

## Labour market trends, Quarters 1–3 2018

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### 1. Employment outlook

#### 1.1 Employed people

According to the data of the labour force survey, the number of employed people aged 15–74 was 4,487 thousand in the 3rd quarter of 2018 following the headcount of 4,435 thousand in the first and of 4,475 thousand in the second quarters. Compared to the same period of the previous year, this still represented a growth of 1.2% in the first three quarters despite the steadily narrowing labour supply. Within this, the increase was 0.8% in the 3rd quarter.

In the 3rd quarter, the employment rate of the 15–64 year-old population was 69.5%, 0.8 percentage point higher than in the 3rd quarter last year. However, half of the growth was due to the decline in the denominator, i.e. the number of the 15–64 year-old population. The main source of the increase in the headcount of 23 thousand persons was the additional age group remaining in the labour market due to the rise of retirement age and the potential labour reserve.

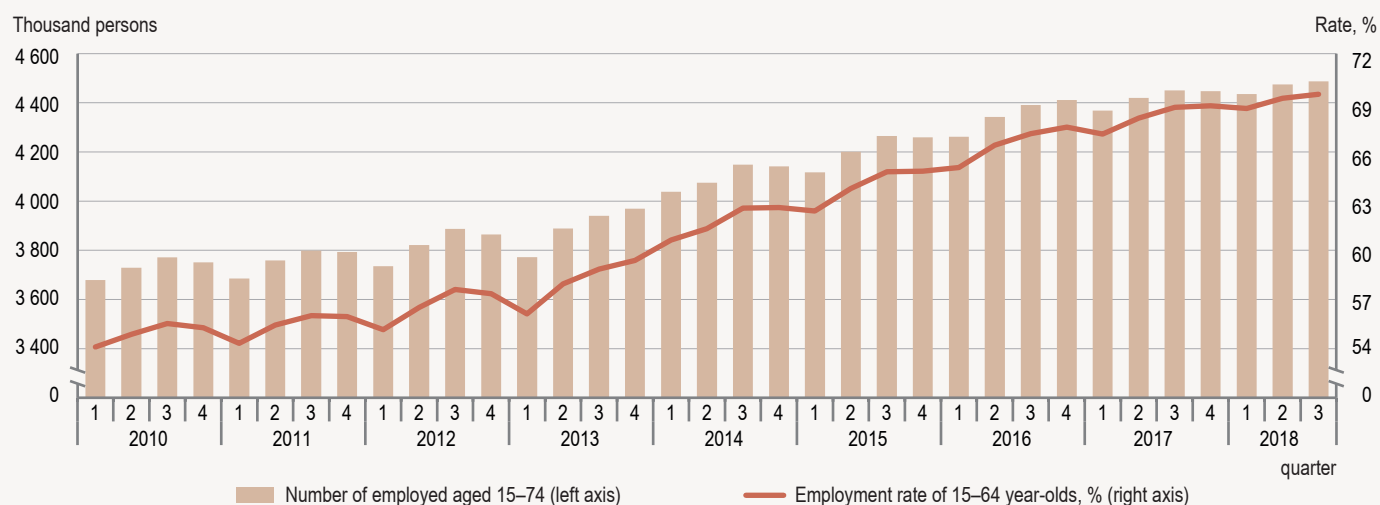
The employment of men and women – because of their different role in the family – is significantly different. As the opportunity of retirement after 40 years of service time applies only to women, in recent years, the employment rate of men grew faster than that of women, and the gap between the employment rates of the two sexes widened.

In Quarters 1–3 2018, 66.7% of 20–64 year-old women were employed, while this proportion was 82% among men of same age.

The increase in the number of people employed in the domestic primary labour market significantly exceeded that in the total number of the employed. In the first three quarters of the year, the former increased by 2.6% and the latter by 1.2%, since, as a result of the economic recovery, not an insignificant proportion of former public workers managed to find a job in the primary labour market, and besides, the number of people indicating local units abroad as workplace<sup>1</sup> in the labour force survey continued to decrease as well. On the whole, 107 thousand more people worked in the domestic primary labour market in Quarters 1–3 2018 than in the same period of 2017, and since 2010, the number of domestic jobs to be filled in unsupported form of employment has grown by 606 thousand.

Figure 1

#### Number of the employed aged 15–74 and the employment rate of people aged 15–64

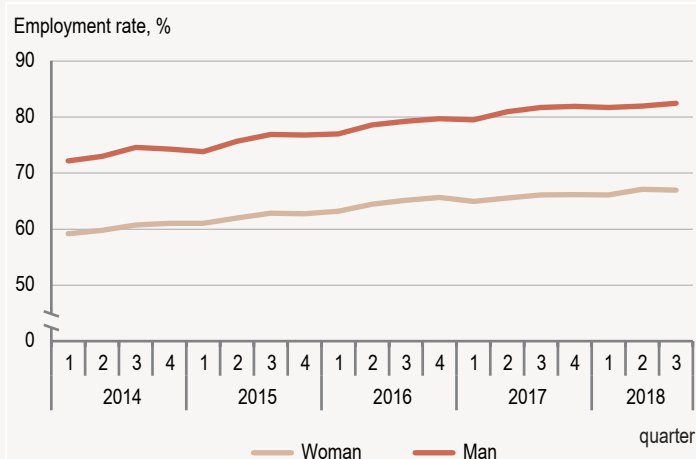


Source: labour force survey.

