



Labour market trends, Quarters 1–4 of 2017

Contents

1. Employment outlook.....	1
1.1. Employed people.....	1
1.2. Labour demand.....	4
1.3. Unemployed people, potential labour reserve.....	4
1.4. Inactive people.....	6
2. Earnings, income from work.....	6
2.1. Gross earnings.....	6
2.2. Net earnings and family tax benefit.....	7
2.3. Income from work.....	8
2.4. Labour cost index.....	8

In the domestic labour market, the favourable trend of recent years continued in 2017 as well:

- 103 thousand more people found work in the primary labour market than a year earlier.
- Also due to the rising wages, the number of people working abroad¹ stopped increasing.
- On annual average, 27 thousand fewer people declared to be public workers.
- Unemployment fell to a record low of an annual average of 4.2%, and in the 3rd quarter of 2017, the unemployment rate in Hungary was the 4th lowest in the European Union.
- Minimum wage rose by 15% and guaranteed minimum wage by 25% in 2017, which contributed significantly to the improvement of the living standard of those working in low-income areas.
- The differentiated salary adjustment of people working in the public sector continued, from which workers in the field of human health and social work activities especially benefited in 2017.
- The family tax benefit for families with two children continued to increase, thus the share of income remaining in the affected families rose.
- The social contribution rate of employers was reduced from 27% to 22%, so the resulting savings could partially cover the rise of wages associated with the shrinking labour supply as well.

The economic growth, however, resulted in labour shortages in more areas than before; in 2017, the annual average number of job vacancies reported by employers was 23% higher than a year earlier, and in the last quarter, 2.4 out of 100 jobs were jobs to be filled.

Despite the overall improvement in the labour market indicators, the significant regional differences did not decrease.

1. Employment outlook

1.1. Employed people

According to the data of the labour force survey, the annual average number of employed people was 4,421 thousand in the 15–74 year-old population, 1.6% more than the headcount in the previous year. The growth rate of employment slowed down during the year, and the rate of 2.5% in the 1st quarter was followed by an increase of 1.8% in the 2nd, 1.4% in the 3rd and 0.8% in the 4th quarter, which was connected to the shrinking available labour reserve.

The employment rate calculated for the 15–64 year-old population rose to a record high of 68.2%. This represented an improvement of 13.2 percentage points compared to 2010 and of 1.7 percentage points compared to 2016. 3.2 percentage points of the former and 0.7 percentage point of the latter can be explained by the decrease in the population number. In the improvement of employment, the favourable development of real economic processes played the decisive role, but administrative measures, such as the continuous rise in retirement age, which could offset the narrowing source resulting from the smaller generations entering the labour market, as well as encouraging work while being on childcare leave with financial means, also contributed to the increase.

Figure 1

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



Source: labour force survey.

¹ Those people working abroad are enumerated in the labour force survey who commute daily abroad to work, or who work abroad for a long time, but come home regularly and contribute to the living costs of the households providing data.

Nearly 690 thousand more people received income through their work last year than in 2010. The increase in employment affected all age groups, but the change was the most intensive at the two ends of the age scale where our lagging behind the EU average was the highest anyway. While in 2010, 18.3% of 15–24 year-old people were employed, this proportion was already 29.0% in 2017, and over the same period, the employment rate of the 60–64 year-olds increased from 12.6% to 35.2%. It also contributed to the improvement of the employment indicators of the young age groups that the upper age limit of compulsory education was reduced and employers were forced to 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 it was less pronounced in case of women due to the possibility of retiring after 40 years of service time.

The increase in the number of employed people in 2017 was limited to the primary labour market in Hungary. Here, the expansion was nearly 2.6%, while in the labour force survey, 12% less people declared to be public workers and 6% less indicated local units abroad as workplace than a year earlier. The growth rate was significantly above the national average in Northern Great Plain and Western Transdanubia, while in Southern Transdanubia, the number of the employed was lower than in the previous year.

Table 1

Number of the employed and its change compared to earlier periods

Denomination	Number of employed			Change in the number of employed, 2017 compared to			
	(thousand persons)						
	2010	2016	2017	2010	2016		
Total	3 732.4	4 351.6	4 421.4	689.0	69.7		
Men	1 992.5	2 362.5	2 417.3	424.8	54.8		
Women	1 739.8	1 989.1	2 004.1	264.2	14.9		
Budapest	713.0	840.3	845.3	132.3	5.0		
Pest county	477.4	565.6	578.0	100.6	12.4		
Central Transdanubia	428.4	487.9	498.7	70.3	10.8		
Western Transdanubia	399.7	457.0	469.6	69.8	12.6		
Southern Transdanubia	336.9	370.7	369.3	32.4	-1.5		
Northern Hungary	394.4	466.6	474.8	80.4	8.1		
Northern Great Plain	502.8	613.9	631.1	128.3	17.2		
Southern Great Plain	479.9	549.5	554.8	74.9	5.2		
Employee	3 272.7	3 884.4	3 964.4	691.8	80.1		
Members of business partnerships	140.4	148.0	156.8	16.3	8.8		
Self-employed	306.9	306.2	287.6	-19.2	-18.6		
Unpaid family workers	12.4	13.1	12.6	0.2	-0.5		
Working in premises in Hungary	3 682.9	4 235.3	4 311.8	628.9	76.5		
of which: declare to be public worker	75.1	220.9	194.0	118.9	-26.9		
Working in premises abroad	49.5	116.4	109.6	60.1	-6.8		

Source: labour force survey.

