June 2026 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 Wage growth continues to slow after a prolonged period of above-average wage growth throughout 2023 and 2024. Public sector wage growth has increased this quarter, reflecting bargained outcomes for significant numbers of staff in the health and education sectors after a period of prolonged bargaining last year.

2.1 Public sector wages grew 0.4% in the June 2026 quarter, while private sector wages grew 0.7% for the same period. June quarter wage growth is influenced by changes to the minimum wage that occurred from 1 April. This affects private sector wage growth more significantly than public sector wage growth.

2.2 Public Service (departments and departmental agencies) wage growth was 0.1% for the quarter, down from 0.2% last quarter. Wage growth across the Public Service is typically low in a June quarter, as most increases occur from 1 July, which is in the September quarter annually.

2.3 New collective agreement settlements covering parts of the education sector this year have affected the index. Quarterly wage growth in the education sector was 1.1% up from 0.8% last quarter.

2.4 Recent settlements covering staff at Health New Zealand have not yet affected the index.

2.5 Consumer price inflation was 1.5% this quarter.

3 Annual wage growth was steady at 2.0% in the year to June 2026, unchanged from 2.0% in the year to March 2026.

3.1 Public sector wages grew 1.7%, and private sector wages grew 2.0%, in the year to June 2026. These are both unchanged since last quarter. Public Service wage growth was 1.3% for the year to June 2026.

3.2 Annual wage growth was 2.3% in the education sector in the year to June 2026, and 0.9% in the health sector for the same period.

3.3 Annual inflation, as measured by the Consumer Price Index, was 4.1% in the year to March 2026, leading wage growth in all monitored sectors.

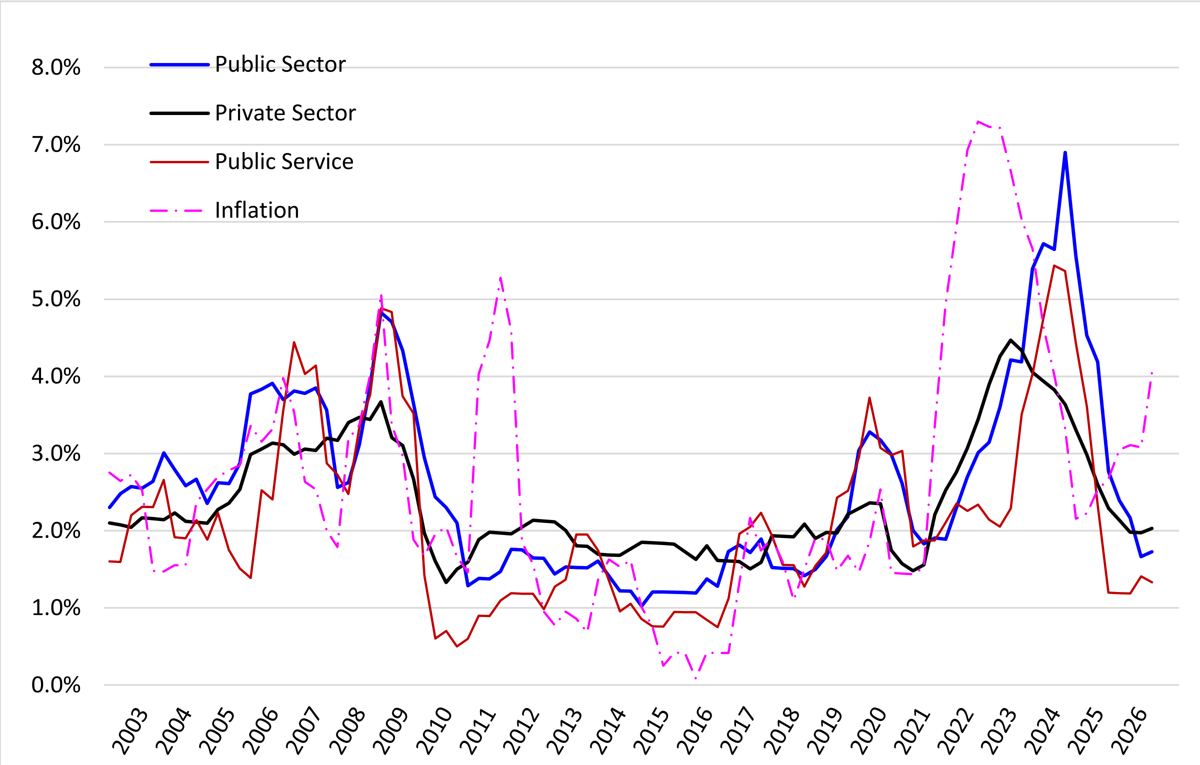
4 Seventeen percent of public sector employees received a pay increase in the June quarter (18% in the private sector), and 65% received (at least one) pay increase in the year to June 2026 (54% in the private sector).

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 June 2026 quarter			Cumulative wage growth since:	
	Quarterly	Annual	March 2018	June 2001
All Sectors Combined	0.6%	2.0%	25.6%	81.5%
Private Sector	0.7%	2.0%	24.8%	79.9%
Public Sector	0.4%	1.7%	29.0%	89.0%
Public Service	0.1%	1.3%	23.2%	68.9%
Health Sector	0.3%	0.9%	41.3%	114.3%
Education Sector	1.1%	2.3%	28.2%	93.8%
Other Central Govt.	0.1%	1.7%	23.8%	70.2%
Local Govt.	0.0%	2.5%	26.8%	88.9%
Inflation	1.5%	4.1%	34.4%	90.2%

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



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