<sup>1</sup> 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 sometimes and contribute to the living costs of the households providing data.

### Employment rates of 20–64 year-old men and women

Figure 2



### Number of the employed and its change

Table 1

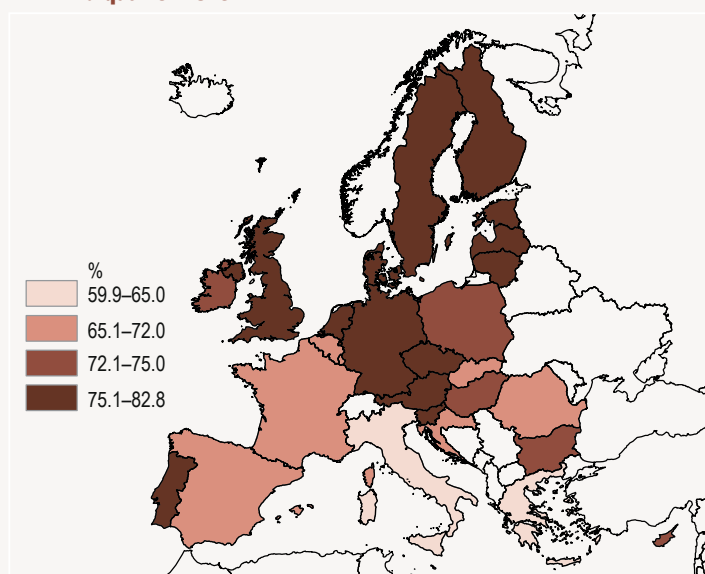
Denomination	Number of employed			Change in the number of employed, quarters 1–3 of 2018 compared to quarters 1–3 of	
	quarters 1–3 of 2010	quarters 1–3 of 2017	quarters 1–3 of 2018	2010	2017
<b>Total</b>	<b>3 726.3</b>	<b>4 412.7</b>	<b>4 465.5</b>	<b>739.3</b>	<b>52.8</b>
Men	1 986.8	2 410.8	2 442.8	456.0	32.0
Women	1 739.5	2 002.0	2 022.8	283.3	20.8
Budapest	713.6	845.5	834.2	120.6	–11.3
Pest county	477.3	574.1	592.3	115.1	18.3
Central Transdanubia	425.8	499.8	499.9	74.0	0.1
Western Transdanubia	398.9	467.8	483.1	84.2	15.3
Southern Transdanubia	338.1	369.4	373.3	35.2	3.8
Northern Hungary	393.2	473.5	485.2	92.1	11.7
Northern Great Plain	499.8	628.8	638.9	139.0	10.1
Southern Great Plain	479.5	553.8	558.6	79.1	4.8
Employee	3 265.8	3 957.0	3 999.1	733.3	42.1
Members of business partnerships	141.6	158.0	150.4	8.8	–7.6
Self-employed	306.3	285.6	305.7	–0.6	20.1
Unpaid family workers	12.5	12.1	10.3	–2.2	–1.8
Working in premises in Hungary	3 676.8	4 300.9	4 362.8	686.0	61.9
of which: declare to be public worker	73.7	199.2	154.0	80.4	–45.2
Working in premises abroad	49.5	111.8	102.7	53.3	–9.1

Source: labour force survey.

In the 2nd quarter of 2018, the employment rate of the 15–64 year-olds was 69.3% in Hungary, 0.7 percentage point higher than the EU-28 average, within which the advantage was 2.4 percentage points in case of men, while the disadvantage for women was 0.9 percentage point. 84.5% of Hungarian people aged 25–54 years, i.e. people in the best working age, were employed in the reference quarter, and, based on the decreasing order of employment rates, we were in the top third of EU member states. The Europe 2020 strategy targeted an employment rate of 75% in the 20–64 year-old population, and in the 2nd quarter of 2018, the Hungarian value was only 0.5 percentage point lower than that. The relatively high employment improving rapidly after the crisis was accompanied by one of the lowest unemployment rates in the EU, and in the 2nd quarter of 2018, only the Czech Republic and Germany had unemployment rates lower than the 3.6% in Hungary which equalled the rate of Poland.

Figure 3

### Employment rates of the 20–64 year-olds in EU member states, 2nd quarter 2018



Source: Eurostat.

In the field of observation of monthly labour reports, i.e. corporations with at least 5 employees, all budgetary institutions and non-profit organisations, which are more significant in respect of employment, nearly 3,118 thousand people were employed in Quarters 1–3 2018 including the nearly 130 thousand public workers. This represented a growth of 1.3% and of 2.7% calculated without public workers compared to the same period of the previous year. At corporations with at least 5 employees, including 5 thousand public workers, 2,137 thousand people worked, 2.7% more than a year earlier. At budgetary institutions – including nearly 113 thousand public workers – the headcount of 820.5 thousand was 2.9% lower than in the same period of 2017, while calculated without public workers, the headcount grew by 1.5%. Non-profit organisations designated for data supply employed 161 thousand people, and 12 thousand of them worked as public workers. The number of full-time workers increased by 1.1% to 2,795 thousand including public workers and that of part-time workers grew by 2.3% to 323 thousand.

