September 2026 Labour Cost Index - Key Points

1 The Labour Cost Index (LCI) 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 The LCI indicates how wages are changing after adjusting for changes in quality and quantity of work; for example, the LCI isn't affected if wages changed because a new person is employed, or because someone was promoted into a new role.

3 Wages increased 0.5% in the September 2026 quarter. In the Public Service, this is largely driven by changes occurring annually in July.

3.1 Public sector wages grew 0.7% in the September 2026 quarter, while private sector wages grew 0.5% for the same period. These results are average for a September quarter (since 2009).

3.2 Public Service (departments and departmental agencies) wage growth was 0.6% for the quarter, up from 0.1% last quarter. Wage growth across the Public Service is typically highest in a September quarter, as many employers adjust remuneration systems annually from 1 July.

3.3 New collective agreement settlements covering parts of the health sector this year have affected the index this quarter. Quarterly wage growth in the health sector was 1.1% up from 0.3% last quarter.

3.4 Consumer price inflation was 0.7% this quarter.

4 Annual wage growth was steady at 2.1% in the year to September 2026, slightly up from 2.0% in the year to March 2026.

4.1 Public sector wages grew 1.9% in the year to September, up from 1.7% in the year to June, and private sector wages grew 2.1%, in the year to September 2026 up from 2.0% in the year to June.

4.2 Public Service wage growth was 1.2% for the year to September 2026, down from 1.3% in the year to September 2025; Public Service wage growth in September 2025 (this time last year) was slightly higher (0.7% for September 2025) than Public Service wage growth this quarter.

4.3 Annual wage growth was 2.5% in the education sector in the year to September 2026, and 1.7% in the health sector for the same period.

4.4 Annual inflation, as measured by the Consumer Price Index, was 3.7% in the year to September 2026, leading wage growth in all monitored sectors.

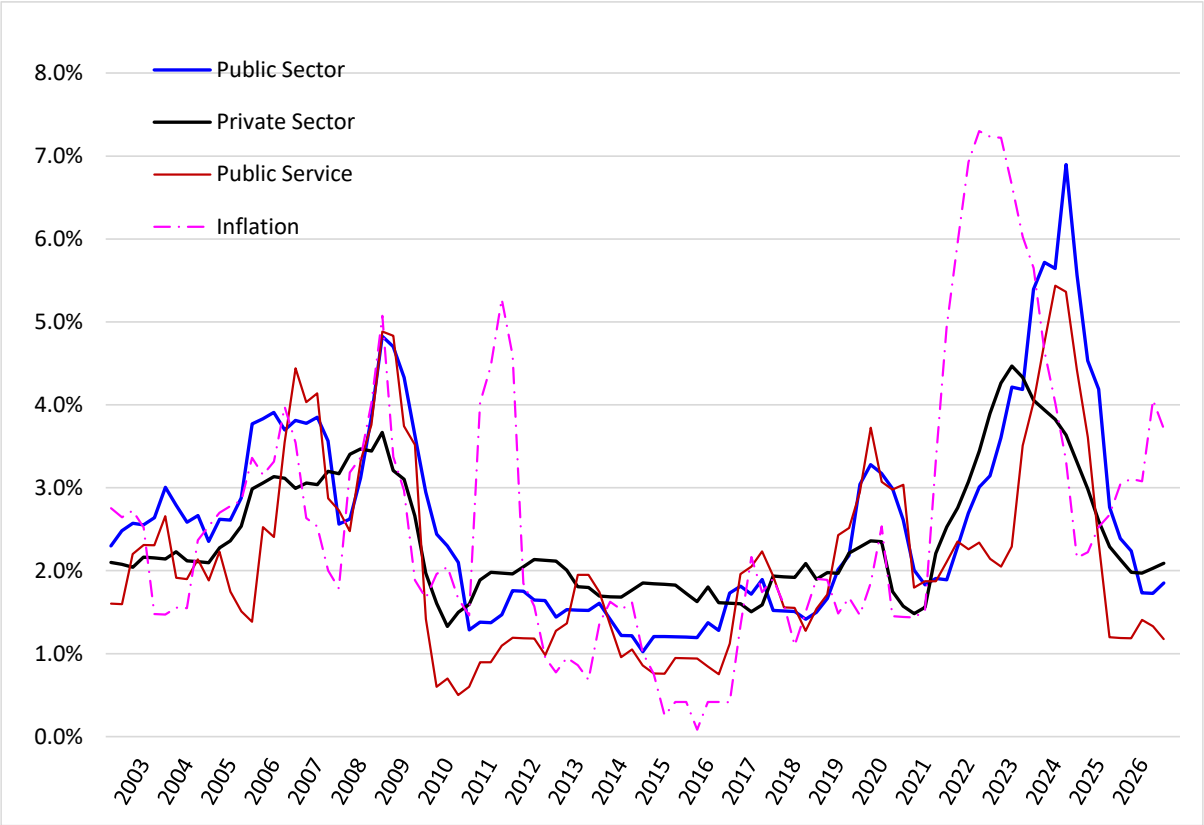
5 Twenty-four percent of public sector employees received a pay increase in the September quarter (15% in the private sector), and 66% received (at least one) pay increase in the year to September 2026 (54% in the private sector).

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 September 2026 quarter			Cumulative wage growth since:	
	Quarterly	Annual	March 2018	June 2001
All Sectors Combined	0.5%	2.1%	26.2%	82.5%
Private Sector	0.5%	2.1%	25.4%	80.8%
Public Sector	0.7%	1.9%	29.8%	90.2%
Public Service	0.6%	1.2%	23.9%	69.9%
Health Sector	1.1%	1.7%	42.8%	116.6%
Education Sector	0.4%	2.5%	28.7%	94.6%
Other Central Govt.	0.7%	1.2%	24.7%	71.4%
Local Govt.	0.7%	2.2%	27.7%	90.3%
Inflation	0.7%	3.7%	35.3%	91.4%

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



Please direct any enquiries to EmploymentRelations@publicservice.govt.nz

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