
The Cost Of A Child

A consensual budget standards study examining the direct cost of a child across childhood

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A Vincentian Partnership for Social Justice research report

Members of the Vincentian Partnership for Social Justice:

The Society of St. Vincent de Paul;

The Vincentian Congregation;

The Daughters of Charity; and

The Sisters of the Holy Faith.

The Vincentian Partnership for Social Justice was established in 1996 to work for social and economic change – tackling poverty and social exclusion.

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All errors and views expressed in this report are the responsibility of the authors alone.

Foreword

According to the OECD¹ Ireland was one of only nine countries that reduced its child poverty rate between the mid 1990s and 2008, although it was still higher than the pensioner poverty rate. By then Ireland had established one of the most effective social protection systems for families with children in the EU – successful in reducing its pre transfer child poverty rate by 57%.

But then the crisis hit and the cuts began. According to Euromod analysis² Ireland was one of the countries that chose to focus its cuts more on children than pensioners. The result is that relative child poverty increased despite the fact that the poverty threshold fell in Ireland between 2009 and 2010, and the proportion of children severely deprived increased by two thirds between 2007 and 2010 but according Irelands Central Statistical Office there was no increase in pensioner poverty or deprivation between 2009 and 2010. Something quite similar has been happening in Britain.

So it is a very good moment to focus on the cost of rearing children, carried increasingly by parents with diminishing support from the state. This report is typical of the Vincentian Partnership's top notch quality work on Irish living standards using budget standards methods.

My congratulations to the authors and let us pray the results will convince policy makers of the need to protect children in this recession.

Professor Jonathan Bradshaw CBE, FBA

University of York

April 2012

¹ http://www.oecd.org/document/4/0,3746,en_2649_34819_37836996_1_1_1_1,00.html Figure C02.2.B.

² Callan, T., Leventi, C., Levy, H., Matsaganis, M., Paulus, A. and Sutherland, H. (2011) The distributional effects of austerity measures: a comparison of six EU countries, EUROMOD Working Paper No. EM6/11

Executive Summary

Purpose of Research

Child poverty is measured as the proportion of all children aged 17 years or younger who live in households that have an income below the 60 per cent of median income poverty line. The 2010 Survey on Income and Living Conditions (SILC) found that children are the most at-risk-of-poverty age group, and 19.5 per cent or almost one in five children, were at-risk-of-poverty in 2010. This has increased from 2009 when the rate was 18.6 per cent (CSO, 2011).

Despite significant investment in financial supports for children, particularly in the period 2001-2008 when Child Benefit rates rose year on year, child poverty remains stubbornly high in Ireland. More recently, pressures on public spending have resulted in significant reductions in child income supports and a rise in the at-risk of poverty rate for children. It is therefore necessary that policies designed to support and assist children and their families are underpinned by research on the actual costs of raising a child. Current social welfare rates are arbitrary, in that they have been decided by Government officials and other policy makers without any sense of what it actually costs to raise a child. This study attempts to overcome this information deficit by providing data on the direct costs of raising a child from infancy to mid second level school age to ensure that supports and policies relating to children are sufficiently informed.

Ultimately, the fundamental objective of this study is to ascertain the direct cost of raising a child in Ireland, using the consensual budgets standards approach. Whilst Carney et al., in 1994 published extensive research entitled 'The Cost of a Child' using the budget standards approach; there has not been any comprehensive research on this area in recent times in Ireland. This report bridges this gap and provides up-to-date, rigorous and detailed information on the direct cost of a child across four stages of childhood. The 'Policy and Value for Money Review of Child Income Supports and Associated Spending Programmes' published by the Department of Social Protection in 2010 recognised the need for such research:

'In order to better understand policy development into the future, the review recommends that the Department of Social Protection should seek to ensure that estimates around the cost of a child are updated using the direct budget standards method (using an agreed minimum budget as well as higher standards) and the more indirect methods such as analysis of the household budget survey. These should allow for better understanding of the links between equivalence scales (used in the measurement of household income and poverty) and direct estimates of the cost of a child and therefore provide a better understanding of the extent to which Child Benefit provides assistance with child raising' (Department of Social Protection, 2010: 112).

Outline of Report

The research to date of the VPSJ, upon which this report is based, established the cost of a minimum essential standard of living for six household types for urban (VPSJ, 2006) and rural areas (VPSJ,

2010). In these studies, expenditure for children was presented as part of a household and the cost of a minimum essential standard of living was based on the aggregate household basket. The 2012 publication '*A Minimum Income Standard for Ireland*' (a joint research project between the VPSJ and Trinity College Dublin) established the individualised costs for each household member. In addition, the 2012 study expanded the data to include an infant, young adult male age 19 and a female of working age. The existing dataset already included three stages of childhood namely pre-school (3 year old); primary school (10 year old) and second level (15 year old). Whilst the 2012 study established individualised costs for each household member, its primary purpose was to examine the gross income individuals and households with children of different ages need to afford a minimum essential standard of living. This second 2012 report focuses solely on the direct costs of children (as part of a household) at four stages of childhood and presents the minimum expenditure requirements from infancy to adolescence. While this report captures the cost of a child at particular stages, within the context of a household with parent(s) and children, it does not present the additional cost of having a child for individuals and couples moving from being childless to being parent(s), or the additional costs that may follow, such as having to move to larger accommodation and the costs of heating and electricity for a larger space etc.

This report, using the consensual budget standards approach, presents what it costs for a child to have a minimum essential standard of living; a standard of living that is based on needs not wants but is more than survival. It is a standard that allows for physical, psychological and social needs to be met. A minimum essential standard of living is not a poverty standard, or a standard for particular groups in society. It is a standard which is concerned with a life with dignity for all and represents a level below which nobody should be expected to live. It is derived from a negotiated consensus on what people believe to be a minimum. This is calculated by identifying the goods and services required by different individual and household types in order to meet their minimum needs.

The costs of children across thirteen areas of expenditure³ are presented at the following stages of the childhood⁴:

- Infant
- Pre-School
- Primary School
- Secondary School

This study focuses on the direct costs of children, i.e. costs that can be solely attributed to the child e.g. food, clothing, education and personal care etc. Items and services that are consumed by children and other members of the household, for example household furnishings and equipment

³ Not all categories of expenditure apply to each stage of childhood, e.g. there are no education costs for an infant.

⁴ Expenditure for children is presented without differentiating between genders. For a full explanation of how costs for each age group have been derived from individual male and female budgets and combined into budgets that represent both sexes see Chapter 3 Methodology.

(apart from the furniture in the child's bedroom) and use of the family car etc have not been attributed to a child and therefore are not discussed in this report⁵.

The report also presents the findings with and without childcare costs to demonstrate the financial impact that the cost of childcare can have on those who work outside the home. Furthermore, costs are also given for urban and rural locations to take account of different and or additional needs that children may have depending on their location. Differentiating between urban and rural locations also captures the shopping patterns of focus groups participants and the availability of, and ease of access to shopping outlets, as well as the difference in the cost of goods and services between the two locations.

Having established the direct expenditure children need for a minimum essential standard of living, the report moves on to analyse the adequacy of child income supports in Ireland in light of the minimum expenditure needs across childhood. For the purposes of this study, the adequacy of three child income supports are examined namely Child Benefit, the Qualified Child Increase and Family Income Supplement.