As a result of the favourable labour market trends in recent years, our relative position in the EU improved significantly. According to the most recent available data published by Eurostat, in the 3rd quarter of 2017, the employment rate of the 15–64 year-olds was 68.7% in Hungary, 0.5 percentage point higher than the EU average, within which the advantage grew to 2.3 percentage points in case of men, while the disadvantage decreased to 1.1 percentage points for women. With the 84.2% employment rate calculated for the 25–54 year-olds, i.e. people in the best working age, we were in the top quarter of EU member states with the highest employment rates (together with Austria, Estonia, the Czech Republic, Lithuania, Germany, Sweden and Slovenia). The favourable employment data were accompanied by low unemployment, and in the 3rd quarter of 2017, only 3 member states (the Czech Republic, Germany and Malta) had unemployment rates lower than the 4.1% in Hungary.

Table 2

Employment rate and unemployment rate in EU member states, 3rd quarter 2017

Country	Employment rate					Unemployment rate, % ^{b)}	
	15–24	25–54	15–64 year-old				
	year-olds	men	women	together	change ^{a)}		
	%						
Austria	52.4	84.6	77.1	68.6	72.9	0.3	5.5
Belgium	25.2	78.9	67.7	59.1	63.4	1.2	7.2
Bulgaria	25.2	80.5	72.2	64.7	68.5	4.3	5.9
Croatia	29.4	76.3	65.8	56.2	61.0	2.6	9.0
Cyprus	28.6	79.0	71.4	62.2	66.6	2.2	10.0
Czech Republic	29.9	87.1	81.4	66.7	74.1	1.9	2.8
Denmark	56.9	82.2	77.4	72.3	74.9	-0.3	5.9
Estonia	42.3	84.7	78.5	71.1	74.8	1.6	5.2
Finland	48.0	80.7	73.0	68.9	71.0	0.5	7.7
France	29.8	80.2	69.0	61.3	65.0	0.4	9.3
Germany	46.9	84.4	79.3	71.7	75.6	0.5	3.6
Greece	15.0	68.7	64.1	45.2	54.6	1.6	20.3
Hungary	29.3	84.2	75.9	61.7	68.7	1.6	4.1
Ireland	39.4	78.6	73.7	62.4	68.0	2.6	6.9
Italy	18.1	69.8	67.7	49.1	58.4	0.8	10.6
Latvia	35.0	81.8	72.9	69.0	70.9	2.0	8.5
Lithuania	31.1	84.2	71.3	70.6	70.9	0.9	6.6
Luxembourg	29.2	83.7	70.1	63.8	67.0	1.8	5.5
Malta	47.1	80.8	80.1	55.6	68.2	1.6	4.0
Netherlands	64.0	83.5	80.8	71.7	76.3	1.0	4.5
Poland	30.0	81.5	73.5	59.6	66.5	1.6	4.7
Portugal	26.7	83.2	72.0	65.3	68.5	2.5	8.6
Romania	26.2	81.3	73.3	57.2	65.3	2.2	4.7
Slovakia	26.4	80.4	72.1	60.6	66.4	1.3	8.0
Slovenia	39.6	86.8	74.0	66.6	70.4	4.0	6.3
Spain	22.9	73.7	67.5	56.1	61.8	1.6	16.4
Sweden	49.2	86.8	79.6	76.4	78.0	0.7	6.3
United Kingdom	51.0	83.9	78.7	69.8	74.2	0.5	4.4
EU-28	35.8	80.0	73.6	62.8	68.2	1.1	7.3

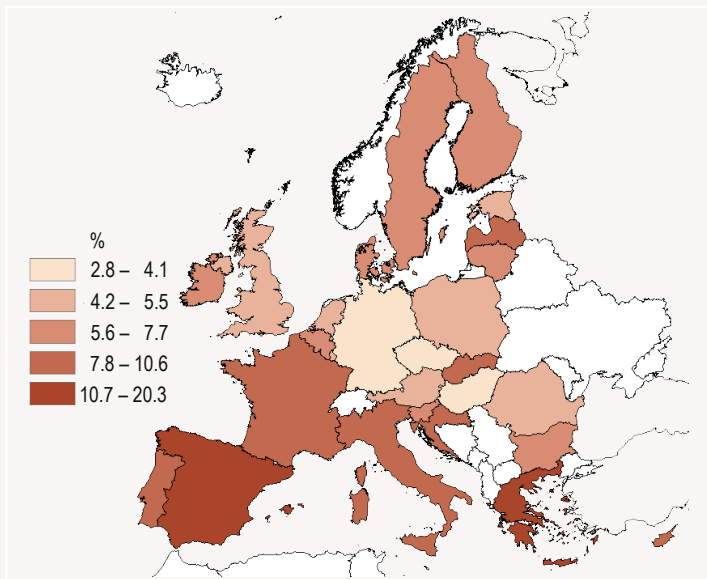
a) Q3 2017–Q3 2016 (percentage point).

