

## Labour market trends, Quarters 1–4 2015

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### 1. Employment outlook

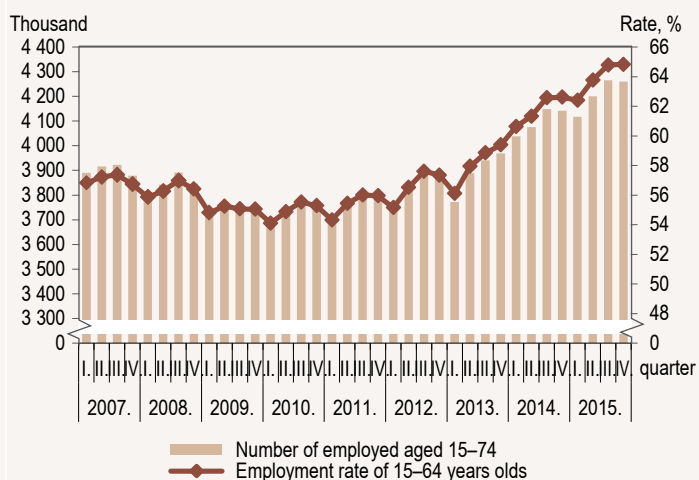
#### 1.1 Employed people

As a result of favourable processes characteristic of the external and internal economic environment (among others, the decline in the world market prices of energy sources, the growth in industrial production and exports and the recovery of domestic consumption), the main indicators of the domestic labour market continued to improve in 2015.

In 2015, the number of employed people was 110 thousand more than a year earlier, and their annual average number increased so over 4 million 210 thousand. The employment rate calculated for the population aged 15–64 years was 63.9%, 9.0 percentage points higher than the one characteristic in 2010, i.e. the nadir of the crisis, and only about one fifth of the change in the rate is due to the decrease in the number of the 15–64 year-old population, which is the denominator of the rate. Within the year, the number of employed people grew steadily until the 3rd quarter, and their headcount of 4 million 259.3 thousand in the 4th quarter was hardly lower than the one in the 3rd quarter.

Figure 1

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



Source: Labour Force Survey.

Table 1

#### Employment rate and unemployment rate in EU member states, 3rd quarter 2015

Country	Employment rate					Un-employment rate %	
	15–24 year-olds	25–54 year-olds	15–64 year-old				change <sup>a)</sup>
			men	women	together		
%							
Austria	54.3	84.1	76.3	67.9	72.1	0.2	5.6
Belgium	23.8	78.6	66.0	58.1	62.1	0.1	8.2
Bulgaria	22.6	77.5	67.6	61.4	64.5	1.7	8.3
Cyprus	24.6	76.1	67.2	57.6	62.2	-0.4	14.8
Croatia	20.7	74.2	62.1	52.8	57.5	0.6	15.5
Czech Republic	28.5	84.7	78.2	62.6	70.5	1.2	4.8
Denmark	55.5	82.6	77.1	70.3	73.7	0.0	6.2
Estonia	38.7	84.5	78.3	69.9	74.0	3.7	5.2
Finland	44.9	80.6	71.0	68.8	69.9	0.1	8.4
France	29.0	79.5	67.5	60.9	64.1	0.0	10.0
Germany	44.6	83.9	78.3	70.0	74.2	0.0	4.4
Greece	13.2	65.6	60.3	43.2	51.7	1.5	24.1
<b>Hungary</b>	<b>26.7</b>	<b>81.3</b>	<b>71.3</b>	<b>58.4</b>	<b>64.8</b>	<b>2.2</b>	<b>6.4</b>
Ireland	31.2	74.3	69.5	58.2	63.8	1.6	9.3
Italy	17.0	68.5	66.6	47.0	56.7	0.7	10.6
Latvia	33.5	80.2	70.1	67.3	68.6	2.3	9.7
Lithuania	28.6	82.5	68.9	67.2	68.0	0.8	8.3
Luxembourg	33.6	81.5	71.2	59.5	65.5	-0.5	7.7
Malta	46.6	78.7	77.1	52.8	65.2	1.7	5.3
Netherlands	62.0	82.4	79.4	69.5	74.5	1.0	6.6
Poland	26.7	79.9	70.1	57.0	63.5	1.0	7.1
Portugal	24.2	79.1	67.4	61.5	64.4	1.0	12.1
Romania	26.7	79.1	71.6	54.6	63.2	0.6	6.5
Slovakia	23.4	78.4	69.8	56.1	63.0	1.7	11.3
Slovenia	33.7	84.1	71.0	62.0	66.7	2.1	8.6
Spain	19.6	70.0	63.8	53.0	58.4	1.9	21.2
Sweden	49.0	86.2	78.2	75.5	76.9	0.4	6.6
United Kingdom	51.5	82.2	77.8	68.1	72.9	0.7	5.5
<b>EU-28</b>	<b>34.1</b>	<b>78.4</b>	<b>71.5</b>	<b>60.7</b>	<b>66.1</b>	<b>0.8</b>	<b>9.0</b>

a) percentage point, compared to 3rd quarter 2014.