Key Findings

The report establishes a number of key findings that it is hoped will go some way towards informing policy makers about the direct cost of children and the adequacy of child income supports at different stages of a child's life. The report seeks to answer the question of what is the direct minimum expenditure children need in order to have a standard of living that meets their physical, psychological and social needs.

One of the main findings of the report is that no single figure can define the cost of a child. Expenditure is high in infancy before falling at pre-school age and then increasing steadily as children grow older. The needs of children change as they grow older and what they need for a minimum essential standard of living varies depending on their life stage. For example, an infant will require basic items such as a pram, nappies and a changing mat that are no longer required when they are older.

Whilst expenditure on necessities that all children need such as food, clothing and social inclusion and participation, tend to take up the majority of overall expenditure, it is the inclusion of childcare that substantially increases the cost of a minimum essential standard of living particularly at the first two stages of childhood i.e. infancy and pre-school. Therefore parental employment status and the subsequent need for childcare greatly impacts on the direct cost of a child. Whilst expenditure on childcare usually arises in the context of additional earned income, the cost is nevertheless a substantial weekly outgoing that may actually outweigh the benefits of paid work for those earning a low wage. Furthermore, the data on childcare costs reveals that childcare providers in urban areas charge considerably more than their rural counterparts, thus creating a notable difference in the direct cost of a child between urban and rural areas.

⁵ For discussion and analysis of aggregate household expenditure see Collins, Mac Mahon, Weld and Thornton (2012). *A Minimum Income Standard for Ireland A consensual budget standards study examining household types across the lifecycle*.

Table A Direct Cost of a Child (excluding entitlement to secondary benefits e.g. medical card)

	Infant <i>Excluding Childcare</i>	Infant <i>Including Childcare</i>	Pre-school <i>Excluding Childcare</i>	Pre-school <i>Including Childcare</i>	Primary School <i>Excluding Childcare</i>	Primary school <i>Including Childcare</i>	Secondary School
Urban							
Per week	91.13	296.13	48.29	223.87	78.66	130.30	144.92
Annually	4,738.76	15,398.76	2,511.08	11,641.24	4,090.32	6,775.60	7,535.84
Rural							
Per week	92.98	260.31	50.03	183.44	83.04	134.72	140.20
Annually	4,834.96	13,536.12	2,601.56	9,538.88	4,318.08	7,005.44	7,290.40

In chapter 5 ‘The Adequacy of Child Income Supports’ the analysis shows that Family Income Supplement (FIS) makes a valuable contribution to low income working households and to the cost of raising a child. From our analysis of a two parent and one child household, with one adult working full-time on the national minimum wage, the value of FIS received by this household when combined with Child Benefit, meets the direct cost of a child at four stages of childhood when childcare is excluded. Nevertheless, while FIS and CB may meet the cost of a child in certain situations, this does not necessarily mean that the household itself will have an adequate income to support a minimum essential standard of living.

While FIS can make a significant financial contribution to low wage families, the analysis also reveals that by and large the two primary child income support payments received by those on social welfare namely Child Benefit and the Qualified Child Increase fall short of what is needed to cover the direct costs of a child. As child income supports remain static and one rate is applied to children of all ages, the inadequacy of these supports becomes more pronounced as children grow older and costs rise. Furthermore, when the value of CB and QCI are combined it is only at pre-school age that these payments are sufficient and only when childcare is excluded. Therefore, for families dependent on social welfare the two principal child income support payments do not meet the direct cost of a child at three stages of childhood. Furthermore, the fact that children regardless of their age and their needs receive the same level of payment results in greater shortfalls as children grow older and costs rise. The findings therefore provide strong support for the provision of child income support payments which reflect the considerable costs at each stage of development, particularly adolescence.

Conclusion

This report on the direct cost of a child sheds new light on the minimum expenditure needs of children across four different age groups. The report demonstrates that the cost of a child fluctuates across childhood. The cost of a child is dependent on the age and the needs of children at particular ages, parental employment status and the subsequent need for childcare and also location.

It is evident from this study that continuing to set child income supports at arbitrary levels without taking sufficient account of the direct minimum costs of children, and how these change over childhood, will increase the risk of poverty and social exclusion for children in low income or welfare dependent households. Furthermore, children in such households are susceptible to having a standard of living that falls short of their minimum physical, psychological and social needs.

In a time of economic recession it is desirable to target limited resources towards people with the greatest needs. In order to make social welfare transfers more successful in addressing child poverty, consideration should be given to increasing child support payments for low income families. The payments should also take into consideration the most expensive periods of childhood – infancy and adolescence, without reducing payments for children of intervening ages. To be effective, all child income support payments should reflect the actual costs of raising a child. This research is therefore timely in light of the current reductions in social welfare spending and the rise in the at-risk of poverty rate for children. It is hoped that this report will go some way towards informing the debate on the adequacy of child income supports.

Chapter I Introduction

The Vincentian Partnership for Social Justice (VPSJ) was established in 1996 to work for social and economic change – tackling poverty and social exclusion. In the course of its work with people in disadvantaged communities, the VPSJ became increasingly conscious of the struggle of people with low incomes to live with dignity. A 2001 study by the VPSJ ‘One Long Struggle – A Study of Low Income Families’ showed that it was not possible to live with dignity and to provide children with adequate food and clothing etc on the lowest social welfare rates or on the national minimum wage. The findings of the study also revealed that, for the most part, the financial shortfall was not due to irresponsibility or bad management on the part of people dependent on these payments but rather due to a totally inadequate income.

It can be argued that the manner in which the rates for the national minimum wage and social welfare payments are set is arbitrary. They have been developed by negotiations between policy makers at Government level and not on informed social consensus about what households need to meet the cost of a minimum essential standard of living.

The poverty line used by policy makers in Ireland to measure the extent of poverty is set at 60 per cent of median income. 14.1 per cent of the population in Ireland (or 628,761 people) are living below the poverty line. Furthermore, one of the most vulnerable at-risk-of-poverty groups is children and the EU Survey on Income and Living Conditions (SILC) figures indicates that 19.5 per cent of children were at-risk-of-poverty in 2010 (CSO, 2011).

While the European Commission and the UN have begun to use a poverty line located at 60 per cent of median income, little research has been undertaken to determine whether or not an income located at 60 per cent of median income meets the cost of a minimum essential standard of living. Since 2001, the VPSJ has recognised that minimum income standards are an essential tool in preventing poverty and social exclusion, providing their levels are sufficient to enable people to live with dignity and to meet basic physical, psychological and social needs. To that end, the following studies were undertaken to establish the actual cost of a minimum essential standard of living:

- 2004 *Low Cost but Acceptable Budgets for 3 Household Types*
- 2006 *Minimum Essential Budgets for Six Household Types (urban areas)*
- 2008 *Minimum Essential Budgets for Six Households:
Changes in the Cost of a Minimum Essential Standard of Living from 2006-2008*
- 2010 *Minimum Essential Budgets for Six Household Types in Rural Areas*
- 2012 *A Minimum Income Standard for Ireland*

Child income support plays a significant role in tackling child poverty. Continued reductions in Child Benefit payments will have a detrimental impact on the quality of life for children in low income households. Without adequate income children will suffer in numerous ways. Health, education and other aspects of well-being will be put at risk. Whilst Oldfield and Bradshaw (2011) have recently examined the costs of children in low income households in the UK, there has not been a serious attempt in Ireland to ascertain the adequacy of child income supports, particularly for low income households, since 1994 when Carney et al., published a study entitled ‘*The Cost of a Child*’.

