disadvantaged county was five or six times the unemployment rate of the county in the best employment situation.

⁴ Does not work, is actively looking for a job and is available.

Unemployment rates* by counties, 3rd quarter 2017

Figure 5



* Calculated for the 15–74 year-olds.
Source: labour force survey.

Major data of registered jobseekers

Table 4

Period	Registered job-seekers	Of which:			
		career-starters	eligible for job-seekers' allowance or assistance	social benefit recipients	without any provision
2016					
January	359.2	38.7	64.5	118.5	176.2
February	366.6	40.3	66.2	125	175.4
March	420.7	44.6	77.3	133.6	209.8
April	338.1	38.1	63.5	106.5	168
May	307	34.1	55.9	99.6	151.6
June	291.6	34.2	53.8	94.4	143.4
July	292	35.4	57.5	91.4	143.1
August	283.4	34.3	57.2	88.6	137.5
September	282	34.8	54.8	86.6	140.6
Quarters 1–3, average	326.7	37.2	61.2	104.9	160.6
2017					
January	288.3	30.4	63.6	87.2	137.5
February	296.5	31.4	63.8	91.5	141.2
March	350.8	34.8	78.7	101.9	170.2
April	307.4	31.5	71.7	90.9	144.8
May	287.6	28.8	61.7	90.7	135.2
June	279.6	29.8	57.6	90.4	131.6
July	274.7	30.1	60.6	87	127.1
August	269.3	29.4	61	85.3	123
September	268.4	30	59.4	82.8	126.3
Quarters 1–3, average	301.7	31.1	66.2	92.1	143.4
<i>Quarters 1–3 of 2016 = 100%</i>	<i>89.2</i>	<i>82.6</i>	<i>104.9</i>	<i>85.5</i>	<i>85.6</i>

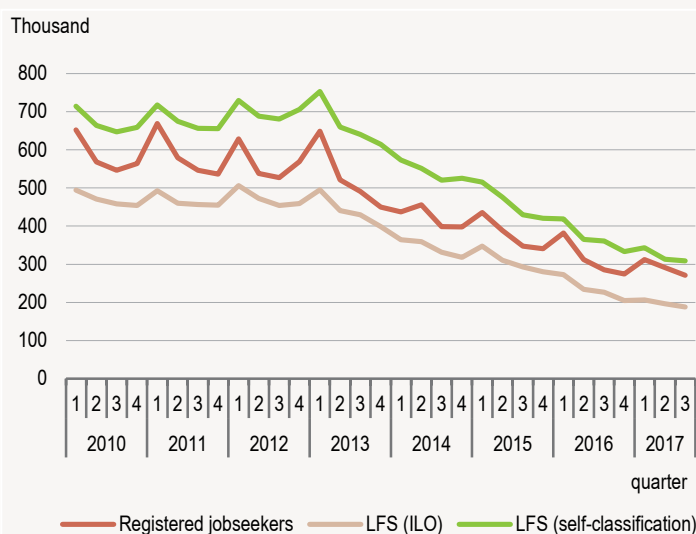
Source: register of the National Employment Service (<http://nfsz.munka.hu>).

In Quarters 1–3 2017, the average number of jobseekers registered at the National Employment Service was 291 thousand, about 10% less than in the same period of the previous year. In the observed period, the number of registered jobseekers was the highest in March, because many of those who left the public work programmes, the majority of which were completed at that time, returned to the registration system. Subsequently, the number of registered jobseekers declined continuously and became steady at about 270 thousand in the 3rd quarter of the year.

In Quarters 1–3 2017, nearly 53% of registered jobseekers received some kind of provisions, which proportion was somewhat more favourable than in the previous years. Within provision recipients, the proportion of those receiving benefits of higher amounts increased.

Figure 6

Number of registered jobseekers and that of unemployed according to the labour force survey and self-classification



In Quarters 1–3 2017, according to the data of the labour force survey, 322 thousand people aged 15–74 years considered themselves unemployed on average, 16% less than a year earlier. The number of unemployed according to self-classification and the ILO⁵ definition changed at the same rate in the last 3–4 years, however, the change in the number of registered jobseekers was much more different from them than earlier, presumably due to the trend-forming effect of public employment.

Unemployed people according to the ILO definition, the underemployed, those who want to work but do not actively look for a job or do not meet the criterion of availability constitute together the potential labour reserve. In Quarters 1–3 2017, only 348 thousand people belonged to the group defined this way as opposed to 401 thousand a year earlier.