b) Calculated for the 15–74 age group.

Source: Eurostat (state of 2 February 2016).

The increase in the number of employed people was accompanied by the decrease in the number of unemployed, and their headcount of 307.8

thousand in 2015 was 35.5 thousand lower than a year earlier. The number of unemployed fell from quarter to quarter, and in the 4th quarter only 280.7 thousand people were classified as unemployed according to the ILO criteria. In the past nearly three decades, more favourable unemployment data than the current ones were measured only in the first few years of the 2000s, but, at that time, the low unemployment rate was accompanied by a substantially lower employment rate than at present.

Despite the surplus of labour supply, in 2015, also labour shortage was markedly present in more and more fields of the economy such as health, wholesale and retail trade, as well as in accommodation and food service activities having a seasonal character. The significant volume of migration for employment purpose abroad in recent years, as well as the invariably low intensity of internal labour migration, which was further moderated by the broadening opportunities for public work (while local job opportunities were able to compensate the disadvantage of low earnings) contributed to the increase in the structural and regional inequalities of labour demand and supply.

### Number of the employed and its change compared to the corresponding period of earlier years

Table 2

Denomination	(thousand persons)				
	Number of employed			Change in the number of employed	
	2010	2014	2015	com- pared to 2010	com- pared to 2014
<b>Total</b>	<b>3 732.4</b>	<b>4 100.8</b>	<b>4 210.5</b>	<b>478.1</b>	<b>109.7</b>
Men	1 992.5	2 220.5	2 283.5	290.9	63.0
Women	1 739.8	1 880.4	1 927.0	187.2	46.7
Central Hungary	1 190.4	1 310.4	1 343.0	152.6	32.6
Central Transdanubia	428.4	467.7	488.1	59.7	20.4
Western Transdanubia	399.7	442.7	450.1	50.4	7.4
Southern Transdanubia	336.9	359.3	362.6	25.7	3.2
Northern Hungary	394.4	433.8	452.6	58.2	18.8
Northern Great Plain	502.8	576.9	589.0	86.2	12.1
Southern Great Plain	479.9	510.0	525.1	45.3	15.1
Employees	3 272.7	3 652.1	3 753.8	481.1	101.7
Members of business partnerships	140.4	160.9	152.0	11.6	-8.8
Self-employed	306.9	274.8	293.3	-13.5	18.6
Unpaid family workers	12.4	13.1	11.4	-1.0	-1.8
Working in premises in Hungary of which: declare to be public worker	3 682.9	4 001.1	4 099.4	416.5	98.3
Working in premises abroad	75.1	175.2	211.6	136.5	36.4
Working in premises abroad	49.5	99.7	111.1	61.6	11.4

Source: Labour Force Survey.

In recent years, the growth rate of employment in Hungary was much higher than the EU average, which resulted in the further improvement of our relative position. According to the most recent available data of the EU labour force survey, in the 3rd quarter of 2015, our employment rate of 64.8% calculated for the population aged 15–64 was only 1.3 percentage

points lower than the EU average and stood in the 15th place in the ranking of the 28 member states, while the employment rate of the 25–54 year-olds considered to be in the best working age was 2.9 percentage points higher than the EU average. With our annual average unemployment rate of 6.8% in 2015 (which fell to 6.4% in the 3rd quarter), we were again among the one third of member states in the best position in terms of unemployment.

In the 110 thousand year-on-year increase of employed people, men had a somewhat higher share than women. The number of people who indicated a workplace in Hungary grew by 2.5% and that of those who indicated that they work at local units abroad increased by 11%<sup>1</sup> In 2015, the number of entrepreneurs increased as well, although at a lower rate than that of employees.

