
2012 Review of the Minimum Essential Standard of Living Baskets and the addition of the 3rd & 4th Child to the Dataset

A Briefing Note

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Key Findings from the Review & the addition of the 3rd & 4th Child

- The norms established in 2006 for a minimum essential standard of living remain largely unchanged despite the recession. Members of the public still believe that a minimum standard of living is more than survival and should allow for full participation in society.
- Since 2006, when the baskets were first drawn up, Aldi and Lidl have increased their foothold in the Irish retail market and this was recognised by the review focus groups. While other retailers retain a larger proportion of the market share, focus groups regarded these stores as representative of a minimum living standard. As a consequence, a large proportion of cleaning products and food items are purchased in Aldi. However, some food items continue to be purchased in large multiples and meat items continue to be purchased in the local butcher.
- The single adult's food basket has been adjusted following the review. To that end, in addition to the shift to Aldi, the following changes were made to single adult food basket: the frequency of purchasing 'take-away' food was reduced from once a week to once every four weeks, and similarly the 'Sunday Lunch' was reduced from once every week to once every six weeks. Additional food items were added to basket to ensure there was a sufficient quantity of food to allow for the appropriate number of meals per day.
- A number of changes have been made to rural households food baskets. When the rural food baskets were first drawn up, pensioners in particular, bought a large proportion of food in local shops. However in view of the fact that rural pensioner household's had a car and because of being in a time of recession, the review focus groups felt that while a proportion of shopping should continue to be purchased locally such as bread, milk and some fruit and vegetables, the other food items and perishable goods should be purchased in Aldi or Lidl. For that reason, while all rural households continue to do a proportion of their food shopping locally, the majority of food items are now purchased in Aldi.
- The review process has captured a shift in attitude towards computers and access to the internet. Following the review, households with children and adults of working age have a laptop computer and a dongle/wireless internet connection as these are now strongly regarded as minimum essential items. When the baskets were originally drawn up in 2006 only households with an adolescent had a computer and an internet connection for educational purposes, whilst the single adult of working age accessed the internet at an internet cafe once a week
While in general pensioners had mixed views on computers and the internet, there was a

general consensus that these items were not minimum essential items for pensioner households and therefore they were not included in the basket for these households.

- The inclusion of internet access for all non-pensioner households changed the need for purchasing newspapers. Households with access to the internet no longer regarded the daily paper as a minimum essential requirement as news can now be readily accessed online and therefore only 1 weekend paper is allowed for.
 - The single adult's phone credit has been reduced from €10 per week to €5.00 per week. Focus groups said that mobile phone companies are now offering a greater number of deals such as free calls to the same network etc and therefore €5.00 phone credit per week is sufficient.
 - In order to expand the work to include a 3rd and 4th child, it was necessary to make some adjustments to the baskets to ensure there was not an unnecessary duplication of particular goods and services . For example, the hair straightener was removed from the female adolescent basket and placed in the mother's basket. This was done to ensure that there were not multiple hair straighteners in a household with a number of adolescent children.
 - Additional costs for electricity and household goods also had to be ascertained for the 3rd and 4th child.
 - For households with four children and a car, the car currently in the transport expenditure category (Nissan Micra) would not allow for two parents and four children, in that there are only three seat belts in the back of this car. It would therefore contravene legal and health and safety regulations to allow allow four persons as back seat passengers when there are only three seatbelts. As a consequence a larger 7 seater car had to be priced and the difference in cost between the smaller car and the larger car is included in the cost of a fourth child. The additional petrol money is also included and also the additional cost of car tax because of it being a larger car. Also included is the additional cost of insurance for having a larger car.
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The Effect of the Review on the Contents and Cost of a Minimum Essential Standard of Living Baskets

The review of the baskets involved focus groups examining changing attitudes towards what is considered necessary for a minimum essential standard of living between 2006, when the expenditure baskets were first drawn up, and 2012. The review of the baskets did not involve drawing up and pricing entirely new baskets. The contents of the existing baskets were reviewed, and where necessary goods and services were added or subtracted. The lifespan of goods and where items were purchased was also reviewed. Subsequently, any necessary adjustments were made to the baskets based on the discussions with focus groups and expert opinion where necessary.