For these reasons the VPSJ decided to analyse the data from the 2006, 2010 and 2012 studies from the perspective of the direct cost of a child as part of a household. While the 2012 study (published in February) *A Minimum Income Standard for Ireland* presents the individualised costs for each member of the household, the focus was on the expenditure for children as part of the household and not primarily the specific individualised costs of a child at different stages of the lifecycle. This study, on the other hand, focuses solely on the direct costs of a child across four age groups and presents the expenditure necessary for a minimum essential standard of living that meets children's physical, psychological and social needs.

The consensual budget standard methodology which has been used by the VPSJ since 2006 to establish the cost of a minimum essential standard of living has also been used in the 2012 study.

Budget standards have been described as a 'technique for establishing a standard of living, a benchmark that can be used for many purposes...they can provide a benchmark for poverty measurement or a standard against which to review the adequacy of benefit levels' (Bradshaw, 2004: 11). It is hoped that this study on the Cost of a Child will be used as a benchmark to help measurement of child poverty and to provide a standard against which adequacy of child income supports can be examined and as a guide towards the cost of a standard of living that will meet minimum essential needs.

In conclusion, four major observations emerge from this study, which if recognised, could lead to a reduction in child poverty:

1. No single figure can determine the cost of a child. Costs vary according to the age of children, parents' employment status and the location in which they live.
2. An examination of child Income supports is needed to consider the possibility of some age related payments as there is a significant increase in expenditure when a child enters adolescence.
3. Expenditure on childcare adds considerably to the cost of a child.
4. Child income supports make an important contribution to meeting the cost of a child. However, Child Benefit and the Qualified Child Allowance need to be increased if they are to be an adequate support.

Chapter 2 Literature Review

Introduction

The literature review is divided into five main sections:

- The Cost of a Child
- Social Protection Measures during a Child's Lifecycle and the Issue of Different Levels of Payment at Different Stages of a Child's Lifecycle
- Broad Critique of the Current Child Income Support System
- Impact of the Economic and Fiscal Crisis on Child Income Supports
- Child Income Supports: Not a Complete Panacea to Child Poverty

The first section of the literature review examines previous 'cost of a child' studies, whilst the second section examines literature on child income supports in Ireland and also the issue of different levels of payment in the context of the cost of a child across childhood. The third section examines literature critiquing the child income support system, while the fourth section briefly details findings of the impact of the ongoing economic crisis on children. The fifth and final section briefly examines the need to look at child poverty in relation to poverty as a whole and how adult social welfare rates and access to services etc are acutely tied to child poverty. The purpose of the literature review is to provide a framework for the study and contextualise the question at the heart of this study – what is the cost of a child?

The Cost of a Child

The cost of a child has remained a central theme in the ongoing debate on the adequacy of child income supports in Ireland and abroad and a number of studies have been conducted to ascertain the cost of a child.

In the UK, Oldfield and Bradshaw (2011) used the Minimum Income Standard work of the Family Budget Unit at the University of York and the Centre for Research and Social Policy at the University of Loughborough, uprated using the retail price index to April 2010, to compare the extent to which the social security system in the UK as it stood in 2010 meets the cost of raising a child in a low income household. The costs of a child are derived from a lone parent and two-parent family budget standard (minimum income standard). The items in the child's basket of goods and services include food, clothing, household goods and services, personal care, transport and cultural and social participation necessities. Each category is made up of a number of items and a quantity and lifespan is assigned to each item. In the clothing basket for example, clothes items for children cover 'all seasons', school, leisure, play and 'smart clothes as determined by agreement of the discussion groups about quality, number of items and replacement rates and appropriate outlets for collecting prices' (Oldfield and Bradshaw, 2011:5). The data reveals that costs vary by child age and according to whether childcare costs are included. Apart from rent and childcare in some households, food is the largest weekly expenditure, followed closely by leisure. Excluding childcare costs, the cost of a child increases with age, varying between £77 per week for 0- to one-year-olds to £116 per week for a secondary school child (Oldfield and Bradshaw, 2011).

The research also found that the cost of a child varies not only according to age but also in relation to the presence of younger siblings in the family. A second child in the family will not be twice the cost of the first family having adjusted for age. A second child in a household would result in additional expenditure on housing rent and heating costs because of the need for more space. Furthermore, the majority of items classified as household goods for a first child such as bedroom furniture and linen etc would also be required for a second child. Similarly, public transport fares and hairdressing costs are also related to the individual. The study goes on to state that the cost of a second child in the family varies from £59 per week for a 0-1 year old to £100 for a secondary school age child excluding childcare costs (Oldfield and Bradshaw, 2011).

Oldfield and Bradshaw go on to assess the contribution of the state to the cost of a child. The weekly rate of Child Benefit in 2010 was £20.30 for the first child and £13.40 for each subsequent child. For a one child household this represents a contribution of 26.5 per cent of the cost of bringing up a baby; 23.8 per cent of the cost of a pre-school child; 20.9 per cent of the cost of a primary school child and 17.5 per cent of the cost of a secondary school child. For children in low income households, there is further support in the form of a child tax credit, childcare tax credit and free school meals. However when these benefits are assessed against the estimates on child costs, there is a shortfall in income between the costs of a child and the benefits received, with the exception of an infant who is under one and therefore eligible for the baby addition in the child tax credit (Oldfield and Bradshaw, 2011).

In previous work, Oldfield (1993) used the budget standard data from the Family Budget Unit at the University of York to estimate the cost of a child. Oldfield highlighted that the cost of a child can be calculated in two ways. The first method is the Deductive Variant (DV) which she herself described as a 'crude' method. The second method Oldfield labelled as the Itemized Variant (IV) (Oldfield, 1993: 178).

The first method, the Deductive Variant, simply put, is the cost of a household with children deducted from the cost of a childless household to give you the cost of a child e.g.: 2 adults and 2 children household budget – 2 adults household budget = cost of the children.

The advantages of this method lie 'in its simple interpretation of costs and its speed of execution' (Oldfield, 1993: 178). However, as Oldfield points out, this method, although simple, is limited as an instrument for estimating child costs from family budgets for a number of reasons. The DV method fails to distinguish between the costs of children of different ages or sexes in households with more than one child. It also can give a skewed picture of the actual costs of children in that the DV method reflects differences in lifestyle and the consequences of this in monetary terms between families with and without children (Oldfield, 1993).

The second method, the Itemized Variant (IV), is preferred by Oldfield and is a basket of goods and services deemed to be adequate for the needs of the child living at a modest-but-adequate standard in a particular family type. The advantage of this method according to Oldfield is that it can be utilized to establish costs for children of different ages, gender and age combinations as well as economies of scale for a first and second child (Oldfield, 1993).

Using the IV method, Oldfield's research found that older children's costs are greater than those estimated for younger children for items such as food, personal care and clothing for example.

However, when childcare is included it substantially increased the cost of the basket for younger children. Oldfield also found that gender plays a role in the cost of a child and that overall costs are greater for boys than girls and that clothing, personal care and food differed in cost, quantity or particular items according to the sex of the child. Furthermore, the research also established that the cost of children also varies in relation to family size. The greater the number of children, the lower the cost of the child estimate, in certain major component parts of the budget standard (Oldfield, 1993).

