

# Labour Cost Index (All Labour Costs): June 2015 quarter

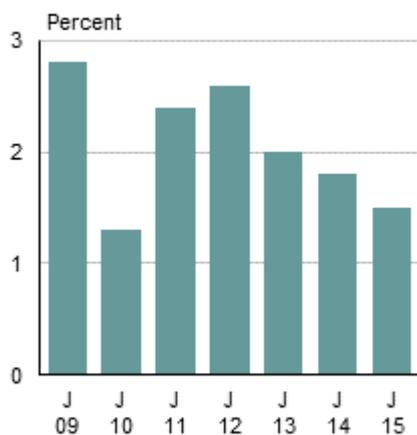
Embargoed until 10:45am – 21 October 2015

## Key facts

From the June 2014 quarter to the June 2015 quarter:

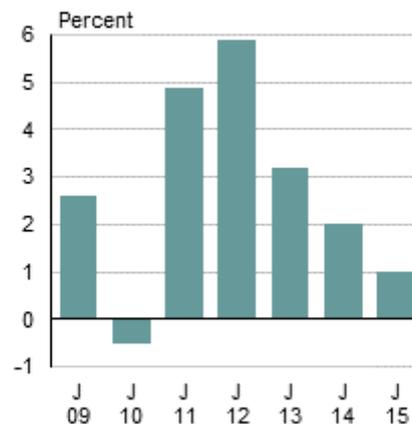
- Labour costs increased 1.5 percent.
- Non-wage labour costs increased 1.0 percent.
- Annual leave and statutory holiday costs increased 1.6 percent.
- Employers' superannuation costs increased 4.5 percent.
- Workplace accident insurance costs decreased 14.0 percent.
- Other non-wage labour costs (vehicles, medical insurance, and low-interest loans) increased 1.2 percent.

**All labour costs**  
All sectors combined  
Percentage change from previous June quarter



Source: Statistics New Zealand

**All non-wage labour costs**  
All sectors combined  
Percentage change from previous June quarter



Source: Statistics New Zealand

Liz MacPherson, Government Statistician  
ISSN 1178-0517  
21 October 2015

## Commentary

- All labour costs up 1.5 percent
- Annual leave and statutory holidays cost to employers up 1.6 percent
- Employer superannuation up 4.5 percent
- Employer workplace accident insurance down 14.0 percent
- Other non-wage labour costs up 1.2 percent
- LCI non-wage weights updated

### All labour costs up 1.5 percent

Labour costs increased 1.5 percent in the year to the June 2015 quarter. The salary and wage rates (including overtime) component of the labour cost index (LCI) was up 1.6 percent, while the non-wage labour costs component increased 1.0 percent.

The increase in non-wage labour costs was due to rises in the cost to employers of annual leave and statutory holidays, superannuation, medical insurance, and low-interest loans. These rises were partly offset by falls in the cost of providing workplace accident insurance and motor vehicles for private use.

### Annual leave and statutory holidays cost to employers up 1.6 percent

In the year to the June 2015 quarter, the cost of annual leave and statutory holidays to employers increased 1.6 percent. The 1.6 percent rise in salary and wage rates (including overtime) contributed to this increase. Annual leave and statutory holiday costs increased 1.8 percent for private sector employers and 1.1 percent for the public sector.

### Employer superannuation up 4.5 percent

In the year to the June 2015 quarter, employer superannuation costs increased 4.5 percent, after a 3.1 percent increase in the year to the June 2014 quarter. The latest increase was largely due to continued growth in the number of employees participating in employer-subsidised KiwiSaver schemes. The 1.6 percent rise in salary and ordinary time wage rates also contributed to this increase.

### Employer workplace accident insurance down 14.0 percent

Employers' workplace accident insurance costs decreased 14.0 percent in the year to the June 2015 quarter, after a 5.8 percent increase in the year to the June 2014 quarter. The recent decrease resulted from reductions in Accident Compensation Corporation (ACC) levy rates, which were partly offset by increases in pay rates (up 1.6 percent).

