



Labour market trends, 1st quarter 2019

- Employment numbers are down in public employment and up in the primary labour market
- Southern Transdanubia saw a 15.4 thousand increase in employment
- Hungarian employment is above the EU average
- The number of employees has increased
- 72% of vacancies are in the private sector
- Job searching time is down
- Northern Great Plain saw the highest unemployment rate
- Nearly two-thirds of inactive working age people are women
- Potential labour reserves continued to decrease
- Dynamic growth continued in earnings
- Real earnings are up by 7.6%
- The share of other labour income decreased

Employment numbers are down in public employment and up in the primary labour market

According to the Labour Force Survey, the **number of employed** in the 15–74 age group was close to **4.5 million** (4 million 497 thousand) in the first quarter of 2019, up 62 thousand from the same quarter last year. Employment growth has slowed significantly since 2017 and, despite governmental measures to alleviate labour shortages in more and more areas of the economy, a significant decline has been seen in mobilizable labour reserves. In the first quarter of 2019, the number of employees increased by 1.4%, which was essentially the same as in the same period of the previous year. Compared to the previous quarter, the number of employees increased by almost 16 thousand, therefore, the decline in the number of employees due to seasonal reasons, which is typical for the first quarter, did not occur this time.

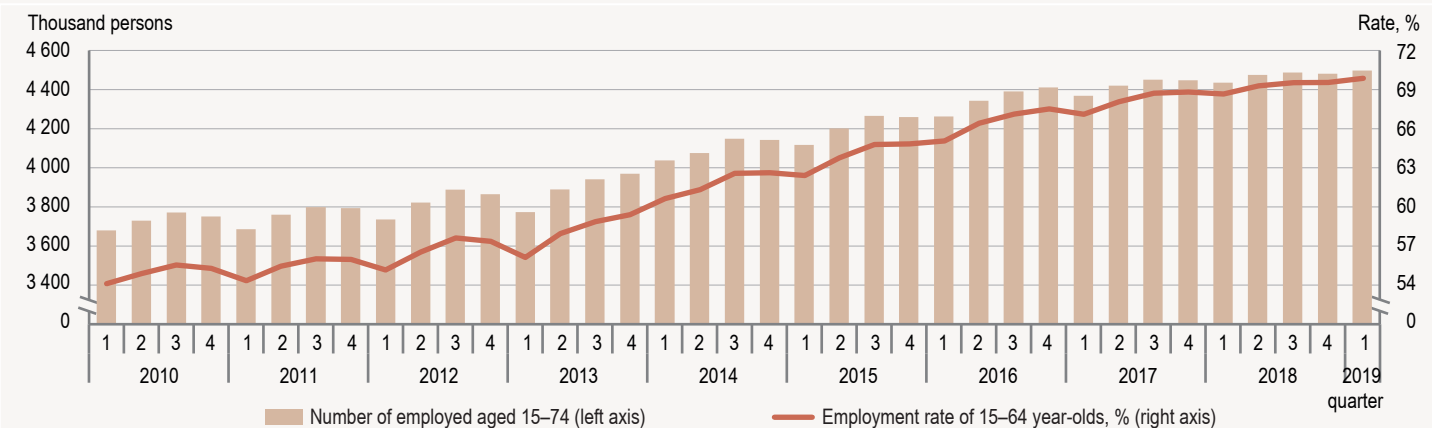
The **employment rate** for the population aged 15–64 **increased to 69.9%**, an increase of 1.2 percentage points compared to a year earlier. Of this, 0.5 percentage point was explained by a decrease during this period in the population aged 15–64, which is the denominator. The positive impact on labour supply is primarily due to the continuous increase in the retirement age up to 2021. As a result, the retention of older generations in the labour market still compensates for the shrinkage of the labour force due to smaller age groups entering the labour market. On the demand side, a key role was played by the favorable development of real processes. Employment has increased in line with a significant rise in the minimum wage and the guaranteed minimum wage in recent years,¹ as the economy, which in some places suffers from a significant lack of human resources, also requires the use of more expensive labour. The positive employment trend was not broken by measures taken to curb public employment.

In the first quarter of 2019, employment growth was accompanied by a sharp decline in the number of public workers. Compared to the same quarter of the previous year, the number of those claiming public employment as their labour market status was 37 thousand lower, while 12 thousand more people² reported having a job abroad. The number of people employed in the domestic primary labour market increased by 87 thousand, 2.1% compared to the same period last year. Both genders showed improvement. Growth was more pronounced among men, where employment rates are generally favorable. Women are traditionally characterized by lower employment rates than men, whose main causes are:

- women tend to be temporarily excluded from employment due to childbearing and childcare;
- the care of the elderly and other family responsibilities also mainly affect their employment,
- the possibility of retirement after 40 years of employment is restricted to women.

Figure 1

Changes in the number of employees aged 15–74 and the employment rate of persons aged 15–64



¹ Between 1 January 2016 and 1 January 2019, the minimum wage increased by 34% to HUF 149,000 per month, and the guaranteed minimum wage increased by 51% to HUF 195,000 per month.
² 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.

Southern Transdanubia saw a 15.4 thousand increase in employment

The number of employees varied from region to region. In Western Transdanubia, which is a more developed region, the scarcity of available labour reserves was the main constraint on the growth of employment, while in Northern Hungary and Northern Great Plain, which are disadvantaged regions, the number of the employed increased less than the national average mainly due to the decreasing role of public employment. Nevertheless, nearly two thirds of public workers still live in these two regions. The most dynamic growth of 15.4 thousand people occurred in Southern Transdanubia, where the expansion of employment in the primary labour market, especially in the private sector, could largely offset the decline in the number of public workers.

