



Labour market trends, 1st quarter 2017

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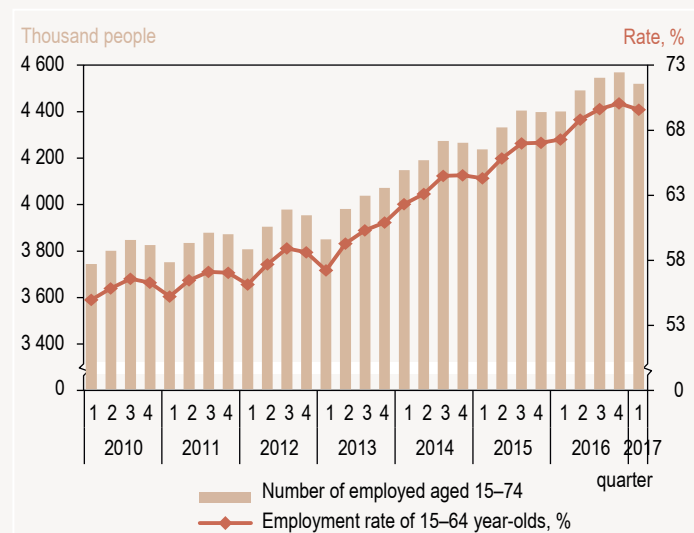
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1. Employment outlook

1.1. Employed people

According to the data of the labour force survey, the number of employed people was 4,368 thousand in the 1st quarter of 2017, 106 thousand more than in the same period of the previous year. The growth rate of 2.5% in the 1st quarter was somewhat lower than that of 3.5% in the previous year. The main source of the expansion is still the continuous rise in the retirement age, which, for the time being, can even offset the fact that the number of people in the generations entering the labour market is much smaller than that of people leaving the labour market due to retirement. The employment rate calculated for the 15–64 year-old population was 67.1%. About one-fourth of the 2.0 percentage points improvement compared to the 1st quarter of 2016 resulted from the 52 thousand decrease in the number of people of corresponding age, i.e. the denominator of the rate. The decrease in the labour reserve also contributed to the slowdown in the pace of employment growth. To alleviate the labour supply problems emerging in more and more areas of the economy, a number of government measures were taken recently or are in the phase of implementation. (These include among others the modification of the rules of public employment, the increase in the amount of housing benefit in order to stimulate domestic mobilization, the workers' dormitory building programme, as well as the facilitation of the employment of Ukrainian citizens, but the considerable rise of the minimum wage and the salary adjustment of people working in the public sector can also be listed here.)

Figure 1
Changes in the number of employed and in the employment rate of people aged 15–64

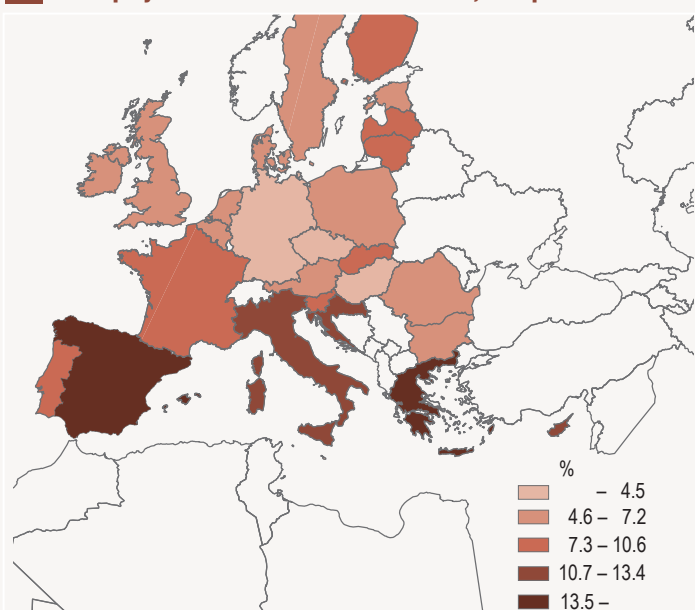


Source: labour force survey.

As a result of our very favourable labour market trends in recent years, our relative position in the EU improved considerably despite the fact that employment increased and unemployment decreased in most of the EU member states. According to the most recent available data, in the 4th quarter of 2016, the employment rate of the 15–64 year-olds was 0.6 percentage point higher than the EU average, within which the advantage grew to 1.7 percentage points in case of men and the disadvantage fell to 0.5 percentage point in case of women. With the 82.9% employment rate calculated for 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. Although the youth employment rate is still lower than the EU average, but increased by 2.3 percentage points compared to the previous year. The youth employment rate strongly depends also on the education system typical of the country and on how widespread work while studying in tertiary education is. The improving employment data are accompanied by low unemployment, and in the 4th quarter of 2016, only 3 member states (the Czech Republic, Germany and Malta) had unemployment rates lower than the 4.4% in Hungary. Similarly to Hungary, the member states with low level of unemployment had mostly small labour reserve; so, for example, the number of job vacancies was nearly 1 million in Germany, and the 3.0% job vacancy rate in the Czech Republic was the highest one among the member states.¹

¹ Source: Eurostat Newsrelease 50/2017.

