Annual Remuneration Reviews – The CPI Date

The overwhelming majority of caretaking agreements include an annual review of the remuneration amount paid to the caretaker. An annual review usually results in the remuneration increasing by the percentage amount that the Consumer Price Index (***CPI***) has increased over that same period. After a quick visit to the Australian Bureau of Statistics website and a few moments with a calculator or spreadsheet, anyone can work out what the new remuneration amount should be. In theory.

For some caretaking agreements, it can be difficult to clarify which CPI figures are meant to be used to calculate the CPI increase. Most of the confusion I encounter stems from one of the three issues.

1. The current caretaking agreement replaced an older agreement which commenced on a different date. Even though the new agreement says to use the new commencement date for CPI calculations, often people will keep using the old anniversary date.

2. The anniversary falls on a date when the relevant CPI data isn't yet available. The June 2026 CPI data isn't available until the last week of July 2026. This means that if your anniversary date is in early July the June CPI number you need hasn't been published yet.

3. The wording of the caretaking agreement doesn't clarify which month's CPI data should be used. Prior to 2026, CPI data was only published on a quarterly basis. In 2026 CPI data started to be published monthly. Agreements that were prepared before 2026 will assume that quarterly CPI data is to be used for all remuneration reviews but sometimes they won't actually say this.

The sooner a CPI issue can be identified and fixed the better. After just a few years, incorrectly calculating your CPI could lead to having to refund thousands of dollars to the Body Corporate. Or it could mean that the Body Corporate owes you thousands of dollars.

There are simple warning signs you can look out for and questions you can ask to see if you are at risk of your CPI being incorrectly calculated. These include:

- Does your review date match the commencement date of your agreement? If **No**, why not?

- Does your review date fall within the few weeks after the end of each quarter, i.e. the early weeks of January, April, July or October? If **Yes**, is your remuneration adjustment delayed until later in the month once the CPI data has been published?

- Does the CPI clause in your agreement use the word "quarter"? If **No**, is it clear which monthly CPI data should be used?

If you find you are not sure about the answers you can give to the above questions, I recommend you do a quick health check on your annual remuneration and make sure that it has been calculated correctly over the years. For assistance with checking the maths on the remuneration you have been receiving you should speak to your accountant. For assistance with checking the dates that your CPI calculations are due you should be speaking to your lawyer.