

June 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 Quarterly wage growth is low-to-average this quarter (refer table 1), after a prolonged period of above-average wage growth throughout 2023 and 2024. June 2025 is the first quarter since early 2023 which has not been affected by the Pay Adjustment¹.
 - 2.1 Public sector wages grew 0.4 percent in the June 2025 quarter, compared to the 0.6 percent growth in the private sector for the same period.
 - 2.2 Public Service (departments and departmental agencies) wage growth was 0.1 percent for the quarter. Historically, June quarters have had the lowest average wage growth for the Public Service of any quarter.
 - 2.3 Low wage growth in some parts of the public sector is attributable to prolonged collective bargaining. In other parts of the sector, where bargaining has settled, increases to wages did not occur until July 2025, which is outside the survey period for the June quarter.
- 3 Annual wage growth has fallen below 2.5 percent, for the first time since September 2021, now only slightly above long-term average rates.
 - 3.1 Public sector wages grew 2.8 percent in the year to June 2025, compared to 4.2 percent annual wage growth reported last quarter, and a record high 6.9 percent reported this time last year.
 - 3.2 Private sector wage growth was 2.3 percent in the year to June 2025. Private sector annual wage growth has fallen steadily from a peak of 4.5 percent in the year to March 2023.
 - 3.3 While annual wage growth across much of the public sector has returned to pre-2023 levels, Education sector annual wage growth, 3.4 percent in the year to June 2025, remains high due to high quarterly wage growth in the March 2025 quarter.
 - 3.4 Annual inflation, as measured by the Consumer Price Index, was 2.7 percent in the year to June 2025, leading private sector wage growth, but lagging wage growth in the public sector.
- 4 Fourteen percent of public sector employees received a pay increase in the June quarter, and 70 percent received (at least one) pay increase in the year to June 2025. This compares to the private sector where 19 percent of employees received a pay increase this quarter, and 54 percent received a pay increase in the year to June 2025.

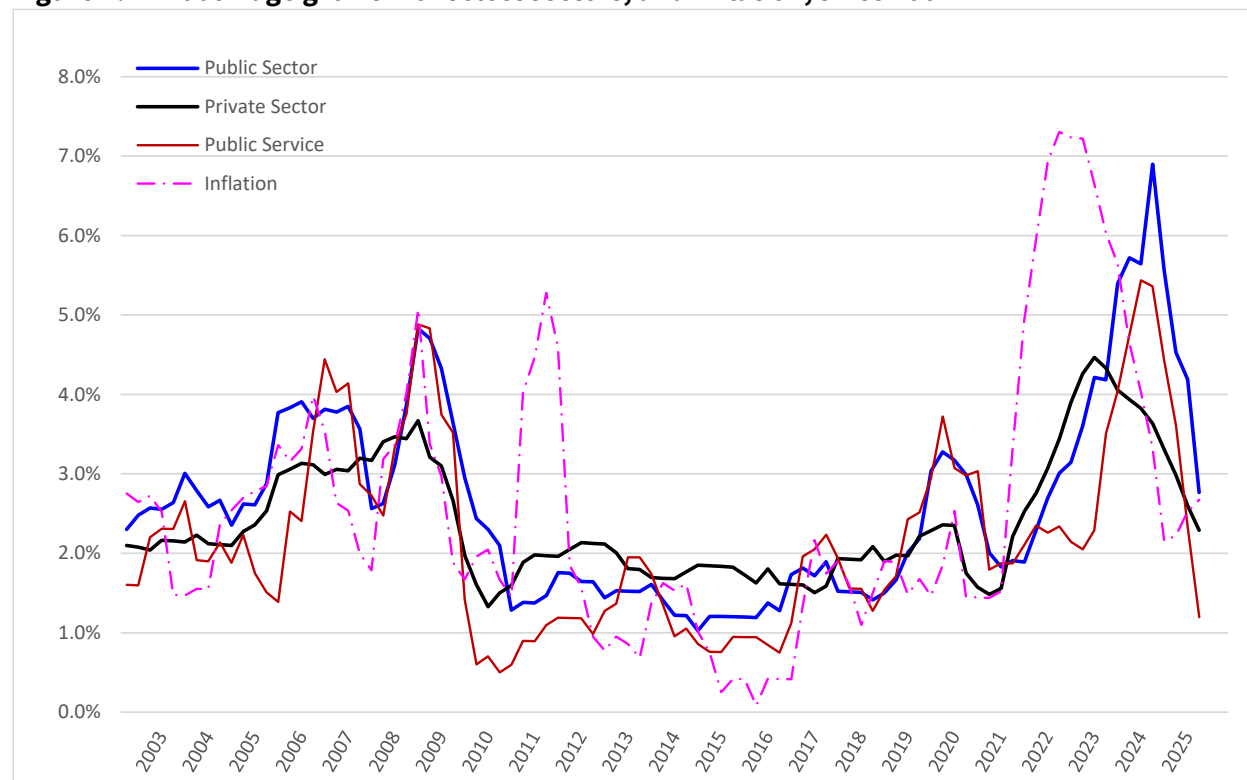
¹ The Pay Adjustment provided for a wage increase of \$4000 in year one (from December 2022 or April 2023), and the higher of \$2000 or three percent wage increase in year two (from December 2023 or April 2024).

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 June 2025 quarter			Cumulative wage growth since:	
	Quarterly	Annual	March 2018	June 2001
All Sectors Combined	0.6%	2.4%	23.1%	78.0%
Private Sector	0.6%	2.3%	22.3%	76.3%
Public Sector	0.4%	2.8%	26.8%	85.8%
Public Service	0.1%	1.2%	21.6%	66.7%
Health Sector	0.8%	2.4%	40.0%	112.4%
Education Sector	0.4%	3.4%	25.3%	89.5%
Other Central Govt.	0.1%	4.1%	21.7%	67.4%
Local Govt.	0.1%	3.2%	23.7%	84.3%
Inflation	0.5%	2.7%	29.2%	82.8%

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



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