1.4. Inactive people

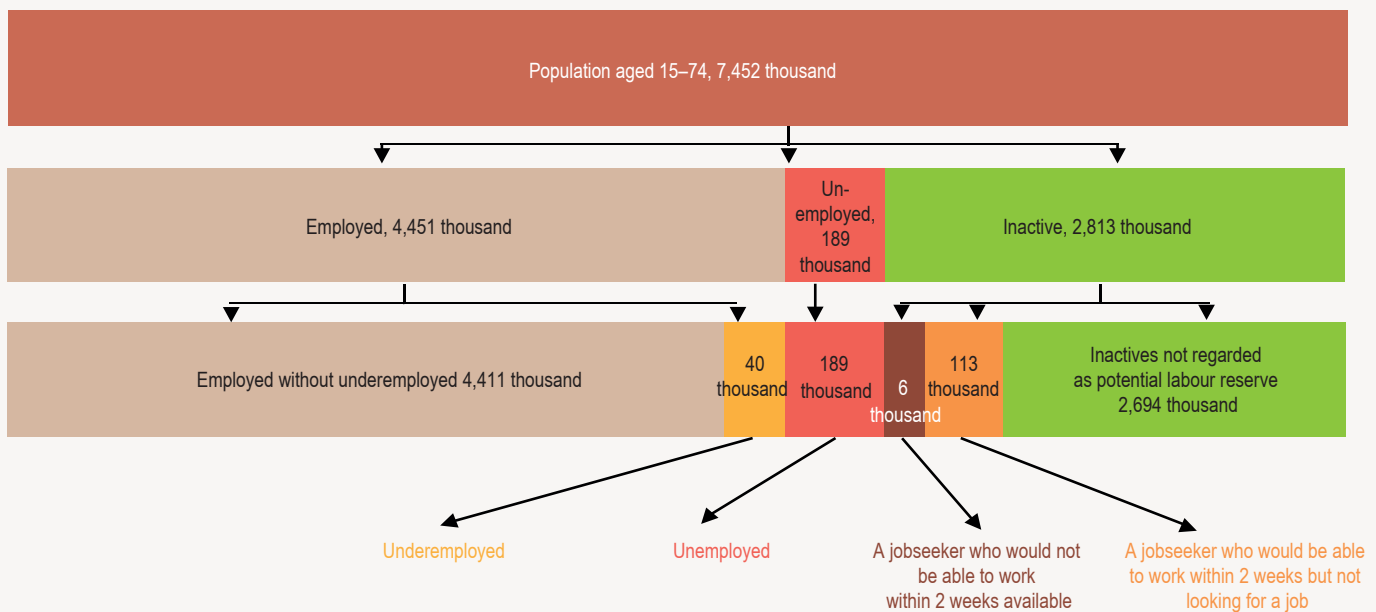
The number of inactive people of working age (15–64 year-old) is continuously decreasing partly due to demographic⁶ and partly to labour market reasons. In Quarters 1–3 2017, 87 thousand fewer people belonged to this category than in the corresponding period of the previous year. The number of pensioners, representing the largest group of inactive people, fell by 46 thousand, while that of students by 20 thousand. In the decrease in the number of pensioners, the rise in the retirement age plays the determinant role, although its effect is somewhat dampened by the possibility of retiring after 40 years of employment for women. The number of live births has changed within narrow limits for years, so the fact that also the number of inactive people due to being on child-care leave

⁵ ILO – International Labour Organization.

⁶ The number of people in the 15–64 age group fell by 55 thousand over one year.

Figure 7

Potential labour reserve, 3rd quarter of 2017



Source: labour force survey.

decreased is the result of measures helping women with children to return to the labour market as soon as possible. The number of jobseekers' provision recipients, who are regarded inactive because they do not meet the three criteria of unemployed according to the ILO definition, fell to 40 thousand, while the number of the so-called 'other inactive people' who neither study nor have a regular income in their own right slightly increased. The majority of the nearly 147 thousand women belonging to this category are classical housewives who are typically out of the labour market due to family obligations.