In Australia, Henman has used the budget standards approach to calculate costs for children. The research on the cost of children is based on research originally conducted by Social Policy Research Centre (SPRC) in 1998 to develop indicative budget standards for Australia⁶ and Henman (2001)⁷. The original research was updated by taking account of changes in prices using the Consumer Price Index. Australian budget standards and the derived costs of children have been calculated for ten budget components including housing, energy, food and childcare amongst others⁸. Costs for children are estimated at two living standard levels. The '*modest but adequate*' levels represents 'middle Australia' according to Henman and 'is seen as lying between the standards of survival and decency and those of luxury'. The second living standard is a '*low cost*' standard that represents low income households and is a 'frugal level' below which it is very difficult to sustain an acceptable standard of living (Henman, 2009).

The principal finding of Henman's research is that there is no fixed or absolute cost of a child and that estimates of the cost of a child depend on geographical location and the working arrangements of parents. Costs also generally tend to increase with the age of the child with the main exception being when all-day childcare is required (Henman, 2009).

In Ireland since the 1986 Commission of Social Welfare there have been a number of studies, using different methodological approaches that have attempted to establish the cost of a child⁹. In 1994 Carney et al., published '*The Cost of a Child*' which used the budget standards approach to examine direct costs associated with children e.g. food, clothing and education, etc. The methodology for this study drew on previous family budget studies and particularly those of the UK Family Budget Unit. The budget standards approach, according to Carney et al., (1994) 'attempts to combine both absolute and relative concept of need [and]...combines both an assessment of physical needs and of social norms' (Carney et al., 1994: 5).

Whilst the study included direct costs associated with children and also costs associated with participation in society in the belief that what constitutes a minimum is more than just physical requirements for mere survival, it excluded costs shared in common with parents such as housing, heating, household furniture and equipment (other than furnishings for a child's room) as well as

⁶ Social Policy Research Centre (SPRC) 1998. *Development of Indicative Budget Standards for Australia*. Policy Research Paper No. 74, Department of Social Security, Canberra. Available on line at http://www.sprc.unsw.edu.au/media/File/DSS_Report74_BudgetStandards.pdf

⁷ Henman, Paul. (2001). *Updating Australian Budget Standards Costs of Children estimates*. Policy Research Paper No. 7, Department of Family and Community Services, Canberra.

⁸ The cost of housing is based on whether an additional bedroom is required; relative to age and gender of children and the energy costs are based on the additional electrical costs associated with an additional child.

⁹ For example see Bargain, Donni and Gbakou, 2010. 'The Measurement of Child Costs: Evidence from Ireland' in *The Economic and Social Review Vol.41.No. 1*.

usage of the family car (Carney et al., 1994). More interestingly, the study also excluded indirect costs such as the income foregone by parents providing full-time care, or the cost of substitute childcare where parents work outside the home. Taking place before the growth of the Celtic Tiger economy, at a time of high unemployment and low rates of married females in particular in the labour market, the impact of excluding childcare costs was dramatically less than it is currently (Corrigan, 2004).

The 1994 research presented two estimates of the direct individual cost of rearing a child in Ireland: (1) Basic Minimum Budget Standard which provides for a basic diet, a modest wardrobe, essential schooling costs and limited spending on recreation, outings, holidays and gifts; and (2) a Modest-but-Adequate Budget Standard which provides for a more varied diet, for additional spending on toys and gifts and for additional expenditure such as pre-school participation and a visit to the Gaeltacht (Carney et al., 1994: 12).

Using the Basic Minimum Budget Standard, the study found that the average cost of rearing a child under this budget amounted to approximately £30 per week in 1992. However, as was noted in the study, these costs ‘differ considerably depending on the age of the child’ (Carney et al., 1994: 13). Using the Modest-but-Adequate Budget Standard, the average cost of raising a child cost approximately £37 in 1992 and the cost of a child also rose steadily depending on the age of the child, costing £24.90 per week for those aged less than 1 year to £49.15 per week for those age fifteen years and upwards. When compared against child support payments provided by the State, the study found that:

Child support payments provided by the State are falling short of even the minimal expenditure associated with the upbringing of a child. The study also demonstrates that the costs of rearing a child rise considerably with the age of the child and are about twice as high for teenagers as they are for younger children (Carney et al., 1994: xii).

In 2009 Harvey, on behalf of Barnardos published a ‘Cost of a Child Briefing Paper’ in which he used the Carney et al., (1994) data to determine a comparable cost of a child figure for 2009. Harvey (2009)¹⁰ used the same methodology as Carney et al., (1994), revised in light of inflation (and deflation), but did not take into account changes in patterns of household spending since the fieldwork was done in 1992. Table 1 below outlines the weekly cost of a child in 1992 and 2009 for the Basic Minimum Standard and the Modest but Adequate Standard.

Table 1 Cost of a Child 1992 and 2009

Age	Basic Minimum Standard		Age	Modest but Adequate Standard	
	1992	2009		1992	2009
Child 0 -6	€26.28	€39.70	Child 0 -6	€34.79	€52.55
Child 7 - 12	€36.18	€54.65	Child 7 - 12	€46.60	€70.40
Child 13 - 18	€47.48	€71.72	Child 13 - 18	€61.32	€92.63
<i>Average – all ages</i>	<i>€28.60</i>	<i>€43.20</i>	<i>Average- all ages</i>	<i>€39.90</i>	<i>€60.29</i>

Source: (Harvey, 2009: 2)

¹⁰Figures relating to Harvey (2009) are represented in Euro and pre 1999 figures have been converted to Euro.

Table 2 Weekly cost of a child 1992 and 2009 and the value of Child Benefit for the aforementioned years

Age	Basic Minimum Standard				Age	Modest but Adequate			
	1992 Cost	1992 CB	2009 Cost	2009 CB		1992 Cost	1992 CB	2009 Cost	2009 CB
Child 0 -6	€26.28	€4.63	€39.70	€38.31	Child 0 -6	€34.79	€4.63	€52.55	€38.31
Child 7 - 12	€36.18	€4.63	€54.65	€38.31	Child 7 - 12	€46.60	€4.63	€70.40	€38.31
Child 13 - 18	€47.48	€4.63	€71.72	€38.31	Child 13 - 18	€61.32	€4.63	€92.63	€38.31
<i>Average – all ages</i>	<i>€28.60</i>	<i>€4.63</i>	<i>€43.20</i>	<i>€38.31</i>	<i>Average – all ages</i>	<i>€39.90</i>	<i>€4.63</i>	<i>€60.29</i>	<i>€38.31</i>

Source: (Harvey, 2009: 5)

Harvey also compared the level of Child Benefit in 1992 against 2009, as shown in Table2, in the context of the cost of a child in these two years and found that whilst Child Benefit improved considerably between 1992 and 2009 ‘at no stage has [it] ever met the full cost of rearing a child...but was within sight (€1.39) of the cost for a child under 6 under the basic minimum standard’ (Harvey, 2009:6).