### Other non-wage labour costs up 1.2 percent

Other non-wage labour costs (motor vehicles available for private use, medical insurance, and employer-related low-interest loans) for all sectors increased 1.2 percent in the year to the June 2015 quarter. This compares with a 0.7 percent increase in the previous year. For the public sector, other non-wage labour costs decreased 6.0 percent, influenced by some organisations reducing the number of vehicles available for private use.

In the year to the June 2015 quarter, the cost of providing medical insurance and employer-related low-interest loans rose, while the cost of providing motor vehicles for private use fell. The increase in medical insurance reflected higher premiums. The prescribed interest rate used to calculate the fringe benefit value of low-interest loans increased to 6.7 percent, up from 5.9 percent in the year to June 2014 quarter.

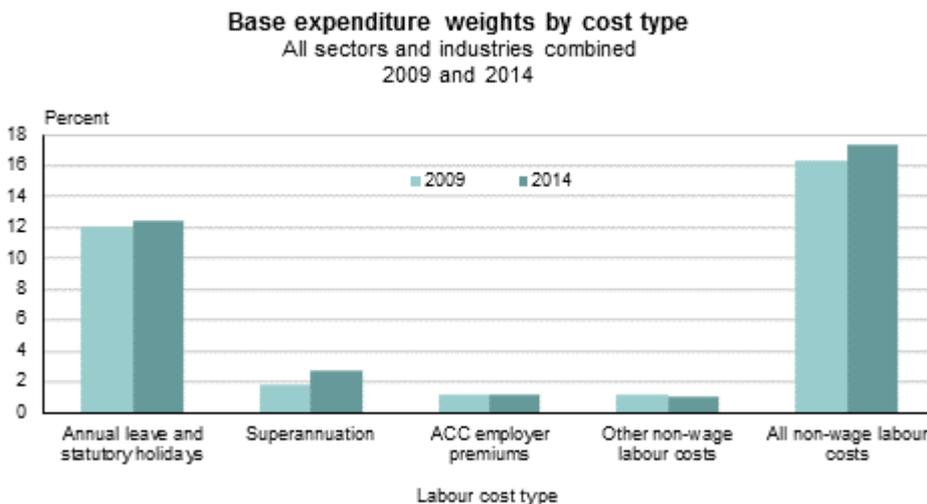
**For more detailed data see the Excel tables in the ‘Downloads’ box.**

## LCI non-wage weights updated

With this release, we reweighted the LCI all labour costs indexes, to reflect changes in the industry and occupation structures of the labour market. The weights were calculated based on shares of expenditure by employers on annual leave and paid statutory holidays, superannuation, ACC premiums, medical insurance, motor vehicles available for private use, and low-interest loans.

The weights were implemented in the June 2015 quarter release, so changes in the LCI all labour cost indexes from the June 2014 quarter to the June 2015 quarter were based on updated weights for the June 2014 quarter. The last time we reweighted the LCI all labour costs indexes was for the June 2010 quarter on the June 2009 quarter.

Overall, the weight for non-wage costs increased from 16.31 percent in 2009 to 17.34 percent in 2014. The increase was mainly due to a higher weight for superannuation (up from 1.84 percent to 2.78 percent), reflecting higher employer expenditure on superannuation subsidies (up 80.2 percent). The weight for annual leave and statutory holiday costs also increased (up from 12.10 percent to 12.45 percent), due to a higher number of paid statutory holidays, up from 10 days in 2009 to 11 days in 2014.



Source: Statistics New Zealand

The data sources we used include the 2013 Census, the Business Register of New Zealand businesses, the Labour Cost Survey, and the Quarterly Employment Survey.

[See data quality](#) for more information on the LCI non-wage reweight.

