



## Labour market trends, Quarters 1–4 2016

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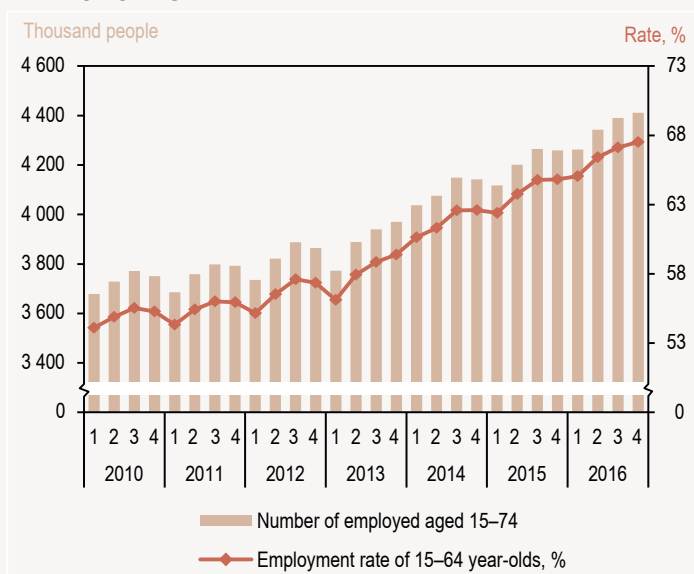
### 1. Employment outlook

#### 1.1 Employed people

The positive trend characteristic of the development of employment in the last few years did not break in 2016 either. The annual average number of employed people rose to 4,352 thousand according to the labour force survey, which was 141 thousand persons (3.4%) more than in the previous year. The number of employed people was 4,262 thousand in the 1st quarter, then, partly as a result of seasonal effects, 4,343 thousand in the 2nd quarter, 4,391 thousand in the 3rd quarter, and, in a somewhat unusual way, it continued to increase in the 4th quarter reaching 4,411 thousand. Compared to the same period of the previous year, the headcount increase was 3.5% in the 1st, 3.4% in the 2nd, 3.0% in the 3rd and 3.6% in the 4th quarter of 2016.

Figure 1

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



Source: labour force survey.

The employment rate calculated for the 15–64 year-olds was 66.5% in 2016, within this, it was 67.5% in the 4th quarter. This latter meant an improvement of 2.7 percentage points over one year, nearly one fifth of which was due to the decrease in the number of people of working age, i.e. the denominator over the period.

In 2016, the employment rate of 15–64 year-old men was 73.0%, that of women was 60.2% as a result of an increase of 2.7 percentage points and 2.4 percentage points, respectively over one year. The employment rate of 15–24 year-old people rose to 28.1%, in which it also played a role that, due to the increasing labour shortages, the economy relied on a greater volume of student work than earlier.<sup>1</sup> Due to the continuous rise in the retirement age, the presence of the older age groups in the labour market is increasing. In addition to the old-age pension entitlement after reaching the age of 63 in 2016, for which women may also be eligible after 40 years certified service time, 59.7% of 55–64 year-old men and 41.5% of women of the same age were employed in 2016. (6.6% of men and 13.6% of women of this age received pension or retirement provision as well, and 43.2% of the former and 65.1% of the latter were part-time employees.)

In parallel with the expansion of employment, the domestic labour market is becoming more and more 'demand-type' instead of 'supply-type'. Although, even in 2016, labour shortages cannot be said to be general, as the potential labour reserve of the Hungarian economy is still hundred thousands, but the range of areas and professions, where employers concerned reported labour supply problems, increased. The main reason for the labour shortages is the significant extra labour demand of the economic recovery following the crisis. (In 2016, the increase in the purchasing power of households demanded, for example, more workers in trade and catering services than earlier, but it is more and more difficult to meet the skilled labour demand of the car industry representing a large volume in production and construction profiting from the upswing in dwelling construction.) The labour demand increased at a time when the labour supply significantly narrowed partly because of demographic reasons (the large age groups born in the first half of the 1950s enter retirement and are replaced by the age groups born in the 1990s characterized by a small number of births) and partly due to the intensification of international migration.

As a result of the labour market trends in recent years, our relative position in the EU steadily improved. In the 3rd quarter of 2016, the employment rate of the 15–64 year-olds was equal to the EU average; within this, the employment rate of men was 1.2 percentage points higher and the rate of women was only 0.9 percentage point lower than that. With the 82.6% employment rate of the 25–54 year-olds, i.e. people in the best working age, we belonged to the one third of EU member states having the most favourable indicator. The improving employment data are accompanied by low unemployment, and in the 3rd quarter of 2016, only 3 member states had unemployment rates lower than the 4.9% in Hungary.

<sup>1</sup> According to the hierarchy of labour market statuses, students who worked at least one hour for pay or profit in the reference week are accounted as employed.