Figure 2
Unemployment rate* in EU member states, 4th quarter 2016



* Calculated for the 15–74 year-olds.

Table 1
Employment rate and unemployment rate in EU member states, 4th quarter 2016

Country	Employment rate						Unemployment rate, % ^{b)}
	15–24	25–54	15–64 year-old			change ^{a)}	
	year-olds		men	women	together		
	%						
Austria	51.2	83.8	75.8	67.8	71.8	0.5	5.6
Belgium	23.0	80.5	67.2	59.6	63.4	1.6	7.2
Bulgaria	18.9	76.1	67.1	59.6	63.4	-0.3	6.7
Croatia	23.9	72.5	61.9	51.8	56.8	1.0	13.4
Cyprus	26.1	77.2	69.2	59.1	63.9	0.8	13.0
Czech Republic	29.0	86.4	80.0	65.6	72.9	2.1	3.6
Denmark	56.7	82.3	77.6	71.5	74.5	0.7	6.1
Estonia	37.2	82.5	74.9	68.3	71.6	-0.3	6.6
Finland	38.3	79.8	69.9	66.9	68.4	0.6	8.0
France	27.5	79.5	67.6	60.6	64.1	0.3	10.3
Germany	47.5	84.3	79.0	71.5	75.3	0.9	3.8
Greece	13.6	65.4	60.8	43.1	51.8	0.5	23.6
Hungary	29.2	82.9	73.9	61.2	67.5	2.7	4.4
Ireland	32.5	76.3	71.2	60.1	65.6	1.7	6.7
Italy	16.2	69.0	66.5	48.3	57.4	0.8	12.2
Latvia	31.5	79.6	69.4	68.2	68.8	0.1	9.3
Lithuania	30.6	82.7	70.2	69.2	69.7	1.7	7.7
Luxembourg	25.9	83.4	70.9	61.9	66.5	0.7	5.9
Malta	45.3	79.1	78.8	52.9	66.1	2.2	4.2
Netherlands	60.8	83.4	80.0	70.5	75.2	0.9	5.4
Poland	28.6	80.6	71.8	58.5	65.1	1.4	5.6
Portugal	24.2	80.9	68.8	63.2	65.9	1.6	10.6
Romania	21.5	77.9	70.0	53.1	61.6	0.2	5.5
Slovakia	27.0	79.9	71.7	58.9	65.3	1.8	9.1
Slovenia	29.0	84.4	69.2	63.7	66.6	1.4	8.1
Spain	18.2	72.4	65.2	54.9	60.1	1.5	18.6
Sweden	42.4	86.0	77.3	74.5	75.9	0.3	6.4
United Kingdom	51.7	83.2	78.4	69.3	73.8	0.5	4.6
EU-28	34.0	79.1	72.2	61.7	66.9	0.9	8.2

^{a)} Q4 2016–Q4 2015 (percentage point).

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

Source: Eurostat (state of 8 May 2017).

The 121 thousand increase in the domestic primary labour market was behind the year-on-year growth of 106 thousand in the number of employed people. The number of people indicating a local unit abroad as workplace was 8 thousand fewer than in the 1st quarter of 2016. Although the decrease roughly equals the sampling error associated with the data, it indicates that the intensity of migration for work is declining. The number of people working in public employment fell by more than 7 thousand compared to the previous year (this is also confirmed by administrative data), but the government envisaged to decrease the annual number of people working in this form of employment more significantly, by about 20 thousand. One in every three employed people worked in Central Hungary, and the region also accounted for one third of the headcount increase.