## Consultation

As part of this work, we also consulted LCI customers and stakeholders and sought public feedback so we could better understand the value they obtain from the non-wage components of the LCI. This was to ensure the statistics we provide continue to remain relevant to customers.

We are still considering the consultation results. If they show the LCI non-wage data is no longer providing value to customers, we will consider stopping publication of LCI non-wage and all labour costs. If this occurred, it would be after this release.

The LCI salary and wage rates will continue to be published quarterly, and their relevance would continue to be maintained by reviewing the weights following the 2018 Census.

For technical information on the updated expenditure weights contact:

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## Definitions

### About the labour cost index

The labour cost index (LCI) measures changes in salary and wage rates for a fixed quantity and quality of labour input. Service increments, merit promotions, and increases (or decreases) relating to performance of the individual employee are not shown in the index.

The **salary and wage rates component** of the LCI measures movements in base salary and ordinary time wage rates, and overtime wage rates.

The **non-wage component** measures changes in the following costs to employers:

- annual leave and statutory holidays
- superannuation
- Accident Compensation Corporation (ACC) employer premiums
- medical insurance
- motor vehicles available for private use
- low-interest loans.

### More definitions

**Index reference period:** the benchmark to which prices/costs in other periods are compared (eg if the index number in a later period is 1150, prices have increased by 15.0 percent since the index reference period). Prices for later periods can also be compared in the same fashion.

The LCI has an index reference period of the June 2009 quarter (=1000).

**Price index:** measures the change in price between time periods for a given set of goods and services. It summarises a set of prices for a variety of goods and services collected from a number of outlets.

## **Related links**

### **Upcoming releases**

*Labour Market Statistics: September 2015 quarter* will be released on 4 November 2015.

To [subscribe to information releases](#), including this one, please complete the online subscription form.

The [release calendar](#) lists all our upcoming information releases by date of release.

### **Past releases**

See [Labour Cost Index \(All Labour Costs\)](#) and [Labour Cost Index \(Salary and Wage Rates\)](#) for links to past releases.

### **Related information**

The [Quarterly Employment Survey](#) provides statistics on employment in New Zealand, including the levels of, and changes in, total earnings, hours paid for, filled jobs, average hourly and weekly earnings, and average weekly paid hours.

The [New Zealand Income Survey](#) provides information on wages and salaries, self-employment, government transfers, and other transfer income.

The [Linked Employer-Employee Data](#) provides statistics on filled jobs, job flows, worker flows, mean and median earnings for continuing jobs and new hires, and total earnings.

## Data quality

### Period-specific information

This section contains information about data that has changed since the last release.

- [Reference period](#)
- [Data influencers](#)

### General information

This section has information about data that does not change between releases.

- [Non-wage labour costs](#)
- [Data source](#)
- [Coverage](#)
- [Sample size](#)
- [Index calculation formula and reference period](#)
- [Index number rounding](#)
- [Weights](#)
- [Quality control](#)
- [Contract indexation](#)
- [Workplace accident insurance costs](#)
- [Fringe benefit tax changes](#)
- [Timing of published data](#)
- [Reweighting the LCI non-wage](#)
- [More information](#)

## Period-specific information

### Reference period

We collected information on superannuation costs, annual leave entitlements, and Accident Compensation Corporation (ACC) employer premiums in mid-May 2015.

Questionnaires relating to medical insurance costs, motor vehicles available for private use, and low-interest loans were posted out one week after 30 June 2015, as the information collected relates to the June 2015 quarter as a whole.

### Data influencers

Labour costs are influenced by changes in statutory holidays, taxes, and legislation. Events that affected the LCI in 2015 are outlined below.

#### Annual leave

There were 11 paid statutory holidays in 2015. The first 'Mondayised' holiday took effect on ANZAC Day 2015.

With Waitangi Day and ANZAC Day being 'Mondayised' in future, all 11 statutory holidays will always fall on weekdays.

## **Fringe benefit tax**

We used fringe benefit tax rates, derived from data for the year to March 2015, to calculate the June 2015 quarter indexes for other non-wage costs.