Table 1

**Employment rate and unemployment rate in EU member states, 3rd quarter 2016**

Country	Employment rate						Unemployment rate, % <sup>b)</sup>
	15–24	25–54	15–64 year-old			change <sup>a)</sup>	
	year-olds		men	women	together		
	%						
Austria	54.1	84.2	76.8	68.3	72.6	0.5	6.1
Belgium	22.5	78.9	66.5	57.8	62.2	0.1	7.9
Bulgaria	19.6	77.1	67.5	60.9	64.2	-0.3	7.0
Croatia	28.3	73.9	63.5	53.2	58.4	0.9	10.9
Cyprus	26.6	77.2	69.1	59.4	64.0	1.5	13.1
Czech Republic	29.1	85.8	79.7	64.5	72.2	1.7	4.0
Denmark	59.0	82.5	78.5	71.9	75.2	1.5	6.3
Estonia	42.1	82.2	78.0	68.4	73.2	-0.8	7.5
Finland	46.6	80.4	72.0	68.9	70.5	0.6	7.6
France	28.4	80.1	68.1	61.2	64.6	0.3	9.6
Germany	46.4	84.1	78.8	71.1	75.0	0.8	4.0
Greece	14.1	66.9	62.0	44.2	53.0	1.3	22.6
<b>Hungary</b>	<b>29.1</b>	<b>82.6</b>	<b>73.6</b>	<b>60.8</b>	<b>67.1</b>	<b>2.3</b>	<b>4.9</b>
Ireland	35.3	75.4	71.1	59.8	65.4	1.6	8.0
Italy	17.5	69.1	67.0	48.2	57.6	0.9	11.0
Latvia	32.5	80.3	70.3	67.7	68.9	0.3	9.5
Lithuania	32.1	83.1	70.9	69.2	70.0	2.0	7.5
Luxembourg	26.3	81.9	69.6	60.5	65.1	-0.4	7.1
Malta	47.9	79.0	79.0	53.6	66.5	1.3	4.8
Netherlands	62.3	83.1	79.9	70.6	75.3	0.8	5.6
Poland	28.5	80.7	71.6	58.3	64.9	1.4	5.9
Portugal	24.9	80.8	69.3	62.9	66.0	1.6	10.7
Romania	24.9	78.9	71.7	54.4	63.1	-0.1	5.7
Slovakia	25.8	80.1	71.7	58.6	65.1	2.1	9.5
Slovenia	31.8	84.2	70.1	62.6	66.4	-0.3	7.4
Spain	20.0	72.0	65.5	54.8	60.2	1.8	18.9
Sweden	47.9	86.4	78.8	75.8	77.3	0.4	6.3
United Kingdom	51.6	83.0	78.4	69.0	73.7	0.8	5.0
<b>EU-28</b>	<b>34.8</b>	<b>79.1</b>	<b>72.4</b>	<b>61.7</b>	<b>67.1</b>	<b>1.0</b>	<b>8.2</b>

a) Q3 2016–Q3 2015 (percentage point).

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

Source: Eurostat (state of 7 February 2017).

From the nearly 620 thousand increase in the number of employed compared to 2010, the domestic primary labour market accounted for 66% on the whole, public employment explained 23% and 11% was connected to the increase in the number of people indicating a local unit abroad as workplace in 2016. In the observed six-year period, the employment growth typically occurred among employees. In 2016, one in every three employed people worked in Central Hungary, and the region also accounted for nearly one third of the headcount increase of employed over the last six years so that public employment was not considerable in this region. In the observed period, the relation between the employment rate and the share in the headcount growth was the least favourable in Southern Transdanubia where the increase in the number of employed people was below the national average in 2016 as well. Employment hardly increased in Western Transdanubia and was stagnant in Central Transdanubia, the main reason for which was that the mobilizable labour force reserves essentially depleted in these regions.

Table 2

**Number of the employed and its change compared to earlier periods**

Denomination	(thousand persons)				
	Number of employed			Change in the number of employed, 2016 compared to	
	2010	2015	2016	2010	2015
<b>Total</b>	<b>3 732.4</b>	<b>4 210.5</b>	<b>4 351.6</b>	<b>619.3</b>	<b>141.1</b>
Men	1 992.5	2 283.5	2 362.5	370.0	79.0
Women	1 739.8	1 927.0	1 989.1	249.3	62.1
Central Hungary	1 190.4	1 343.0	1 405.9	215.5	62.9
Central Transdanubia	428.4	488.1	487.9	59.5	-0.2
Western Transdanubia	399.7	450.1	457.0	57.2	6.8
Southern Transdanubia	336.9	362.6	370.7	33.9	8.2
Northern Hungary	394.4	452.6	466.6	72.2	14.1
Northern Great Plain	502.8	589.0	613.9	111.1	24.9
Southern Great Plain	479.9	525.1	549.5	69.7	24.4
Employee	3 272.7	3 753.8	3 884.4	611.7	130.6
Members of business partnerships	140.4	152.0	148.0	7.6	-4.0
Self-employed	306.9	293.3	306.2	-0.7	12.8
Unpaid family workers	12.4	11.4	13.1	0.7	1.7
Working in premises in Hungary	3 682.9	4 099.4	4 235.3	552.4	135.9
of which: declare to be public worker	75.1	211.6	220.9	145.8	9.3
Working in premises abroad	49.5	111.1	116.4	66.9	5.3