Despite the changes, the regional differences remain very stable. The situational advantage of the central and western regions of the country is still considerable. In these regions, which are more favorable for the labour market, the employment rate of the population aged 15-64 is still 6-8 percentage points higher than in the northern and eastern regions. In addition, regional employment rates cover very large regional disparities, sometimes exacerbated by very low levels of rural employment.

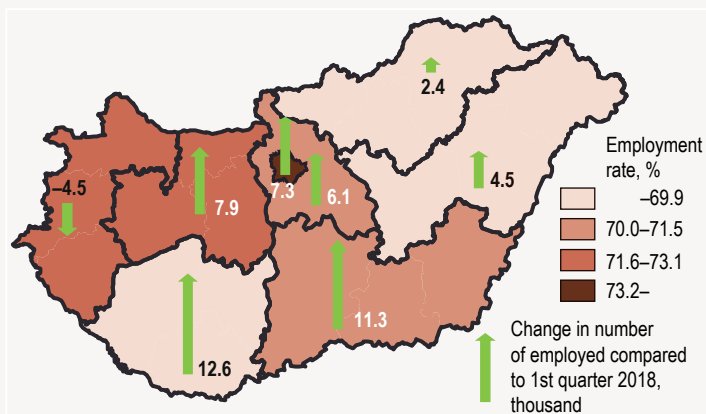
Table 1

Changes in the number of employees aged 15-74

Denomination	(thousand persons)				
	Number of employed			Change in the number of employed	
	2010	2018	2019	2019 -2010	2019 -2018
	1st quarter				
Total	3 678.7	4 435.2	4 497.1	818.3	61.9
Men	1 952.2	2 427.1	2 472.8	520.6	45.6
Women	1 726.6	2 008.0	2 024.3	297.7	16.3
Employees	3 215.1	3 971.2	4 022.6	807.5	51.4
Members of business partnerships and cooperatives	143.3	149.6	162.2	18.9	12.7
Self-employed	308.1	303.6	304.8	-3.3	1.2
Unpaid family workers	12.2	10.8	7.4	-4.8	-3.5
Working in premises in Hungary	3 633.3	4 338.7	4 388.2	754.9	49.5
of which: declare to be public worker	53.1	158.5	121.0	67.9	-37.4
Working in premises abroad	45.4	96.5	108.9	63.4	12.4

Figure 2

Changes in employment rate and number of persons aged 15-64, 1st quarter 2019



³ The default age group for the employment rate is 15-64, for the unemployment rate it is 15-74.

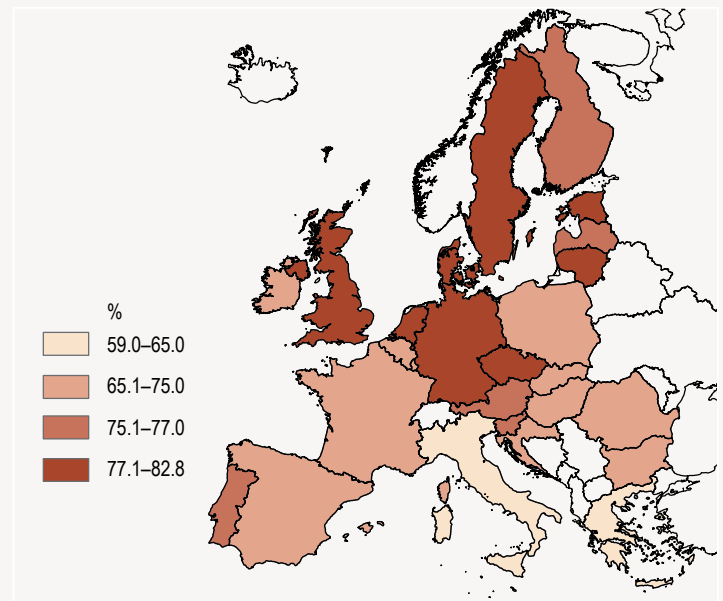
⁴ From 2019, the data collection system for earnings statistics was renewed. In this context, the source of monthly earnings and related headcount information has also changed. The data are from tax returns received from the National Tax and Customs Office and from the administrative register of the Hungarian State Treasury. The published indices are presented in a comparative structure, but the direct comparability of the basic data is limited. More information on the change can be found in the Methodology.

Hungarian employment is above the EU average

As a result of favorable labour market developments in recent years, our situation within the Union has steadily improved. At the beginning of the decade, the employment rate in Hungary was nearly 10 percentage points lower than the EU-28 average, and the unemployment rate was 1-2 percentage points higher.³ According to available data published by Eurostat, in the fourth quarter of 2018, the Hungarian employment rate of 69.5% for 15-64 year-olds was 0.6 percentage points higher than the EU average, and thus Hungary ranked in the middle of the Member States. Within this, the employment rate of Hungarian men at 76.6% was 2.5 percentage points above the EU average, while that of women at 62.6% was 1.0 percentage point lower. 83.8% of those aged 25-54, i.e. being in the so-called 'best working age', were considered to be employed, 3.1 percentage points more favorable than the EU as a whole. Within the age group, the rate of men was significantly, 3.6 percentage points higher than the EU average, with 9 out of 10 men being employed in Hungary in the last quarter of 2018. However, we are lagging behind in terms of youth employment. While 29.8% of Hungarian young people aged 15-24 were in employment during the same period, the EU average was 35.7%.