At organisations involved in the monthly labour reports of HCSO, the number of public workers decreased by 23% below 130 thousand in Quarters 1–3 2018. While the minimum wage increased by 8%, the public employment wage did not change in 2018. This and the increase in the labour demand may have accelerated the process that former public workers find a job in the primary labour market. The encouragement of entering the primary labour market is still a priority; in this spirit, for example, the amount of job-finding benefit doubled from November.

Table 2

### Employment rate and unemployment rate in EU member states, 2nd quarter 2018

Country	Employment rate						Unemployment rate, % <sup>b)</sup>
	15–24	25–54	15–64 year-old				
	year-olds		men	women	together		
	%					change <sup>a)</sup>	
Austria	50.1	85.0	77.7	68.4	73.0	0.8	4.6
Belgium	22.7	80.0	67.9	59.6	63.7	0.9	6.1
Bulgaria	20.6	80.3	71.2	64.4	67.9	0.7	5.5
Croatia	25.2	77.6	65.7	56.4	61.1	1.9	7.6
Cyprus	32.0	81.3	73.8	65.3	69.4	3.7	7.4
Czech Republic	27.4	87.5	81.7	67.5	74.7	1.4	2.2
Denmark	58.8	82.6	78.3	73.0	75.7	1.6	4.9
Estonia	44.9	84.2	78.5	71.1	74.8	1.6	5.1
Finland	49.6	82.5	74.1	71.9	73.0	2.5	8.2
France	29.6	80.9	69.0	62.1	65.5	0.4	8.7
Germany	45.7	84.6	79.2	71.5	75.4	0.6	3.5
Greece	14.5	69.5	64.9	46.0	55.3	1.3	19.0
<b>Hungary</b>	<b>28.7</b>	<b>84.5</b>	<b>76.2</b>	<b>62.5</b>	<b>69.3</b>	<b>1.2</b>	<b>3.6</b>
Ireland	40.1	79.1	73.8	63.4	68.5	1.1	6.0
Italy	17.7	70.5	68.0	50.2	59.1	1.0	10.7
Latvia	33.8	82.5	73.1	70.5	71.7	1.9	7.7
Lithuania	31.1	84.9	73.6	70.7	72.1	1.5	5.9
Luxembourg	24.6	83.7	69.7	62.5	66.2	0.3	5.5
Malta	49.5	82.6	80.3	60.2	70.6	1.7	3.8
Netherlands	63.9	84.4	81.3	72.6	77.0	1.3	3.9
Poland	31.6	82.6	74.0	61.4	67.7	1.5	3.6
Portugal	26.4	84.7	72.6	67.1	69.8	2.2	6.8
Romania	25.6	81.6	74.1	56.7	65.5	0.0	4.1
Slovakia	27.6	80.8	73.6	60.5	67.1	1.0	6.6
Slovenia	37.1	87.2	74.6	67.4	71.1	2.0	5.2
Spain	21.6	74.9	68.0	57.0	62.5	1.4	15.3
Sweden	46.0	86.9	79.0	76.5	77.8	0.7	6.9
United Kingdom	50.1	84.2	79.0	70.1	74.6	0.5	3.9
<b>EU-28</b>	<b>35.1</b>	<b>80.6</b>	<b>73.8</b>	<b>63.4</b>	<b>68.6</b>	<b>0.9</b>	<b>6.8</b>

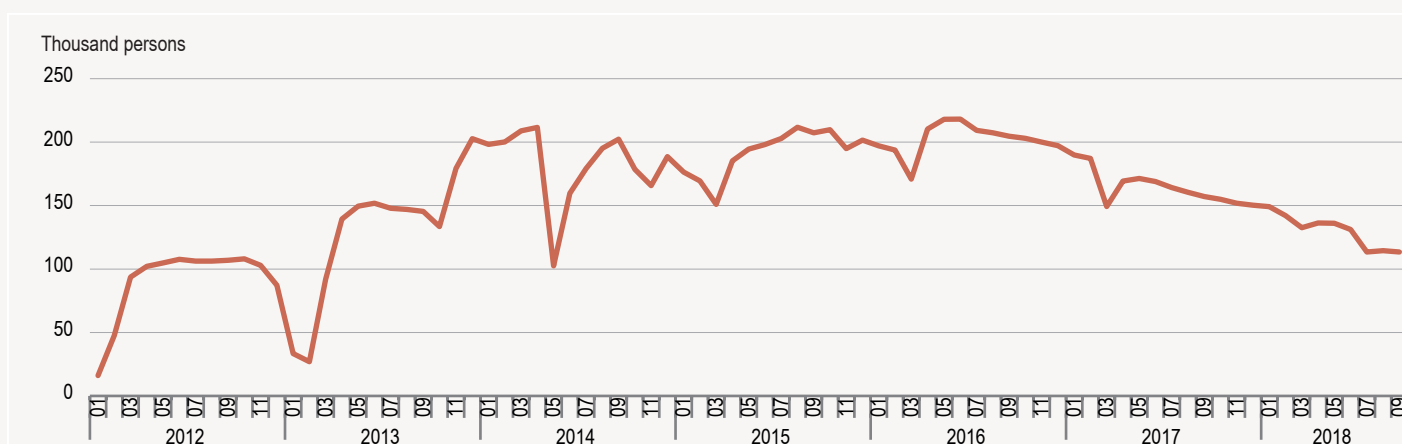
a) Q2 2018 compared to Q2 2017, percentage point.