## **Workplace accident insurance**

For the June 2015 quarter index, residual claims levy rates (applicable to earnings for the year to March 2015 and collected in arrears) were, at the disaggregated industry level, added to ACC WorkPlace Cover levy rates (applicable to earnings for the year to March 2015 and collected during the period), which were discounted to reflect actual eligibility (at the disaggregated industry level) for safety management discounts, experience ratings adjustments, and no-claims discounts for the period to 31 March 2015.

## **General information**

### **Non-wage labour costs**

#### **Annual leave**

From 1 April 2011, employees can ask their employers to pay out (in cash) up to one week of their minimum entitlements to annual holidays per year. This amendment has not affected annual leave costs in the LCI. The annual labour cost survey of annual leave entitlements asked respondents to provide full entitlements of employees, even if some had cashed-up part of their entitlement. Cashing-up entitlements is not shown in the LCI salary and wage rates index, as these do not result in changes to pay rates for time worked (assuming the cash-up is at standard rates). This is because the extra payment is for extra time worked.

#### **Superannuation**

From 1 April 2012, there were changes to the Employer Superannuation Contribution Tax (ESCT) on employer contributions to superannuation schemes. The ESCT now applies to all KiwiSaver employer contributions.

For other superannuation schemes (except defined benefit schemes) the ESCT is now calculated at the employee's marginal ESCT rate, instead of a flat rate of 33 percent.

#### **KiwiSaver**

With ESCT being applied to KiwiSaver, employers may either deduct the ESCT from the cash contributions they make to their employees' schemes, or add ESCT to their cash contributions.

- If employers elect to deduct the ESCT from cash contributions, they continue to incur the same gross contribution rates, and employees receive less in their KiwiSaver accounts.
- If employers elect to gross up their KiwiSaver contributions, they contribute higher gross contribution rates; for example, from 3 percent previously to 3.2–4.0 percent (depending on employees' marginal tax rates), and employees receive the same contributions in their KiwiSaver accounts.

#### **Other superannuation schemes**

Changes in the ESCT rate also affect non-KiwiSaver superannuation schemes (except defined benefit schemes).

For these schemes, the effect on employer superannuation contribution rates depends on the collective or individual employment agreements between employers and employees.

- If agreements specify gross employer contribution rates, the employer contribution rates remain unchanged and employees in the lower tax brackets receive more in their superannuation accounts.
- If agreements specify net employer contribution rates, the gross employer contribution rates are lower (depending on employees' marginal tax rates) and employees receive the same contributions in their superannuation accounts.

## **Data source**

We obtain salary and ordinary time and overtime wage rates for a fixed set of job descriptions by a quarterly postal survey of employers. Each quarter, we survey salary and wage rates for the pay period in which the 15th of the middle month of the quarter falls.

Information on superannuation costs and annual leave entitlements is collected in mid-May of each year. Information on ACC employer premiums is also collected in the June quarter.

We post questionnaires relating to medical insurance costs, motor vehicles available for private use, and low-interest loans about two weeks after the end of each June quarter. The information collected relates to the June quarter as a whole.

## **Coverage**

The index covers jobs filled by paid employees in all occupations and in all industries except private households employing staff. We extended coverage to include jobs filled by paid employees under 15 years of age when the index was reweighted and re-expressed on an index reference of the June 2001 quarter (=1000).

## **Sample size**

Approximately 2,000 respondents provide information on some or all of:

- annual leave entitlements
- ACC employer premiums
- superannuation costs
- medical insurance costs
- motor vehicles available for private use
- low-interest loans.

## **Index calculation formula and reference period**

The LCI is calculated using the price-relatives form of the base-weighted Laspeyres formula, and is expressed on a price reference period of the June 2009 quarter (=1000). We periodically update the index's price reference period to reflect changes in the sector of ownership of organisations.