Figure 3

Employment rate of 20-64 year olds in EU Member States, 4th quarter 2018



Source: Eurostat.

The 20-64 year-olds are the reference group for meeting the Europe 2020 employment targets. The European Union has set a 75% target for 2020. In Hungary, the employment rate for the age group in the fourth quarter of 2018 was 74.7%, 82.3% for men and 67.1% for women.

Relatively high employment was coupled with low unemployment, with 4 Member States (Czech Republic, Germany, the Netherlands and Malta) having lower unemployment rates than the Hungarian 3.6% measured in the fourth quarter of 2018.

The number of employees has increased

In the first quarter of 2019, organizations (enterprises with at least 5 employees, budgetary institutions, and non-profit organizations that are significant for employment) employed, including public workers, an average of **3 million 180 thousand people**, 1.0% more than in the same period last year.⁴

Calculated without public employment, the number of employed persons increased by 2.3% in the national economy:

- In enterprises with at least 5 employees, 2 million 221 thousand people were employed without 4 thousand public workers, 3.2% more than in the first quarter of the previous year.
- By contrast, the headcount of the budgetary sector, excluding 93 thousand public workers, was 699 thousand, 0.7% lower than in the first quarter of 2018.
- In non-profit organizations the number of employees excluding public workers increased by 4.2% to 153 thousand.

Recently, more and more people have left public employment. This process has been influenced by a number of factors, including the widening gap between the minimum wage and public employment wages since 2017, and the impact of labour demand. Compared to the first quarter of 2018, the number of public workers decreased by more than 25%. In addition, the proportion of public workers within the workforce has also declined. In the first quarter of 2019, 3.4% of all employed people were in public employment, compared with 4.5% a year earlier and 6.4% in the first quarter of 2016⁵.

In the first quarter of 2019, **the monthly average number of public workers** in the mid-term institutional labour market survey **was 107 thousand**. A lower quarterly number was last measured in early 2013. The majority of public workers (87%) worked in budgetary institutions and 9% in non-profit organizations.

According to BM Public Employment Statistics⁶, which includes people not covered by institutional labour statistics, in the first quarter of 2019 an average of 113.3 thousand people were in public employment, a decrease of 38 thousand, or 25% compared to the same period last year. Half of the headcount reduction occurred among those with at least secondary education, but there was no significant change in the composition of public workers by educational attainment. A quarter of public workers continue to be skilled workers, but the proportion of those with at least GCE is also relatively high (around 17%).

72% of vacancies are in the private sector

The number of job vacancies⁷ measured at the level of the national economy gives an estimate of the additional workforce the economy would need. There has been a gradual increase in the number of vacancies in recent years and, in spite of an increase in employment, the vacancy rate⁸ has also risen. In the first quarter of 2019, the number of vacancies⁹ or vacancies expected in the near future (80 thousand) increased by 0.8% compared to the same quarter of the previous year, but decreased compared to the last quarter of 2018. In the first quarter of 2019, enterprises with at least 5 employees had 57 thousand vacancies and there were 19 thousand vacancies in budgetary institutions.

In the first quarter of 2019, the manufacturing sector, which has the largest number of employees, had 20 thousand vacancies. This is 18% less than in the same period of the previous year, but the vacancy rate (2.7%) is still higher than the national average. Vacancy rates were even higher in the following four sectors of the economy:

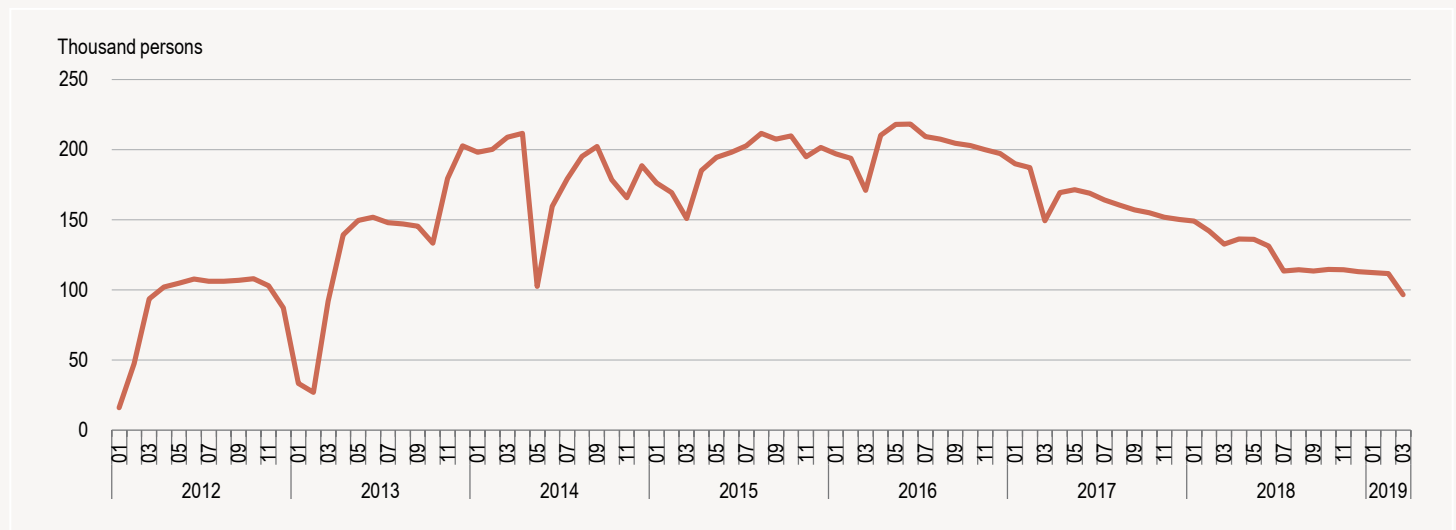
- administrative and service support activities (4.1%),
- human health and social work activities (4.0%),
- information and communication (3.5%),
- construction (2.8%).