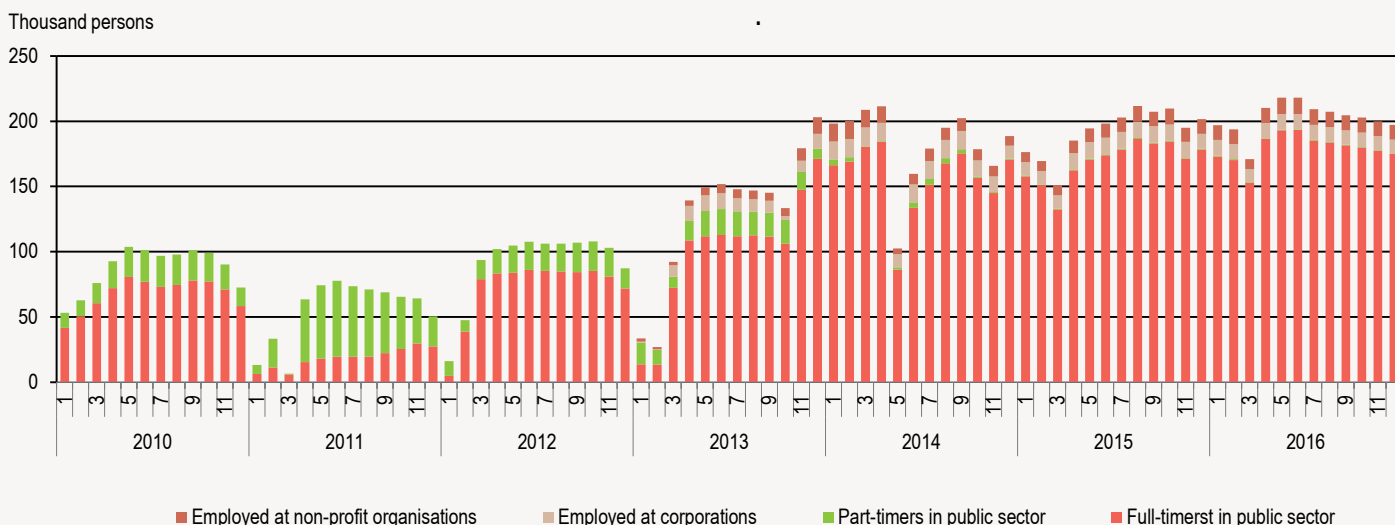
Source: labour force survey.

According to the data of institutional labour statistics, the number of employed people grew by 2.9% at corporations employing at least 5 persons, budgetary institutions and observed non-profit organisations in 2016 compared to a year earlier. In the business sector, including the 11 thousand public workers, 1,985 thousand people worked, 3.4% (nearly 70 thousand people) more than in 2015, while at budgetary institutions, excluding public workers, the headcount decreased. In the national economy, the 3.3% headcount increase of full-time workers was accompanied by a 0.7% decrease in the number of part-time workers, thus, the average number of full-time workers was 2,690 thousand and that of part-time workers equalled 288 thousand in the observed range. Out of the two sections of the national economy having the largest weight, 2.7% more people worked in manufacturing and 3.8% more in wholesale and retail trade, repair of motor vehicles than in the previous year.

At budgetary institutions, corporations employing at least 5 persons and observed non-profit organisations, the monthly average statistical staff number of public workers was 202.5 thousand. Out of them, nearly 180 thousand were employed at budgetary institutions (typically at local governments), and another 20 thousand were divided roughly equally between the other two sectors.

Figure 2

**Monthly number of public workers\***

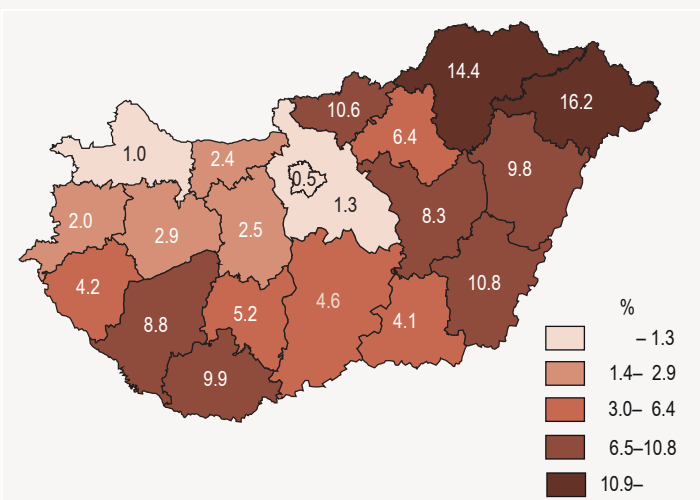


\* Until 2012, only data of the public sector are available.  
 Source: monthly labour statistics.

According to the data communication of the Ministry of Interior<sup>2</sup> containing also those who are not covered by the institutional labour statistics, the monthly average number of people registered as public workers was 223.5 thousand in 2016, nearly 15.3 thousand more than in the previous year. In 2016, 353.7 thousand people worked in public employment, i.e. participated in this type of employment at least one day during the year. The number of people working in this form of employment was the lowest, 183.0 thousand in March and the highest, 246.5 thousand in August. The number of people involved in public employment is highly differentiated by counties. According to the place where the public work contract had been concluded, the monthly average number of participants was extremely high in Borsod-Abaúj-Zemplén (34.4 thousand) and Szabolcs-Szatmár-Bereg (34.7 thousand) counties in the last month of 2016, while in Győr-Moson-Sopron, Komárom-Esztergom and Vas counties, it did not even reach 3 thousand.