The 2012 review of the baskets has not shown a fundamental shift in members of the public's opinion on what constitutes a minimum essential standard of living. However, whilst there was no seismic shift in attitudes or shopping patterns, there have been some alterations to the baskets that have impacted on the contents of the baskets and thus the cost of a minimum essential standard of living.

This section of the briefing note will outline the effects of the review by drawing on a number of sample households and examining the cost of the minimum essential baskets and how they have changed following the review. The cost of a minimum essential standard of living post the review process (March 2012 Prices) is compared against the cost of a minimum essential standard of living had we just inflated the figures to March 2012 and did not make any changes to the contents of the baskets.

In Tables 1-3 the first column of figures, labelled pre review € per week, shows the cost of items identified in the original baskets of 2006 without any changes and inflated to March 2012. The second column, labelled post review € per week, reflects the changes proposed by the review focus groups and are also based on March 2012 prices. For example, where there was no change to a category (e.g. Table 1 household services category) the figure for that category will be the same for the pre-review and post review basket as both figures have been inflated to March 2012 and no changes were made to the contents of this category. Where changes have been made, the figures given for those categories will obviously be different (e.g. Table 1 communications category) as the contents of the baskets have been altered following the review process. Three sample households will be used for the analysis.

Two Parents and Two Children, Primary School and Secondary School

Table 1 details the cost of a minimum essential standard of living pre review and post review for a two parent, two child household with no entitlement to secondary benefits and housing costs excluded. Following the review process the cost of a minimum essential standard of living has fallen from €570.70 to €552.58, a decrease of €18.12 for this household type.

Table 1 Urban Two Parents & Two Child Household, Primary School & Secondary School

Item	Pre-Review € per week	Post Review € per week
Food	129.56	129.43
Clothing	30.23	33.78
Personal Care	28.13	26.36
Health	10.69	12.74
Household Goods	26.72	23.11
Household Services	8.35	8.35
Communications	29.40	20.00
Social Inclusion & Participation	103.66	93.37
Education	21.64	24.41
Transport	57.88	57.88
Household Energy	41.26	39.95
Personal Costs	5.26	5.75
Childcare	00.00	0.00
Insurance	49.27	49.27
Savings & Contingencies	28.66	28.18
Total	570.70	552.58

While urban household's switched from buying a large proportion of their food in Tesco to Aldi, there is little difference in price between the pre and post review food basket. This is because

although there was a switch to a different retailer, the contents of the basket did not change and the food basket is now comprised of 'own brand' Aldi products as opposed to 'own brand' Tesco products as it was previously. This therefore indicates that there is little difference in price between retailers 'own brand' products.

Whilst the shift to a different food retailer did not impact greatly on the cost of a minimum essential standard of living, changes made following the review to the social inclusion and communications categories have resulted in a decrease in the cost of living for this household type.

The social inclusion and participation category has decreased by approximately €10.00 following the review. A large proportion of this decrease is a result of removing the daily paper from the basket as focus groups argued that as a minimum, news content can now be readily accessed on line. Other changes such as removing the dictionary and telephone and address book also contributed to the decrease in cost for this category. These items were no longer regarded as minimum essential items as dictionaries can be accessed on line, and telephone numbers are now stored in mobile phones.

The cost of the communications category has also been reduced following the review. This household's communication budget did allow for internet prior to the review. When the baskets were first drawn up in 2006, focus groups included the internet and a computer for an adolescent for education purposes. Following the review, the internet is included for people of working age and households with children of any age. However, when the internet was included in 2006, it was based on the household accessing the internet via a landline and broadband, which in 2012 cost €11.29 per week (based on 2006 figures inflated to 2012). By reviewing the baskets, it allowed for an examination of internet and its cost. Since 2006, the cost of using the internet has decreased and it now more readily accessible. Following the review, a dongle wireless internet connection was priced. This costs €20.32 per month or €4.69 per week, thereby reducing the cost of the communications category by €6.60 per week.

There have also been minor changes to other categories such as education for example that have impacted on the cost of the baskets. For example, the school shoes in the basket for children of primary and secondary school going age were from a low cost retailer. Review focus groups argued that these shoes would be of poor quality and realistically would not last the school year and argued for Clarks shoes to be priced. Focus groups said one pair of good shoes would last the entire school year and were better for children's feet. As a result, Clarks shoes were priced and replaced the low cost shoes that were previously in the education budget.