The smallest (about 1%) unmet staffing demand was in agriculture and real estate activities.

According to international figures, the vacancy rate in the European Union has increased, with data for the 28 Member States showing 2.3 out of 100 posts were vacant in the fourth quarter of 2018, up from 2.0 a year earlier. The vacancy rate remained the highest in the Czech Republic. Here, on average, 6.0 out of 100 posts were classified as vacant posts. Our country (with a figure of 2.7%) was above the EU average. Outside the Czech Republic, higher values were found in Belgium (3.4%), Germany (3.4%), Austria (3.1%) and the Netherlands (2.9%). In contrast, for Greece, which is struggling with the aftermath of the crisis, the rate was only 0.4%.

Figure 4

Changes in the number of public workers*

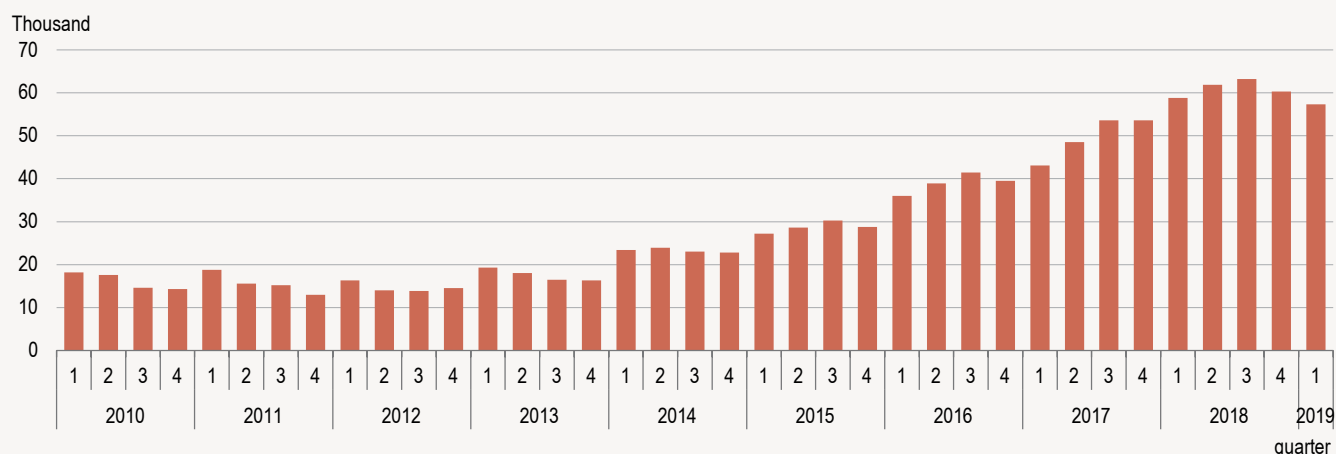


* People employed as public worker at enterprises with at least 5 employees, all budgetary institutions and designated non-profit organisations.

⁵ It was the highest of the first quarters of the last five years.
⁶ Source: Monthly newsletter on public employment (www.kozfoglalkoztatas.kormany.hu).
⁷ According to the methodological definition of HCSO, we consider a post vacant if the employer in question is already taking concrete steps to fill it (e.g. posting a job or contacting a recruitment firm to fill it).
⁸ Number of vacancies as a percentage of total posts (closing day number of posts of people participating in the activities of the organization + number of vacancies).
⁹ Enterprises employing at least 5 persons, budgetary institutions and non-profit organizations considered to be major employers.

Figure 5

Number of job vacancies at enterprises with at least 5 employees



In addition to EU regulations based statistics on labour demand, we also have data from the National Employment Service (NES). In this case, workforce announcements received by job centres are the basis for job vacancy statistics. Employers are basically interested in reporting vacancies that they want to fill in a subsidized form, and are looking for employees with mostly low education qualifications to fill jobs where they see a chance of getting registered jobseekers. In March 2019, employers reported a total of 122 thousand vacancies. Most of the reported job announcements (87%) – 107 thousand in total – were supported. Most new labour needs came from Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg counties, as well as from Budapest. In March, the NES registered a total of 208 thousand job vacancies, of which 97 thousand remained vacant at the closing date.¹⁰ Both values were lower than a year earlier.

Job searching time is down

In the first quarter of 2019, the number of unemployed persons¹¹, as defined by ILO¹², decreased by 12 thousand to 166 thousand, and the unemployment rate by 0.3 percentage points, to 3.6%, compared to the same period of the previous year. Unemployment has stagnated among men, while women's indicators have improved and, as a result, women's and men's unemployment rates have almost reached the same level.