Also in 2015, Central Transdanubia was the first in the ranking of regions with its employment rate of 67.9%, which was 4.0 percentage points higher than the national average calculated for the age group of 15–64, but the rates of Central Hungary and Western Transdanubia were only three or four tenths of a percentage point lower than that. Northern Hungary and Northern Great Plain were at the other pole with an employment rate of 59.0% and 58.9%, respectively. The difference among counties was even higher: while in Vas county, out of hundred people of corresponding age, 70 were employed, this number was only 57 in Szabolcs- Szatmár-Bereg county which is in the worst situation.

According to the data of institutional labour statistics, including the 11.9 thousand public workers, 1 million 920 thousand people worked in 2015 at corporations employing at least 5 persons, 2.8% (53 thousand people) more than in 2014. (Excluding public workers, the increase was 2.9%.) Partly because of the base effect, the headcount increase was the most dynamic in the 1st quarter. The headcount growth in manufacturing, the section of the national economy employing the largest number of people (646.6 thousand) was 0.2 percentage point higher than the average of the business sector, but within this, there were significant differences in the headcount dynamics of the various sub-sections. The number of employees increased outstandingly in the manufacture of transport equipment (by 7.4%) and in the manufacture of rubber and plastics products and other non-metallic mineral products (by 6.2%), while, among sub-sections with larger headcount, it decreased in the manufacture of textiles, wearing apparel, leather and related products as well as in the manufacture of wood and paper products and printing (by 0.8% and 0.5%, respectively). Among sections of the national economy, which are characterized by the dominance of the business sector and have a headcount over hundred thousand, the number of employees increased by 3.0% in wholesale and retail trade, repair of motor vehicles despite the Sunday closure of shops, in a way that the increase was 4.4% among full-time employees, while there was a decrease in part-time employment. Compared to the previous year, 4.9% more people worked in administrative and support service activities and 1.3% more in construction. Among sections of the national economy with smaller headcount, an outstanding, 6.6% headcount increase occurred in accommodation and food service activities due to the expanding purchasing power of households and favourable tourism indicators. At corporations employing at least 5 persons in the section professional, scientific and technical activities, there was an even more considerable headcount increase of 6.9%.

The number of people working in non-public employment in budgetary institutions grew by 0.5%, and so their annual average number equalled 698 thousand, and that of those employed in the observed non-profit organizations<sup>2</sup> was 96 thousand. Including public workers, the headcount was by 1.6% higher in the public sector than in the previous year.

According to the data of institutional labour statistics, the average monthly number of public workers was 191.8 thousand in 2015, nearly 10

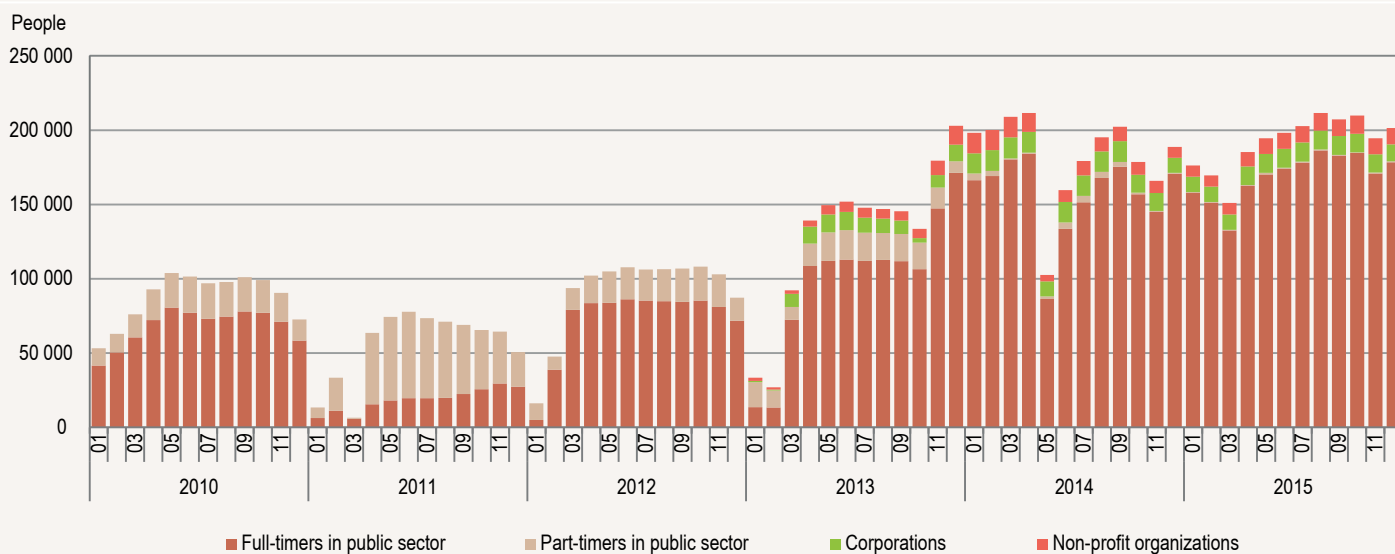
<sup>1</sup> According to the grossed up data of the labour force survey, 111 thousand people work abroad, but their actual number may be much higher, as data on the place of work are available only for those on whom the households contacted provided data. However, the number of employed not detected by the labour force survey cannot be taken into account as a surplus, since the further calculated population number forming the framework of grossing up does not take into consideration the labour migration of variable intensity, i.e. the population number used for multiplication includes those who work temporarily abroad.