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

Source: Eurostat (state of 29 January 2018).

Figure 2

Unemployment rates of the 15–74 year-olds in EU member states, 3rd quarter 2017



Source: Eurostat.

In the field of observation of monthly labour reports, i.e. corporations with at least 5 employees, budgetary institutions and non-profit organisations which are more significant in respect of employment, 3,027 thousand people were employed. This represented a growth of 1.6% (and of 3.1% calculated without public workers) compared to 2016. In the business sector, including about 8 thousand public workers,

2,042 thousand people worked, 2.9% (nearly 60 thousand people) more than in the previous year, while at budgetary institutions – excluding the 144 thousand public workers – the headcount of 699 thousand was 0.8% higher than in 2016. 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 1.4% (to 2,727 thousand including public workers) and that of part-time workers grew by 4.0% (to 300 thousand). In manufacturing, the section of the national economy employing the largest headcount, more than 20 thousand new jobs have been created, about one third of them at corporations classified in the manufacture of transport equipment.

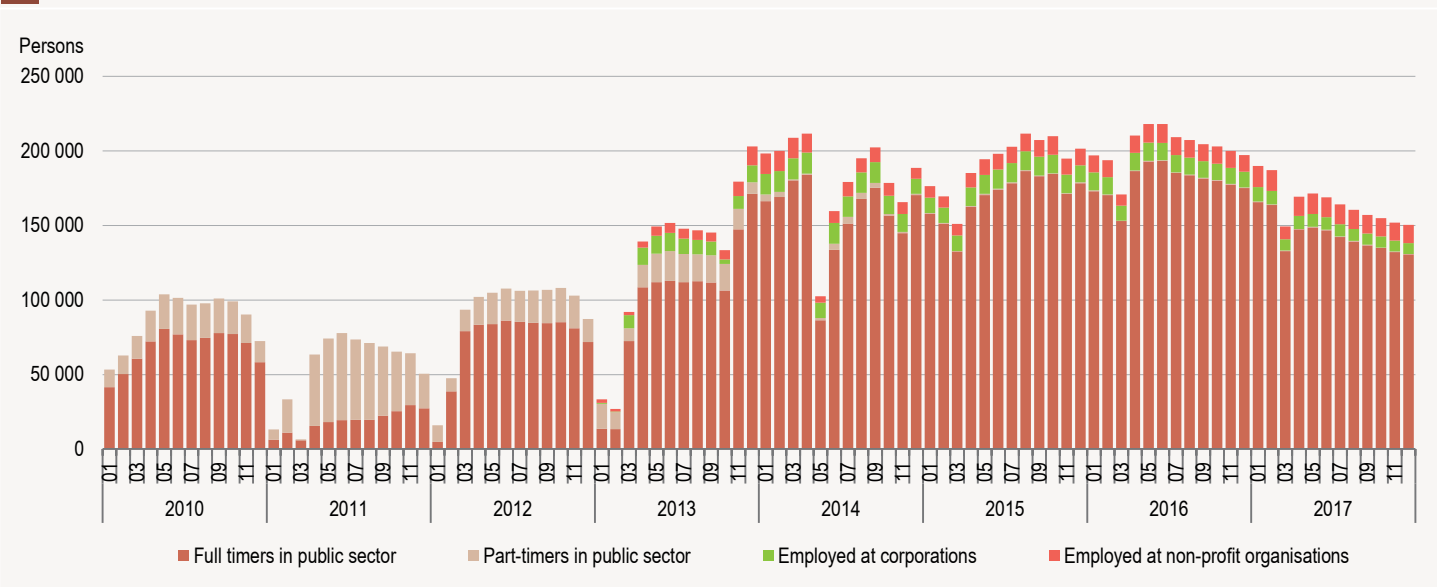
In recent years, public work played an important role in improving the employment situation and strengthening the labour market socialisation of the potential workforce. The goal is to direct more people from public employment to jobs in the primary labour market. Both active and passive tools help achieve this goal:

- Those who leave public employment may apply for job-finding benefit in case they succeed in finding a job in the open labour market.
- In addition to wage cost support, it is possible to make use of a professional mentor in the workplace providing the job.²
- Targeted labour market services.

