

# What is CPI?

The Consumer Price Index (CPI) measures changes in the average cost of goods and services — like food, power, and rent — over time.

## Why is it important to add CPI to your budget?

CPI reflects inflation and is added to your budget so that it more accurately reflects what your costs will be.



- Round CPI calculated expenses to whole numbers (no decimal places) for simplicity.
- Use a budget notes section to explain the use of CPI in your calculations for transparency.
- If you reimburse mileage check the [IRD's website](#) for the most current rate for budgeting purposes

**CLICK HERE** 

Excel Budget Template with  
CPI calculations included

## How to apply CPI to your budget

### 1 Find the current CPI rate

Go to [Stats NZ CPI Page](#) and note the latest annual CPI percentage change.

*Example - if CPI is 2.7% (actual June 2025), that means average costs increased by 2.7% over the past year.*

### 2 Focus on budget expenses that are affected by inflation



Don't forget about Contractor Fees, Audit Costs, Programme Costs, Consumables and costs associates with Wages i.e KiwiSaver and ACC Levies

### 3 Apply the CPI Adjustment to the Expense Items in your budget

For each expense item calculate the previous years actual expense multiplied by the annual CPI rate to calculate the new budgeted amount

*Example - If your annual rent figure was \$20,000 the new budgeted amount for rent including CPI estimate is \$20,540*

$$\$20,000 + \$540 (\$20,000 \times 2.7\% \text{ CPI}) = \$20,540 .$$

#### Website links

<https://www.stats.govt.nz/indicators/consumers-price-index-cpi/>

<https://www.ird.govt.nz/income-tax/income-tax-for-businesses-and-organisations/types-of-business-expenses/claiming-vehicle-expenses>

<https://sociallink.org.nz/wp-content/uploads/2025/08/SocialLink-Annual-Operating-Budget-with-CPI-Increase-Template.xlsx>