<sup>2</sup> The designation is based on the headcount indicated in the registration, which, in case of many non-profit organizations, is much lower than the number calculated from the monthly actual headcount. Thus, this group is characterized by an underestimation higher than the average.

<sup>3</sup> Source: Monthly information on the state of public employment, December 2015 ([www.kozfoglalkoztatás.kormany.hu](http://www.kozfoglalkoztatás.kormany.hu))

Figure 2

**Monthly change in the number of public workers\***



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

thousand more than in the previous year. According to the data communication of the Ministry of Interior<sup>3</sup>, which is responsible for public employment, the average number of those registered as public workers was 208.1 thousand in the same period. The monthly headcount shows a much more balanced picture than in the previous years. The fewest people (145 thousand) worked in this form of employment in March, but since May, the monthly headcount has been constantly more than 200 thousand. Public employment means 7 months long full-time work on average. 80% of people working in this form of employment performed simple work not requiring any qualification. Also according to the data of the Ministry of Interior, public employment, as an employment policy programme affected 36.2% of registered jobseekers, and a slightly higher proportion affected men than women. Considering educational attainment, the participation rate in the programme was the highest among people with primary or lower educational attainment (more than 40%).

**1.2. Job vacancies**

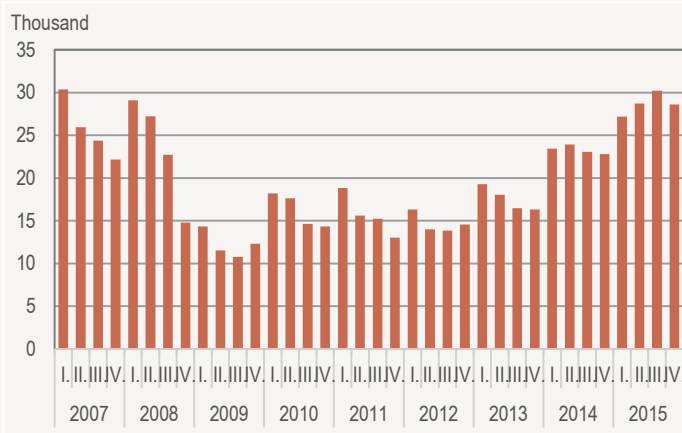
In the observed segment of the national economy, the proportion of job vacancies was 1.5% in 2015. Within this, employers in the business sector wanted to fill 27 thousand jobs in the 1st quarter, and the number of job vacancies was 29 thousand in the 2nd quarter, more than 30 thousand in the 3rd quarter and 29 thousand in the 4th quarter. This latter corresponded to a 25% increase compared to the same period of the previous year. In the 4th quarter of 2015, the number of job vacancies per hundred jobs was 1.6 in the EU.

In the last month of the year, 42.1 thousand job vacancies were announced at the National Employment Service, but only about one fifth of them (22.7%) were intended to be filled in unsupported form. So, the National Employment Service offered a total of 117.8 thousand jobs in December 2015, and 59.4 thousand of them remained unfilled on the closing day. The largest labour demand (nearly 2 thousand jobs) for unsupported form of employment was registered in Budapest; in addition, more than 700 such job vacancies were announced in Győr-Moson-Sopron, Komárom-Esztergom and Pest counties. At the end of the year, the most demanded occupations were machinery assemblers, simple industry occupations, shop salespersons, heavy truck and lorry drivers and cooks. (At the same time, it is known that for obtaining more qualified workforce,

employers do not really take advantage of the National Employment Service.)

Figure 3

**Change in the number of job vacancies in the business sector**



Source: Institutional job vacancies statistics.