## **Index number rounding**

Index number rounding (using standard Statistics NZ rounding procedures) can occasionally result in percentage movements for a particular cost being slightly higher or lower than would be expected, given movements recorded for component costs.

## **Weights**

Each job description used in calculating the LCI is assigned a weight that reflects the relative importance of the job description within its sector of ownership, industry, and occupation group.

We calculate weights using 2013 Census of Population and Dwellings information on the relative importance of occupations within each sector by industry group, Business Register information on the relative importance of industry groups within each sector, non-wage information surveyed in the June 2014 quarter (used to derive costs per employee per week), and administrative information (ie fringe benefit tax data, ACC levy rates, and workplace safety management discount information).

Price reference period expenditure weights by sector of ownership and cost appear in table 6 of this release.

## **Quality control**

The salary and wage rates component of the LCI is a quality-controlled measure. Only changes in salary and wage rates for the same quality and quantity of work are reflected in the index. Therefore, bonus and other irregular payments are excluded, as are increases due to service increments and merit promotions. We also exclude one-off payments in lieu of pay rises, as they do not result in changes to pay rates, as such.

## **Contract indexation**

Parties that engage in commercial contracts use a range of price indexes produced by Statistics NZ in their indexation clauses (also known as contract escalation clauses). An indexation clause provides both parties to a contract with an agreed procedure for adjusting an originally contracted price, to reflect changes in costs or prices during the life of the contract.

Contract indexation: A Guide for Businesses provides information on the price indexes we produce and issues relating to using them in indexation clauses. The guide also outlines some points to consider when preparing an indexation clause, and includes an example of the mechanics of a simple indexation formula.

## **Workplace accident insurance costs**

### **History**

The movement in the ACC employer premiums index from the June 1999 quarter to the June 2000 quarter reflected the year-long deregulation of providing workplace accident insurance. In the lead-up to deregulation on 1 July 1999, employer premium rates were split into two parts: an ongoing 'residual claims levy' to fund historical injuries, and a 'base premium', relating to the 15-month period that ended on 30 June 1999. The residual claims levies and base premiums were added together at the disaggregated industry (ie five-digit ACC 'classification unit') level for use in calculating the index for the June 1999 quarter.

For the June 2000 quarter index, residual claims levies applicable to earnings for the year to March 2000 and payable by 31 May 2000 were, at the five-digit industry level, added to average premium rates (adjusted for risk sharing) for workplace accident insurance contracts in force at 31 March 2000. The average premium rates for workplace accident insurance contracts were derived from information obtained from the Department of Labour's Accident Insurance Regulator. For a small number of workplace accident insurance contracts taken out by big employers, downward adjustments to risk sharing amounts were made following consultation.

From 1 July 2000, workplace accident insurance provision was renationalised, with ACC again becoming the sole provider. Under the renationalised scheme, employers continue to pay residual claims levies, and they also pay base ACC WorkPlace Cover premiums to cover the costs of ongoing injuries.

### **Optional ACC programmes**

Optional programmes are now offered by ACC: the ACC Workplace Safety Management Practices Programme, Workplace Safety Discount Programme, and the ACC Partnership Programme. Under the latter programme's two options, the Partnership Discount Plan and the Full Self Cover Plan, employers are able to share various levels of risk in return for reductions in base premium rates.

Under the ACC Workplace Safety Management Practices Programme, Workplace Safety Discount Programme, and the ACC Partnership Programme, employers passing safety audits at one of three levels (primary, secondary, and tertiary) are eligible for safety management practices discounts of 10, 15, or 20 percent off standard WorkPlace Cover premium rates.

For the June 2001 quarter index, residual claims levy rates (applicable to earnings for the year to March 2001) were, at the disaggregated industry level, added to ACC base premium rates (applicable to earnings for the nine months to March 2001), which were discounted to reflect actual eligibility (at the disaggregated industry level) for safety management discounts for the period to 31 March 2001. For employers in the ACC Partnership Programme sharing various levels of risk in return for reductions in base premium rates, standard WorkPlace Cover premium rates, less safety management discounts, were used in the index to represent changes in costs.