Figure 3

**Share of public workers within employed people\*, 2016**



\* Calculated for the 15–64 year-olds.  
 Source: public workers: Ministry of Interior, employed people aged 16–64; labour force survey of HCSO.

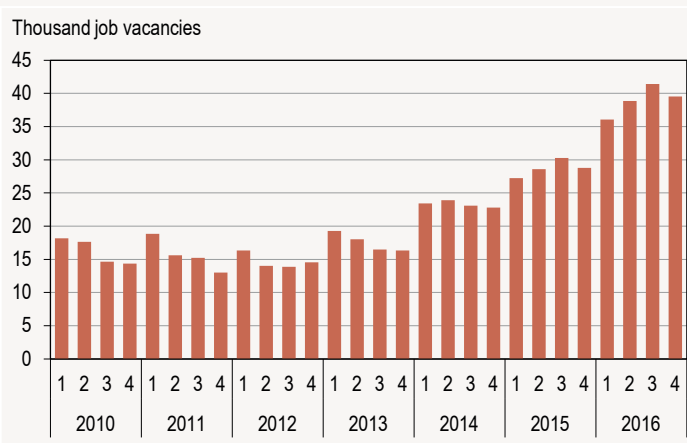
The composition of people in public employment by educational attainment is less favourable than that of the total population. For example, according to the data in the 4th quarter of 2016, nearly 9% of them did not even finish primary school and another 46% had only completed primary education. Compared to the previous year, the share of people having completed primary school at most grew, while that of people with secondary educational attainment fell among public workers. This shows that basically the more qualified people could use the improving chances of finding a job in the open labour market.

**1.2 Labour demand**

Based on the data compiled according to the EU methodology, at corporations employing at least 5 persons in the business sector, the number of job vacancies or jobs expected to become vacant in the near future, for which employers have already taken steps to fill as soon as possible (contacted headhunter companies, announced the job vacancy, etc.) was 36 thousand in the 1st, 39 thousand the 2nd, 41 thousand in the 3rd and nearly 40 thousand in the 4th quarter of 2016.

Figure 4

**Number of job vacancies in the business sector**



Source: job vacancy statistics

<sup>2</sup> Source: monthly information on the state of public employment ([www.kozfoglalkoztataskormany.hu](http://www.kozfoglalkoztataskormany.hu)).

Within the business sector, the ratio of job vacancies to all jobs was the highest in the section of information and telecommunication in 2016, which was more than 1.5-fold of the average of the total business sector. (This corresponded to a job vacancy rate of 3.0% in the 4th quarter.) In the 4th quarter of 2016, corporations classified to manufacturing reported 15 thousand job vacancies to be filled which accounted for 2.2% of all jobs. In wholesale and retail trade; repair of motor vehicles and motorcycles, the section of the national economy employing the second largest headcount, the number of job vacancies was 4.1 thousand. Within manufacturing, the job vacancy rate was outstandingly high, 4.0% at corporations in the manufacture of pharmaceuticals and this was followed by the manufacture of computer, electronic and optical products with 3.7%.

In addition to the statistics based on EU standards, the data series of the National Employment Service (NES) based on the continuously incoming labour demand notifications show the evolution of the labour demand according to a different concept. Employers are primarily interested in announcing those jobs at the employment service which they want to fill in supported form of employment or by foreigners. Besides, this way, they typically search for candidates for jobs mostly requiring lower qualification. In December 2016, employers reported altogether 48.4 thousand job vacancies at the NES, 76% of them were jobs to be filled in supported form of employment. Most of the new labour demands for jobs in supported form were reported in Szabolcs-Szatmár-Bereg, Borsod-Abaúj-Zemplén and Hajdú-Bihar counties, while the majority of job vacancies to be filled in unsupported form of employment were registered in Budapest, as well as in Győr-Moson-Sopron, Pest, and Zala counties. In unsupported form of employment, employers were typically looking for people with simple industry occupation, assemblers of other products, mechanical machinery assemblers, shops salespersons and people with other simple service and transport occupations. On the closing day at the end of December, the number of job vacancies in the register of the NES was nearly 90 thousand.

### 1.3. Unemployed people, potential labour reserve

In 2016, the average number of unemployed people according to the definition<sup>3</sup> of the labour force survey fell to 234.6 thousand, within this, it decreased to a record low of about 200 thousand in the 4th quarter. In

2016, the average number of unemployed people was 73 thousand lower than a year earlier. The annual average unemployment rate improved to 5.1% in case of both sexes.