Table 5

Number of inactive people aged 15–64 years by the reason for absence from the labour market

Denomination	Quarters 1–3 of 2017			Quarters 1–3 of 2016=100.0		
	men	women	together	men	women	together
	number, thousands			%		
Pensioners, annuity recipients	256.9	421.3	678.3	91.3	95.1	93.7
Child care provision recipients	2.0	230.8	232.8	53.3	95.8	95.1
Jobseekers' provision recipients	17.6	22.7	40.4	76.0	101.9	88.7
Students	323.6	315.1	638.6	97.6	96.6	97.1
Nursing and orphan's allowance recipients	10.5	27.0	37.5	88.6	81.3	83.2
Other inactive	86.5	147.1	233.6	94.2	105.9	101.3
Inactive people aged 15–64 years, total	697.1	1164.0	1 861.2	93.8	96.6	95.5

Source: labour force survey.

2. Earnings, income from work

2.1. Gross earnings

In Quarters 1–3 2017, in the field of observation⁷ employing 3,030 thousand people, average gross earnings of full-time employees were HUF 290.9 thousand, 12.8% higher than in the same period of the previous year. The outstanding growth rate of earnings is the result of several factors, among which the various government measures, had a very significant role. Thus, minimum wage rose by 15% and guaranteed minimum wage by 25% in 2017 which had both a direct and an indirect effect on earnings growth.⁸ The direct impact was mainly observed in sections where the proportion of minimum wage earners is high (e.g. construction, accommodation and food service activities). The indirect effect was felt in the total national economy, because it was necessary to rise also wages of those who are not minimum wage earners in order to retain the earlier earnings differentials as far as possible. It is also part of the government measures that in the 4th quarter of 2016 and in 2017, the career model was introduced in new areas of the public sector. This and the ad hoc wage supplements have resulted in earnings growth higher than the average of the national economy in the whole sector. However, the rise of the minimum wage, but especially that of the guaranteed minimum wage, has sometimes distorted the proportions adjusted to certain jobs and service time. Most of the measures in 2016 were concentrated in the second half of the year, therefore the lower wage is still in the basis of the index of earnings in the 1st half of 2017 and partly in Quarters 1–3 2017, while major changes affecting the public sector in 2017 came into effect as from 1 January. Thus, in Quarters 1–3, the effects of the measures in 2016 and 2017 were both present in the index of earnings in the public sector.

The demand for skilled labour continued to grow in 2017, and competition emerged in more and more areas, not only between corporations of the same profile but also between the different areas of the

⁷ Corporations with at least 5 employees, budgetary institutions and designated non-profit organisations.

⁸ On 1 January 2017, 'normal' minimum wage rose from HUF 111 thousand to HUF 127.5 thousand and guaranteed minimum wage from HUF 129 thousand to HUF 161 thousand.

national economy. In order to obtain, or at least keep the workforce – sometimes under the pressure of strike threat – many corporations were forced into general salary adjustment. The decrease in the number of public workers also contributed to the dynamics of earnings on the level of the national economy (this explained 1 percentage point from the growth rate of earnings).

In Quarters 1–3 2017, average gross earnings increased by 11.3% to HUF 303.1 thousand at corporations employing at least 5 persons in the business sector. At state-owned corporations operating in the business sector, as a first phase of a 3-year wage agreement, a 13–14% salary adjustment was made at the end of the 1st quarter of 2017 with a retroactive effect from 1 January 2017 which also contributed to the growth. Partly as a result of this, average earnings increased in the sections of water supply, sewerage, waste management and remediation, as well as transportation and storage more than the average of the business sector (by 14.6% and 12.2%, respectively). In the 14.2% increase of earnings in accommodation and food service activities, partly the rise of minimum wage and partly salary adjustments aimed at alleviating the increasing labour supply problems of the section played a role. Besides, the growth rate of earnings was outstanding (16.8%) in the section real estate activities as well. In the sections of the national economy having the largest weight in terms of employment in the business sector, i.e. in manufacturing and in wholesale and retail trade, repair of motor vehicles, average gross earnings rose by 11.5% and 11.9%, respectively. At the same time, the growth rate of earnings was well below the average in the sections information and communication (5.8%) and financial and insurance activities (8.6%), i.e. the two sections of the national economy with extremely high average earnings (HUF 503.9 thousand and HUF 559.5 thousand, respectively). The strong effect of the minimum wage rise on earnings is shown by the fact that earnings growth was the highest (15.5%) in the manufacture of textiles, wearing apparel, leather and related products, the worst paid branch in manufacturing. Within manufacturing characterized by average gross earnings of HUF 305.2 thousand, average

gross earnings were the highest, HUF 764.0 thousand in the manufacture of coke and refined petroleum employing a small staff number, since, based on the results of the previous year, large amounts of bonuses were paid in April–May. This was followed by the manufacture of pharmaceuticals, medicinal chemical and botanical products with an average earnings of HUF 484.8 thousand, while despite the high growth rate, average earnings amounted to only HUF 190.9 thousand in the manufacture of textiles, wearing apparel, leather and related products.