For 2002 to 2011, for the June quarter index, residual claims levy rates (applicable to earnings for the year to March and collected in arrears) were, at the disaggregated industry level, added to ACC WorkPlace Cover levy rates (applicable to earnings for the year to March and collected during the period). These were discounted, to reflect actual eligibility (at the disaggregated industry level) for safety management discounts for the period to 31 March. For employers in the ACC Partnership Programme sharing various levels of risk, in return for reductions in base

premium rates, standard WorkPlace Cover levy rates, less safety management discounts, were used in the index to represent changes in costs.

### **Experience rating and no-claims programmes**

On 1 April 2011, experience rating and no-claims discount programmes were implemented on the ACC Work Account. The effect of the experience rating and no-claims discount programmes on the current component of the work levies was first shown in the LCI for the June 2012 quarter LCI all labour costs information release.

The experience rating applies to employers with an annual work levy greater than \$10,000 a year for each of the three years in the experience period. For employers in the experience rating programme, ACC employer premiums are adjusted up or down, based on the industry of the employer and the employer's performance or experience.

No-claims discounts apply to employers with less than \$10,000 a year for all or any of the three years in the experience period. For employers in the no-claims discount programme, ACC employer premiums are adjusted up or down, based on the number of weekly compensation days paid and any fatal claims.

See [Experience rating](#) on the ACC website for more information about experience rating.

From 2012 onwards, for the June quarter index, residual claims levy rates (applicable to earnings for the year to March and collected in arrears) were, at the disaggregated industry level, added to ACC WorkPlace Cover levy rates (applicable to earnings for the year to March and collected during the period). These were discounted, to reflect actual eligibility (at the disaggregated industry level) for safety management discounts, experience-rating adjustments, and no-claims discounts for the period to 31 March. For employers in the ACC Partnership Programme sharing various levels of risk, in return for reductions in base premium rates, standard WorkPlace Cover levy rates (less safety management discounts, experience-rating adjustments, and no-claims discounts) were used in the index to represent changes in costs.

### **Fringe benefit tax changes**

The non-wage component of the LCI includes three costs that are subject to fringe benefit tax (FBT). These are:

- medical insurance
- motor vehicles available for private use
- low-interest loans.

The three costs had a combined base weight of 1.00 percent of the overall index at the June 2014 quarter. For each of these costs, we collect the taxable value of the benefit and the number of employees in the survey. The taxable value plus FBT and excluding GST is averaged over all employees, or specific occupations, to give the average cost per employee per week of providing the benefit.

In the past, we calculated FBT as 49 percent of the taxable value. When the top personal tax rate was increased from 33 percent to 39 percent, the FBT rate was increased from 49 percent to 64 percent for fringe benefits provided on or after 1 April 2000. This was enacted in December 1999. An FBT rate of 64 percent was used to calculate the June 2000 quarter LCI indexes of medical insurance, motor vehicles available for private use, and low-interest loans. This was the rate employers were required to pay, and were liable for, under legislation in force at the time.

This had an upward impact of about 11 percentage points on the movement in other non-wage costs from the June 2000 quarter to the June 2001 quarter.

Under legislation enacted in late September 2000, employers were given the choice of either:

1. continuing to use the flat 64 percent FBT rate
2. opting to use new multi-rate FBT rules.

The multi-rate FBT regime allows fringe benefits attributed to individual employees to be subject to FBT rates based on the remuneration levels of employees receiving the benefits, thereby reducing the effect of the increase in the FBT rate to 64 percent.