As the domestic labour market is close to full employment, most of those who lose their jobs can find employment relatively easily. The share of the long-term unemployed, who have been looking for a job for at least a year, has dropped to 37.6%, but the proportion of those who fall into the "very long-term unemployment"¹³ category is still high. Every fifth unemployed person has been looking for a job for at least two years.

The characteristics of the lowest levels of unemployment ever measured are reflected in the record short average job search time. The average duration of unemployment has decreased by two and a half months compared to the first quarter of 2018, and at the beginning of this year in Hungary, on average, 13.9 months had to be spent looking for a job. One year earlier, the average duration of job search was nearly the same for women and men. Today, this period has been shortened by more than 3.3 months for women, to 13.0 months, while men – as a result of less improvement – have spent an average of 14.7 months looking for a job. The positive trend for women is also illustrated by the significant decrease (by 11.7 percentage points) in the number of women forced to look for a job due to job losses, or termination of their

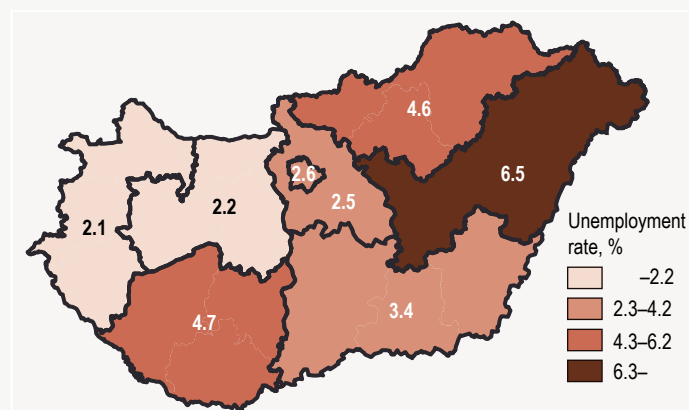
public employment, ad hoc or seasonal work. In addition, the number of women who left their previous job or were looking for a new job because of family (mainly childcare) responsibilities increased.

Northern Great Plain saw the highest unemployment rate

In the first quarter of 2019, the unemployment rate for people aged 15–74 in South Transdanubia decreased by 2.2 percentage points to 4.7%, while in the other regions, changes were below 1 percentage point (within the sampling margin). The lowest unemployment rate was recorded in Western Transdanubia (2.1%) and Central Transdanubia (2.2%), the highest in Northern Great Plain (6.5%).

Figure 6

Unemployment rate of 15–74 year olds by region, 1st quarter 2019



Territorial disparities persisted as the overall labour market situation improved. The unemployment rate dropped below 1% in Veszprém county, below 2% in Győr-Moson-Sopron county and below 3% in 6 other counties (Bács-Kiskun, Zala, Komárom-Esztergom, Heves, Pest, Csongrád County) and in the capital as well. Simultaneously, Szabolcs-Szatmár-Bereg county was characterized by 8.9% unemployment, Nógrád by 6.9% and Baranya by 6.6%.

266 thousand jobseekers were registered with the National Employment Service in the first quarter of 2019, 3.9% less than a year earlier. The slowdown in the decline in the number of registered jobseekers, despite the generally improving employment situation, also points to the persistence of territorial and structural problems. Public

¹⁰ According to the latest available administrative data, 102 thousand vacancies were registered in May 2019 and 73 thousand at the end of the month.

¹¹ A person not working, but actively seeking for a job and could start working.

¹² ILO – International Labour Organization.

¹³ A person not working, but actively seeking for a job for 24 months or more and available.

employment as a temporary employment opportunity has contributed to the socialization and labour market integration of many unemployed in recent years. With the exit of people with more favorable characteristics due to their qualifications, age or other circumstances, those who remain in public employment are less and less able to meet the requirements of the demand side. These people remain in transition between the world of public, seasonal or casual work and unemployment, or are completely excluded from the labour market.

In the first quarter of 2019, out of a hundred registered jobseekers, nine were classified as career starters, accounting for a significant proportion of first-time registrants. The proportion of people receiving cash benefits is increasing among registered jobseekers, with 54.6% of jobseekers already receiving such benefits during this period. The number of recipients of insurance-based but only short-term (up to 3 months) job-search allowances, special pre-retirement benefits and job-search allowances has stabilized at around 60-70 thousand people in recent years. The number of recipients of social assistance has been decreasing at a somewhat slower rate than that of registered jobseekers.

Number of registered jobseekers

Table 2

(thousand persons)

Period	Registered job-seekers	Of which:			
		career starters	eligible for job-seekers' allowance or assistance	social benefit recipients	without any provision
1st quarter 2018	277.0	26.7	64.6	84.7	127.7
1st quarter 2019	266.2	23.8	69.9	75.3	121.0
Change compared to 1st quarter 2018,%	-3.9	-10.8	8.2	-11.1	-5.3

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

In the Labour Force Survey, on average, 283 thousand of those aged 15 to 74 declared themselves unemployed, 22 thousand fewer than a year earlier. In the first quarter of the year, the number of unemployed people based on self-classification and those defined by ILO essentially fell at the same rate (around 7%), while the number of registered jobseekers decreased slightly more slowly (4%).