Table 3

### Major unemployment indicators

Period	Unemployed, thousand persons			Unemployed, thousand persons			
	men	women	together	men	women	together	15–24 year-olds
2015. Q1	186,3	161.3	347.6	7.7	7.8	7.8	19.4
Q2	163,5	146.9	310.4	6.7	7.1	6.9	17.8
Q3	151,8	140.9	292.7	6.1	6.7	6.4	16.7
Q4	146,1	134.6	280.7	5.9	6.5	6.2	15.3
2016. Q1	147,0	125.8	272.8	6.0	6.1	6.0	14.2
Q2	131,4	102.6	234.1	5.3	4.9	5.1	13.3
Q3	121,6	104.8	226.5	4.9	5.0	4.9	12.7
Q4	109,9	95.1	205.0	4.4	4.5	4.4	11.6

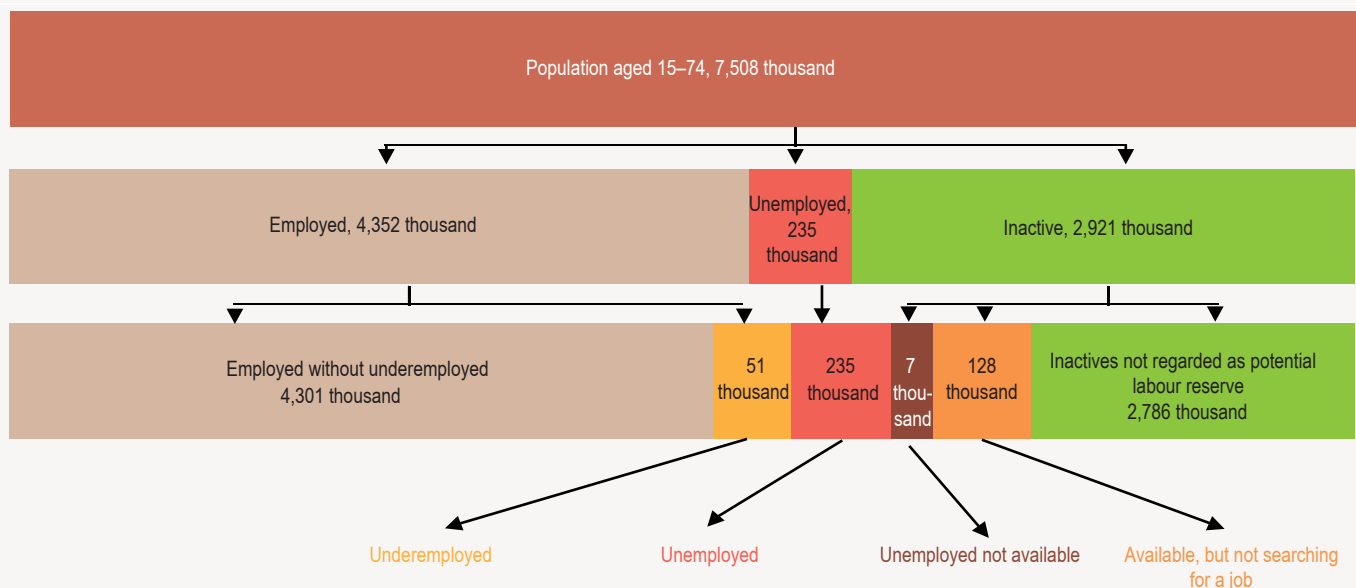
Source: labour force survey.

In 2016, unemployment decreased in all regions, but, despite the balancing role of public employment, there are still significant regional differences (in the 4th quarter, the level of unemployment was the lowest, 2.1% in Western Transdanubia and the highest, 8.0% in Northern Great Plain).

In parallel with the increasing labour demand, the number of people belonging to the so-called potential labour reserve decreased significantly as well, which, in addition to unemployed people, also includes underemployed people and those who want to work but do not look for a job or could start working only later. In 2016, 421 thousand people corresponded to this definition, 114 thousand fewer than a year earlier.

Figure 5

### Potential labour reserve, 2016



Source: labour force survey.

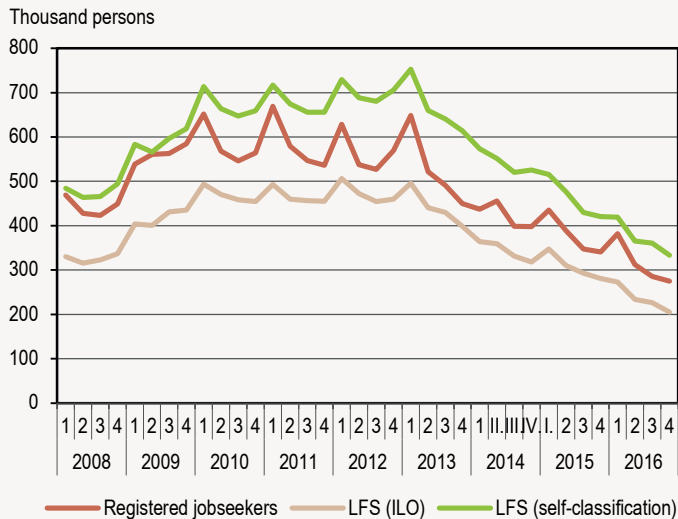
<sup>3</sup> Does not work, is actively looking for a job and is available.

In 2016, the number of unemployed people according to self-classification in the labour force survey was 370 thousand.

