

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 moderate this quarter (refer table 1), after a prolonged period of above-average wage growth throughout 2023 and 2024 attributable to implementation of the Public Sector Pay Adjustment (the Pay Adjustment)¹. An uptick in public sector wage growth this quarter is attributable to significant quarterly wage growth in the education sector.
 - 2.1 Public sector wages grew 0.9 percent in the March 2025 quarter, compared to the 0.4 percent growth in the private sector for the same period.
 - 2.2 Public Service (departments and departmental agencies) wages were flat in the March quarter. This is only the sixth time the Public Service has recorded nil quarterly wage growth since 2001.
 - 2.3 Education sector wage growth, 2.4 percent in the March quarter, is a high outlier this quarter, is the primary driver of public sector wage growth this quarter, and is the third highest single quarter growth we've seen for the education sector.
- 3 Annual wage growth remains above average across the sector due to wage increases delivered through the first half of 2024 (refer figure 1). However, it is slowing as high wage growth in the March 2024 quarter (this time last year) no longer affects the index.
 - 3.1 Public sector wages grew 4.2 percent in the year to March 2025, compared 4.5 percent annual wage growth reported last quarter, and a record high 6.9 percent reported for the year to June 2024.
 - 3.2 Private sector wage growth was 2.6 percent in the year to March 2025. Private sector annual wage growth has fallen steadily from a peak of 4.5 percent in the year to March 2023.
 - 3.3 Health sector wage growth continues to fall, but remains high at 5.2 percent in the year to March 2025.
 - 3.4 Except for the Public Service, annual wage growth across all monitored sectors exceeds inflation in the year to March 2025.
- 4 Twenty percent of public sector employees received a pay increase in the March quarter, and 75 percent received (at least one) pay increase in the year to March 2025. This compares to the private sector where 11 percent of employees received a pay increase this quarter, and 56 percent received a pay increase in the year to March 2025.

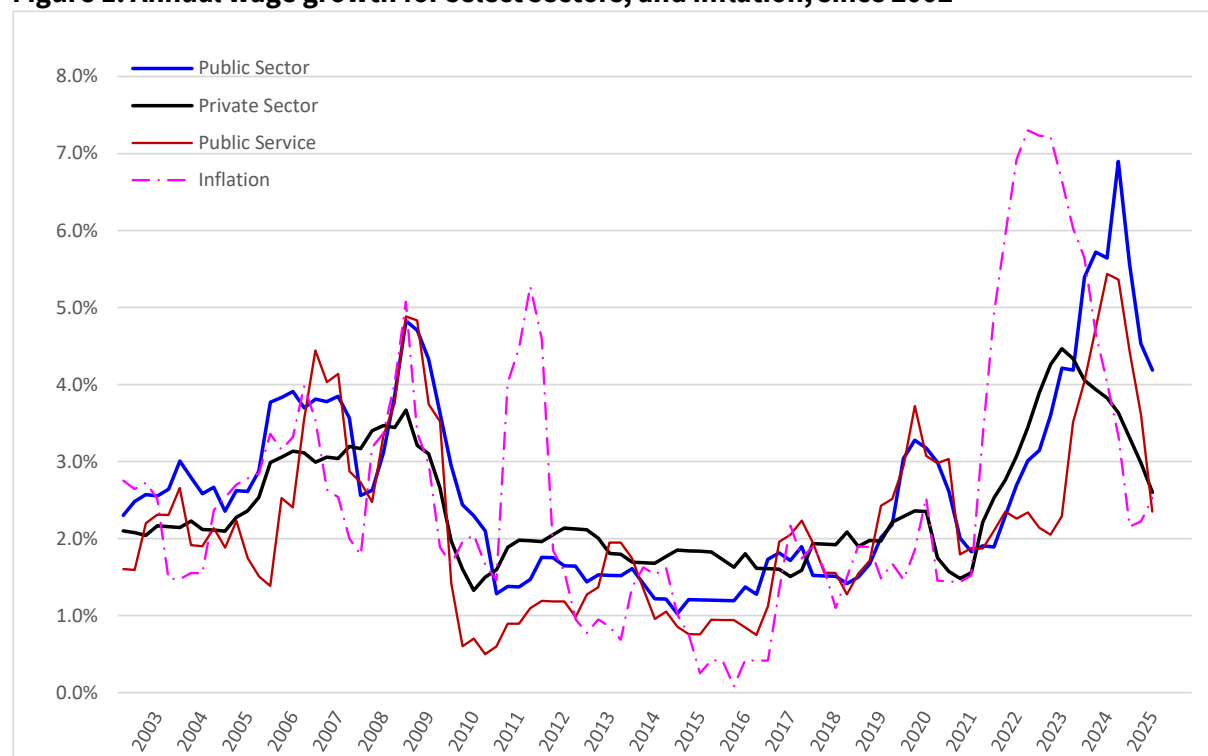
¹ The Pay Adjustment provided for a wage increase of \$4000 in year one (from December 2022 or April 2023), and the higher of \$2000 or three percent wage increase in year two (from December 2023 or April 2024).

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 March 2025 quarter			Cumulative wage growth since:	
	Quarterly	Annual	March 2018	June 2001
All Sectors Combined	0.5%	2.9%	22.4%	76.9%
Private Sector	0.4%	2.6%	21.6%	75.2%
Public Sector	0.9%	4.2%	26.2%	85.0%
Public Service	0.0%	2.4%	21.4%	66.5%
Health Sector	0.4%	5.2%	38.9%	110.6%
Education Sector	2.4%	5.1%	24.8%	88.7%
Other Central Govt.	0.4%	4.2%	21.6%	67.2%
Local Govt.	0.1%	3.2%	23.5%	84.0%
Inflation	0.9%	2.5%	28.5%	81.8%

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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