Table 2
Number of the employed and its change compared to earlier periods

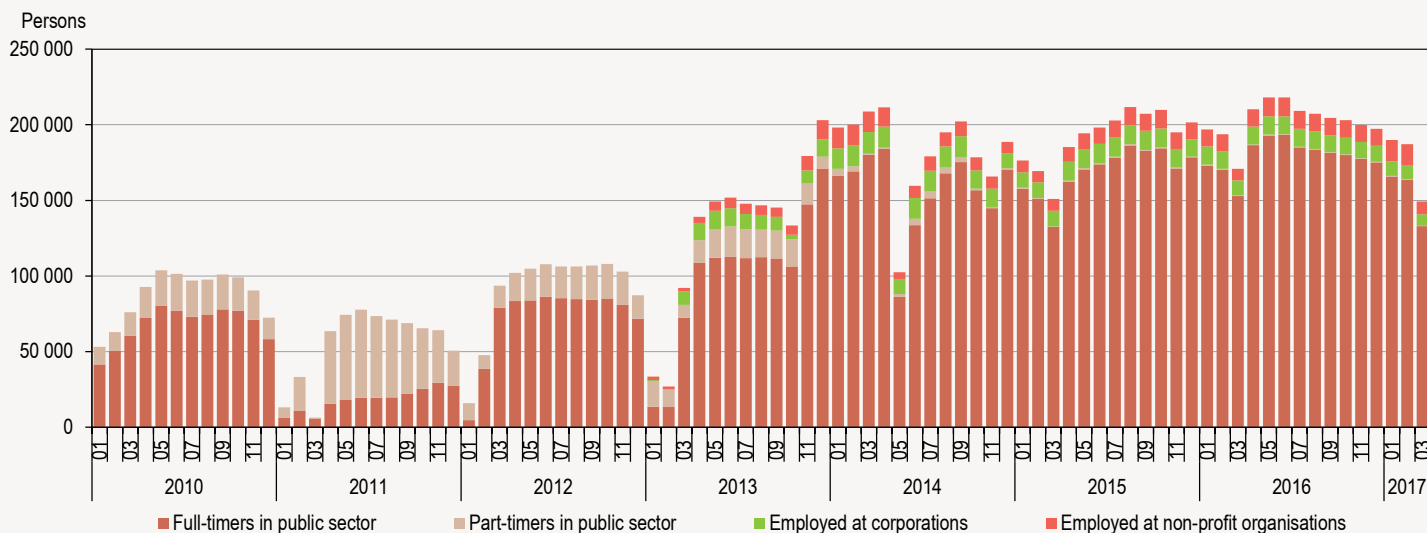
Denomination	(thousand persons)				
	Number of employed			Change in the number of employed, Q1 2017 compared to	
	Q1 2010	Q1 2016	Q1 2017	Q1 2010	Q1 2016
Total	3 678.7	4 262.2	4 367.9	689.2	105.8
Men	1 952.2	2 314.0	2 377.6	425.4	63.5
Women	1 726.6	1 948.1	1 990.4	263.8	42.3
Central Hungary	1 192.3	1 376.7	1 411.4	219.1	34.7
Central Transdanubia	419.1	483.6	494.6	75.5	11.0
Western Transdanubia	399.2	452.3	461.6	62.4	9.2
Southern Transdanubia	329.2	362.1	366.8	37.6	4.7
Northern Hungary	389.1	459.3	464.5	75.4	5.2
Northern Great Plain	482.7	590.6	618.6	135.9	28.0
Southern Great Plain	467.1	537.5	550.4	83.3	12.9
Employee	3 215.1	3 796.1	3 914.4	699.3	118.3
Members of business partnerships	143.3	146.6	157.8	14.5	11.2
Self-employed	308.1	306.5	283.8	-24.3	-22.7
Unpaid family workers	12.2	13.0	12.0	-0.2	-1.0
Working in premises in Hungary	3 633.3	4 142.2	4 256.2	622.9	114.0
of which: declare to be public worker	53.1	208.2	200.7	147.6	-7.5
Working in premises abroad	45.4	119.9	111.7	66.3	-8.2

Source: labour force survey.

According to the data of institutional labour statistics, the number of employed people grew by 2.7% at corporations employing at least 5 persons, budgetary institutions and observed non-profit organisations in the 1st quarter of 2017 compared to the 1st quarter of 2016. In the business sector, including the 9 thousand public workers, 2,037 thousand people worked, 3.6% (nearly 70 thousand people) more than in the same period of the previous year, while at budgetary institutions, excluding public workers, the headcount of 693 thousand was roughly the same as a year earlier. Non-profit organisations designated for data supply employed 130 thousand people.

Figure 3

Monthly number of public workers*



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

In the observed segment of the national economy, the number of full-time workers increased by 2.5% (to 2,726 thousand including public workers) and that of part-time workers grew unusually dynamically compared with the previous years (by 4.6% to 301 thousand). It can be assumed that, in the latter group, there are also people who were reclassified only 'on paper' because of the rise of minimum wage.

At budgetary institutions, corporations employing at least 5 persons and observed non-profit organisations, the monthly average statistical staff number of public workers was 176 thousand in the 1st quarter of 2017, 11 thousand fewer than in the 1st quarter of 2016. Out of them, 155 thousand were employed at budgetary institutions (typically at local governments) and 12.3 thousand at non-profit organisations.