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

Source: Eurostat (state of 7 November 2018).

Figure 4

### Change in the number of public workers\*



\* People employed as public worker at corporations with at least 5 employees, all budgetary institutions and designated non-profit organisations.

Source: monthly labour statistics.

According to the full range of data based on the administrative records of the Ministry of Interior responsible for public employment, the monthly average statistical number of people registered as public workers was 140 thousand in the first three quarters of the year, which meant a decrease of 24% compared to the same period of the previous year. The downward trend prevailed more or less throughout the whole year, i.e. the seasonal increase in the headcount in the summer period, which was observed earlier, did not occur this year. In the last month of the observed period, i.e. in September 2018, the average number of public workers was 122 thousand (while the headcount concerned, i.e. the number of those who worked at least one day in the given month as public worker was 130.7 thousand). Nearly four-tenths of them had a place of residence in Borsod-Abaúj-Zemplén (19.5%) and Szabolcs-Szatmár-Bereg (19.4%) counties, and another one-tenth lived in Hajdú-Bihar county. In addition to the place of residence, the probability of entering the primary labour market is primarily dependent on the previous work experience and the qualification. Among public workers, the number of people with qualification or higher educational attainment is decreasing faster than the average, therefore, the composition by educational attainment is steadily deteriorating, and the proportion of those who may have a chance to leave public work only in case of significant investment in their training is increasing.

Table 3

#### Composition of public workers by educational attainment, September 2018

Educational attainment	Average staff number, person	Distribution, %	Year-on-year change, %
Unfinished primary school	13 228	10.8	–22.5
8 grades of primary school	58 100	47.6	–26.2
Vocational, apprentice school	30 613	25.1	–30.7
Secondary school	18 299	15.0	–38.5
University, college	1 711	1.4	–56.5
<b>Total</b>	<b>121 951</b>	<b>100.0</b>	<b>–29.7</b>

Sources: Ministry of Interior, monthly report on public work, September 2018.

### 1.2. Labour demand

The job vacancy statistics of HCSO showed the continuous increase in the labour demand in 2018 so far. In the field of observation of the monthly labour reports, the number of job vacancies or jobs expected to become vacant in the near future, for which employers had already taken steps to fill as soon as possible (contacted head-hunter companies, announced the job vacancy, etc.) was 79.4 thousand in the 1st quarter of 2018. This figure rose to 83.6 thousand in the 2nd quarter and to 87.7 thousand in the 3rd quarter. In the 3rd quarter, the number of job vacancies to be filled was 63.2 thousand at employers with at least 5 employees in the business sector, 18% more than in the same quarter of the previous year. The ratio of job vacancies to all jobs was still the highest in the section of administrative and support service activities<sup>2</sup> where 5.2% of all jobs were to be filled. More than half of the about 9.2 thousand advertised jobs were elementary occupations not requiring qualifications. The number of job vacancies grew to 22.9 thousand in manufacturing, to 8.1 thousand in retail and wholesale trade, repair of motor vehicles and to 5.9 thousand in construction.

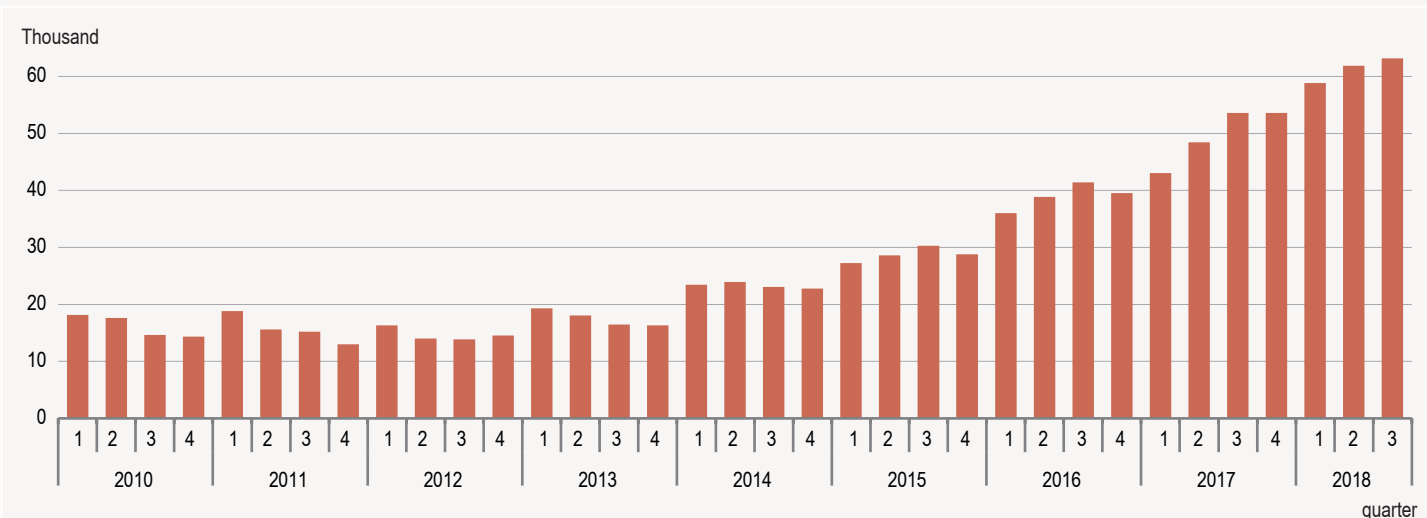
Similarly to Hungary, the number and rate of job vacancies are increasing steadily in the EU as well. According to the latest published data, the number of job vacancies per 100 jobs<sup>3</sup> was 2.2 in the 2nd quarter of 2018, which value is about 20% higher than a year earlier. The job vacancy rate was still the highest in the Czech Republic where the number of job vacancies per 100 jobs was 5.4 on average, while at the other end was the permanently crisis-hit Greece with a rate of 0.7. With its rate of 2.7%, Hungary has the fifth highest job vacancy rate among member states together with Austria, Sweden and the United Kingdom.