The number of registered jobseekers declined somewhat less than that of unemployed either according to self-classification or according to the ILO definition in the labour force survey, probably because the status of the majority of public workers continuously change from unemployed jobseeker to employed and vice versa. The annual average number of registered jobseekers was 313.8 thousand and 35.8 thousand of them were career starters.

Figure 6

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



Source: labour force survey, register of the National Employment Service.

The monthly average number of people receiving jobseekers' allowance or assistance, the maximum amount of which is the prevailing minimum wage and which is granted for 90 days (the shortest eligibility period in the EU), was 60.2 thousand. 51% of registered jobseekers received some kind of provisions and the majority of them got the employment substitution support (HUF 22,800/month) which amount has been unchanged for years.

Table 4

**Major data of registered jobseekers, 2016**

(thousand persons)

Period	Registered jobseekers	Of which:			
		career-starters	eligible for jobseekers' allowance or assistance	social benefit recipients	without any provision
January	359.2	38.7	64.5	118.5	176.2
February	366.6	40.3	66.2	125.0	175.4
March	420.7	44.6	77.3	133.6	209.8
April	338.1	38.1	63.5	106.5	168.0
May	307.0	34.1	55.9	99.6	151.6
June	291.6	34.2	53.8	94.4	143.4
July	292.0	35.4	57.5	91.4	143.1
August	283.4	34.3	57.2	88.6	137.5
September	282.0	34.8	54.8	86.6	140.6
October	277.8	33.3	56.8	85.0	136.0
November	273.5	31.9	56.6	84.2	132.7
December	273.5	29.9	58.8	84.4	130.3
<b>2016</b>	<b>313.8</b>	<b>35.8</b>	<b>60.2</b>	<b>99.8</b>	<b>153.7</b>
2015=100.0%	83.0	76.2	105.5	79.1	78.9

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

The number of 15–64 year-old people of working age regarded as inactive is continuously decreasing partly due to demographic and partly to labour market reasons. In 2016, 1,935 thousand people belonged to this category, 5.5% less than in the previous year. The number of the two largest groups – pensioners and students – was both much lower than a year earlier. In case of the former group, this can be attributed to the rise in the retirement age, the effect of which is stronger among men, while in the latter group, it is associated with the decrease in the number of the age group concerned. As a result of the steady decrease, the number of jobseekers' provision recipients, who are regarded inactive because they do not meet the three criteria of unemployed according to the ILO definition, fell to 45 thousand. The number of the so-called 'other inactive people' who neither study nor have regular (social-type) income is relatively stable. A considerable part of the nearly 138 thousand women belonging to this category are classical housewives who are out of the labour market due to family obligations, while 15 thousand justified their absence by their health status. 13% of the nearly 90 thousand 15–64 year-old other inactive men referred to this latter factor.

Table 5

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

Denomination	2016			2015=100.0%		
	men	women	together	men	women	together
	number, thousands			%		
Pensioner, annuity recipients	279.1	440.0	719.1	88.2	92.6	90.8
Child care provision recipients	3.8	238.6	242.4	122.6	100.7	101.0
Jobseekers' provision recipients	22.2	22.9	45.1	81.0	99.9	89.6
Students	332.3	324.2	656.5	96.3	94.3	95.3
Nursing and orphan's allowance recipients	11.5	32.8	44.3	82.7	98.1	93.6
Other inactive	89.6	137.7	227.3	98.1	99.8	99.1
<b>Inactive people aged 15–64 years, total</b>	<b>738.4</b>	<b>1 196.3</b>	<b>1 934.7</b>	<b>92.6</b>	<b>95.7</b>	<b>94.5</b>

Source: labour force survey.

Among people of working age, the ratios of changes in status over one year showed also favourable trends in the past two years. Among employed people, the share of those who were able to preserve their status as employed increased. The chances of unemployed people to become employed improved as well, although this is partly explained by the extension of public employment, and also the proportion of school leavers who started their adult life as unemployed was smaller than earlier.

Table 6

**Distribution of the population aged 15–74 by the change in status in employment\*, 2016**

(%)

Status a year earlier	Present status							
	em-ployed	unem-ployed	student	pensio-ner	unable to work	on child care leave	other inactive	total
Employed	94.9	2.4	0.1	1.2	0.3	0.7	0.3	100.0
Unemployed	40.2	53.9	0.6	0.8	0.6	1.5	2.4	100.0
Student	9.1	2.9	85.9	0.1	0.0	0.2	1.8	100.0
Pensioner	0.9	0.3	0.0	98.5	0.3	0.0	0.0	100.0
Unable to work	1.9	0.7	0.0	3.9	93.1	0.0	0.3	100.0
On child care leave	16.2	4.4	0.1	0.0	0.6	75.0	3.6	100.0
Other inactive	13.2	4.7	0.6	1.4	1.0	3.9	75.1	100.0
<b>Total, %</b>	<b>57.8</b>	<b>4.9</b>	<b>9.0</b>	<b>18.7</b>	<b>4.1</b>	<b>3.1</b>	<b>2.4</b>	<b>100.0</b>

\* According to self-classification.

Source: labour force survey.