Also in Ireland the VPSJ has used the budget standards approach to calculate the cost of a minimum standard of living for six household types. In their 2006 study ‘*Minimum Essential Budgets for Six Households*’ the VPSJ demonstrated that costs increase when there is an adolescent in the household. Although this study did not individualise costs for each household member, but instead examined expenditure for a household as a whole, it nevertheless drew attention to the fact that certain areas of expenditure such as food, clothing, education and social inclusion and participation rose considerably for households with an adolescent when compared to a household with younger children (VPSJ, 2006). To that end, the study recommended Child Benefit should be increased, making a ‘particular allowance for the additional costs of teenage children’ (VPSJ, 2006: 90).

The review of literature on the cost of a child highlights that that there is no single cost of a child. Costs fluctuate according to age, gender and also geographical location. The common thread in the literature is that costs generally increase as children get older, with the exception being when full-time childcare is required. The budget standards approach although not a perfect method in that it does not capture indirect costs such as earnings forgone by those who assume responsibility for caring for children within the home, does nevertheless offer not only a framework for identifying minimum needs grounded in the reality of everyday experience and custom but also a guideline for deriving a poverty line and the minimum individuals need to escape poverty (Saunders, 1999).

The next section of the literature review examines the literature on child income supports in Ireland and the issue of the need for different levels of payment at different stages of a child’s lifecycle. This is pertinent to the study in light of previous research on the cost of a child which has found that in general costs increase as children get older.

Social Protection Measures in Ireland during a Child's Lifecycle

Ireland's social protection system is often referred to as hybrid in nature due to its combination of means-test, insurance based and Universalist income supports and service arrangements. Whilst the State is not the only actor in providing social protection, it is nevertheless the principal one. It alone can guarantee standards and coverage for the entire population. The essence of social protection as provided by the State is often considered to be what is done by way of income transfers. However, access to services is also fundamental to enjoying social protection (NESC, 2005). The NESC Report (2005) also points out that social protection includes a lot of measures to prevent people who are not in poverty from falling into poverty and that 'social spending on preventive programmes from which the non poor benefit frequently take the form of tax expenditures (it is easy to 'give' money to non poor by reducing their tax liabilities)' (NESC, 2005: 40). As Walsh (2007) points out '*welfare and tax policies are the most tangible government instruments to respond to poverty trends and are central to the preparation of anti-poverty policies, especially for groups outside the labour market such as children and older people*' (Walsh, 2007: 13).

The point made by Walsh (2007) is reinforced by preliminary results from the 2010 EU-SILC which highlights the impact that social welfare transfers have on individuals' ability to cope with poverty and social exclusion. The SILC report underscores the role of social welfare transfers in addressing poverty and notes that 'in 2010 if all social transfers were excluded from income the at-risk-of-poverty rate would be 51.0%, indicating a steady increase from 39.8% in 2004' (CSO, 2011:4). The report also goes on to state that 'this increase over time demonstrates the increasing dependence of individuals on social transfers to remain above the at-risk-of-poverty threshold' (CSO, 2011: 4). From these figures it is apparent that social welfare transfers play a pivotal role in bringing people out of poverty. Without state intervention, Fitzgerald (2001) argues, there would be a far more unequal command over resources in our society. The next stage of report examines the literature on social protection measures in Ireland for children.

Child Income Supports in Ireland

'All children should grow up in a family with access to sufficient resources, supports and services, to nurture and care for the child, and foster the child's development and full and equal participation in society' (Department of the Taoiseach, 2006: 41).

Child poverty is measured as the proportion of all children aged 17 years or younger who live in households that have an income below the 60 per cent of median income poverty line. The Government uses a number of child income support programmes, as listed in Table 3 below, to assist households with children and to help alleviate the risk of poverty. According to the 2010 Report 'A Policy and Value for Money Review of Child Income Support and Associated Spending Programmes' the two primary objectives of child income support policy are:

'...to provide, through a range of payments, assistance to all households with children in recognition of the higher costs incurred in child-raising and child care in a way which allows choice to parents in how this is undertaken, and targeted assistance to low-income households with children in a way which minimizes labour market disincentives or positively contributes to labour market

participation in order to reduce poverty in such households' (Department of Social Protection, 2010: 42).

The 2010 *'Policy and Value for Money Review'* draws attention to what it terms 'horizontal redistribution', that is universal assistance with the cost of child-raising to all families and 'vertical redistribution' which is targeted child-related assistance to families who are at-risk-of-poverty. Child Benefit, it notes, is associated with the 'horizontal redistribution' objective while Qualified Child Increases (QCI's) and Family Income Supplement (FIS) are associated with the 'vertical redistribution' objective (Department of Social Protection, 2010).

Sweeney (2008) in his review of child income supports notes that the 1986 Commission on Social Welfare (CSW) examined child income supports in-depth and that the basic contours of the social protection system that were conceptualised in the report continue to shape the current system. He highlights that the CSW rejected two extreme positions: (1) that the State is responsible for the full cost of child rearing, regardless of their families' resources and (2) that child income support provided by the State should only be given to a small group of low-income families. Instead, the CSW believed that the State should make 'a contribution' to the income of all families but 'full provision' for children in families wholly reliant on social welfare (Commission on Social Welfare, 1986: 293 as quoted in Sweeney, 2008: 55).

Table 3 Child Income Supports¹¹

Type of Support	Name of Support
Cash Payments through the social welfare system	Child Benefit Early Child Care Supplement (replaced in 2010 by ECCE - Early Childhood Care and Education Scheme) ¹² Qualified Child Increases (QCIs) (Increases to primary welfare payments linked with dependent children) Back to School Clothing and Footwear Allowance Family Income Supplement Guardians Payment One Parent Family Payment Maternity/Health and Safety Benefit Domiciliary Care Allowance Widowed Parent Grant
Cash equivalent supports provided through the tax system	Home Carers Tax Credit Exemption of CB from income tax Exemption of foster care payments from income tax One parent family tax credit Widowed parent tax credit
Other supports (including childcare related payments)	Early Childhood Care & Education (ECCE), Community Childcare Subvention Scheme 2008 – 2010 (CCSS) School meals programme Foster Care Allowance Capital allowances for childcare facilities Income tax exemption for childcare service providers Exemption of employer-provided childcare from benefit-in-kind charge

Source: (Department of Social Protection 2010: 68)

¹¹ It should be noted that not all families with children receive all of the supports set out in this table.

¹² The ECCE Scheme is not a cash payment to parents. The State pays a capitation grant to participating childcare providers to cover the cost of 1 year of early childhood care and education. Children are eligible for the ECCE scheme if they are aged between 3 years 2 months and 4 years 7 months on 1 September of the year that they will be starting.

Child Benefit, then known as Children's Allowance, was seen by the CSW as the instrument through which the State makes 'a contribution' to the costs of rearing children. However, the CSW did not, as Sweeney (2008) points out, address the question of the proportion of the cost of child rearing that should be socialised in this way. The CSW recommended that the then rate increase in real terms, noting it had been allowed to decrease from its peak in 1982 (Sweeney, 2008).

Child Dependent Allowances and Child Benefit were seen by the CSW as the instruments through which the State would cover the full costs of child rearing for families' dependent on social welfare. The CSW did not however try and establish the cost of rearing a child directly but instead deduced it by applying the appropriate equivalence scale to what constituted a minimally adequate weekly income for an adult (Sweeney, 2008). However, the failure of the CSW to examine what would be an adequate level of support for children was criticised by Callan et al., (1996) as it 'meant that a clear recommendation about child income support rates, to go alongside the recommendations on support rates for adults, could not be made – a serious drawback' (Callan et al., 1996).