### 1.3. Unemployed people, potential labour reserve

In Quarters 1–3 2018, the average number of unemployed people according to the definition of ILO<sup>4</sup>, the specialized agency of the UN amounted to 174 thousand, and the unemployment rate was 3.7%. The former was by 23 thousand lower than a year earlier, and the rate decreased by 0.5 percentage point. The average duration of unemployment was 15.1 months in the third quarter of the year, and the proportion of long-term unemployed was 40.4%.

Figure 5

#### Number of job vacancies at corporations employing at least five persons



Source: job vacancy statistics.

<sup>2</sup> Temporary agencies, which register received but not yet completed requests as job vacancies, also belong to this section.

<sup>3</sup> The job vacancy rate refers to sections B-S.

<sup>4</sup> ILO is the abbreviation of the International Labour Organization, which defines unemployment based on the following criteria: does not work, is actively looking for a job and is available.

Table 4

## Number of unemployed people and unemployment rate

Period		Unemployed, thousand persons			Unemployment rate, %			
		men	women	together	men	women	together	15–24 year-olds
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
	Q4	83.0	92.2	175.2	3.3	4.4	3.8	10.2
2018	Q1	88.3	89.6	177.9	3.5	4.3	3.9	10.4
	Q2	88.2	77.0	165.1	3.5	3.7	3.6	9.5
	Q3	85.7	92.5	178.2	3.4	4.4	3.8	10.7

Source: labour force survey.

In parallel with the overall improvement in the labour market situation, regional differences are still significant. While in four counties the unemployment rate was below 2% in the 3rd quarter of 2018 (Győr-Moson-Sopron, Heves, Komárom-Esztergom and Veszprém counties), the rate was still 8.7% in Szabolcs-Szatmár-Bereg county, despite the fact that the number of jobs in public employment is still high in the county.

In Quarters 1–3 2018, the average number of jobseekers registered at the National Employment Service was 259.3 thousand, 11% fewer than a year earlier. The number of registered jobseekers decreased steadily during the first half of the year, then in the 3rd quarter, it increased slightly due to the narrowing opportunities for seasonal and public work jobs.

In 2018, already more than 54% of registered jobseekers received some kind of cash benefits, most of them received social benefit, the amount of which has been unchanged since years (HUF 22,800/month). While, despite the decreasing number of jobseekers, the number of jobseekers' allowance recipients is essentially constant, fewer and fewer people received employment substitution support belonging to social benefits.

Also the number of those who indicated 'unemployed' as labour market status in the labour force survey of HCSO decreased. In Quarters 1–3 2018, 287.5 thousand people classified themselves in this category on average, which is roughly half of the headcount in the same period of 2014.

Unemployed people, the underemployed and those inactive people 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 according to the EU definition. In the 3rd quarter of 2018, 316 thousand people belonged to this category, 36 thousand of whom were also included among employed people as underemployed.