Nearly two-thirds of inactive working age people are women

In the first quarter of 2019, the number of inactive people considered to be of working age (15–64 years) continued to decrease. The main reason is demographic, but at the same time the rise of the gender-specific retirement age also plays a significant role. Due to the latter, the proportion of women within the category is slightly increasing. In the first quarter of this year, 64% of those in the inactive category, some 78 thousand smaller than a year earlier, were women.

Table 3

Inactive population aged 15–64 by reason of absence from the labour market

Denomination	1st quarter 2019			Change compared to 1st quarter 2018,%		
	men	women	to-gether	men	women	to-gether
	thousand people					
Pensioners, annuity recipients	195.3	374.1	569.4	-18.4	-4.0	-9.5
Child care provision recipients	1.3	223.2	224.5	10.8	-4.7	-4.7
Jobseekers' provision recipients	20.1	27.0	47.1	30.2	12.5	19.4
Students	315.7	314.7	630.3	-3.3	-0.7	-2.0
Nursing and orphan's allowance recipients	11.3	32.0	43.3	12.1	7.0	8.3
Other inactive	84.3	146.5	230.8	-1.4	-2.8	-2.3
Inactive people aged 15–64 years, total	628.0	1 117.5	1 745.5	-7.4	-2.5	-4.3

Potential labour reserves continued to decrease

The unemployed, the underemployed, those inactive people who are willing to work but are not actively seeking work or who do not fulfil the availability criterion, together represent the **potential labour reserve**. In the first quarter of 2019, only **303 thousand** people belonged to this category, which means a further decrease of 24 thousand persons in a one-year period and was significantly lower than in previous years. The territorial distribution of the shrinking labour reserve remains very uneven, out of every 100 unemployed:

- 7–8 people belonged to this category in the central regions, Central and Western Transdanubia and Southern Great Plain,
- 14–16 persons in Northern Great Plain, Northern Hungary and Southern Transdanubia.

Changes in the number and rate of unemployed persons aged 15–74

Figure 7

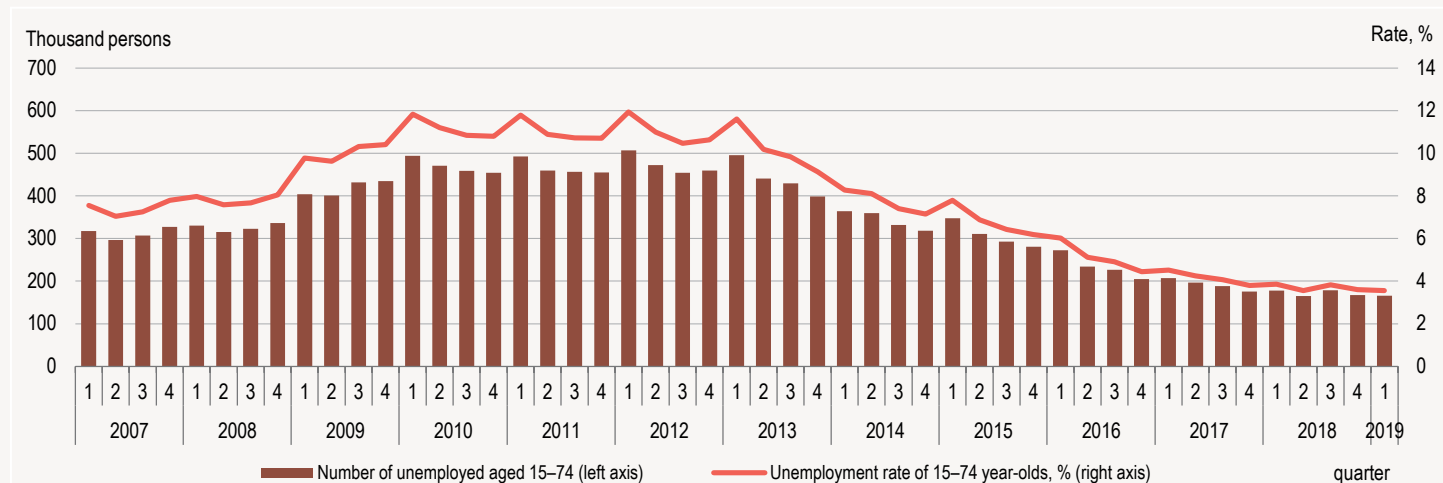
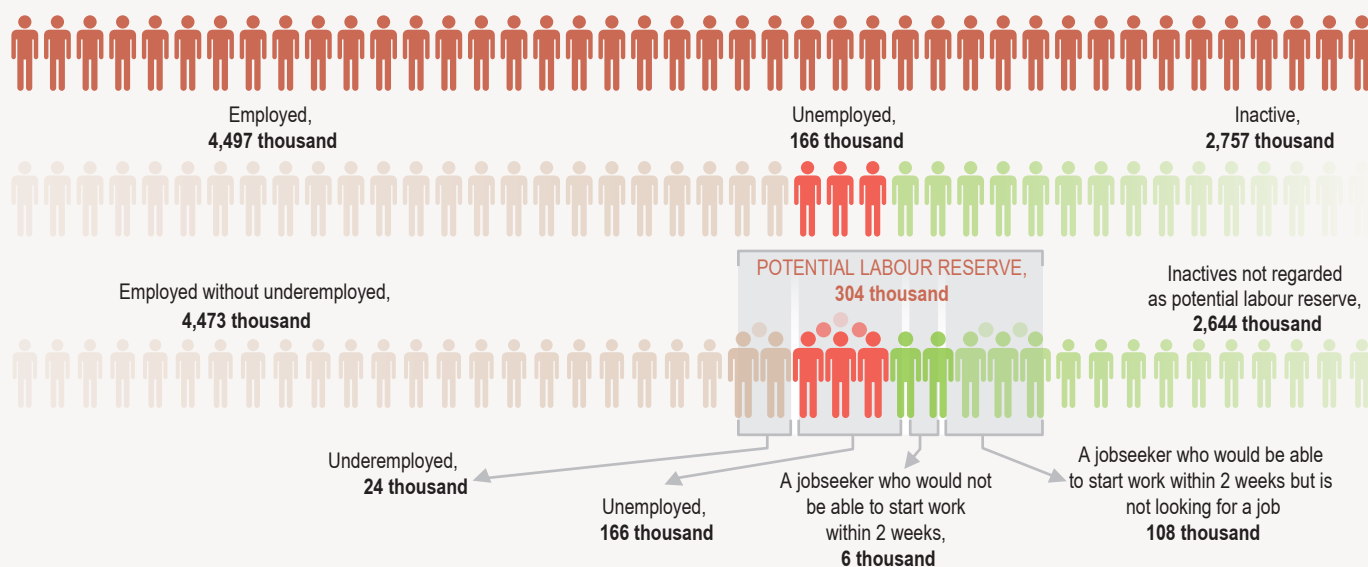