## 2. Earnings, income from work

### 2.1. Gross earnings

In 2016, in the field of observation employing 2,978 thousand people (corporations with at least 5 employees, budgetary institutions and designated non-profit organisations), average gross earnings of full-time employees were HUF 263.2 thousand, significantly, by 6.1% higher than in the previous year. The wage of public workers did not rise in 2016, while their headcount slightly grew, therefore, the growth rate of earnings calculated without them was 6.5%, and average gross earnings amounted to HUF 278.1 thousand. On 1 January 2016, the minimum wage rose to HUF 111 thousand and the guaranteed minimum wage (minimum wage of skilled workers) to HUF 129 thousand, which both corresponded to an increase of 5.7% even for the lowest wage earners and exceeded slightly the average of 5.4% in the business sector.

Average gross earnings amounted to HUF 276.9 thousand in the business sector and to 237.5 thousand at budgetary institutions. In both of the two sections of the national economy having the largest headcount, i.e. manufacturing as well as wholesale and retail trade, along with the worsening labour supply problems, average gross earnings rose by 5.9%. Average gross earnings continued to be the highest in the section of financial and insurance activities with HUF 519.0 thousand. This was followed by information and communication with HUF 479.6 thousand and by electricity, gas, steam and air conditioning supply with HUF 454.4 thousand. Within manufacturing characterized by average gross earnings of HUF 279.3 thousand, average gross earnings were the highest (HUF 690 thousand/month) in the manufacture of coke and refined petroleum employing about 5.6 thousand people, and the manufacture of pharmaceuticals having also relatively few employees was ranked second with average gross earnings of HUF 451.3 thousand. Average gross earnings were the lowest, HUF 154.4 thousand in human health and social work activities where nearly half of employees were public workers with average monthly earnings of HUF 79.1 thousand (calculated without them, average gross earnings were nearly HUF 60 thousand higher in human health and social work activities). This was followed by accommodation

and food service activities with an average of HUF 166.0 thousand. Within manufacturing, average monthly earnings were the lowest, HUF 167.1 thousand in the manufacture of textiles, wearing apparel, leather and related products where, similarly to the above mentioned section, the majority of employees are women.

The growth rate of earnings in the public sector in a given year is mostly influenced by the change in the number of public workers in addition to central measures. Along with unchanged wages in public employment, the settlement of wages and salaries of people working at budgetary institutions continued in 2016 as well. In all of the three sections of the national economy characterized by the predominance of the public sector, there were such measures which, either through their carry-over effect or through their effect in the current year, explain the outstandingly high growth rate of 9.6% (7.8% calculated with public workers) of earnings. The most significant measure in the section public administration and defence, compulsory social security was the 30% differentiated salary increase for people working in law enforcement (armed forces) on 1 July 2015 followed by another 5% growth in 2016. Besides, in the second half year, wages of people working in district offices and in September, wages of those working at the National Tax and Customs Administration were settled as well. Thus, average gross earnings calculated without public workers rose by 10.3% to 331.8 thousand in this section of the national economy. The average wage of HUF 273.7 thousand in education was mostly the result of the programme launched in 2013 and lasting until 2017 for increasing the wages of teachers in public education. As a first part of the package of measures affecting nearly 170 thousand teachers, wages increased by 34% in 2013, which is followed by an annual 3.5% rise until 2017. Besides, in July and December 2016, people who work in education but are not qualified teachers and were left out of the wage settlement, received an extra remuneration of HUF 35 thousand, and the wage settlement of people working in tertiary education has started as well.

In the section human health and social work activities of the national economy, average gross earnings calculated without public workers amounted to HUF 220 thousand, 11.3% more than in 2015. Similarly to the previous year, a significant part of people working in the social field

Table 7

### Total and regular average gross earnings, total and excluding public workers, Quarters 1–4 2016

Staff group	National economy, total		Of which:					
	average gross earnings, total	of which: regular	business sector		public sector		non-profit organisations	
			average gross earnings, total	of which: regular	average gross earnings, total	of which: regular	average gross earnings, total	of which: regular
<b>Total, HUF/capita/month</b>								
Manual	181 491	172 882	192 695	182 538	145 889	142 379	150 352	144 650
Non-manual	354 855	325 500	409 411	368 016	289 956	274 397	297 186	286 143
<b>Together</b>	<b>263 171</b>	<b>244 787</b>	<b>276 923</b>	<b>254 626</b>	<b>237 494</b>	<b>226 323</b>	<b>232 195</b>	<b>223 516</b>
<b>Previous year=100.0%</b>								
Manual	106.5	106.1	105.9	105.7	109.6	108.6	104.0	102.7
Non-manual	106.0	106.2	104.5	104.5	107.8	108.2	105.6	107.0
<b>Together</b>	<b>106.1</b>	<b>106.1</b>	<b>105.4</b>	<b>105.3</b>	<b>107.8</b>	<b>108.0</b>	<b>105.7</b>	<b>106.3</b>
<b>Of which: without public workers, HUF/capita/month</b>								
Manual	196 602	186 763	193 863	183 607	220 665	213 427	176 621	168 984
Non-manual	359 491	329 618	409 622	368 199	297 893	281 714	301 160	289 906
<b>Together</b>	<b>278 122</b>	<b>258 256</b>	<b>278 202</b>	<b>255 763</b>	<b>280 735</b>	<b>266 542</b>	<b>254 478</b>	<b>244 581</b>
<b>Previous year=100.0%</b>								
Manual	107.1	106.7	105.9	105.6	116.4	114.9	104.5	103.0
Non-manual	106.1	106.3	104.5	104.5	108.2	108.6	105.6	107.1
<b>Together</b>	<b>106.5</b>	<b>106.5</b>	<b>105.4</b>	<b>105.3</b>	<b>109.6</b>	<b>109.7</b>	<b>105.7</b>	<b>106.3</b>