The main passive tool is to increase the gap between the minimum wage and the public employment wage, which results in an increasing earning advantage for those who work in the open labour market instead of public employment. In 2017, the volume of public employment returned to the level of 3 years earlier. According to the data of the monthly labour reports, the monthly average statistical staff number of public workers was 164.6 thousand at budgetary institutions, corporations employing at least 5 persons and observed non-profit organisations, 143.8 thousand of whom worked at budgetary institutions.

Figure 3

Monthly number of public workers*



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

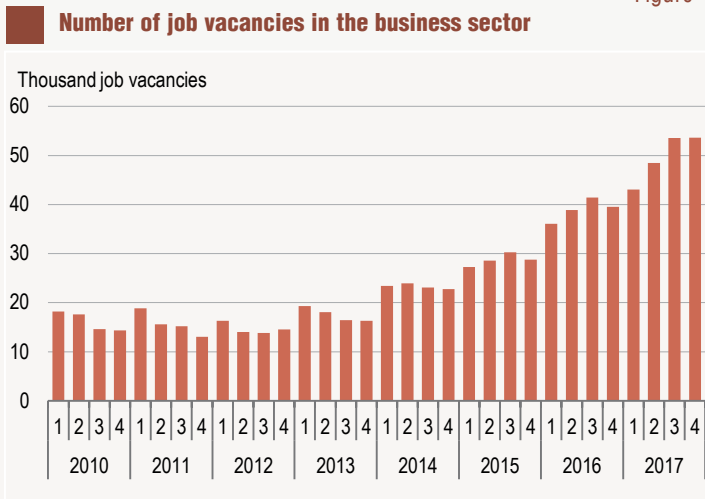
² As a wage cost support, in the interest of supporting professional mentors, 100% of the total amount of HUF 50,000/month and its social contribution tax paid actually can be paid to the employer for at most 3 months.

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 nearly 180 thousand in 2017, while this figure was more than 220 thousand in 2016. According to the government decision 1139/2017. (III. 20.), the goal is to reduce the average number of public workers below 150 thousand by 2020. So, the government decision on the role and future of public employment, among other things, limited the employment of people under the age of 25 or skilled workers as public workers. This latter measure, supplemented by the fact that people with educational attainment higher than primary school could benefit from the increasing labour demand caused by labour shortages further deteriorated the composition of public workers by educational attainment. At the beginning of the 4th quarter of 2017, 55% of people participating in public work programmes had at most primary educational attainment, while their share was 51% one year earlier.

1.2. Labour demand

In the field of observation of the HCSO monthly labour reports, i.e. budgetary institutions, corporations employing at least 5 persons and designated non-profit organisations, 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 73.2 thousand in the 4th quarter of 2017. The 53.6 thousand job vacancies in the business sector – 2.5% of all job vacancies – represented a growth of 35.6% compared to the 4th quarter of 2016. Within the business sector, the ratio of job vacancies to all jobs was the highest in the section of administrative and support service activities (5.2%), followed by the sections of manufacturing (3.2%) and information and communication (3.1%). In manufacturing, the section of the national economy employing the largest headcount, the number of job vacancies was more than 22 thousand in the 4th quarter of 2017, 49% more than in the same period of the previous year.

Figure 4



Source: job vacancy statistics.

Similarly to Hungary, the number and rate of job vacancies are increasing steadily in the EU as well. According to the latest published data, the number of job vacancies per 100 jobs was 2 in the 3rd quarter of 2017 in the EU-28. However, there are differences in the situation of the member states, and the job vacancy rate is typically high in member states with low unemployment rate, while it is low in countries struggling with the aftermath of the crisis. Therefore, similarly to the earlier periods, the job

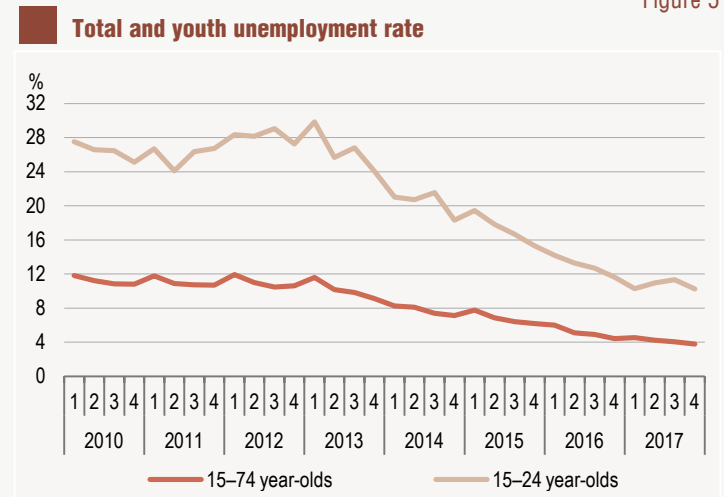
vacancy rate was outstandingly high in the Czech Republic (4.1%) in the 3rd quarter of 2017 as well, followed by Belgium (3.6%), Germany (2.7%), Austria and the United Kingdom (2.6% each), the Netherlands (2.5%) and Hungary (2.4%). By contrast, only 0.5% of jobs in Greece, 0.8% in Bulgaria and Spain and 0.9% in Portugal were to be filled.