**1.3. Unemployed and inactive people, potential labour reserve**

In 2015, the number of unemployed according to the labour force survey decreased to an annual average of 307.8 thousand, which resulted in an unemployment rate of 6.8%. With this, unemployment indicators were also more favourable than those in the period directly before the crisis. The difference between the unemployment rates of men and women slightly increased (men: 6.6%, women: 7.0%), probably due to the fact that one of the marked factors of the decrease in unemployment is public work employing a higher proportion of men. The youth unemployment rate, after the nadir of 28.2% in 2012, decreased to 17.3% in 2015.

As a result of raising the retirement age and the strong narrowing of opportunities for the early exit from the labour market, the unemployment rate of the oldest age group substantially present in the labour market, i.e. the 55–64 year-olds gradually approached that of the middle-age groups.

**Major unemployment indicators**

Table 3

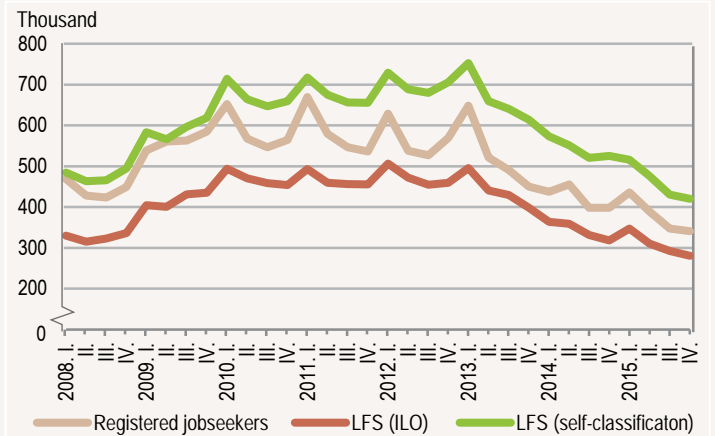
Period	Unemployed (thousand persons)			Unemployment rate (%)			Unemployment rate of people aged 15–24 (%)
	men	women	together	men	women	together	
2012 Q1	280.5	226.0	506.5	12.3	11.5	11.9	28.4
2012 Q2	266.3	206.0	472.2	11.5	10.4	11.0	28.2
2012 Q3	250.5	204.0	454.5	10.8	10.1	10.5	29.1
2012 Q4	251.0	208.4	459.5	10.8	10.4	10.6	27.2
2013 Q1	282.4	213.0	495.4	12.3	10.8	11.6	29.8
2013 Q2	235.7	204.9	440.7	10.1	10.3	10.2	25.7
2013 Q3	228.6	200.9	429.6	9.6	10.1	9.8	26.8
2013 Q4	210.3	188.3	398.5	8.9	9.4	9.1	24.1
2014 Q1	192.0	172.1	364.1	8.1	8.5	8.3	21.0
2014 Q2	191.5	167.8	359.3	8.0	8.2	8.1	20.7
2014 Q3	172.5	159.0	331.5	7.1	7.7	7.4	21.6
2014 Q4	171.0	147.5	318.5	7.1	7.2	7.1	18.3
2015 Q1	186.3	161.3	347.6	7.7	7.8	7.8	19.4
2015 Q2	163.5	146.9	310.4	6.7	7.1	6.9	17.8
2015 Q3	151.8	140.9	292.7	6.1	6.7	6.4	16.7
2015 Q4	146.1	134.6	280.7	5.9	6.5	6.2	15.3

Source: Labour Force Survey.

In 2015, 535.4 thousand people belonged to the category defined as labour reserve; 74.6 thousand of them were underemployed, who worked part time but would have liked to find a full-time job and 144.5 thousand wanted to have a job but did not take active steps to find one.

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

Figure 5



Source: Labour Force Survey, Register of the National Labour Office.

