

## March 2026 Labour Cost Index - Key Points

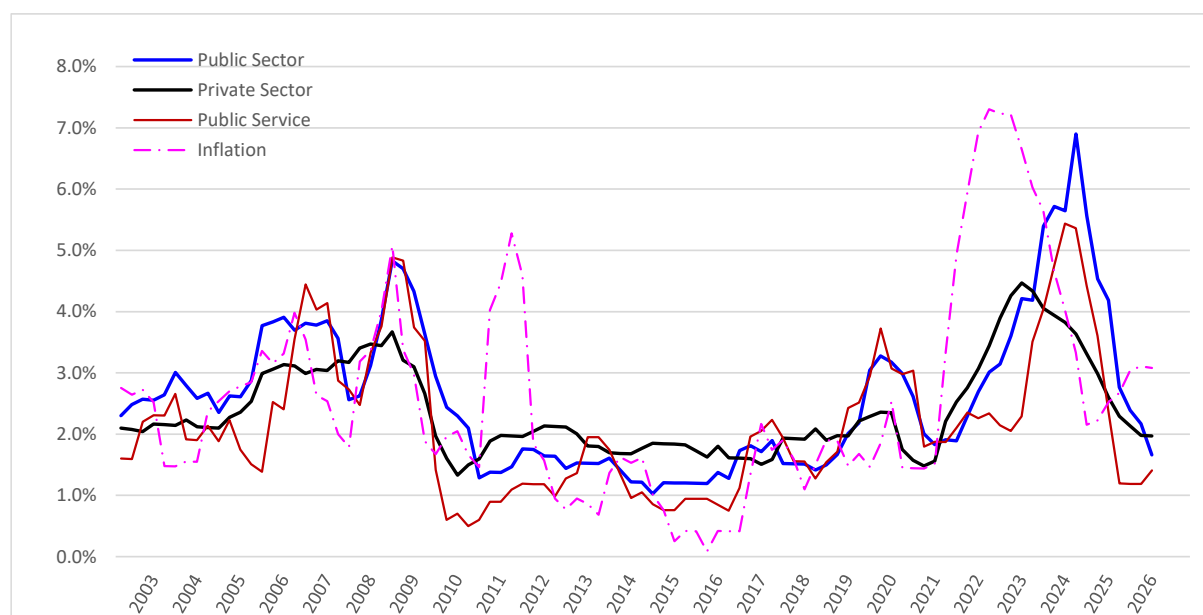
- 1 The Labour Cost Index is reported quarterly by Statistics New Zealand. The Public Service Commission prepares analysis on wage growth across the Public Service using this data. Headline data is shown in table 1, and figure 1, below. This summary document provides headline data on the latest quarter's 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 continues to reflect the bargaining environment, and Government expectations for fiscal responsibility in personnel costs.
  - 2.1 Both public sector and private sector wages grew 0.4% in the March 2026 quarter, compared to consumer price inflation of 0.9% for the same period.
  - 2.2 Public Service (departments and departmental agencies) wage growth was 0.2% for the quarter. Wage growth across the Public Service is typically low in a March quarter, as very few increases generally occur between November and February.
  - 2.3 New collective agreements settlements covering parts of the education sector in late 2025 have affected the index. Quarterly wage growth in the education sector was 0.8%.
- 3 Annual wage growth was 2.0% in the year to March 2026, unchanged from 2.0% in the year to December 2025.
  - 3.1 Public sector wages grew 1.7% in the year to March 2026, down from 2.2% reported last quarter, and down from 4.2% in the year to March 2025. Public Service wage growth is 1.4% for the year to March 2026.
  - 3.2 Private sector wage growth was 2.0% for the year to March 2026, unchanged from the year to December 2025. This is the first time since June 2023 that annual private sector wage growth has exceeded wage growth in the public sector.
  - 3.3 Annual wage growth in the education sector was 1.6% in the year to March 2026, down from 3.2% in the year to December 2025, despite education sector quarterly wage growth) leading the public sector. This is due to very significant quarterly wage growth last year that no longer affects annual wage growth calculations.
  - 3.4 Annual inflation, as measured by the Consumer Price Index, was 3.1% in the year to March 2026, unchanged from 3.1% in the year to December 2025. This leads annual wage growth in all monitored sectors.
- 4 Fourteen percent of public sector employees received a pay increase in the March quarter (13% in the private sector), and 61% received (at least one) pay increase in the year to March 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 March 2026 quarter	Cumulative wage growth since:			
	Quarterly	Annual	March 2018	June 2001
<b>All Sectors Combined</b>	0.5%	2.0%	24.8%	80.4%
<b>Private Sector</b>	0.4%	2.0%	24.0%	78.7%
<b>Public Sector</b>	0.4%	1.7%	28.3%	88.1%
<b>Public Service</b>	0.2%	1.4%	23.1%	68.8%
<b>Health Sector</b>	0.2%	1.4%	40.8%	113.6%
<b>Education Sector</b>	0.8%	1.6%	26.8%	91.7%
<b>Other Central Govt.</b>	0.1%	1.8%	23.7%	70.1%
<b>Local Govt.</b>	0.3%	2.7%	26.8%	88.9%
<b>Inflation</b>	0.9%	3.1%	32.4%	87.4%

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



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