In addition to the statistics based on EU standards, the data series of the National Employment Service (NES) based on the aggregate of 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, typically accounting for two thirds of all announcements, or this way, they search for candidates for jobs requiring lower qualification where there is a chance to find a candidate from the scope of registered jobseekers. In the last month of 2017, altogether 123.2 thousand job vacancies were registered at the NES, 11% less than a year earlier, but the proportion of those which could be filled over the month increased slightly from 35% to 37%. In December, the labour demand for unsupported employment was the highest in Budapest, as well as in Pest and Borsod-Abaúj-Zemplén counties. The main target groups were people with simple industry occupations, assemblers of other products, heavy truck and lorry drivers, simple service, transport and similar occupations n.e.c., as well as mechanical machinery assemblers.

1.3. Unemployed people, potential labour reserve

In 2017, the number of unemployed people according to the definition⁴ of ILO⁵ fell to 192 thousand, which corresponded to a decrease of 43 thousand compared to the previous year and was hardly more than 40% of the figure in 2010. The annual average unemployment rate fell to 4.2% and within this, to 3.8% in the last quarter of the year. The average duration of unemployment was still relatively long (although showed a declining trend) with an annual average of 16.4 months in 2017. As the domestic labour market is close to full employment, most of the people who lose their jobs can find another one almost instantly. However, in addition to short-term unemployed, those who have been looking for a job for at least one year still represent a significant magnitude. In 2017, 42.6% of unemployed people were long-term unemployed, which was a substantial improvement compared to the rate of 48.4% in the previous year.

Figure 5



Source: labour force survey.

Despite the overall improvement in the labour market situation, regional differences did not decrease. While in three counties the unemployment rate did not reach 2% (Vas, Veszprém, Győr-Moson-Sopron counties), the rate was still 8.5% in Szabolcs-Szatmár-Bereg county.

³ Source: monthly information on the state of public employment (www.kozfoglalkoztataskormany.hu).

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

⁵ ILO is the abbreviation of the International Labour Organization.

In 2017, the average number of jobseekers registered at the National Employment Service was 283 thousand, nearly 10% less than in the previous year. 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. One in every 10 jobseekers was career starter who account for the vast majority of those who register for the first time. The composition of registered jobseekers by educational attainment is not only worse than that of the population of corresponding age, but is also lower than that of unemployed people according to the methodology of ILO. In December 2017, 44.1% of them had at most primary educational attainment, of which the indicator of career starters was nearly 47%. By the registration, a significant part of those with low educational attainment targeted the participation in public work programmes.

Table 3

Major data of registered jobseekers

Period	Registered job-seekers	Of which:			
		career-starters	eligible for job-seekers' allowance or assistance	social benefit recipients	without any provision
2016	313.8	35.8	60.2	99.8	153.7
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	87.0	127.1
August	269.3	29.4	61.0	85.3	123.0
September	268.4	30.0	59.4	82.8	126.3
October	260.3	27.8	59.5	80.8	120.0
November	258.0	26.6	59.0	80.2	118.8
December	254.7	24.7	61.0	80.2	113.5
2017	283.0	29.6	63.1	87.4	132.4
2016=100%	90.2	82.7	104.8	87.6	86.2

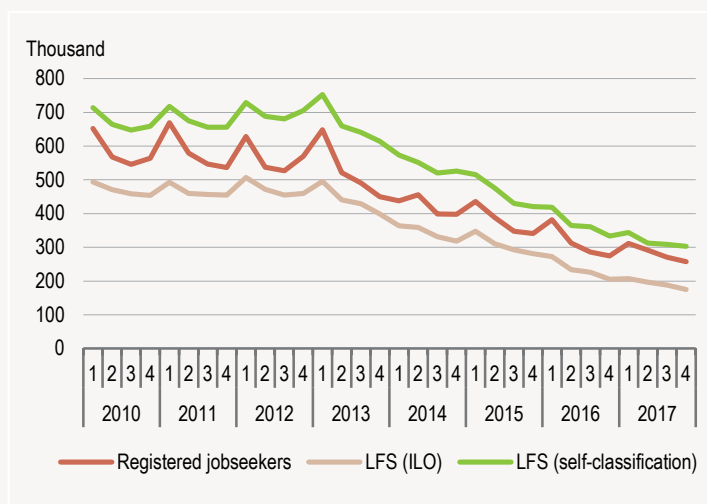
Source: register of the National Employment Service (<http://nfsz.munka.hu>).