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

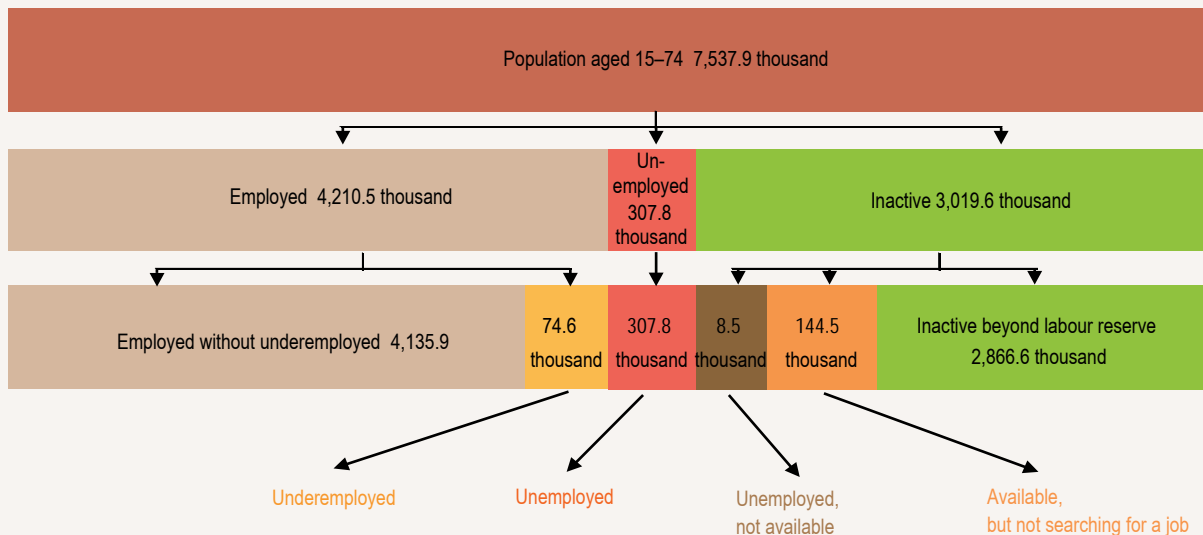
Table 4

Denomination	2015			2014=100%		
	men	women	together	men	women	together
	number, thousands			%		
Pensioners, annuity recipients	316.6	475.4	792.0	88.4	92.8	91.0
Child care provision recipients	3.1	236.9	240.0	104.0	100.9	101.0
Unemployment provision recipients	27.4	22.9	50.3	73.1	66.0	69.7
Students	345.1	343.7	688.8	97.8	98.5	98.2
Nursing and orphan's allowance recipients	13.9	33.5	47.4	99.8	111.2	107.6
Other inactive	91.3	138.0	229.3	93.8	90.8	92.0
<b>Inactive people aged 15–64 years, total</b>	<b>797.3</b>	<b>1 250.3</b>	<b>2 047.7</b>	<b>92.4</b>	<b>95.3</b>	<b>94.1</b>

Source: Labour Force Survey.

**Potential labour reserve, 2015**

Figure 4



In the labour force survey, 460 thousand people determined their status as unemployed, however, the decrease was the largest in this unemployed category during the year.

In the population aged 15–64 years, 2 million 48 thousand were inactive in 2015, which was 5.9% lower than in the previous year, partly because of demographic reasons. Out of the two largest groups of inactive people, the continuous decrease in the number of pensioners and annuity recipients was mainly connected to the change of retirement age, which, due to the different retirement eligibility rules, was higher among men, while the number of students was influenced by demographic reasons, the lower age limit for compulsory participation in public education and the slightly lower further education rate in the past 1 or 2 years. The number of cash unemployment benefit recipients who do not seek for a job and that of other inactive people fell because of the change in the regulatory environment and the significant volume of public work.

#### 1.4. Registered jobseekers

The average number of jobseekers was 378 thousand in 2015, 10.5% less than in the previous year. Their monthly number followed more closely the evolution of public employment than the number of those defined as unemployed in the labour force survey, which is also the reason for the outstanding data in March. In 2015, the annual number of people eligible for insurance-based jobseekers' allowance became stable at 55–60 thousand because the impact of changes in the provision system could be no longer detected. Their monthly average number was 57.1 thousand in 2015, while 126.2 thousand unemployed people received social benefit of HUF 22,800 per month. The number of registered jobseekers who did not receive any provision showed a downward trend, but, even so, nearly 195 thousand people belonged to this category on an annual average.