For employers who elected to undertake the multi-rate end-of-year (ie March quarter) 'square-up' for the year to March 2001, benefits attributed to individual employees during the year were subject to FBT rates based on employees' remuneration levels. Employers providing about two-thirds of fringe benefits by value chose the multi-rate option for the year to March 2001. Collectively, these employers significantly reduced their FBT liability. We used FBT rates derived at the industry-group level from FBT data for the year to March 2001, and taxable values for the June 2001 quarter, to calculate the June 2001 quarter indexes for medical insurance, motor vehicles available for private use, and low-interest loans.

From 2002 onwards, we used FBT rates derived at the industry-group level from FBT data for the year to March, and taxable values for the June quarter, to calculate the June quarter indexes for medical insurance, motor vehicles available for private use, and low-interest loans.

FBT rates fell on 1 October 2010, at the same time as personal income tax rates decreased. The fall in FBT rates had a downward impact on other non-wage labour costs in both 2011 and 2012. For 2011, the new FBT rates applied for only two quarters of the tax year, whereas for 2012 these new rates applied for the full tax year.

### **Timing of published data**

We release the salary and wage rates indexes quarterly. From 2000 onwards, the indexes of non-wage labour costs and all labour costs are available for only the June quarter of each year.

### **Reweighting the LCI non-wage**

We reweighted the LCI all labour costs indexes, to reflect changes in the industry and occupation structures of the labour market. The weights were calculated based on shares of expenditure by employers on annual leave and paid statutory holidays, superannuation, ACC premiums, medical insurance, motor vehicles available for private use, and low-interest loans.

The weights were implemented in the June 2015 quarter release, so changes in the LCI all labour cost indexes from the June 2014 quarter to the June 2015 quarter were based on updated weights for the June 2014 quarter. The last time we reweighted the LCI all labour costs indexes was for the June 2010 quarter on the June 2009 quarter.

### **Main data sources**

The data sources we used were:

- 2013 Census of Population and Dwellings – information on the relative importance of occupations within each sector, by industry group for jobs, and wages in some cases

- Quarterly Employment Survey (QES) – figures for the year to June 2014 on the relationship between full- and part-time paid employees, and for the June 2014 quarter on average earnings per job
- Business Register (BR) – 2014 information on the relative importance of industry groups within each sector of ownership
- Labour Cost Survey (LCS) – pay rates for the June 2014 quarter, converted to weekly pay rates, gave price information for wage and non-wage calculations
- LCS – non-wage information for the June 2014 quarter, to derive non-wage costs per employee per week
- administrative information (fringe benefit tax data and ACC levy rates) – price information for non-wage weight calculations.

The changes in the LCI non-wage expenditure weights reflect real changes in the labour market, and to some extent, changes to the data sources and methods we use to calculate the weights. Real changes are the result of relative changes in quantity and price levels. For example, if an industry has experienced higher growth in paid employees and higher-than-average increases in pay rates and non-wage labour costs over the five years between the reweights, then that industry will increase its percentage weight. Industries with decreases or below-average increases will have lower percentage weights in 2014 than in 2009.

### **FTEs, salary and wage rates, and non-wage labour costs**

From 2009 to 2014, the BR and other information showed a 5.1 percent increase in full-time equivalent (FTE) jobs for all sectors and industries (and occupations) combined.

Salary and wage rates (including overtime) increased 9.2 percent over the same period. The overall level of expenditure on wages and salaries (which the weights are based on) increased 17.9 percent over the five-year period.

The non-wage LCI increased 16.4 percent overall from 2009 to 2014, and the overall level of expenditure (which the non-wage weights are based on) increased 26.9 percent

### **Overall non-wage weight**

Overall, the weight for non-wage costs increased from 16.31 percent in 2009 to 17.34 percent in 2014. The increase was mainly due to a higher weight for superannuation (up from 1.84 percent to 2.78 percent), reflecting higher employer expenditure on superannuation subsidies (up 80.2 percent). The weight for annual leave and statutory holiday costs also increased (up from 12.10 percent to 12.45 percent) due to a higher number of paid statutory holidays, up from 10 days in 2009 to 11 days in 2014.