Within registered jobseekers, the proportion of those who do not receive any provision is decreasing slightly but steadily. The average number of recipients of earnings-related benefit with 3 months entitlement and jobseeker aid before pension⁶ was 63 thousand in 2017, slightly more than a year earlier, while more than 87 thousand people received the employment substitution support (HUF 22,800/month) which amount has been unchanged for years.⁷ Thus, on average, 53.2% of registered jobseekers received some kind of regular cash benefits as opposed to 51% a year earlier.

According to the data of the labour force survey, 317.2 thousand people aged 15–74 years classified themselves as unemployed on average, 52 thousand fewer than a year earlier. The number of unemployed according to self-classification and the ILO definition continued to change in parallel, however, the change in the number of registered jobseekers slightly differed from them in recent years, presumably due to the trend-forming effect of public employment.

Figure 6

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

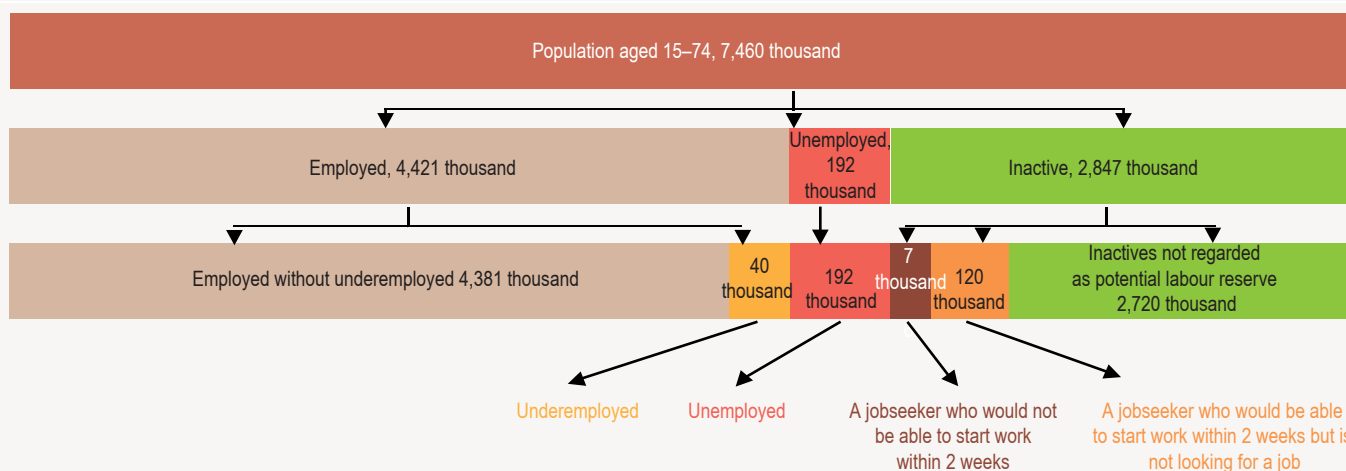


Source: labour force survey.

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 2017, only 360 thousand people belonged to the group defined this way,

Figure 7

Potential labour reserve, 4th quarter of 2017

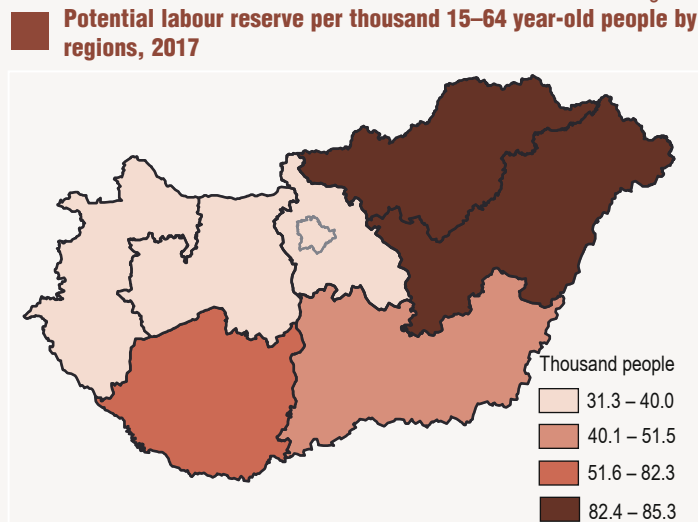


⁶ In 2017, the maximum amount of the former was HUF 127,500 (minimum wage in force), while that of the latter was HUF 51,000 forint (40% of the minimum wage).

⁷ Its amount is connected to the prevailing minimum old-age pension which has been unchanged for years (80% of that).

60 thousand fewer than a year earlier and even this reserve was unevenly distributed among the regions.

Figure 8



Source: labour force survey.

1.4. Inactive people

The number of 15–64 year-old inactive people is continuously decreasing and in 2017, only fewer than 692 thousand men and 1,159 thousand women belonged to this category. The number of pensioners, representing the largest group of inactive people, fell by 47 thousand compared to the previous year. The decrease is basically the consequence of the rise in the retirement age, while the decline of 20 thousand in the number of students is partly due to demographic reasons. As a result of measures helping women with children to return to the labour market as soon as possible, the number of inactive people due to being on child-care leave decreased, and 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 continued to fall as well. The only category where a slight increase in the number of inactive people is observed is the so-called 'other inactive people'. In the case of the 232 thousand people belonging to this category, the reason for inactivity is varied, many of them are unable to work because of their health, while in case of women, the care for the family and household is most often the reason for the absence from the labour market.