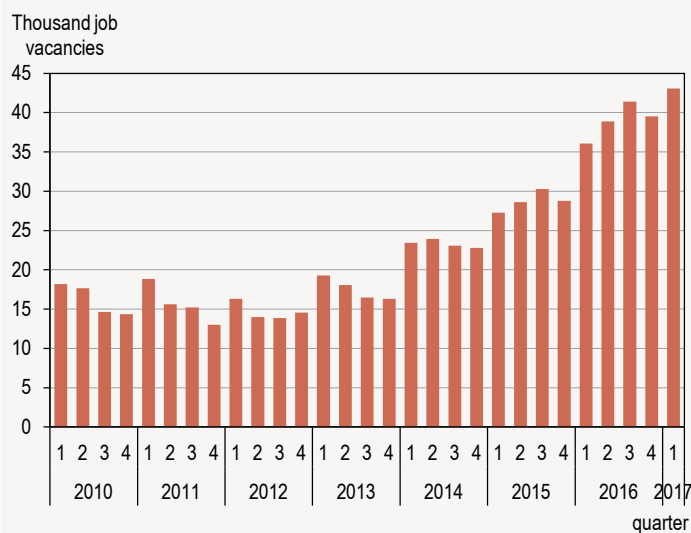
According to the data communication of the Ministry of Interior² containing also those who are not covered by the institutional labour statistics, the monthly average number of people registered as public workers was 193.9 thousand in the 1st quarter of 2017, nearly 15.5 thousand fewer than in the corresponding period of the previous year. Although the public work programmes of recent years contributed significantly to the improvement of the employment situation and the income position of families, public employment is not a goal but an employment policy tool, over which employment on the open labour market has a priority. The government has supported to direct people in public employment to the open labour market with numerous measures (job finding benefit, job protection action plan, benefit for persons with reduced working capacity, etc.). The range of tools is expected to be further expanded in 2017 in order to reduce the number of people working in this form of employment. At present, one of the major obstacles to labour market integration is the unfavourable composition of public workers by educational attainment. Out of the 149.9 thousand people entering public employment in March 2017, 45.2% of women and 45.8% of men had only completed primary education and another 9.0% and 9.4%, respectively did not even finish that. 33.7% of men had apprentice or vocational school qualification, and 10.4% had G.C.S.E. Among new-entrant women, the proportion of those having the two secondary levels of education was nearly the same (low).

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 head-hunter companies, announced the job vacancy, etc.) was 43 thousand in the 1st quarter of 2017. This meant a nearly 20% growth compared to the same period of the previous year and, at the same time, the highest value measured since the introduction of job vacancy statistics.

Figure 4

Number of job vacancies in the business sector



Source: job vacancy statistics

Within the business sector, the ratio of job vacancies to all jobs was the highest in the section information and telecommunication in the 1st quarter

² Source: monthly information on the state of public employment (www.kozfoglalkoztataskormany.hu).

of 2017, and the ratio of 3.2% was more than 1.5-fold of the average of 2.0% in the total business sector. Corporations classified to manufacturing, the section of the national economy employing the largest headcount, reported 16.5 thousand job vacancies to be filled which accounted for 2.4% of all jobs. There are increasing labour shortages in the sections construction and accommodation and food service activities as well, the job vacancy rate was already 2.6% in the former and 2.3% in the latter section in the first quarter of the year which is out of the season. According to main occupational groups, the job vacancy rate was relatively the highest in group '2. Professionals'; in addition to the current 196 thousand people with such jobs another 6.2 thousand would be needed.

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 March 2017, employers reported altogether 211.6 thousand job vacancies at the NES, 25 thousand fewer than in the same period of the previous year. 93.3% of them were jobs to be filled in supported form of employment. Most of the new labour demands, 43.9% of all demands were reported in Budapest, Borsod-Abaúj-Zemplén and Szabolcs-Szatmár-Bereg counties. The number of job vacancies available in March was 276.6 thousand, out of which 144.7 thousand were still unfilled on the closing day. The majority of job vacancies to be filled in unsupported form of employment were registered in Budapest, as well as in Győr-Moson-Sopron, Bács-Kiskun and Zala counties, but it was relatively significant in some other counties where there were also larger labour supply problems (e.g. Congrád and Békés counties). In unsupported form of employment, employers were typically looking for people with simple industry and construction industry occupations, mechanical machinery assemblers and lorry drivers.

1.3. Unemployed people, potential labour reserve

In the 1st quarter of 2016, the number of unemployed people according to the definition³ of the labour force survey fell by 66 thousand to 206.8 thousand compared to the same period of the previous year, and the unemployment rate was 4.5%.