To improve the accuracy of the new LCI weights, we compared these with other sources.

We benchmarked wage index weights at a sector of ownership by industry group level with QES gross ordinary time and gross overtime earnings figures for the year to June 2014. We made similar adjustments for pay rates feeding into the weight calculations for annual leave and statutory holidays, ACC employer premiums, and superannuation.

We used ACC data from national accounts and the Annual Enterprise Survey (AES) to validate the new ACC weights from LCS data.

We used superannuation data from Inland Revenue tax data, national accounts, and AES to validate the new superannuation weights calculated from LCS data.

We used fringe benefit tax data for the year to March 2014 to benchmark the fringe benefit weights in other non-wage labour costs at the industry group level. Fringe benefits are represented in the index by medical insurance, motor vehicles available for private use, and low-interest loans. The weights were benchmarked so their combined weight represents all fringe benefits, not just those surveyed.

### **Annual leave and statutory holiday costs**

The annual leave and statutory holiday costs weight increased in the reweighted index, up from 12.10 percent in 2009 to 12.45 percent in 2014. The increase is mainly due to the number of paid statutory holidays, which increased from 10 days in 2009 to 11 days in 2014. Note, the number of paid statutory holidays will remain at 11 days a year now Waitangi Day and ANZAC Day are 'Mondayised'.

### **Superannuation costs**

The weight of superannuation costs increased from 1.84 percent in 2009 to 2.78 percent in 2014. Government increased the KiwiSaver employer compulsory contribution from 2 percent to 3 percent on 1 April 2013. This increase and the continued growth in number of members participating in KiwiSaver employer-subsidised schemes contributed to the rise in superannuation cost weight.

### **ACC employer premiums**

The ACC employer premiums weight decreased slightly, from 1.18 percent in 2009 to 1.12 percent in 2014. Although the level of expenditure by employers on ACC employer premiums increased (up 13.2 percent), its relative importance dropped, due to the increased relative importance of superannuation, and annual leave and statutory holiday costs.

In calculating the weight for ACC employer premiums, we used the residual claims levy rates, ACC WorkPlace Cover levy rates (discounted to reflect eligibility for safety management discounts), and Working Safer levy rates. Experience-rating adjustments and no claims discounts were also included. For employers in the ACC Partnership Programme, we used the standard WorkPlace Cover levy rates (less safety management discounts, experience-rating adjustments, and no claims discounts) to represent workplace accident insurance costs.

### **Other non-wage costs**

The combined weight of fringe benefits decreased from 1.19 percent in 2009 to 1.00 percent in 2014. This is mainly due to a reduction in the relative importance of motor vehicles for private use. The relative importance of medical insurance and low-interest loans both increased.

### **More information**

Statistics in this release have been produced in accordance with the [Official Statistics System principles and protocols for producers of Tier 1 statistics](#) for quality. They conform to the Statistics NZ Methodological Standard for Reporting of Data Quality.

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## Timing

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## Tables

See the Excel tables in the 'Downloads' box on this page. If you have problems viewing the files, see [opening files and PDFs](#).

1. Labour costs by sector, all industries/occupations combined
2. Non-wage labour costs by sector, all industries/occupations combined
3. All labour costs for public sector, by industry
- 4.1 All labour costs for private sector, by industry
- 4.2 All labour costs for private sector, by industry, percentage change from same quarter of previous year
- 5.1 All labour costs for all sectors combined, by industry
- 5.2 All labour costs for all sectors combined, by industry, percentage change from same quarter of previous year
6. Labour cost index, base expenditure weights by sector and cost

## Access more data on Infoshare

Use [Infoshare](#), a free, online database to access time-series data specific to your needs. To access the release time series on Infoshare, select the following categories from the homepage:

Subject category: **Work income and spending**  
Group: **Labour Cost Index - LCI**

## Upcoming releases

*Labour Market Statistics: September 2014 quarter* will be released on 4 November 2015.