Table 4

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

Denomination	2017			2016=100.0		
	men	women	together	men	women	together
	number, thousands			%		
Pensioners, annuity recipients	254.0	418.5	672.5	91.0	95.1	93.5
Child care provision recipients	1.9	231.3	233.1	48.7	96.9	96.2
Jobseekers' provision recipients	17.1	22.1	39.2	77.1	96.5	86.9
Students	322.9	313.6	636.5	97.2	96.7	97.0
Nursing and orphan's allowance recipients	10.2	26.5	36.8	88.9	80.8	82.9
Other inactive	85.5	146.8	232.3	95.5	106.6	102.2
Inactive people aged 15–64 years, total	691.6	1 158.7	1 850.3	93.7	96.9	95.6

Source: labour force survey.

2. Earnings, income from work

2.1. Gross earnings

In 2017, the growth rate of earnings was much higher than in the previous years. In 2017, in the field of observation⁸ employing nearly 3,027 thousand people, average gross earnings of full-time employees were HUF 297 thousand, 12.9% higher than in the previous year. 1.2 percentage points of the growth rate was due to the decrease in the number of public workers, calculated without them, average gross earnings amounted to HUF 310.8 thousand in the national economy. At corporations, in addition to the significant rise of minimum wage and guaranteed minimum wage⁹ and therefore, the correction measures aimed at avoiding wage compression, the sharpening competition for employees had a wage increasing effect, but the increase in earnings at state-owned public services companies¹⁰ also appeared in the index. Besides, the career model was introduced and wage correction measures were made in new areas of the public sector.

In 2017, average gross earnings increased by 11.6% to HUF 309 thousand at corporations employing at least 5 persons in the business sector. Earnings grew much above the average of the business sector in the sections of real estate activities and water supply, sewerage, waste management and remediation (by 17.6% and 15.0%, respectively). The average 13–14% rise in earnings due from 1 January resulting from the wage agreement at state-owned corporations also contributed to the latter growth. 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. An above average (14.3%) growth rate of earnings was characteristic of the section administrative and support service 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, the growth rate of earnings was close to the average. This year, the growth rate of earnings was well below the average in the sections information and communication (6.5%) and financial and insurance activities (8.2%), i.e. the two sections of the national economy with extremely high average earnings (HUF 510.7 thousand/month and HUF 561.6 thousand/month, respectively). The effect of the minimum wage rise on earnings is shown by the fact that earnings growth was the highest (16.3%) in the manufacture of textiles, wearing apparel, leather and related products, the worst paid branch in manufacturing.

At budgetary institutions, the impact of the decrease in the number of public workers on earnings has been more pronounced since March, which explains 2.9 percentage points of the annual rise of 15.9% of earnings. (Without this, the difference in the growth rate of earnings between the public and the business sector was not significant.) In all the three 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 higher than in previous years. So, in the section of public administration and defence, compulsory social security, as part of the 50% rise in earnings until 2018, the wages of people working in law enforcement (armed forces) grew again by 5.0% from 1 July, and public employees working in this field also received a salary increase in the form of wage supplement. From January 2017, wages of employees in the capital and county government agencies were raised. It was also decided that in the period between 2016 and 2018, people working in justice will receive an average annual earnings rise of 5%. Accordingly, 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 14.0% to HUF

⁸ Corporations with at least 5 employees, budgetary institutions and designated non-profit organisations.

⁹ In 2017, minimum wage rose by 15% to HUF 127,500 and guaranteed minimum wage by 25% to HUF 161 thousand, which will be followed by a further correction of 8% and 12%, respectively in 2018.

¹⁰ In the frame of a three-year agreement, earnings of employees of approximately 200 state-owned enterprises will be increased by a total of 30%. The organisations concerned are among others, the Hungarian Post, Hungarian State Railways and the regional transport centres.

Table 5

Total and regular average gross earnings, total and excluding public workers, Quarters 1–4 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	209 931	199 936	221 334	209 874	171 114	166 342	171 111	164 635
Non-manual	392 438	359 480	444 743	401 219	330 698	309 594	318 002	305 099
Together	297 017	276 065	308 994	284 952	275 251	259 822	258 309	248 018
Quarters 1–4 of 2016=100.0								
Manual	115.7	115.6	114.9	115.0	117.3	116.8	113.8	113.8
Non-manual	110.6	110.4	108.6	109.0	114.1	112.8	107.0	106.6
Together	112.9	112.8	111.6	111.9	115.9	114.8	111.2	111.0
Of which: without public workers, HUF/capita/month								
Manual	224 905	213 772	222 316	210 776	249 229	240 455	200 132	191 667
Non-manual	396 323	362 934	444 958	401 407	337 322	315 625	324 906	311 607
Together	310 799	288 514	310 010	285 862	317 240	298 489	281 339	269 728
Quarters 1–4 of 2016=100.0								
Manual	114.4	114.5	114.7	114.8	112.9	112.7	113.3	113.4
Non-manual	110.2	110.1	108.6	109.0	113.2	112.0	107.9	107.5
Together	111.7	111.7	111.4	111.8	113.0	112.0	110.6	110.3

Source: monthly labour statistics.