Source: monthly labour statistics.

received an additional payment in 2016 as well, which, together with some minor measures (e.g. the extension of the teacher career model to those qualified people working in infant nurseries with tertiary education) resulted in a 9.6% rise in earnings, but even so, average earnings amounted to only HUF 179,9 thousand (without public workers) in the sub-section, within which, those of manual workers were only HUF 145.1 thousand. In line with the agreement between the government and the health advocacy organisations, qualified health care workers received an average salary increase of 26.5% in the autumn of 2016, which will be followed by a further wage settlement of 12% in 2017. The primary goal is to retain people with tertiary education, so, the impact of the wage settlement was higher in non-manual occupations. As a result of the wage settlement, average earnings of non-manual workers in human health care were about HUF 55 thousand higher in the 4th quarter than in the 1st quarter of 2016.

In non-profit organisations, 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 254.5 thousand calculated without public workers and HUF 232.2 thousand including them. Both amounts were associated with a 5.7% growth rate.

In budgetary institutions and non-profit organisations 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 corrective measures and demographic replacement, the range of employees concerned is continuously shrinking, and in 2016, the number of people applying for compensation was 142 thousand. The average monthly amount of the compensation was HUF 9,400.

## 2.2. Net earnings and family tax benefit

In 2016, along with unchanged employees' contributions, the rate of flat personal income tax decreased by 1 percentage point (to 15%), as a result of which the growth rate of average net earnings was higher on the level of the national economy than that of average gross earnings. Calculated without public workers, the net wage index was 108.1% in 2016, and average net earnings amounted to HUF 185.0 thousand, while taking into consideration public workers, they were 107.8% and HUF 175.0 thousand, respectively. Average net earnings amounted to HUF 184.2 thousand in the business sector and HUF 157.9 thousand (HUF 186.7 thousand excluding public workers) at budgetary institutions.

Also the rates of family tax benefit introduced in 2011 changed in 2016. From 2016, families with one child can reduce their personal tax base each month by HUF 66,670 instead of HUF 62,500 earlier, those with two children by HUF 83,330/ child, and the family tax benefit of families raising at least three children grew from HUF 206,250/month/child to HUF 220,000/month/child. The benefit grew the most in case of families raising two children both in absolute and in relative terms.

Table 8

### Net and real earnings taking into account family tax benefit, Quarters 1–4 2016

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 1–4 2015, %		
0 child	171 919	8.1	7.7	53.4
1 child	179 081	7.8	7.4	22.9
2 children	202 935	9.2	8.7	17.3
3 or more children	223 215	6.4	6.0	6.3
<b>National economy, total</b>	<b>182 187</b>	<b>7.7</b>	<b>7.2</b>	<b>100.0</b>

<sup>a)</sup> Calculated with the consumer price index of 100.4% in Quarters 1–4 2016.

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

In the observed range of organisations, family tax benefit resulted in a monthly extra income of HUF 7.2 thousand per employee on average. According to the results of the micro-simulation model based on the demographic and income data of households, the surplus was nearly HUF 31 thousand per month in families raising two children and HUF 51 thousand per month in case of earners caring for three or more children compared to the net earnings of those raising no child.

## 2.3. Income from work

In 2016, income from work used in international comparison amounted to HUF 277.2 thousand, and within this, other income from work to HUF 14.1 thousand. The largest part of this latter is the so-called cafeteria benefit, for which the upper limit of preferential taxation and the tax included in the items did not change in 2016. In general, it can be stated that those working in fields with higher earnings get higher amounts of benefits, which increases the sectoral income differences.

Table 9

### Income from work per capita, Quarters 1–4 2016

Denomination	Quarters 1–4 2016			Quarters 1–4 2015
	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		%	
<b>National economy, total</b>	<b>277 232</b>	<b>14 061</b>	<b>5.1</b>	<b>5.2</b>
Of which:				
business sector	291 381	14 457	5.0	5.1
public sector	251 100	13 606	5.4	5.3

Source: monthly labour statistics.

Among the sections of the national economy, other income from work was the highest in electricity, gas, steam and air conditioning supply in 2016 with a monthly average of more than HUF 30 thousand, but in some sub-sections of manufacturing, such as the manufacture of coke and refined petroleum products and the manufacture of pharmaceuticals, employees received even higher amounts of benefits. In contrast, in social care, where the workplaces of most public workers who are not eligible for extra allowances are classified, this amount was only HUF 2,500.

**Further data, information (links)**

[Tables](#)  
[Tables \(stadat\)](#)  
[Methodology](#)  
[Abbreviations used in figures](#)

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