Table 5

## Registered jobseekers

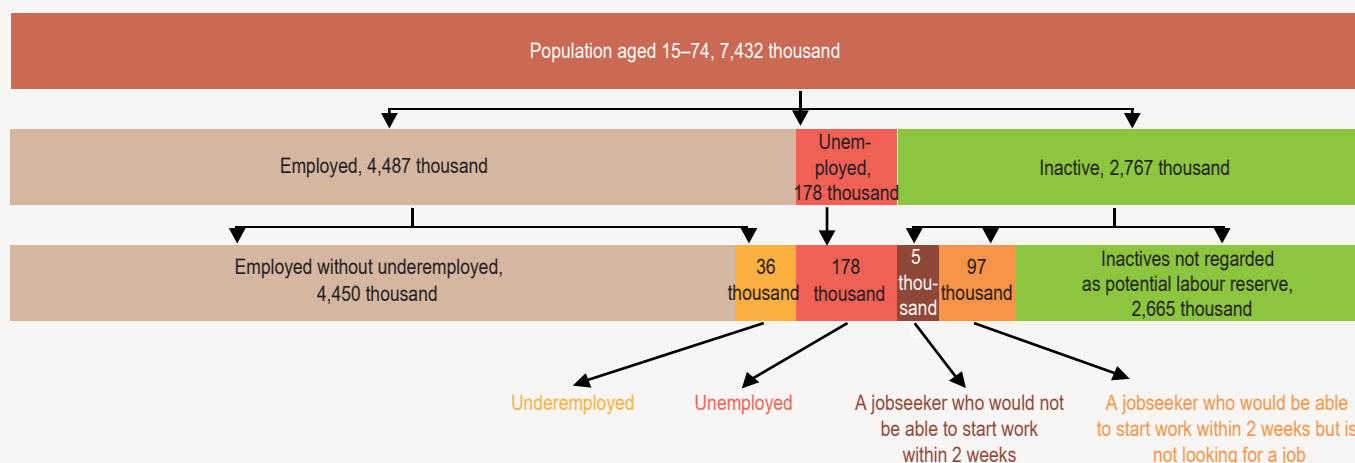
(thousand persons)

Period	Registered job-seekers	Of which:			
		career-starters	eligible for job-seekers' allowance or assistance	social benefit recipients	without any provision
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
Quarters 1–3 of 2017	291.4	30.7	64.2	89.7	137.4
2018					
January	267.3	25.5	63.0	83.3	121.0
February	279.2	27.5	63.9	86.8	128.5
March	284.6	27.0	67.0	84.1	133.5
April	258.0	24.8	63.7	76.4	117.9
May	244.2	22.5	59.7	74.0	110.6
June	240.7	23.6	57.4	73.0	110.2
July	257.4	25.9	66.5	74.5	116.4
August	251.3	25.2	67.7	72.8	110.7
September	251.0	26.3	64.7	71.8	114.5
Quarters 1–3 of 2018	259.3	25.4	63.7	77.4	118.2
Quarters 1–3 of 2018/Quarters 1–3 of 2017, index, %					
	89.0	82.6	99.2	86.2	86.0

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

## Potential labour reserve, 3rd quarter 2018

Figure 6



Source: labour force survey.



#### 1.4. Inactive people

In the observed period of 2018, the number of inactive people of working age (15–64 year-old) decreased by 3.6% compared to a year earlier, partly due to demographic reasons and partly because of the continuous rise of retirement age. Among 15–64 year-old inactive people, 617 thousand were pensioners and annuity recipients, which number was below the also decreasing number of students (632 thousand). Due to the improvement of chances to find a job, the number of people who are considered inactive due to the lack of job search, but receive some kind of unemployment provision has been continuously decreasing as well, while in the other categories, a slight headcount increase was observed.

Table 6

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

Denomination	Quarters 1–3 of 2018			Quarters 1–3 of 2017=100.0%		
	men	women	together	men	women	together
	thousands			%		
Pensioners, annuity recipients	234.7	382.0	616.8	91.4	90.7	90.9
Child care provision recipients	1.2	232.8	234.0	60.6	100.9	100.5
Jobseekers' provision recipients	15.1	22.8	38.0	85.8	100.4	94.0
Students	317.6	314.0	631.6	98.2	99.7	98.9
Nursing and orphan's allowance recipients	10.8	27.7	38.5	102.8	102.6	102.7
Other inactive	86.3	148.4	234.6	99.7	100.9	100.4
<b>Inactive people aged 15–64 years, total</b>	<b>665.7</b>	<b>1 127.7</b>	<b>1 793.4</b>	<b>95.5</b>	<b>96.9</b>	<b>96.4</b>

Source: labour force survey.

## 2. Earnings, income from work, labour cost

### 2.1. Gross earnings

In addition to favourable economic trends and the sharpening competition for employees, the further rise of minimum wage and salary adjustments made in new segments of the public sector played a role in the change of earnings in 2018. On 1 January 2018, the minimum wage rose by about 8.0% to HUF 138 thousand and the guaranteed minimum wage by 12% to HUF 180.5 thousand. The rise of the minimum wage, besides its average wage increasing effect, also contributes to the whitening of the grey economy. As a result of multi-annual framework agreements, earnings of employees at state-owned organisations of the business sector increased, and in budgetary institutions, this year's wage correction measures focused on human health and social work activities. The 11.7% growth rate of gross earnings in Quarters 1–3 2018 was only slightly lower than the 12.8% in the previous year. 1.0 percentage point of the high growth rate was due to the 23% decrease in the number of public workers whose wage is less than 60% of the minimum wage in the primary labour market. Average gross earnings of full-time employees were so HUF 324.1 thousand and HUF 335.9 thousand calculated without public workers in the first three quarters of the year.