Single Adult of Working Age

As Table 2 demonstrates there is a considerable difference in the cost of a minimum essential standard of living for the single adult household. The single adult's 'shopping basket' has fallen by €37.93 per week.

Table 2 Urban Single Adult of Working Age

Item	Pre-Review € per week	Post Review € per week
Food	73.33	57.01
Clothing	13.20	16.20
Personal Care	12.87	14.05
Health	4.83	5.08
Household Goods	8.63	5.50
Household Services	-	-
Communications	16.69	10.03
Social Inclusion & Participation	53.84	38.59
Education	3.18	5.65
Transport	31.45	31.45
Household Energy	10.49	10.49
Personal Costs	4.98	5.25
Childcare	-	-
Insurance	16.59	18.52
Savings & Contingencies	15.68	10.00
Total	265.76	227.83

One of the most notable changes can be found in the area of food. Reducing the frequency of purchasing 'take away' and 'Sunday lunch' has meant that the cost of this category has been reduced by €16.32 per week.

Social Inclusion & Participation is also another category that has seen a reduction following the review process. The reduction is due by and large to the removal of the daily paper (with the exception of 1 weekend paper) and cable TV from the basket. The single adult male was the only household that had cable TV, however review focus groups did not regard this as a need, particularly in light of the decision to include a laptop and internet connection. Therefore, the social inclusion budget has been reduced by approximately €15.00 per week because of the removal of these two items.

Communications is also a category of expenditure that has seen a decrease in cost for the single adult household. Prior to the review, the single adult's communication basket allowed for approximately €5 per week for an internet cafe. This has been replaced by having access to the internet at home through a dongle wireless, the price of which is also approximately €5 per week. The reduction in the cost of the communications category is therefore due to the decision to reduce phone credit from €10.00 per week to €5.00 per week. Focus groups regarded €5.00 as an appropriate minimum amount and stressed the increasing number of deals being offered by mobile phone providers. Finally, as a result of the inclusion of a laptop and associated accoutrements such as ink and paper, the education category has increased by €2.47 per week.

Pensioner Living Alone

The review has had minimal effect on the cost of a minimum essential standard of living for pensioners living alone. Following the review, the contents were not altered substantially for this household type and therefore there is very little change in the cost of a minimum essential standard of living following the review process.

The personal costs category has seen the largest change in monetary terms. The cost of this category has fallen from €7.48 to €4.18 per week. The cost of this category has been reduced because focus groups adjusted the amount of money donated to charity. Prior to the review, this household gave €5.48 per week to charity¹. Focus groups reduced this to €2.00 per week and argued that in 2012 and in a time of recession this represented an appropriate minimum amount, hence the decrease in cost for this category of expenditure.

For all other categories of expenditure, there was minimal change in the contents of the basket and thus subsequently the cost of a minimum essential standard of living with the majority of categories costing the same or increasing or decreasing by a minimal amount due to minor changes to the baskets.

¹ Donations to charity were €5.00 per week in 2006, and with inflation this rose to €5.48 in 2012.

Table 3 Urban Pensioner Living Alone

Item	Pre Review € per week	Post Review € per week
Food	68.64	69.18
Clothing	11.06	10.68
Personal Care	9.50	9.90
Health	9.76	9.61
Household Goods	18.88	18.27
Household Services	7.05	7.44
Communications	13.91	13.91
Social Inclusion & Participation	42.50	41.16
Education	0.00	0.00
Transport* Free Bus Pass	0.00	0.00
Household Energy	45.64	45.64
Personal Costs	7.48	4.18
Insurance	30.44	30.44
Savings & Contingencies	10.46	10.00
Total	275.32	270.41

Background to the Review of the Baskets & the Addition of the 3rd & 4th Child

The review of the baskets involves examining changing attitudes towards what is considered necessary for a minimum essential standard of living between 2006, when the expenditure baskets were first drawn up, and 2012. This is necessary because as time passes living standards and what is regarded as a minimum may change. Furthermore, if the baskets are going to be a

relevant and a useful tool for policy and decision making into the future they need to be kept up to date.

