

## 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 Results for December 2024 show wage growth across the public sector is continuing to slow. Quarterly wage growth is moderate this quarter (refer table 1), after a prolonged period of above-average wage growth throughout 2023 and 2024 due to implementation of the Public Sector Pay Adjustment (the Pay Adjustment)<sup>1</sup>.
  - 2.1 Public sector wages grew 0.5 percent in the December 2024 quarter, just under the 0.6 percent growth in the private sector for the same period.
  - 2.2 Public Service (departments and departmental agencies) wages grew by 0.3 percent in the December quarter.
  - 2.3 Local government wage growth of 1.8 percent is an outlier relative to the rest of the public sector this quarter. Local government wage growth has a relatively low impact on overall public sector wage growth.
- 3 Annual wage growth remains above average across the sector due to wage increases delivered through the first half of 2024 (refer figure 1).
  - 3.1 Public sector wages grew 4.5 percent in the year to December 2024, compared to record high growth of 6.9 percent in the year to June 2024.
  - 3.2 Private sector wage growth was 3.0 percent in the year to December 2024. 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 remains very high at 7.1 percent in the year to December 2024. Recent increases in the health sector have also been influenced by pay equity corrections.
  - 3.4 Wage growth across all monitored sectors exceeds inflation in the year to December 2024.
- 4 Twenty-one percent of public sector employees received a pay increase in the December quarter, and 80 percent received (at least one) pay increase in the year to December 2024. This compares to 15 percent of private sector employees receiving a pay increase this quarter, and 56 percent in the year to December 2024.

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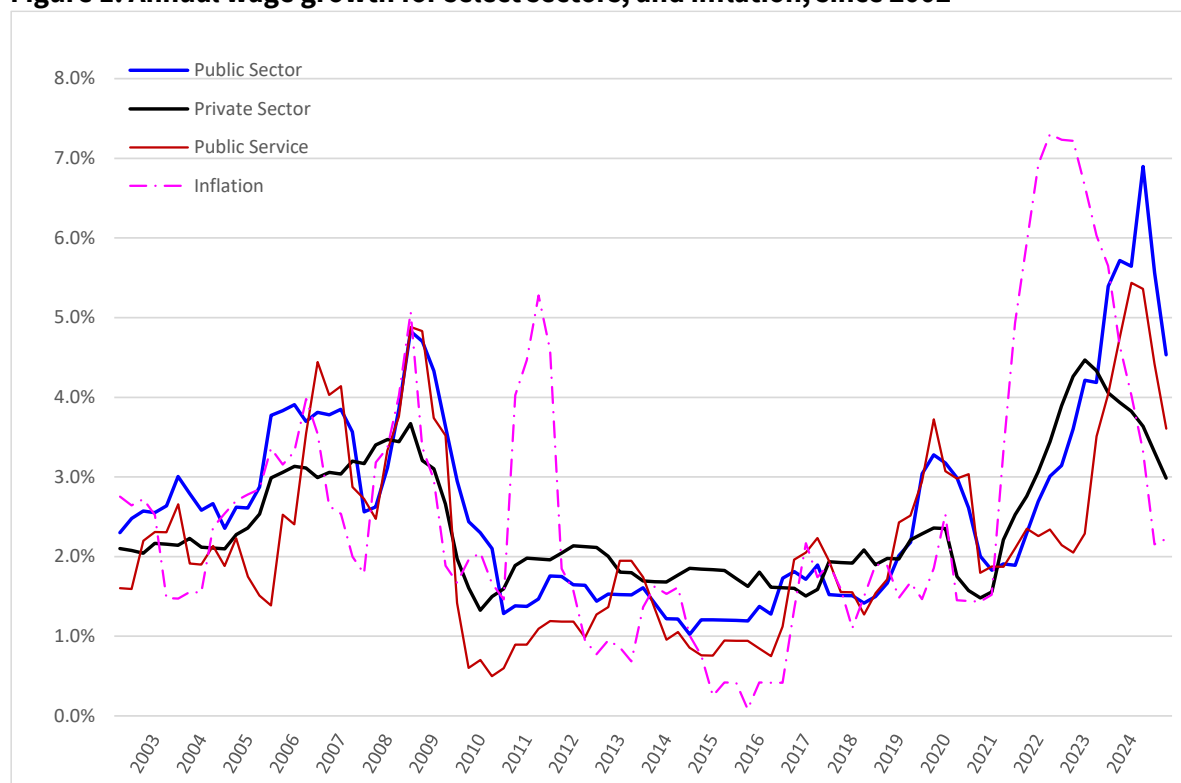
<sup>1</sup> The Pay Adjustment provided for a wage increase of \$4000 in year one (from either 1 December 2022 or 3 April 2023), and the higher of \$2000 or three percent wage increase in year two (with the percentage increases capped at \$180,000 meaning those on salaries over \$180,000 receive the same increase as those on \$180,000, from 1 December 2023 or 3 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 December 2024 quarter	Cumulative wage growth since:			
	Quarterly	Annual	March 2018	June 2001
<b>All Sectors Combined</b>	0.6%	3.3%	21.8%	76.0%
<b>Private Sector</b>	0.6%	3.0%	21.1%	74.5%
<b>Public Sector</b>	0.5%	4.5%	25.1%	83.3%
<b>Public Service</b>	0.3%	3.6%	21.4%	66.5%
<b>Health Sector</b>	0.5%	7.1%	38.3%	109.8%
<b>Education Sector</b>	0.1%	3.9%	21.8%	84.2%
<b>Other Central Govt.</b>	0.5%	4.1%	21.1%	66.5%
<b>Local Govt.</b>	1.8%	3.7%	23.4%	83.8%
<b>Inflation</b>	0.5%	2.2%	27.3%	80.1%

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



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