In Quarters 1–3 2018, average gross earnings increased year-on-year by 10.7% to HUF 335.8 thousand at corporations employing at least 5 persons in the business sector (calculated without a few thousand public workers employed here). Among sections dominated by the business sector, earnings grew much above the average, by 15.8% in real estate activities followed by a 13.4% growth in the section administrative and support service activities where, among others, also temporary agencies are classified. In construction, the rise of minimum wage alone has a significant wage increasing effect. Besides, the more and more significant lack of skilled workers coupled with the overheated demand for construction capacities also influenced the level of earnings. These factors resulted in a 12.5% increase in earnings, but even so, construction was the second worst-paying section in the business sector after accommodation and food service activities with its average gross earnings of HUF 246.7 thousand. Employees of the Hungarian State Railways, the Hungarian Post, and the regional transport centres received another 13–14%

Table 7

#### Total and regular average gross earnings, Quarters 1–3 2018

Staff group	National economy, total		Of which:					
			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	average gross earnings, total	of which: regular
<b>Total, HUF/capita/month</b>								
Manual	232 410	223 012	243 096	232 549	191 609	186 341	190 885	187 348
Non-manual	422 682	391 374	477 058	433 906	359 169	341 296	331 436	322 700
<b>Together</b>	<b>324 126</b>	<b>304 167</b>	<b>335 114</b>	<b>311 743</b>	<b>304 650</b>	<b>290 878</b>	<b>278 886</b>	<b>272 093</b>
<b>Previous year=100.0%</b>								
Manual	113.4	113.0	112.8	112.4	113.0	112.8	114.9	115.2
Non-manual	110.0	109.8	109.0	108.9	111.5	111.2	108.3	107.8
<b>Together</b>	<b>111.7</b>	<b>111.5</b>	<b>110.9</b>	<b>110.7</b>	<b>113.4</b>	<b>113.1</b>	<b>110.9</b>	<b>110.6</b>
<b>Of which: without public workers, HUF/capita/month</b>								
Manual	245 573	235 372	243 784	233 192	266 324	257 508	216 622	212 340
Non-manual	426 209	394 563	477 225	434 053	364 658	346 415	341 867	332 746
<b>Together</b>	<b>335 891</b>	<b>314 968</b>	<b>335 809</b>	<b>312 374</b>	<b>342 217</b>	<b>326 144</b>	<b>299 733</b>	<b>292 240</b>
<b>Previous year=100.0%</b>								
Manual	111.6	111.3	112.3	112.0	107.1	107.1	111.8	112.3
Non-manual	109.8	109.7	108.9	108.8	111.0	110.7	109.4	109.0
<b>Together</b>	<b>110.6</b>	<b>110.4</b>	<b>110.7</b>	<b>110.6</b>	<b>110.2</b>	<b>110.1</b>	<b>110.0</b>	<b>109.7</b>

Source: monthly labour statistics.

rise in earnings on average from January this year under a multi-year wage agreement, which significantly contributed to the 11.4% increase in the earnings of the section of transportation and storage. In the section of the national economy having the largest weight in terms of employment in the business sector, i.e. in manufacturing, the growth rate of earnings was equal to the average, within which the growth rates in the different subsections scattered within a relatively narrow range between 8.5% and 12.4%. The only exception was the manufacture of pharmaceuticals with its 3.5% growth rate, which resulted partly from the fact that, due to the high average earnings of this subsection, the rise in minimum wage has no effect here, and partly due to the decrease in the specific amount of non-regular wage elements in 2018 compared to the base last year. Although the growth rate of earnings was below the business sector's average (7.1%) in the section financial and insurance activities, average earnings were outstandingly high, HUF 600.6 here, but the 85% share of regular earnings was lower than the average. The section with the second highest earnings (HUF 557.5 thousand on average) was information and communication where the growth rate of 10.2%, just below the average of the business sector, was partly due to the competition for IT professionals. Within manufacturing, average gross earnings varied between HUF 835 thousand (manufacture of coke and refined petroleum products) and HUF 212.8 thousand (manufacture of textiles, wearing apparel, leather and related products). The difference in regular earnings is smaller than that in total earnings, the two extreme values were HUF 638.7 thousand and HUF 206.4 thousand.

In the public sector, the growth rate of gross earnings, without taking into account changes resulting from the decline in the number of public workers, was 0.5 percentage point lower than that in the business sector in Quarters 1–3 2018. This is mainly due to the fact that in August and September, non-regular earnings were only a fraction of those in the previous year in the section public administration and defence, compulsory social security. With this, the convergence characteristic of the two sectors in recent years seems to be broken. Among the three fields of the budgetary section, earnings of employees in the section public administration and defence, compulsory social security are the highest despite the fact that the proportion of those who have not yet been covered by the wage correction measures in the last decade is the highest in this section. In the first three quarters of the year, gross earnings of the 70.3 thousand manual (mostly 'uniformed') workers were HUF 356.8 thousand, while those of the 196 thousand non-manual workers amounted to HUF 418.8 thousand. Within the section, there were wage settlements in several fields in 2018 too. So, the basic salary of judges and prosecutors continued to rise, employees of armed forces received a 5% wage rise as the last step of a multi-year series of actions, while, connected to the successful closure of EU projects, significant amounts of bonuses were paid in March–April in central administration. Among factors affecting average earnings of HUF 318.2 thousand and the 9.1% growth rate of earnings in education, the wage development of teachers and researchers working in tertiary education, which started in the autumn of 2016 and spans several years, had the largest weight. In this context, from 1 January 2018, the guaranteed salary of teachers and researchers employed in tertiary educational institutions maintained by the state increased by another 5%, but in public education, it is a growing tension that the growth rate of earnings is not adjusted to that of the minimum wage. The most significant wage correction measures affected those working in budgetary institutions of the section human health and social work activities. 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. This was followed by a further increase of 8% on average in January 2018. As a result, in the field of human health care, average gross earnings were 18.5% higher in Quarters 1–3 2018 than a year earlier and

those of people working in the field of social care rose by 9.4%. Average gross earnings amounted so to HUF 336.6 thousand in the former and HUF 233.1 thousand in the latter field.<sup>5</sup>