The review of the baskets does not involve drawing up and pricing entirely new baskets, but rather it is an examination of the existing baskets and making any necessary adjustments based on discussions with focus groups and expert opinion where necessary. Focus group members were asked to consider the existing list of goods and services in each category and then identify items that needed to be added, subtracted or altered e.g. lifespan or retailer. After discussion, a negotiated consensus was reached and the new reviewed baskets established.

With regard to the expansion of the dataset to include a 3rd and 4th child, in all previous work of the VPSJ household expenditure was composed of one/two parent households with two children. The expansion of the study to include a 3rd and 4th child allows for one/two parent households with up to four children of different ages from infancy to 18 years of age.

Since 2006 when the baskets were first drawn up, there has not been a comprehensive review of the expenditure baskets. The 2012 review process provides an opportunity to undertake a detailed re-examination of the baskets drawn up in 2006. As conditions in society change, the definition of what households need in order to have a minimum standard of living may change too. Furthermore, the expansion of the dataset to include households with up to four children enables the VPSJ to have data on the cost of a minimum essential standard of living for a larger number of household types with children.

The Origins of the VPSJ Minimum Essential Budgets

The origins of the VPSJ'S research into minimum essential budget standards began in 2001 with the publication of 'One Long Struggle'. This was followed in 2004 with the publication of 'Low Cost but Acceptable Budgets for Three Households'.

The current tranche of research began in 2006. In 2006 the Vincentian Partnership for Social Justice (VPSJ) published the first of a series of Minimum Essential Standard of Living reports. The study 'Minimum Essential Budgets for Six Households', focused on urban household types. A minimum essential standard of living (MESL) is a standard of living that meets a person's physical, psychological and social needs. It is a standard of living that is based on needs, not wants, but it is more than survival and allows for meaningful participation in society. A MESL is not a standard of living for people in poverty, rather it is a standard that no individual or household should be expected to live below.

The study, using consensual budget standards methodology, gathered and collated data on the aggregate expenditure six households need for a Minimum Essential Standard of Living (MESL). The following are the six household types:

- One parent and two children age 3 & 10
- Two parents and two children age 3 & 10
- Two parents and two children age 10 & 15
- Single adult male of working age
- Single female pensioner living alone age 70+
- Pensioner couple age 66-69

In order to establish a MESL focus groups consisting of 8-10 people from different socio-economic backgrounds were held for each of the household types. Three different focus groups were held for each household type. After much consultation and discussion with focus groups, and also expert opinion where necessary, such as a nutritionist for example to ensure the food baskets met the requirements for a healthy and nutritious diet, a basket of goods and services was drawn up for each household type and priced in the stores identified by the focus groups. The baskets consist of over 2000 items – both goods and services, organised into different categories of expenditure such as food, clothing, health, personal care and social inclusion and participation amongst others. In total there are sixteen categories of expenditure.

Each item in the basket was assigned an appropriate quantity and also lifespan and the weekly cost of all the goods and services calculated. To do this, the cost of the good or service is divided by the number of weeks it is expected to last. For example, a fridge/freezer costing €259.00 with a lifespan of 10 years or 520 weeks costs €0.50 per week.

This 2006 study established the cost of a minimum essential standard of living for six household types. Since then, the baskets of goods and services have been updated in line with inflation to take account of price changes within each category of expenditure, following how the cost of a minimum essential standard of living changes year on year.

Since 2006, the VPSJ has undertaken other studies using the baskets drawn up in 2006. In 2010 the VPSJ published 'Minimum Essential Budgets for Six Households in Rural Areas'. This research examined the same six household compositions as in the urban areas and utilised the 2006 baskets as the basis of the expenditure to examine the additional and/or different costs and shopping patterns necessitated by rural living².

² It is important to note it was not possible to establish focus groups of young single adults of working age (25-45) in rural areas, similar to those in urban areas. Single adults of working age in rural areas tended to be between the

In 2012, the VPSJ and the Policy Institute at Trinity College Dublin published 'A Minimum Income Standard for Ireland'; this study once again used the baskets drawn up in 2006 as the basis of the research. Up to this point, expenditure was based on aggregate household expenditure. This report departed from that approach and the individualised costs for each household member was established and two new age groups added to the dataset, namely an infant and a 19 year old living in the family home.