To date there has been no up-to-date research on the cost of a child and whilst previous cost of a child studies demonstrated that costs tend to increase as children grow older, there has been no change in social welfare policy and child income support in general remains at the same level across the child's lifecycle. The Back to School Clothing and Footwear Allowance is the only social welfare payment that is paid at a higher rate for older children.

Whilst the studies mentioned in the previous section highlighted the increased costs associated with adolescence, the 2010 '*A Policy and Value for Money Review*' by the Department of Social Protection puts forward the argument that it is also the case that there are additional costs associated with younger children that may not arise in the case of older children such as childcare and that more illnesses are associated with early childhood and, consequently, healthcare and caring responsibilities in the home are greater during early childhood years (Department of Social Protection, 2010: 168). The report also goes on to state that it could be argued that 'the practical effect of different payment rates would be muted by the fact that the spread of children's ages in a single family in effect achieves a similar effect to paying different payment rates for different ages' (Department of Social Protection, 2010: 168).

It is apparent that debates regarding the cost of a child and adequacy and appropriateness of social welfare payments would benefit from more up-to-date research on the cost of a child across the lifecycle. Indeed, the 2010 '*Policy and Value for Money Review*' recognizes the need for such research:

'In order to better understand policy development into the future, the review recommends that the Department of Social Protection should seek to ensure that estimates around the cost of a child are updated using the direct budget standards method (using an agreed minimum budget as well as higher standards) and the more indirect methods such as analysis of the household budget survey. These should allow for better understanding of the links between equivalence scales (used in the measurement of household income and poverty) and direct estimates of the cost of a child and therefore provide a better understanding of

the extent to which Child Benefit provides assistance with child raising’ (Department of Social Protection, 2010: 112).

Broad Critique of the Current Child Income Support System

There has been much invested in child income supports since the Commission on Social Welfare to tackle child poverty, particularly in the period 2001-2008, when Child Benefit increased on a yearly basis, the Early Childcare Supplement was introduced, and thresholds for Family Income Supplement increased, to note some of the most prominent changes introduced in that period. Despite a reduction in spending in 2010, total spending is estimated to represent 2 per cent of GDP which compares with roughly 1 per cent at the beginning of the decade. The 2010 *‘A Policy and Value for Money Review’* highlights that total expenditure on CIS payments since 1997 to 2008 had risen fourfold (from €900 million to €3.6 billion when the Early Childcare Supplement and the Back to School Clothing and Footwear Allowance are included). Whilst a rise in the number of births and migration played a part, increases in the rate of Child Benefit was the most significant factor in increased child income support spending (Department of Social Protection, 2010).

Child income supports play a crucial role in reducing child poverty and this has been highlighted in a number of reports. A report by UNICEF has underscored the importance of child income supports in Ireland. The report demonstrated that whilst most countries would have child poverty rates of approximately 10 per cent to 15 per cent without government intervention, Ireland’s rate would increase to 34 per cent. Without benefits from social welfare payments and the use of tax exemptions, child poverty rates in Ireland would be three times greater than countries like Denmark and the Netherlands (UNICEF, 2010).

The 2010 *‘Policy and Value for Money Review’* cites an ESRI report¹³ which also indicates that child/family allowances have a positive impact on those experiencing poverty and affect the poverty rate in three ways (Department of Social Protection, 2010: 147):

- Firstly, along with other transfers, they reduce the poverty headcount by bringing households above the ‘at risk of poverty’ line (especially for those in the second income decile).
- Secondly, they reduce the ‘depth of poverty’ for very low income households even if they are not sufficient to reduce the poverty headcount (especially for the first income decile).
- Thirdly, they offset the impact of taxes on disposable incomes which given the absence of tax credits for children (similar to those of adults) would otherwise have pulled incomes below the ‘at risk of poverty’ line.

However, despite substantial increases in spending and investment in child income supports, child poverty remains stubbornly high in Ireland and 19.5 per cent of children are considered to be at-risk-of-poverty (CSO, 2011). The Children’s Rights Alliance (2010) points out that even in 2006, when the country reached full employment, the number of children living in consistent poverty remained high at 11 per cent, despite the significant investment in child income supports during the boom years.

¹³Russell, H. Maitre, B. and Nolan, B., 2011. *Monitoring Poverty Trends in Ireland 2004 – 2007: Key Issues for Children, People of Working Age and Older People*. Pages 30-55.

Despite significant resources being spent on child income supports, there is a number of weaknesses in the system. It is argued that Child Benefit alone does not provide adequate support to children in families with low incomes. Qualified Child Allowances, if increased, may risk creating an employment disincentive, while Family Income Supplement is complex by nature and its take up is low¹⁴ (Children's Rights Alliance, 2010:3).

Several reforms of the system have been suggested that have included among others the introduction of a second tier child income support payment, which would replace FIS and QCI, and would give priority to low income households in allocating additional resources and would treat low income families equitably. Where a family income is below a certain threshold, the family receives a maximum payment per child, in addition to Child Benefit for that child. Unlike Child Benefit, however, this second level payment is not universal but gradually withdrawn as family income is higher than the set threshold. Therefore, families with high levels of income would only receive Child Benefit, whereas low income families would receive Child Benefit and the 2nd tier payment (Sweeney, 2008: 73).

Other recommendations for reform have also been put forward, most recently in the Department of Social Protection's *'A Policy and Value for Money Review'*¹⁵. Whilst the Review suggests that a mixed approach be maintained into the future, it suggests that the social welfare system could be adjusted in several places to improve outcomes and efficiencies: 'There remains some potential within the current system of income supports to make the system more effective in targeting child poverty without significantly weakening the level of assistance to all families' (Department of Social Protection, 2010: 291). The Review also recommends that more research is needed around the cost of a child and to what extent Child Benefit provides assistance with child raising.

The Impact of the Current Economic and Fiscal Crisis

The current economic and fiscal crisis is having a considerable effect on income supports and services in Ireland. The recent reductions in and changes to a number of child income supports, including Child Benefit, the Back to School Clothing and Footwear Allowance and the One Parent Family Payment, has led to much commentary and debate on the adequacy of payments and the impact of reduced payments on children, particularly children living in households reliant on low incomes or social welfare¹⁶. While the Celtic Tiger era did not overcome child poverty, it is argued that many of the gains made in that period are being reversed due to cuts in income supports and services (End Child Poverty Coalition, 2011). Given that the crisis is ongoing, and there will be some time-lag before the full impact of reductions in spending can be fully assessed, the increase in the at-risk-of-poverty rate for those in the 0-17 age bracket from 18.6 per cent in 2009 to 19.5 per cent in 2010, (CSO 2011) is nevertheless seen as evidence of the emergence of negative outcomes of reductions in spending and services (Holland, 2012).

¹⁴For an overview of CIS programmes and how they operate, see Department of Social Protection (2010) Chapter 3 'CIS Programmes- broad description and spending trends' in *'A Policy and Value for Money Review of Child Income Support and Associated Spending Programmes'*.

¹⁵See pages 287 - 291 of the Review for an overview of recommendations.