Table 3

Major unemployment indicators

Period	Unemployed, thousand persons			Unemployment rate, %			
	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
2017. Q1	108.9	97.9	206.8	4.4	4.7	4.5	10.3

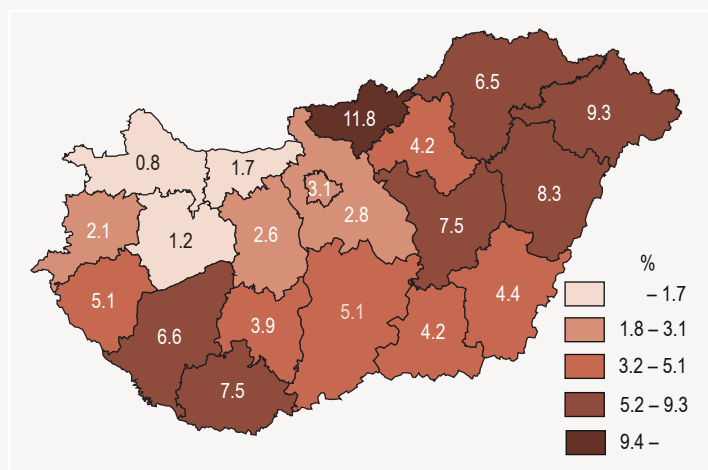
Source: labour force survey.

In the 1st quarter of 2017, the level of unemployment was the lowest, only 1.9% in Central Transdanubia (thus being ahead of Western Transdanubia) and the highest, 8.5% in Northern Great Plain.

³ Does not work, is actively looking for a job and is available.

Unemployment rate* by counties, 1st quarter 2017

Figure 5



*Calculated for the 15-74 year-olds.

In the 1st quarter of 2017, the number of registered jobseekers was 311.9 thousand, i.e. higher than that of unemployed according to the ILO definition and by 70.3 thousand fewer than in the same period of the previous year. Within this, the number of registered jobseekers was extremely high, 350.8 thousand in March. The 18.3% growth compared to the previous month can be explained by the fact that, after the completion of public work programmes that month, many of those affected returned to the registration system.

Table 4

Major data of registered jobseekers

(thousand persons)

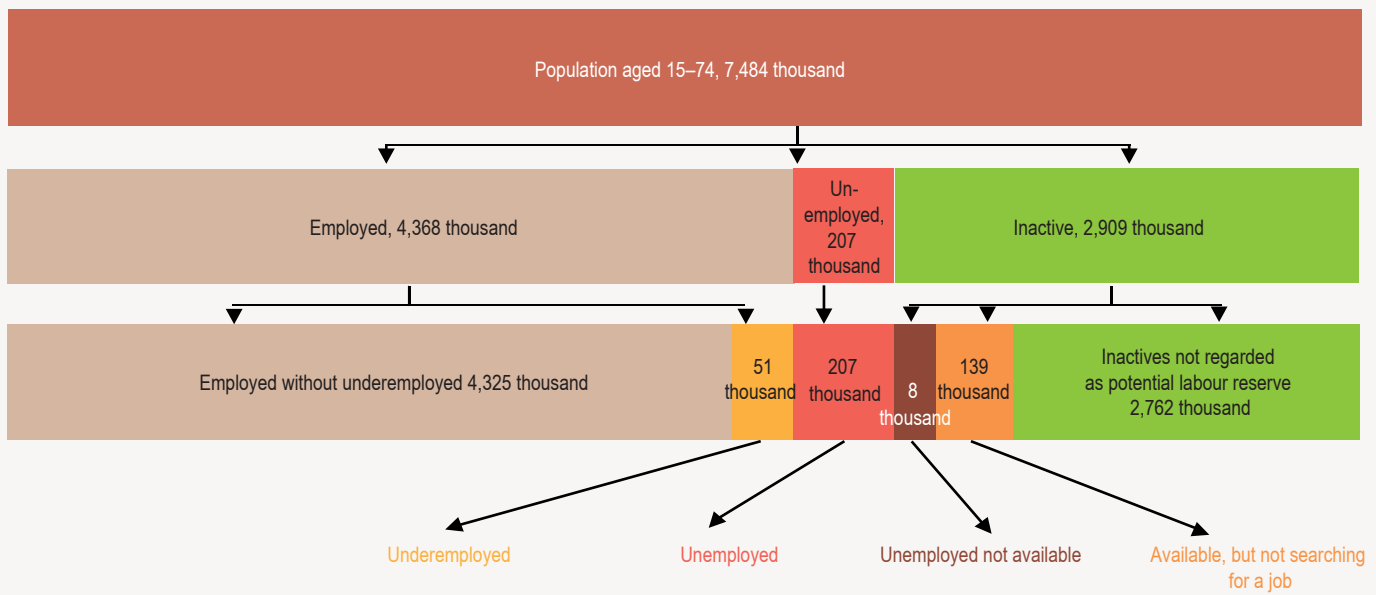
Period	Registered jobseekers	Of which:			
		career-starters	eligible for jobseekers' allowance or assistance	social benefit recipients	without any provision
2016					
January	359.2	38.7	64.5	118.5	176.2
February	366.6	40.3	66.2	125.0	175.4
March	420.7	44.6	77.3	133.6	209.8
1st quarter	382.2	41.2	69.3	125.7	187.1
2017					
January	288.3	30.4	63.6	87.2	137.5
February	296.5	31.4	63.8	91.5	141.2
March	350.8	34.8	78.7	101.9	170.2
1st quarter	311.9	32.2	68.7	93.5	149.6
<i>1st quarter</i>					
2016=100.0%	81.6	78.1	99.1	74.4	80.0