2012 Basket Review

The purpose of the review is to examine the consensual budget standards expenditure baskets that were first drawn up in 2006 to ensure that the baskets are kept up to date and adequately reflect what members of the public believe is necessary for a minimum essential standard of living. The review process is not a rebase of the baskets, in that it is not starting from scratch and drawing up entirely new baskets or re-pricing every good and service. The review is an examination of the existing baskets by new focus groups to ascertain their opinions on the contents of the 2006 baskets and what may have changed in the intervening years.

Focus Groups

In order to review the baskets and examine changes in goods and services as well as attitudes between 2006 and 2012 focus groups were held for three broad household types:

- One/Two Parent Families with Children
- Pensioners living with Spouses or Alone
- Single Adults of Working Age

The focus groups took place in January and February 2012 and the pricing of new goods and services identified by focus groups took place in the last two weeks of March 2012.

In total, three different focus groups were held for each of the three broad household types. Each focus group met twice to examine the 2006 baskets. This was necessary as it was not possible to examine the baskets in detail in one session. Each focus group session lasted approximately 2.5 hours. There were approximately 8-10 people in each focus group.

The baskets that were drawn up in 2006 were brought to the review focus groups. The focus groups examined the items in the baskets as well as the quantity and lifespan of items. The shops items were purchased in were also examined. The focus groups assessed whether items

ages of 48 and 65. For this reason, the single adults of working age are not completely comparable between urban and rural areas

should be removed or added to the basket and if shops, quantities or the lifespan of items and services needed to be changed. The focus groups identified a number of changes that needed to be made to the baskets to reflect minimum essential living standards in 2012.

The project team thus set about amending the baskets and the pricing of new goods and services identified by the focus groups took place in the latter half of March 2012. Each category of expenditure was examined in detail and the appropriate changes made.

The review of the baskets revealed that the understanding of the concept of 'minimum' has not significantly changed between 2006 and 2012, with focus groups very clear in their view that a minimum standard of living is not a survival standard, nor a standard for people in poverty; rather it is a standard of living that should allow for people to engage in activities that are considered the norm for Irish society.

The Addition of the 3rd & 4th Child

For the publication '*A Minimum Income Standard for Ireland Study*' (February 2012) costs were individualised out for each household member and two new age groups added to the basket, namely an infant and 19 year old male. The addition of the infant to the dataset allows for children in four different age groups to be represented in the dataset. The four age groups are:

- Infancy
- Pre-school
- Primary-school
- Second level

The individualisation process has facilitated the addition of the 3rd and 4th child to the dataset as it allowed for individual costs to be assigned to each child. The individual costs are those that can be solely attributed to a child and exclude those shared in common with parents or borne solely by parents.

In order to expand work to include a 3rd and 4th child, it was necessary to make some adjustments to the baskets to ensure there was not an unnecessary duplication of particular goods and services. For example, the games console was removed from the 10 year olds social inclusion expenditure and placed in the parent(s) basket, to ensure that there is only one games console per household rather than one per child.

Furthermore, additional costs for electricity and household items also had to be ascertained for the 3rd and 4th child. To that end for example, it was necessary to increase the quantity of

cutlery in the household and furniture, and allow for additional uses of the toaster, shower, washing machine and iron etc.

By expanding the dataset to include households with up to four children, the work of the VPSJ now covers 92% of households in Ireland with children. The breadth of the research of the VPSJ means that the data can be used to examine multifarious household compositions in various employment situations. The VPSJ Minimum Income Standard Calculator, which the VPSJ data feeds into, (www.MISc.ie) is a very useful resource that demonstrates not only the expenditure that households need to afford a minimum standard of living but also the gross income households need to earn to afford a standard of living that meets their physical, psychological and social needs.

Conclusion

Consensual budget standards, a research method grounded in the opinions of members of the public, sets a standard of living that no individual or household should be expected to live below. It is not a standard for one social group or class and allows for physical, psychological and social needs to be met as well as full and meaningful participation in society. By reviewing the baskets and extending the dataset, there is a comprehensive, up-to-date account of what individuals, households with children and pensioner households need for a minimum essential standard of living across the spectrum of the life cycle from infancy to old age and for urban and rural dwellers. It is hoped that this research will go some way towards informing Government officials and policy makers on the actual cost of living in Ireland and the adequacy of social welfare payments, services and the national minimum wage.