In addition to government measures, the growth rate of earnings in the public sector in a given year is influenced by the change in the number and wage of public workers. The latter has been more significant since the 2nd quarter of 2017 when the proportion of public workers with much lower earnings than the average was considerably lower than in 2016. In Quarters 1–3 2017, average earnings of the total public sector were by HUF 42 thousand lower, but the growth rate was higher (16.3%) than the ones calculated without public workers (13.9%). In all sections of the national economy characterized by the predominance of the public sector, there were such measures which, either through their carry-over effect or through their effect in the current year, contributed to the growth rate of earnings much higher than the one in the business sector.

In the section of public administration and defence, compulsory social security, among others, the wages of people working in law enforcement (armed forces) grew by 5.0%, and public employees working in this field also received a salary increase in the form of wage supplement. From the second half of 2016, wages of people working in district offices and at the National Tax and Customs Administration and from January 2017, those of employees in the capital and county government agencies were raised. The wage development of judges and prosecutors started in the 4th quarter of 2016 as well; for example, the lowest basic salary of judges and prosecutors rose from HUF 391,600 in 2016 to HUF 431,740. As a combined effect of these measures, average gross earnings calculated without public workers grew by 15.4% to HUF 370.0 thousand in Quarters 1–3 2017 at budgetary institutions classified to this section of the national economy.

Table 6

Total and regular average gross earnings, total and excluding public workers, Quarters 1–3 of 2017

Staff group	National economy, total		Of which:					
	average gross earnings, total	of which: regular	business sector		public sector		non-profit organisations	
average gross earnings, total			of which: regular	average gross earnings, total	of which: regular	average gross earnings, total	of which: regular	
Total, HUF/capita/month								
Manual	205 671	197 884	216 506	207 697	169 564	165 124	166 444	162 737
Non-manual	384 540	356 218	437 424	397 634	322 150	306 746	309 063	302 080
Together	290 864	273 296	303 117	282 162	268 715	257 150	250 968	245 320
Quarters 1–3 of 2016=100.0								
Manual	115.5	115.4	114.6	114.7	117.5	116.9	113.2	113.3
Non-manual	110.7	110.4	108.4	108.7	114.8	113.4	106.5	106.5
Together	112.8	112.6	111.3	111.6	116.3	115.1	110.7	110.7
Of which: without public workers, HUF/capita/month								
Manual	220 553	211 855	217 487	208 616	248 618	240 332	194 602	189 739
Non-manual	388 364	359 667	437 632	397 818	328 619	312 777	315 673	308 478
Together	304 602	285 887	304 140	283 089	310 390	296 270	273 430	267 049
Quarters 1–3 of 2016=100.0								
Manual	114.4	114.4	114.5	114.6	114.1	113.7	113.0	113.2
Non-manual	110.3	110.1	108.4	108.7	114.1	112.7	107.4	107.4
Together	111.8	111.7	111.2	111.5	113.9	112.7	110.1	110.1

Source: monthly labour statistics.

Among the factors influencing the average earnings of HUF 291.6 thousand and the 8.8% growth rate of earnings in education, the wage development of instructors and researchers working in tertiary education, which started in the autumn of 2016, had the largest weight. Besides, the teacher career programme launched in 2013 increased the wages of teachers in public education by 3.5% on average in 2017 as well.

The comprehensive salary adjustment of people working in the section of human health and social work activities began in the second half of 2016, which, through the base, had a significant impact on the earnings trends during the first eight months of the year. As a result, in Quarters 1–3 2017, average gross earnings calculated without public workers amounted to HUF 284.1 thousand, 19.7% higher than a year earlier in the field of human health care and, after a 20.5% increase, to HUF 213.2 thousand in the field of social care. In addition to people working in the above three sections, the 20 thousand public employees working in cultural fields also received a salary increase of 15% on average from January 2017.