¹⁶ Further details of these changes can be found on Department of Social Protection website www.welfare.ie

The *Growing in Ireland* study, a longitudinal study of families with children, captures some of the impact of the recession on families. For the infant cohort of the study, the families of 11,100 children were initially interviewed in 2008/2009 when the study child was nine months old. They were re-interviewed between January and August 2011, when the children were three years old. Mothers at both interviews were asked how difficult it is to make ends meet, using a six point rating scale from great difficulty to very easy. The results showed a marked increase between first and second interviews in the proportion of families who were experiencing difficulties in making ends meet. At the first interview, when the study child was nine months old, 44 per cent of their mothers reported *great difficulty / difficulty* in making ends meet. This had risen to 61 per cent by the second interview, when the study child was three years of age (*Growing up in Ireland (infant cohort), 2011*).

Furthermore, when mothers were asked whether or not the recession had an effect on their family since their first interview twenty seven months earlier, almost two thirds of all families stated that the recession had a significant or very significant effect on them. The most frequently recorded effects were: a *reduction in wages* (63%); *can't afford luxuries* (54%); *social welfare reductions* (53%) and *can't afford / cut back on basics* (32%) (*Growing up in Ireland (infant cohort), 2011*).

The Children's Rights Alliance (2012) argues that the impact of cuts on families and children cannot be underestimated. Reductions in Child Benefit from €166 per month in 2008 to €140.00 per month in 2012¹⁷ and reductions in the Back to School Clothing Allowance of €55.00 and €50.00 (depending on the age of children) place an already vulnerable group more at-risk-of-poverty and deprivation. Furthermore, the Children's Rights Alliance also draws attention to the fact that in January 2011, Ms. Magdalena Sepúlveda Carmona, the UN Special Rapporteur on extreme poverty and human rights, undertook a mission to Ireland¹⁸. Her report noted that "recent budgetary adjustments will pose an additional threat to the already precarious situation of children in Ireland" and that cuts will have a disproportionate impact on children living in households that rely on social welfare payments (United Nations General Assembly 2011 as cited in Children's Rights Alliance, 2012: 37).

This point is supported by findings published in 2012 from the CSO National Household Survey (Q2 2011) which examined the response of households to the economic downturn. In exploring how households are coping with the recession, the report ascertained that in the last two years 79 per cent of households have done at least one of the following to pay for essential goods and services: 1) Spent some/all of their savings; 2) Reduced the amount they save; 3) Delayed or missed payment of household bills; 4) Changed mortgage repayments, for example by switching to interest only or lengthening the term; 5) Delayed or missed credit card repayments; 6) Delayed or missed loan repayments and 7) Borrowed money from family or friends (CSO, 2012A: 2).

More interestingly, the data reveals that while households made on average 2.8 of the listed cutbacks in the two years before the survey, households with children were more likely than households without children to have made more than four cutbacks and that 'one third of households where up to three children lived with two adults had made more than four cutbacks,

¹⁷ Child Benefit rates for 1st and 2nd child. Rates for third and subsequent children are currently paid at higher rates. However in Budget 2012 it was announced that there would be a move towards the standardisation of rates regardless of the number of children in the household.

¹⁸ United Nations General Assembly (2011) *Report of the Independent Expert on the Question of Human Rights and Extreme Poverty, Magdalena Sepúlveda Carmona: Mission to Ireland*.

compared with one fifth of households where two adults under 65 years lived alone' (CSO, 2012A: 3).

As a result of a number of reports pointing to the impact of the recession on children, it is being argued that children are bearing the brunt of the economic downturn. Reduced child and adult income support payments, coupled with reductions in spending on education and health and changes to eligibility criteria for accessing income supports impact negatively on children, the group already most at-risk-of-poverty. Furthermore, reduced income supports combined with rising costs means that the contribution income supports can make to the cost of children diminishes. In the period, December 2010 to December 2011 for example, consumer prices for Education rose 8.9 per cent; Water, Gas, Electricity and Other Fuels rose 8.4 per cent and Health rose 2.6 per cent (CSO, 2012 B). While it will be some time yet before the full consequences of this economic and fiscal crisis will be known, it is argued that recent findings very clearly point to negative outcomes for children (Holland, 2012).

Child Income Supports: Not a Complete Panacea to Child Poverty

Whilst the previous sections focused on child income supports, the cost of a child and the impact of the economic crisis, Sweeney (2008) draws attention to the fact that countries with low child poverty rates tend, in fact, not to have relied on a 'magic bullet', but rather have focused on good services for children and good child income supports, high employment rates and good adult social welfare payments (Sweeney, 2008: 47). Child poverty cannot, Sweeney (2008) argues, be looked at in isolation from poverty as a whole and any policies aimed at reducing child poverty must also acknowledge the link between adult poverty and child poverty.

Sweeney (2008: 47) puts forward four propositions that he argues are central to advancing Ireland's overall strategy 'for reducing, even ending, child poverty':

- Families on low incomes need to have access to quality services for their children even while – or if – they remain on low incomes;
- Parental well-being is a major mediating factor determining whether and how low family income impacts negatively on child wellbeing. It needs to be independently addressed;
- Ensuring parents can earn without sacrificing their caring responsibilities remains the single best route to keeping children out of poverty;
- Adult welfare payments influence 'children's income' as much, or more, than child income supports.

These propositions, Sweeney argues, contextualize the role of child income supports but they do not negate the vital role they still have to play. 'It remains the case that low household income can, and does, blight childhood, [and] that too many children in Ireland are still being reared in households with seriously low incomes' (Sweeney, 2008: 47).

Corrigan (2004) also points to the need to support families, not just children, if child poverty is to be reduced. Children, Corrigan argues, are not independent economic units and that any policy in respect of child income must be seen primarily in the context of supporting families with children. Children are rarely considered poor in their own right, but 'they are poor by virtue of living in poor

households' (Corrigan, 2004: 28). Therefore, policies relating to child poverty and child income supports cannot be looked at in isolation from overall poverty objectives. Failure to take a holistic approach may result in policies inadvertently becoming part of the very problems they were designed to overcome.

The review of literature on the cost of a child and child income supports leads to the question at the centre of this study - what does a child cost in Ireland today? It is clear from the analysis of the literature on child income supports that more up-to-date research is needed on this area to assist policy makers in making choices regarding child income supports and appropriate levels of provision.

There are numerous reports that have highlighted and documented how poverty damages children's lives in many ways. Though inadequate income is at the problem's core, it is the knock-on effects – exclusion from participation in everyday activities like education and play, poor quality housing and delayed access to healthcare and other services that can be detrimental to a child's future. It is argued, that the longer a child is poor, the greater the deprivation he or she is likely to experience in later life. Poor children become poor adults and the cycle continues, influencing the life chances of the next generation and the one after that (End Child Poverty Coalition, 2011). Therefore knowing the contribution that Child Benefit, the Qualified Child Increase and Family Income Supplement, makes to households can go some way towards bringing children out of and breaking the cycle of generational poverty. Furthermore, it is necessary and timely in light of the economic and fiscal crisis and the subsequent reduction in spending on child income supports.