Table 5

#### Major data of registered jobseekers

Period	Registered job-seekers	Of which:			
		career-starters	job-seekers' allowance or assistance recipients	social benefits	without any provision
January	413 825	50 072	62 203	129 912	221 710
February	430 709	52 088	62 431	141 840	226 438
March	462 037	55 739	69 692	150 240	242 105
April	414 855	52 738	57 070	135 391	222 394
May	384 700	47 715	51 633	132 143	200 924
June	366 885	46 560	50 030	130 803	186 052
July	362 022	47 700	52 229	126 365	183 428
August	338 978	44 959	52 688	114 523	171 767
September	341 740	44 932	53 656	111 542	176 542
October	334 404	41 735	55 049	110 615	168 740
November	350 539	42 012	58 822	117 121	174 596
December	337 478	37 552	59 295	113 683	164 500
2015	378 181	46 984	57 067	126 182	194 933
<b>2014=100%</b>	<b>89.5</b>	<b>86.1</b>	<b>101.2</b>	<b>95.3</b>	<b>83.4</b>

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

## 2. Earnings, income from work

### 2.1. Gross earnings, income from work

In 2015, in the field of observation employing 2 million 894 thousand people (corporations with at least 5 employees, budgetary institutions and

designated non-profit organizations) including public workers, average gross earnings were HUF 247.8 thousand, 4.2% higher than one year earlier. Excluding public workers not falling under the general salary rules, the growth rate of earnings was 4.5% and average gross earnings amounted to HUF 261.1 thousand. In 2015, the minimum wage rose to HUF 105 thousand and guaranteed minimum wage to HUF 122 thousand, and both corresponded to an increase of 3.4% compared to a year earlier.

In the business sector, average gross earnings of HUF 263.7 thousand calculated without public workers were 3.8%, and, within them, regular earnings were 3.6% higher than those a year earlier. At corporations having achieved positive economic results, significant bonuses and premiums were paid, which was mainly concentrated in two periods, i.e. at the end of the first quarter and in the last months of the year. Non-regular earnings accounting for 8.0% of total earnings were HUF 21.1 thousand on average, which amount corresponded to a 6.4% increase compared to the previous year. The proportion of non-regular earnings was outstanding in the section of electricity, gas, steam and air-conditioning supply (17.0%), financial and insurance activities (13.6%) and, out of the sub-sections of manufacturing, in the manufacture of coke and refined petroleum products (19.6%).

Among sections of the national economy characterized by the predominance or exclusivity of the business sector, earnings were traditionally the highest in the section of financial and insurance activities with average monthly gross earnings of HUF 494.0 thousand. It was followed by the sections of information and communication (HUF 460.3 thousand) and electricity, gas, steam and air-conditioning supply (HUF 438.6 thousand). Within manufacturing regarded as average in terms of earnings, the manufacture of coke and refined petroleum products was at the top with its average gross earnings of HUF 644.0 thousand and the manufacture of pharmaceuticals, medicinal products and chemical products was on the second place with HUF 440.2 thousand. Average earnings in the former sub-section was about four times as high as those in the manufacture of textiles, wearing apparel, leather and related products (HUF 160.1 thousand), the sub-section having the lowest earnings within manufacturing.

The growth rate of earnings (and their level) in the public sector was strongly influenced by the change in the number of public workers in addition to the central measures which affected a certain range of employees in the past years. Although the number of public workers employed in this sector increased only by 6.3% in 2015, but, as one in every five employees in the public sector worked in this form, the low wage growth of public workers (2.4% only) significantly reduced the earnings growth of the whole sector. In 2015, among wage policy measures influencing the 6.3% earnings growth of the sector without public workers, the most significant was the 30% average – but differentiated – rise of earnings for people working in law enforcement (armed forces) from the second half of the year, which will be followed by further 5% rises every year until 2019. The settlement of bonuses raised average earnings of those working in the field of health and social work activities, as a result of which the proportion of non-regular earnings components increased in the earnings of the public sector as well. In addition, among earlier central measures, the introduction of the teacher career model affected substantially the earnings of the sector in 2015.

In 2015, gross earnings of employees in budgetary institutions – excluding the 170 thousand public workers with average gross earnings of HUF 79.9 thousand – were HUF 256.4 thousand, which, as a result of the measures in the second half year, was only HUF 7 thousand lower than the average in the business sector, but the difference by staff categories was still significant.