Figure 8

Change in potential labour reserve, 1st quarter 2019

Population aged 15–74, 7,420 thousand

**Dynamic growth continued in earnings**

In the first quarter of 2019, earnings¹⁴ (by Hungarian concept) were boosted by, among other things, the 8.0% increase in the minimum wage and the guaranteed wage minimum, the wage reform of government officials, the salary increase in the defence and law enforcement agencies, and a significant decrease in the number of public workers. The wage-raising power of labour shortages also had this effect.

In the first quarter of 2019, the **average gross monthly earnings** of full-time employees were **HUF 352,000**, which represents a nominal increase of 11.0% over one year. The rate of change in average earnings was also influenced by a significant reduction in the number of public workers; average gross wages and salaries, excluding public workers, increased by 9.9%.

The average gross earnings (HUF 367 thousand) of people working in enterprises employing at least 5 persons were 11.8% higher than in the previous year. In addition to raising the minimum wage and the guaranteed minimum wage, successful wage demands from employees and fierce competition to retain well-trained workforce have contributed to higher wage outflows than a year earlier.

In case of budgetary institutions, the growth rate of earnings in the first quarter was significantly below that of the private sector. In budgetary organizations, wages and salaries increased by an average of 7.8%, representing a 4.0 percentage point difference in pace between the two sectors in favor of the private sector. (The difference was even bigger – 6.4 percentage points without public workers.) When assessing the differences, it should be taken into account that in the first quarter of 2018 the exact opposite occurred in the budgetary sphere due to the March increase of non-regular earnings.

Most sectors of the economy experienced double-digit earnings growth:

- Earnings increased by 12.9% and 12.6% respectively in the key employment sectors of the private sector, i.e. in manufacturing as well as in trade and repair of motor vehicles.
- Within the manufacturing sector, wages increased by at least 13% for 'other manufacturing'; 'installation and repair of industrial machinery and equipment', 'manufacture of computer, electronic and optical products', vehicle manufacturing and pharmaceutical production.

- Wages and salaries increased by 8.0% in financial and insurance activities. With wages rising faster in the information and communication sector (a 12.9% wage increase just as in manufacturing), this has become the highest-paying segment of the economy. In these two sections, average gross earnings exceeded HUF 600,000.
- By contrast, reported gross monthly earnings for the accommodation and catering sector were HUF 234,000. Lower gross wages and salaries were typical only for human health and social work activities, which included a significant proportion of public workers. Without public employment, workers in this sector are officially earning more (299 thousand HUF) than those in accommodation and catering.

Table 4

Total and regular gross average earnings, 1st quarter 2019

Denomination	Total gross average earnings	Of which: regular earnings
HUF/person/month		
National economy, total	352 151	329 974
Of which:		
business sector	366 982	339 752
budgetary sector	320 819	309 073
nonprofit sector	306 165	301 440
Change compared to same period last year, %		
National economy, total	11.0	10.7
Of which:		
business sector	11.8	11.4
budgetary sector	7.8	8.3
nonprofit sector	10.4	10.7

¹⁴ From 2019, the system of data collection of earnings statistics was renewed: the source of monthly earnings and headcount information is the so-called 'tax return' received from the National Tax and Customs Administration, and data received from the administrative register of the Hungarian State Treasury.