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

52% of registered jobseekers received some kind of provisions, which proportion was somewhat more favourable than in the previous years. 42% of the recipients got jobseekers' allowance or assistance. In March 2017, the share of (long-term) jobseekers having been registered for at least one year was 23.2%, slightly lower than in the previous months. As those who return to the system from public employment are considered new entrants, their mass registration in March reduced the average duration of job search.

Figure 5

Potential labour reserve, 1st quarter of 2017



Source: labour force survey.

In the labour force survey, 343.6 thousand people defined themselves as unemployed according to their labour market status, 75 thousand fewer than in the 1st quarter of 2016 and nearly 410 thousand fewer than the value of 752.8 thousand in the 1st quarter of 2013, i.e. the peak of the last decade. This also indicates that the labour force reserves which can be relatively easily mobilised is rapidly decreasing similarly to the groups which can be counted as potential labour reserve.

In the 1st quarter of 2017, the total number of people belonging to the so-called potential labour reserve (in addition to unemployed people, underemployed people and those who want to work but do not look for a job or could start working only later) was 397 thousand as opposed to 490 thousand a year before.

1.4. Inactive people

The number of inactive people of working age (15–64 year-old) is continuously decreasing partly due to demographic and partly to labour market reasons. In the 1st quarter of 2017, 1,914 thousand people belonged to this category, 4.2% less than in the same period of the previous year. The number of the two largest groups – pensioners and students – was both 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 somewhat dampened by the possibility of retiring after 40 years of employment in case of women, while in the latter group, it is associated with the decrease in the number of the age group. 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 47 thousand. The number of the so-called ‘other inactive people’ who neither study nor have regular (social-type) income is relatively stable. The majority of the nearly 146 thousand women belonging to this category are classical housewives who are out of the labour market due to family obligations, while 17 thousand justified their absence by their health status. About 12% of the nearly 92 thousand 15–64 year-old men belonging to the ‘other inactive’ category referred to this latter factor. In the 1st quarter of 2017, among other inactive people, 38 thousand women and 40 thousand men met the criteria of the labour reserve (i.e. would have liked to work but did not take any steps to find a job).

Table 5

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

Denomination	1st quarter 2017			1st quarter 2016=100.0		
	men	women	together	men	women	together
	number, thousands			%		
Pensioners, annuity recipients	268.4	431.5	699.9	92.7	94.4	93.7
Child care provision recipients	2.3	234.2	236.5	65.3	97.0	96.6
Jobseekers’ provision recipients	22.0	25.1	47.1	71.4	101.1	84.6
Students	333.1	321.3	654.3	98.5	96.4	97.4
Nursing and orphan’s allowance recipients	9.8	27.6	37.3	88.4	75.8	78.8
Other inactive	92.3	146.1	238.3	96.2	108.3	103.3
Inactive people aged 15–64 years, total	727.8	1 185.7	1 913.6	94.6	96.6	95.8

Source: labour force survey.

2. Earnings, income from work

2.1. Gross earnings

In the 1st quarter of 2017, in the field of observation employing 3,026 thousand people (corporations with at least 5 employees, budgetary institutions and designated non-profit organisations), average gross earnings of full-time employees were HUF 281.9 thousand, 11% higher than in the same period of the previous year. The exceptionally high growth rate of earnings can be partly explained by government measures, but the strengthening competition for labour force has also a ‘buoyancy effect’ on earnings. The change in the minimum wage affected the total national economy. On 1 January 2017, the minimum wage rose to HUF 127.5 thousand from HUF 111 thousand and the guaranteed minimum wage to HUF 161 thousand from HUF 129 thousand. This had a direct effect in case

Table 6

Total and regular average gross earnings, total and excluding public workers, 1st quarter 2017

