

# 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?

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

### Tips!

- ✓ **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

# How to apply CPI to your budget

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## Find the current CPI rate

Visit the [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.

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## Focus on budget expenses that are affected by inflation



Don't forget about contractor fees, audit costs, programme costs, and costs associates with wages i.e KiwiSaver and ACC levies

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## Apply the CPI adjustment to your expenses

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

**Example:** If annual rent is \$20,000, the new budgeted amount for rent with CPI estimates \$20,540.

$$\begin{aligned} \$20,000 \times 2.7\% \text{ CPI} &= \$540 \\ \$20,000 + \$540 &= \mathbf{\$20,540} \end{aligned}$$

### + Helpful Websites

[Stats NZ Consumer Price Index](#)  
[IRD Claiming Vehicle Expenses](#)

### + Helpful SocialLink Resource Links

[Excel Budget Template with CPI](#)  
[SocialLink's Organisational Advisor Financials + Funding](#)