Average gross earnings of public workers were HUF 81.6 thousand in the field of observation, roughly the same as the current minimum wage of public workers (HUF 81,530) laid down in a government decree. The year-on-year growth rate of 3.3% was 0.3 percentage point higher than that of tariff wage.

In budgetary institutions and non-profit organisations performing delegated state duties, employees whose net earnings would have decreased due to the changes in the rules of personal income tax and contributions in 2011 and 2012 may receive a compensation not making part of earnings since 2011. As a result of wage correction measures and labour force replacement, the number of employees concerned fell from nearly 400 thousand in 2012 to 108 thousand by 2017. The average monthly amount of the compensation was HUF 8.8 thousand.

2.2. Net earnings and family tax benefit

In 2017, both the personal income tax rate and employees' contributions were the same as in the previous year, thus, net earnings excluding family tax benefit increased to the same extent as gross earnings, by 12.8% in Quarters 1–3 2017. On the level of the national economy, average net earnings amounted to HUF 202.6 thousand calculated without public workers and HUF 193.4 thousand taking them into account. Average net earnings were HUF 201.6 thousand in the business sector and HUF 178.7 thousand (HUF 206.4 thousand excluding public workers) at budgetary institutions. Along with a 2.4% rise in consumer prices in the given period, earnings increased by 10.2% in real terms.

Table 7

Net and real earnings taking into account family tax benefit, Quarters 1–3 of 2017

Number of dependent children	Calculated net earnings, HUF/capita/month	Net earnings	Real earnings ^{a)}	Share of employees belonging to the household type, %
		change compared to Quarters 1–3 of 2016, %		
0 child	189 340	12.6	10.0	54.0
1 child	199 335	12.7	10.0	22.5
2 children	225 119	13.7	11.0	17.2
3 or more children	245 730	11.6	9.0	6.3
National economy, total	201 309	12.7	10.0	100.0

^{a)} Calculated with the consumer price index of 102.4% in Quarters 1–3 of 2017.

Source: monthly labour statistics and a micro-simulation model using data of the household budget and living conditions survey.

In 2017, the family tax benefit for families with two children increased and they can reduce their personal tax base each month by HUF 100,000/child instead of HUF 83,330/child in 2016. The tax base reduction of families with one child is HUF 66,670/month, the same as last year, while that of families with three or more children is HUF 220,000/child/month. The tax allowance can be shared by the parents and deducted from employees' pension and health contributions as well. According to the results of the micro-simulation model based on the demographic and household income survey data, in the observed range of organisations, family tax benefit resulted in a monthly extra income of HUF 7.9 thousand per employee on average in Quarters 1–3 2017. Taking into account family tax benefit, the per capita net earnings were HUF 10 thousand higher in families with one child and nearly HUF 36 thousand higher in families raising two children than the net earnings of those raising no child.

2.3. Income from work

In Quarters 1–3 2017, income from work used in international comparison of earnings, which, in addition to earnings (according to the Hungarian methodology), includes the elements of the so-called other income from work, such as cafeteria benefits, amounted to HUF 304.9 thousand, and within this, other income from work to HUF 14.0 thousand. The latter was by about HUF 800, or less than 6% higher than a year earlier, while the growth rate of earnings was nearly 13%, i.e. the proportion of other income from work within total income from work decreased.

Table 8

Denomination	Quarters 1–3 of 2017			Quarters 1–3 of 2016
	average monthly income from work	of which: average monthly other income from work	proportion of other income from work within total income from work	
	HUF/capita/month		%	
National economy, total	304 888	14 024	4.6	4.9
Of which:				
business sector	317 660	14 543	4.6	4.8
public sector	282 087	13 373	4.7	5.2

Source: monthly labour statistics.

In respect of the per capita amount of other income from work, the differences among sections are much higher than in case of earnings. It was the highest, nearly HUF 31.2 thousand on monthly average in electricity, gas, steam and air conditioning supply, while in human health and social care activities, representing the other extreme – where the workplaces of most public workers not eligible for extra allowances are classified – it amounted to hardly HUF 4.9 thousand.

In 2017, as a result of the favourable economic results, the general tax rate of social contributions of employers was reduced from 27% to 22%, which could be spent so on increasing earnings by corporations.

Further data, information (links)[Tables](#)[Tables \(stadat\)](#)[Methodology](#)**Contact details:**kommunikacio@ksh.hu[Contact us!](#)

Telephone: +36 (1) 345 6789

www.ksh.hu