September 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 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 0.6 percent in the September 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) wage growth was 0.7 percent for the quarter. September quarter growth includes increases provided from 1 July, so tends to be higher than in other quarters.

2.3 While Public Service wage growth reflects the outcomes of bargaining from earlier this year, wage growth in the health and education sectors remains low due to ongoing bargaining.

3 Annual wage growth was 2.1 percent in the year to September 2025, the lowest result since June 2021.

3.1 Public sector wages grew 2.4 percent in the year to September 2025, down from 2.8 percent reported last quarter, and 5.6 percent in the year to September 2024. Public Service wage growth is 1.2 percent for the year to September 2025, the lowest annual growth rate across all monitored sectors.

3.2 Private sector wage growth fell to 2.1 percent for the year to September 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, 3.2 percent in the year to September 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 3.0 percent in the year to September 2025, leading both public and private wage growth for the first time since September 2023 (inflation led wage growth in both sectors between June 2021 and September 2023).

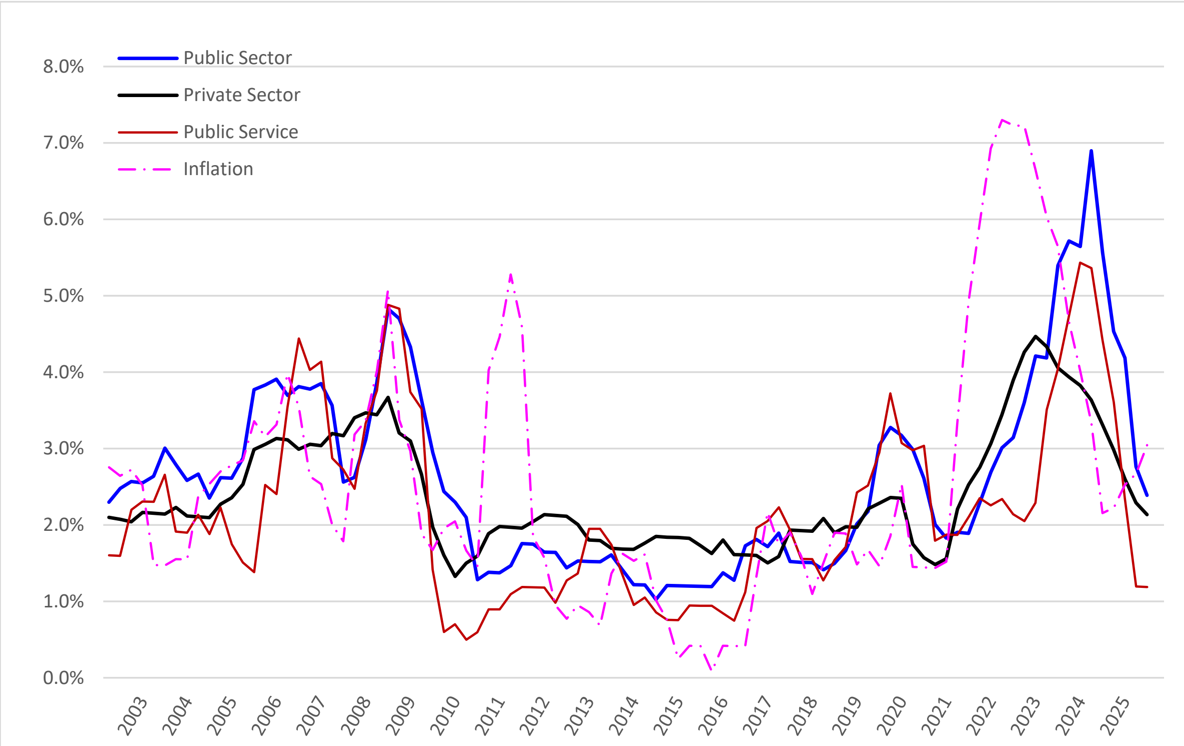
4 Twenty-two percent of public sector employees received a pay increase in the September quarter (14 percent in the private sector), and 68 percent received (at least one) pay increase in the year to September 2025 (54 percent in the private sector).

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 September 2025 quarter			Cumulative wage growth since:	
	Quarterly	Annual	March 2018	June 2001
All Sectors Combined	0.4%	2.1%	23.7%	78.8%
Private Sector	0.4%	2.1%	22.9%	77.1%
Public Sector	0.6%	2.4%	27.5%	86.8%
Public Service	0.7%	1.2%	22.5%	67.9%
Health Sector	0.3%	2.0%	40.4%	112.9%
Education Sector	0.2%	3.2%	25.6%	89.9%
Other Central Govt.	1.2%	2.2%	23.2%	69.4%
Local Govt.	1.0%	3.1%	25.0%	86.2%
Inflation	1.0%	3.0%	30.5%	84.6%

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



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