In non-profit organizations, which, due to their weight in employment, have a much smaller effect on the development of gross earnings in the national economy than the two above mentioned sectors, average gross earnings were HUF 240.7 thousand calculated without public workers and

Table 6

**Total and regular average gross earnings, Quarters 1–4 2015**

Staff group	National economy, total		Of which:					
	average gross earnings, total	of which: regular	business sector		public sector		non-profit organizations	
			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	170 278	162 803	181 709	172 535	133 162	131 209	144 480	140 814
Non-manual	334 679	306 422	391 234	351 600	269 142	253 784	281 525	267 505
<b>Together</b>	<b>247 784</b>	<b>230 512</b>	<b>262 456</b>	<b>241 543</b>	<b>220 315</b>	<b>209 771</b>	<b>219 627</b>	<b>210 283</b>
<b>Previous year=100.0%</b>								
Manual	104.8	104.6	104.3	104.0	107.4	107.2	106.5	107.8
Non-manual	104.0	103.7	103.3	103.1	104.6	104.1	103.7	103.3
<b>Together</b>	<b>104.2</b>	<b>104.0</b>	<b>103.9</b>	<b>103.7</b>	<b>105.1</b>	<b>104.7</b>	<b>103.3</b>	<b>103.5</b>
<b>Of which: without public workers, HUF/capita/month</b>								
Manual	183 389	174 864	182 853	173 580	189 726	185 826	168 935	164 029
Non-manual	338 653	309 930	391 456	351 791	275 505	259 594	285 214	270 918
<b>Together</b>	<b>261 091</b>	<b>242 458</b>	<b>263 747</b>	<b>242 688</b>	<b>256 387</b>	<b>243 153</b>	<b>240 743</b>	<b>230 038</b>
<b>Previous year=100.0%</b>								
Manual	105.1	104.9	104.2	103.9	111.7	111.5	105.8	107.4
Non-manual	104.2	103.9	103.3	103.1	105.1	104.7	103.8	103.5
<b>Together</b>	<b>104.5</b>	<b>104.2</b>	<b>103.8</b>	<b>103.6</b>	<b>106.3</b>	<b>105.9</b>	<b>103.2</b>	<b>103.4</b>

HUF 219.6 thousand including them. The former amount was associated with a 3.2% and the latter with a 3.3% growth rate.

In budgetary institutions and non-profit organizations performing delegated state duties, employees whose net earnings decreased due to the rules of personal income tax and contributions in force from 2011 received compensation not making part of earnings. As a result of salary adjustments and demographic replacement, the range of employees concerned is continuously shrinking, but even so, in 2015, the number of people receiving compensation was nearly 180 thousand. The compensation amounted to an average of HUF 9,600 in budgetary institutions and HUF 9,300 in non-profit organizations, where only a few thousand people are affected.

In 2015, the monthly average amount of income from work of full-time employees, which, in addition to earnings, includes among others cafeteria or travel costs of commuting to work was HUF 276.4 thousand in the business sector, HUF 232.6 thousand in budgetary institutions including public workers and HUF 261.1 thousand on the level of the national economy.

**2.2. Net earnings and family tax benefit**

In 2015, similarly to the previous year, neither employees' contribution rates nor personal income tax rules changed substantially, thus, the growth rate of net earnings was the same as that of gross earnings. On the level of the national economy, average net earnings were HUF 171.0 thousand calculated without and HUF 162.3 thousand calculated with public workers. People working in non-public employment received HUF 172.8 thousand in the business sector, HUF 167.9 thousand in budgetary institutions and HUF 157.7 thousand in non-profit organizations on average. Average net earnings of public workers amounted to HUF 52 thousand. Along with the 0.1% fall in consumer prices, the purchasing power of earnings was by 4.3% (and by 4.6% calculated without public workers) higher than in the previous year.

Table 7

**Net and real earnings taking into account family tax benefit, Quarters 1–4 2015**

Number of dependants	Calculated net earnings, HUF/capita/month	Net earnings	Real earnings <sup>a)</sup>	Distribution of number of employees, %
		Change compared to the quarters 1–3 2014, %		
0	158 945	4.2	4.3	48.6
1	166 002	4.1	4.2	25.5
2	185 827	4.0	4.1	20.0
3 or more	209 639	3.8	3.9	6.0

Calculated with the consumer price index of 99.9% in 2015.

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

Since 2011, the tax allowance has been HUF 62,500/dependant/month in case of one or two dependants and HUF 206,250/dependant/month in case of three or more dependants, and since 2014, this can be deducted from employees' pension and health contributions as well. In 2015, according to the results of the micro-simulation model using also the demographic and income data of households, family tax benefit resulted in an extra income of HUF 6.8 thousand per month on average. Taking into account family tax benefit, average net earnings of employees caring for at least three dependants equalled HUF 209.6 thousand, nearly HUF 51 thousand higher than those of employees who are not eligible for family tax benefit, and it also resulted in a monthly purchasing power surplus of HUF 7 thousand for those raising one child

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

[Tables](#)

[Tables \(STADAT\)](#)

[Methodology](#)

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