378.2 thousand in 2017 at budgetary institutions classified to the section of public administration and defence, compulsory social security. Within this, earnings of manual workers increased by 12.7% and those of non-manual workers accounting for nearly three fourths of people working here grew by 14.3%.

Among the factors influencing the average earnings of HUF 297.8 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 and spans several years, 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 earnings trends in the first half of 2017. From November 2017, earnings of specialised doctors and specialised pharmacists in hospitals rose by HUF 100 thousand, those of their colleagues without specialist qualification by HUF 50 thousand, and also the earnings of skilled health workers increased by 12% on average.¹¹ On the whole, average gross earnings calculated without public workers amounted to HUF 290.3 thousand in 2017, 17.4% more than a year earlier in the field of human health care and, after a 20.5% increase, to HUF 216.8 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 81.7 thousand in the field of observation of the interim labour statistics, 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 slightly 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 106 thousand by 2017. The average monthly amount of the compensation was HUF 8.7 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 12.9%. On the level of the national economy, average net earnings amounted to HUF 206.7 thousand calculated without public workers and HUF 197.5 thousand taking them into account. Average net earnings were HUF 205.5 thousand in the business sector and HUF 183.0 thousand (HUF 211.0 thousand excluding public workers) at budgetary institutions. Along with a 2.4% rise in consumer prices in the given period, earnings increased by 10.3% in real terms compared to 2016.

Table 6

Net and real earnings taking into account family tax benefit, 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 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 2.4% in 2017.

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

¹¹ In the meantime, due to the additional wage demands of healthcare workers, it was decided to realise the 8% increase of earnings of approximately 80,000 workers, which would have been due in November 2018, earlier, on 1 January 2018.

In 2017, the family tax benefit for families with two children continued to increase 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 in 2016, 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, family tax benefit resulted in a monthly extra income of HUF 7.9 thousand per employee on average in 2017. Taking into account family tax benefit, the per capita net earnings were HUF 8.3 thousand higher in families with one child and more than HUF 37 thousand higher in families raising two children than the net earnings of those raising no child.

2.3. Income from work

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 312.1 thousand, and within this, other income from work to HUF 15.1 thousand. The growth rate of other income from work was 7.6%, partly due to the fact that the rules on benefits which can be granted did not change significantly and partly as the wage settlement necessitated by the rise of minimum wage was made at the expense of cafeteria benefits, while that of earnings was nearly 13%, i.e. the proportion of other income from work within total income from work decreased.

Table 7

Income from work per capita

Denomination	2017			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	312 144	15 128	4.8	5.1
Of which:				
business sector	324 488	15 495	4.8	5.0
public sector	290 087	14 836	5.1	5.4

Source: monthly labour statistics.

¹² In 2018, 19.5% as a result of further reduction.

¹³ Data refer to sections B–S of the national economy.

In respect of the per capita amount of other income from work, the differences among sections were higher than in case of earnings. It was the highest, nearly HUF 30 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 more than HUF 5 thousand.

2.4. Index of labour costs

In 2017, labour costs paid by employers were formed by two contradictory effects. Income from work representing about three quarters of labour costs increased significantly. However, this was partly offset by the fact that in 2017, due to the favourable economic performance, the general of social contribution rate of employers could be reduced from 27% to 22%.¹² Thus, in 2017 on the whole, labour costs per hour worked was 10.0%¹³ higher than in the same period of the previous year. As the growth rate of the number of employees exceeded that of the number of hours worked, labour costs per capita increased by more than one percentage point less than labour costs per one working hour.

Table 8

Labour costs per one working hour, 2017 (2016=100%)

Aggregated sections	Income from work	Social costs	Labour costs, total (%)
Industry	113.0	93.9	109.1
Construction	114.8	94.4	110.5
From wholesale and retail trade, repair of motor vehicles to administrative and support service activities	113.2	93.9	109.1
Industry, construction and services (excluding public services)	113.2	93.9	109.1
Public services	115.4	97.3	111.6
National economy, total, excluding agriculture	114.0	95.0	110.0

Source: different labour statistical reports.

Further data, information (links)

[Tables](#)
[Tables \(stadat\)](#)
[Methodology](#)

Contact details:

kommunikacio@ksh.hu
[Contact us!](#)
 Telephone: +36 (1) 345 6789
www.ksh.hu