

December 2025 Labour Cost Index - Key Points

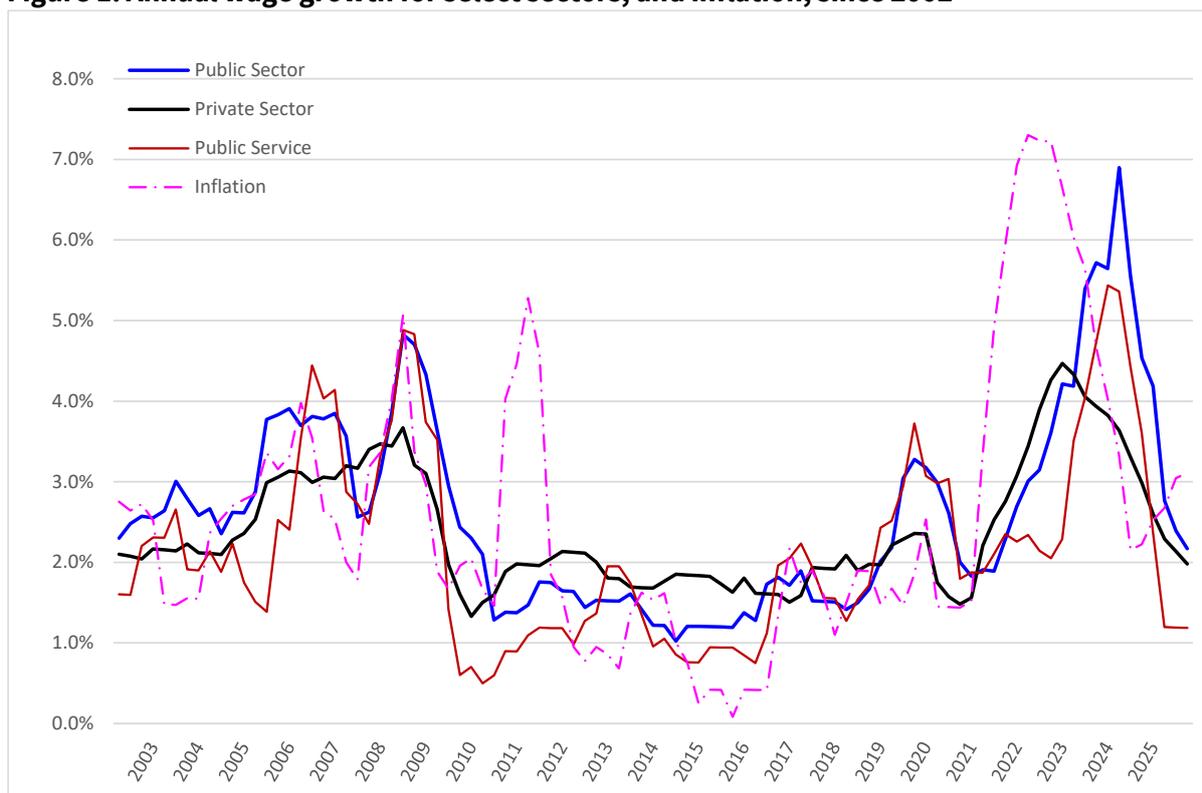
- 1 The Labour Cost Index is reported quarterly by Statistics New Zealand. The Public Service Commission prepares analysis on wage growth across the Public Service using this data. Headline data is shown in table 1, and figure 1, below. This summary document provides headline data on the latest quarter's results. Further detail can be found on the Public Service Commission website [here](#).
- 2 Wage growth has fallen this quarter, after a prolonged period of above-average wage growth throughout 2023 and 2024. Public sector wage growth reflects the bargaining environment, and Government expectations for fiscal responsibility and sustainability in personnel costs.
 - 2.1 Public sector wages grew 0.3 percent in the December 2025 quarter, compared to the 0.5 percent growth in the private sector for the same period.
 - 2.2 Public Service (departments and departmental agencies) wage growth was 0.3 percent for the quarter. Public Service December wage growth is generally lower than in September, but higher than March or June. It includes some bargained outcomes, and increases for some staff outside coverage of a collective agreement.
 - 2.3 Settlements for collective agreements covering parts of the education sector in late 2025 occurred after the collection period for this quarter, so won't affect the index until early 2026.
- 3 Annual wage growth was 2.0 percent in the year to December 2025, down from 2.1 percent in the year to September 2025.
 - 3.1 Public sector wages grew 2.2 percent in the year to December 2025, down from 2.4 percent reported last quarter, and 4.5 percent in the year to December 2024. Public Service wage growth is 1.2 percent for the year to December 2025.
 - 3.2 Private sector wage growth fell to 2.0 percent for the year to December 2025, down from 2.1 percent last quarter. Private sector annual wage growth has fallen steadily from a peak of 4.5 percent in the year to March 2023.
 - 3.3 Annual wage growth of 1.6 percent in the health sector is the lowest we've seen since 1.1 percent annual wage growth in the year to September 2021. This is attributable to prolonged bargaining for large workforces in the sector. Wage growth is not expected to increase for this sector until wage increases are agreed and implemented.
 - 3.4 Annual inflation, as measured by the Consumer Price Index, was 3.1 percent in the year to December 2025. This leads wage growth across all measured sectors, except for the education sector, which had annual wage growth of 3.2 percent in the year to December 2025.
- 4 Twenty percent of public sector employees received a pay increase in the December quarter (14 percent in the private sector), and 69 percent received (at least one) pay increase in the year to December 2025 (53 percent in the private sector).

Data and annual wage growth trend

Table 1: Quarterly, annual, and cumulative wage growth for select sectors, and inflation

Labour Cost Index results for the December 2025 quarter	Cumulative wage growth since:			
	Quarterly	Annual	March 2018	June 2001
All Sectors Combined	0.4%	2.0%	24.2%	79.5%
Private Sector	0.5%	2.0%	23.5%	77.9%
Public Sector	0.3%	2.2%	27.8%	87.3%
Public Service	0.3%	1.2%	22.8%	68.4%
Health Sector	0.1%	1.6%	40.6%	113.2%
Education Sector	0.1%	3.2%	25.8%	90.1%
Other Central Govt.	0.4%	2.1%	23.6%	70.0%
Local Govt.	1.1%	2.5%	26.4%	88.3%
Inflation	0.6%	3.1%	31.3%	85.7%

Figure 1: Annual wage growth for select sectors, and inflation, since 2002



Please direct any enquiries to EmploymentRelations@publicservice.govt.nz

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