Staff group	National economy, total		Of which:					
	average gross earnings, total	of which: regular	business sector		public sector		non-profit organisations	
			average gross earnings, total	of which: regular	average gross earnings, total	of which: regular	average gross earnings, total	of which: regular
Total, HUF/capita/month								
Manual	197 516	191 319	208 640	200 842	160 535	159 858	162 760	160 265
Non-manual	375 033	348 889	431 469	388 079	307 926	302 364	301 064	296 917
Together	281 851	266 177	295 923	274 184	255 512	251 687	244 956	241 479
1st quarter 2016=100.0								
Manual	113.5	113.6	113.6	113.6	113.4	113.5	108.7	109.5
Non-manual	109.5	110.1	106.9	107.7	114.0	114.2	106.4	106.6
Together	111.0	111.5	109.9	110.5	113.8	114.0	109.0	109.4
Of which: without public workers, HUF/capita/month								
Manual	212 222	205 261	209 603	201 748	236 462	235 194	189 492	186 244
Non-manual	378 628	352 149	431 654	388 240	313 890	308 177	306 715	302 461
Together	295 621	278 878	296 948	275 105	296 342	291 636	265 941	262 037
1st quarter 2016=100.0								
Manual	113.4	113.5	113.4	113.5	114.5	114.7	109.4	110.3
Non-manual	109.3	110.0	106.9	107.7	113.6	113.8	107.3	107.4
Together	110.7	111.2	109.8	110.4	113.6	113.8	109.1	109.5

Source: monthly labour statistics.

of low wage earners, while in case of people earning more than the minimum wage, earnings were also influenced by the demand to eliminate wage compression. In numerous fields of the public sector, significant wage correction measures were taken in 2016 and 2017. Most of the measures in 2016 were concentrated in the second half of the year, therefore they have an effect on the index of earnings in the 1st quarter of 2017 through the base. While the wage of public workers did not change in 2016, the HUF 81,530 wage of public workers valid from 1 January 2017 increased by 3.0% and their guaranteed minimum wage by 5.0%, so also the wage of public workers preserved its value in real terms.

Average gross earnings amounted to HUF 295.9 thousand in the business sector, to HUF 255.5 thousand at budgetary institutions and to HUF 245.0 thousand in non-profit organisations, which, due to their headcount, have a smaller effect on the average of the national economy. In the two sections of the national economy having the largest weight in terms of employment, i.e. in manufacturing and in wholesale and retail trade, repair of motor vehicles, average gross earnings rose by 10.9% and 10.7%, respectively. The strong effect of the minimum wage rise on earnings is shown by the fact that in sections of the national economy where average earnings are low, wages increased very dynamically. So, for example, earnings rose by 12.6% both in accommodation and food service activities and in construction, and in the manufacture of textiles, wearing apparel, leather and related products, the worst paid branch in manufacturing, earnings were 14.4% higher than a year earlier. In the manufacture of transport equipment, earnings grew by 11.8%, but in this field of economy having relatively high average earnings, the rise was the result of the strong bargaining position of workers. Average gross earnings of people working in the section of financial and insurance activities, which is still the first in the ranking in respect of average earnings, grew by 5.8% to HUF 540.9 thousand and the earnings of those working in the section of information and communication, coming second in the ranking, rose by 2.8% to HUF 512.6 thousand. Within manufacturing characterized by average gross earnings of HUF 295.1 thousand, average gross earnings were the highest (HUF 594.8 thousand/month) in the manufacture of coke and refined

petroleum employing only 5.6 thousand people, and the growth rate of earnings was much lower here than the average of the national economy. Within earnings, presumably because of the fact that the minimum wage rise narrowed the margin of wage policy, the growth rate of non-regular earnings was much lower than that of regular earnings. In the business sector, earnings of employees of state-owned corporations (e.g. Hungarian Post, Hungarian State Railways, Volánbusz Transport Company and regional waterworks⁴) will rise by 30–32% on the whole in the next three years, and its first rates of 13% and 14% were due at the beginning of 2017. As a result, non-state-owned companies with similar profile (e.g. Budapest Transport Privately Held Corporation) also had to find sources for a similar wage rise in order to keep the current number of staff at least.

The growth rate of earnings in the public sector in a given year is mostly influenced by the central government measures and the change in the number and wage of public workers. The latter had no significant role in the 1st quarter of 2017, but in all sections of the national economy characterized by the predominance of the public sector, there were such measures which, similarly to 2016, either through their carry-over effect or through their effect in the current year, contributed to the outstandingly high growth rate of 13.8% (13.6% calculated with public workers) of earnings in the 1st quarter of 2017. In the section public administration and defence, compulsory social security, after the 30% salary increase on 1 July 2015, the wages of people working in law enforcement (armed forces) grew by another 5.0% on 1 January both in 2016 and 2017. Besides, in 2017, public employees working in this field also received a salary increase in the form of wage supplement. In the second half year, wages of people working in district offices and at the National Tax and Customs Administration were settled as well, and in January 2017, as a result of their reclassification to state officials, the wages of employees in the capital and county government agencies also grew. The wage development of judges and prosecutors started in the 4th quarter of 2016, so average gross earnings calculated without public workers grew by 14.8% to HUF 343.1 thousand in the section public administration and defence, compulsory social security. The average wage of HUF 284.7 thousand and the growth rate of 8.7% in education was, on the one