Along with the unchanged tariff wage of public workers specified by decree, their average gross earnings amounted to HUF 82.0 thousand in the field of observation of the interim labour statistics, i.e. it was only slightly higher than HUF 81,550 of the lowest qualification category. This meant an average net income of HUF 54,700 for them.

In budgetary institutions and non-profit organisations performing delegated state duties, employees whose net earnings 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. In 2018, a small fraction of 400 thousand people in the beginning, about 80 thousand people took advantage of this who received compensation of HUF 8.2 thousand per month on average in budgetary institutions and HUF 7.4 thousand in non-profit organisations.

## 2.2. Net earnings, family tax benefit

In 2018, 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. Excluding public workers, average net earnings were HUF 223.3 thousand at corporations employing at least 5 persons and HUF 227.6 thousand at budgetary institutions. Along with a 2.7% rise in consumer prices in the first three quarters, earnings increased by 8.8% in real terms in the field of observation of institutional labour statistics.

Table 8

### Net and real earnings taking into account family tax benefit, Quarters 1–3 2018

Number of dependent children	Calculated net earnings, HUF/capita/month	Net earnings	Real earnings <sup>a)</sup>	Share of employees belonging to the household type, %
		change compared to quarters 1–3 of 2017, %		
0 child	210 640	11.5	8.6	54.3
1 child	221 953	11.5	8.6	22.4
2 children	252 682	12.4	9.4	17.1
3 or more children	270 654	10.4	7.5	6.2
<b>National economy, total</b>	<b>224 092</b>	<b>11.5</b>	<b>8.6</b>	<b>100.0</b>

a) Calculated with the 102.7% consumer price index in Quarters 1–3 2018.

Source: monthly labour statistics and a micro-simulation model using data of SILC.

In 2018, the family tax benefit for families with two children continued to increase and they can reduce their personal tax base each month by HUF 116,670/child instead of HUF 100 thousand/child in the previous year (and HUF 62,500 in the beginning, i.e. in 2011). The tax base reduction of families with one child is HUF 66,670/month, the same as in the previous year, while that of families with three or more children is HUF 220 thousand/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 8.6 thousand per employee on average in Quarters 1–3 2018 (i.e. this meant a disposable income surplus of more than HUF 206 thousand for families with two earners and two children).

<sup>5</sup> In this paragraph, the data of budgetary institutions are calculated without taking into account public workers.

### 2.3. Income from work

In Quarters 1–3 2018, 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 339.4 thousand on average, i.e. the monthly average amount of the non-regular part of earnings was HUF 15.3 thousand. The growth rate of income from work was 0.1 percentage point lower than that of earnings, i.e. the weight of other income from work in total income from work decreased very slightly. In the first half of the year, the growth rate of other income from work was lower than that of gross earnings in the business sector, but in the public sector it was higher than that, as in the section of public administration and defence, compulsory social security, significant extra payments (partly in form of 'Erzsébet vouchers') were made in the first quarter of the year.

Table 9

#### Income from work per capita, Quarters 1–3 2018

Denomination	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	339 452	15 326	4.5
Of which:			
business sector	350 675	15 561	4.4
public sector	320 092	15 442	4.8

Source: monthly labour statistics.

### 2.4. Labour cost index

From 1 January 2018, the general tax rate of social contributions of employers was reduced by another 2.5 percentage points after the decrease of 5 percentage points in 2017, and was so 19.5%, from which employers receive further concessions when employing persons who are considered to be in special situation in respect of employability (e.g. young people, people facing retirement, having low qualification or returning from child care leave). In the 3rd quarter of 2018 on the whole, labour costs per hour worked was 10.3% higher<sup>6</sup> than in the same period of the previous year, i.e. labour cost became considerably more expensive.

Table 10

#### Labour cost index per one working hour, 3rd quarter 2018

(3rd quarter 2017=100%)

Aggregated sections	Income from work	Social costs	Labour costs, total
Industry	112.8	99.9	110.5
Construction	112.2	99.4	109.9
Services (excluding public services)	112.4	99.1	109.9
Industry, construction and services (excluding public services)	112.5	99.4	110.1
Public services	112.8	101.3	110.8
<b>National economy, total, excluding agriculture</b>	<b>112.6</b>	<b>100.0</b>	<b>110.3</b>

Source: different labour statistical reports.

<sup>6</sup> This data refers to sections B–S of the national economy.

#### Further information, data (links):

[Tables \(STADAT\)](#)

[Methodology](#)

[Abbreviations used in figures](#)

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