- Despite the high baseline data due to Q1 2018 bonus payments, gross earnings in the 'administration and defence' and 'compulsory social security' sectors increased by 8.7% to HUF 414,000. (Within this, regular earnings increased by 10.9% to HUF 397 thousand.) This was mainly due to the salary increase in the central administration as part of the public sector wage increase program, along with the March 2019 salary payments. In the first quarter of 2019, the salary and classification system of government employees has changed, and the former model, mainly based on seniority, has been replaced by a job-related salary system including income bands regulated by Act CXXV of 2018 on Government Administration (Kit.). At the same time as the March salary was paid, the salary difference for the first two months of the year was settled. In addition, during the first quarter, unpaid leave days of central administration employees were paid as well.
- Following last year's wage increase in education (covering several subgroups), gross average earnings increased by 3.6% to HUF 322,000 in the first quarter of 2019.
- Gross earnings for people working in the human health sector were up 4.7% year-on-year, while those for social workers grew 11.7%. Excluding public workers, wage growth was 4.6% for the former and 7.0% for the latter. The average gross earnings of people working in the human health sector were close to HUF 340 thousand, while the average earnings of those working in the social services were HUF 247 thousand.¹⁵

The average gross earnings of public workers was HUF 82,000. This amount was slightly above the wage of HUF 81,530 for public workers set by government decree, which was 0.8% below the average of one year earlier. As the remuneration for public employment has remained unchanged since 2017, the decrease compared to the same period of the previous year may be due to changes in composition and the shortening intervals of public employment.

In the first quarter of 2019, the average gross income of men was HUF 385 thousand and that of women was HUF 320 thousand. The average

monthly wage advantage for men increased from HUF 54,000 a year earlier to HUF 65,000, as a result of higher than average gross wage increases (11.6%) for men and slightly lower (10.0%) for women. The disadvantage of women's earnings comes from a combination of factors:

- absence from the labour market due to family obligations may influence the amount of wages earned through the length of work experience;
- in older age groups, women have lower educational attainment;
- there are more men working in high-wage sectors (managerial positions, high-paying sections of the economy).

30–49 year olds earn the most: in the first quarter of 2019, earnings were higher by an average of 31,000 HUF (9%) for 30–39 year olds and by an average of 21,000 HUF (6%) for 40–49 year olds than the average gross earnings of all full-time employees. In addition, people aged 60 and over were earning above average. Average earnings by age are influenced by the length of the career path, the proportion of men and women in each age group (including women's absence from the labour market due to child rearing and other family responsibilities), and the distribution of educational attainment. Young people with little or no work experience just entering the labour markets had the lowest salaries. It can be observed that those whose position in the age-adjusted wage hierarchy is worse have a higher rate of earnings growth than those who earn better.

In the first quarter of 2019, non-manual workers earned 1.8 times more than manual workers. The average gross salary of manual workers increased by 12.4% to HUF 258,000 over one year, and that of non-manual workers by 9.4% to HUF 457,000.

The difference between jobs is even greater. The average salary of executives and legislators¹⁶ in January–March 2019 was nearly 3.7 times the average salary of non-skilled (ordinary) employees, who include a significant proportion of public workers. Among manual workers, the gross average earnings of industrial and construction workers as well as machine operators, assemblers and drivers were the highest. Within the non-manual group, the average gross earnings of office, administrative (customer relationship) employees were the lowest, at HUF 309,000.

Figure 9

Average gross earnings of full-time employees, 1st quarter 2019



¹⁵ Calculated without public workers.

¹⁶ Economic, administrative, interest representation leaders, legislators.

Employees in budgetary institutions and some non-profit organizations performing government functions may receive non-salary compensation since 2011 if their net earnings have been reduced by changes in income tax and contribution rules in 2011 and 2012. In the first quarter of 2019, 55 thousand people used this support classified as social cost, which was less than a year ago. For the employees involved, this represented an average monthly additional income of HUF 8,000.

Real earnings are up by 7.6%

In 2019, the level of personal income tax on wages and other deductions on employees remained broadly unchanged. Net earnings, excluding tax benefits, increased at the same rate (i.e. by 11.0%) as gross earnings in January – March 2019 compared to the same period last year. The average net income was HUF 234 thousand at the level of the national economy. The average net income of employees in the private sector was HUF 244 thousand, while that of employees working in budgetary institutions was HUF 213 thousand. With consumer prices rising by 3.2% over the period, the real value of wages and salaries at the national level increased by 7.6%.

Employees may qualify for tax and contribution deductions under various titles. (Such benefits include, for example, family tax deductions, first-time spouse benefits, or personal allowances for workers with certain illnesses, and exemption from contributions for retired workers from 2019 onwards.) In the first quarter of 2019, the average net earnings without tax benefits, were HUF 241 thousand at national level, 11.0% more than a year earlier.

The share of other labour income decreased

Supplementing gross earnings with other elements of labour income, such as those paid as part of cafeteria benefits, provides (wages and salaries by SNA concept) labour income. In the first quarter of 2019, this indicator for the international comparison of earnings was HUF 367 thousand. The year-

on-year growth rate of labour income was 0.7 percentage points lower than the growth rate of gross wages and salaries, so the share of other labour income decreased from 4.7% a year ago to 4.0% and averaged HUF 14,700 a month. Examined by sector, the share of other labour income was the highest in budgetary institutions and the lowest in the non-profit sector.

Table 5

Changes in per capita labour income, 1st quarter 2019

Denomination	Average monthly labour income	Of which: average monthly other labour income	Ratio of other labour income to labour income, %
	HUF/person/month		
National economy, total	366 917	14 740	4.0
Of which:			
business sector	381 799	14 818	3.9
budgetary sector	336 234	15 415	4.6
nonprofit sector	315 648	9 484	3.0

The share of other labour income declined in all sectors of the economy except 'electricity, gas, steam and air conditioning supply' as well as 'accommodation and catering'. The decline in labour income may be explained by a significant narrowing of the range of fringe benefits available in favorable tax or non-tax schemes.

Further information, data (links):

[Tables \(STADAT\)](#)

[Methodology](#)

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