⁴ The actual payment with retroactive effect was typically made in March.

hand, the result of the teacher career programme launched in 2013 and lasting until 2017 for increasing the wages of teachers by 3.5% every year until 2017. Besides, in July and December 2016, people who work in public education but are not qualified teachers and were left out of the wage development, received an extra remuneration of HUF 35 thousand. The other factor of greater weight was the wage development of instructors and researchers working in tertiary education which started in the autumn of 2016. Both in 2016 and in 2017, the most significant measures for salary increase were concentrated in the section human health and social work activities. In the 1st quarter of 2017, average gross earnings calculated without public workers amounted to HUF 250.2 thousand, 20.5% higher than in the 1st quarter of 2016. The salary increase was 21.1% for people working in the field of human health care and 19.3% for those working in social care. In January 2017, the 20 thousand public employees working in cultural fields received a salary increase of 15% on average.

Average gross earnings of public workers were HUF 81.1 thousand, and the actual growth (2.6%) was somewhat lower than the tariff-growth, presumably partly due to the more frequent unpaid work stoppages because of the unfavourable winter weather and partly due to the fact that, among them, the proportion of those employed in jobs corresponding to their qualification for higher wages decreased by the increasing labour demand of the primary labour market.

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 wage correction measures and labour force replacement, the range of employees concerned is continuously shrinking, and in the 1st quarter of 2017, the number of people applying for compensation was 106 thousand. The average monthly amount of the compensation was HUF 9,400 in the former and HUF 8,700 in the latter circle of institutions.

2.2. Net earnings and family tax benefit

In 2017, both the personal income tax rate and employees' contributions were the same as in the previous year, thus, net wage index taking these into account increased in the 1st quarter of 2017 to the same extent as gross wage index, by 11%. On the level of the national economy, average net earnings amounted to HUF 196.6 thousand calculated without public workers and HUF 187.4 thousand taking them into account. Average net earnings were HUF 196.8 thousand in the business sector and HUF 169.9 thousand (HUF 197.1 thousand excluding public workers) at budgetary institutions. The 2.6% rise of consumer prices over the same period resulted in an 8.2% growth in real earnings.

Table 7

Net and real earnings taking into account family tax benefit, 1st quarter 2017

Number of dependent children	Calculated net earnings, HUF/capita/month	Net earnings	Real earnings ^{a)}	Share of employees belonging to the household type, %
		Change compared to 1st quarter 2016, %		
0 child	183 706	10.9	8.1	53.9
1 child	192 069	10.9	8.1	22.5
2 children	219 736	11.9	9.1	17.3
3 or more children	238 547	9.9	7.2	6.3
National economy, total	195 284	11.0	8.2	100.0

^{a)} Calculated with the consumer price index of 102.6% in the 1st quarter 2017.

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

In 2017, while the other benefits were unchanged, the family tax benefit for families with two children continued to increase and they can reduce their personal tax base each month by HUF 100,000/child instead of HUF 83,330/child in 2016.

According to the results of the micro-simulation model based on the demographic and income data of households, in the observed range of organisations, family tax benefit resulted in a monthly extra income of HUF 7.9 thousand per employee on average. The surplus was nearly HUF 36 thousand per month in families raising two children and about HUF 55 thousand per month in case of earners caring for three or more children compared to the net earnings of those raising no child.⁵

2.3. Income from work

In the 1st quarter of 2017, income from work used in international comparison amounted to HUF 295.3 thousand, and within this, other income from work to HUF 13.4 thousand. The latter was about HUF 1,500 more than the average in the 1st quarter of 2016.

Table 8

Income from work per capita, 1st quarter 2017

Denomination	1st quarter 2017		1st quarter 2016	
	average monthly income from work	of which: average monthly other income from work	proportion of other income from work within total income from work	
	HUF/capita/month		%	
National economy, total	295 258	13 407	4.5	4.5
Of which:				
business sector	309 731	13 808	4.5	4.7
public sector	268 566	13 054	4.9	4.0

Source: monthly labour statistics.

Among the sections of the national economy, other income from work continued to be the highest in electricity, gas, steam and air conditioning supply in the 1st quarter of 2017 with a monthly average of more than HUF 34 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 not eligible for extra allowances are classified, the monthly average amount of other income from work was less than HUF 4 thousand.

⁵ In 2017, to make the maximum use of the family tax benefit, families with two children had to have HUF 200 thousand and those with three children HUF 660 thousand monthly income (tax base). In case of a smaller amount, 15% of the difference can be deducted from the contributions as well. Spouses may also share the benefit in any proportion.

Further data, information (links)[Tables](#)[Tables \(stadat\)](#)[Methodology](#)**Contact details:**kommunikacio@ksh.hu[Contact us!](#)

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