Introduction

The research to date of the VPSJ, upon which this report is based, established the cost of a minimum essential standard of living for six household types for urban (VPSJ, 2006) and rural areas (VPSJ, 2010). In the previous studies expenditure for children was presented as part of a household and the cost of a minimum standard of living was based on the aggregate household basket. The 2012 publication '*A Minimum Income Standard for Ireland*' (a joint research project between the VPSJ and Trinity College Dublin) established the individualised costs for each household member. In addition, the 2012 study expanded the data to include an infant and a young adult male age 19 and a single female of working age to ascertain a composite single adult figure. The existing dataset already included three stages of a child's lifecycle namely pre-school (3 year old); primary school (10 year old) and second level (15 year old). Whilst the 2012 study established individualised costs for each household member, its primary purpose was to examine the gross income individuals and households with children need in order to afford to a minimum essential standard of living. This report examines the cost of a child at particular stages of childhood within the context of a household with parent(s) and children.

This chapter outlines the consensual budget standards methodology and the process of establishing individual child budgets. The data presented in this report uses the existing data of the VPSJ and is a secondary output of previous research. The chapter is divided into the following sections:

- An explanation and overview of a minimum essential standard of living (MESL)
- Central Research Question
- Individualization: Moving from Aggregate Household Budgets to Individual Child Budgets
- Overview of Goods and Services

A Minimum Essential Standard of Living – what is it?

The VPSJ understanding of a Minimum Essential Standard of Living (MESL) is based on the UN definition of an adequate standard of living – one which meet's an individual's/household's physical, psychological and social needs. The focus is on needs not wants.

A MESL is not a poverty standard, or a standard for particular groups in society. It is a standard which is concerned with a life with dignity for all and represents a level below which nobody should be expected to live. It is derived from a negotiated consensus on what people believe is a minimum. This is calculated by identifying the goods and services required by different individual and household types in order to meet their minimum needs.

How it is determined – the Consensual Budget Standard Methodology

Focus groups are held for each individual/household type. In a series of sessions the groups arrive at a negotiated consensus about the goods and services a household requires to have a minimum essential standard of living. Experts are consulted in order to ensure that the negotiated consensus meets basic criteria e.g. nutritional standards. Each group consists of 8 – 10 people from a mixture of

social and economic backgrounds, and represents the household under consideration e.g. focus groups of parents with children determine the minimum requirements of such households. In order to ensure reliability and validity three different focus groups are established for each household type. The process is detailed, time-consuming and thorough.

What does the MESL include?

The MESL is concerned with more than survival. It focuses on needs not wants. It identifies the minimum goods and services that everyone should afford. It is based on the assumption that individuals, and all the members of the household, enjoy good health and do not have a disability. While a minimum income standard in itself cannot guarantee a minimum essential standard of living, an individual or a household with an income which falls below the minimum income standard is unlikely to achieve this standard of living. The goods and services (shopping baskets) are compiled into 16 areas of expenditure:

Food	Household Goods	Education	Personal Costs
Clothing	Household Services	Housing (rent)	Insurance Costs
Personal Care	Communications	Household Energy	Childcare Costs
Health Costs	Social Inclusion & Participation	Transport	Savings & Contingencies

How is the MESL arrived at?

The goods and services) which are the outcome of the final negotiated consensus are priced in stores identified by the focus groups. The totals of each of the 16 categories of household budgets show the expenditure required to enjoy a minimum essential standard of living.

Central Research Question

What level of expenditure is required at different stages of the child's lifecycle to allow for a Minimum Essential Standard of Living (MESL)?

To answer the question this project drew on the previous studies of the VPSJ (2006; 2010 and 2012) to establish individualised budgets for children at the following stages of the lifecycle; infancy; pre-school, primary school and secondary school. The three studies upon which this research is based are:

- 2006 - *The Cost of a Minimum Essential Standard of Living for Six Household Types in Urban Areas*
- 2010 - *The Cost of a Minimum Essential Standard of Living in Six Household Types Rural Areas*
- 2012 - *A Minimum Income Standard for Ireland*

The 2006 and 2010 studies established the cost of a minimum essential standard of living for the following six household types:

- 2 parent and 2 children - 3 years and 10 years
- 2 parent and 2 children - 10 years and 15 years
- 1 parent and 2 children - 3 years and 10 years
- Pensioner couple
- Single pensioner living alone
- Young single male of working age living alone

The 2012 publication *A Minimum Income Standard for Ireland* expanded the number of individuals to include:

- A nine month old baby
- A single unemployed male (18 – 21 years) living in the family home
- A single female of working age living alone

The 2006 and 2010 studies established the cost of MESL for aggregate household types and did not provide the cost of this standard of living for individual children at different stages of the lifecycle. Children were considered as part of the family and costs for the most part concentrated on the total household and not on costs associated with the individual members who constituted the household.

The purpose of the 2012 study *A Minimum Income Standard for Ireland* was two-fold:

1. To broaden the number of individual and household types examined in the 2006 and 2010 studies by compiling detailed MESL expenditure budgets for three individual types not included in the previous studies.
2. Examine the income, taxation and social welfare systems to establish the gross income required by one and two parent households with two children of different ages and single adults of working age in urban and rural areas to achieve a MESL.

While the study established costs associated with the individual members of the household, its primary focus was not on the direct cost of a child. Individual budgets for children were drawn up to allow for different combinations of children in one and two parent household types to be examined e.g. a two parent household with an infant and pre-school child or a household with both children at primary school. The purpose of this study is to examine the direct individual budgets for four stages of childhood from infancy to young adult hood. The next section outlines the process of extracting individual child budgets from the aggregate household budgets.

Individualisation: Moving from Aggregate Household Budgets to Individual Child Budgets

At the heart of the previous research, on which this study builds, are the socially agreed minimum budgets which are required to enable a minimum essential standard of living. These budgets establish itemised baskets of goods and services for a range of household types, in urban areas (VPSJ, 2006) and rural areas (VPSJ, 2010), through dialogue and social consensus. The baskets were established for aggregate household types, and, as such, did not provide the cost of a minimum essential standard of living for children at different ages on an individual basis.

In order to enable the integration of the new data (including an infant for urban and rural locations) gathered for the 2012 *A Minimum Income Standard for Ireland* study, the existing household types with children from the previous research (2006 and 2010) were individualised and inflated to the pricing period March 2011 (the pricing of goods and services for the new data – i.e. the infant, took place in March 2011). In all, six household types were individualised, three urban and three rural. The household types are:

- Two parents and two children (3 year old girl and 10 year old boy)
- Two parents and two children (10 year old girl and 15 year old boy/girl)
- One parent and two children (3 year old girl and 10 year old boy)

The outcome of disaggregating these household budgets is a set of minimum essential standard budgets, one for each of the component individuals. However it must be borne in mind that these individual budgets for children demonstrate the minimum requirements for children who are part of a larger household. Individualised component budgets are derived for the children as members of the family household. Individual budgets were determined for the following children:

- A 3 year old, or pre-school age child
- A 10 year old, or primary school age child
- A 15 year old, or second level school age child

A direct itemisation methodology was followed in order to ascertain the minimum expenditure requirements of each child from the aggregate household budgets. This method entails an item by item examination of the budgets and allocating the expenditure on each item to the appropriate individual(s). Where an item is exclusively used by an individual all expenditure on the item is allocated to that individual's budget. For example, an examination of the clothing category examines each item and service within the household budget, expenditure on each clothing item for the ten year old child is allocated to the ten year old child budget, all expenditure on clothing for the fifteen year old is allocated to the fifteen year old budget, and so on.

This process for allocating exclusive items involves in-depth examination of the household budgets, but is transparent and applies across the budget categories. A clear logic and rationale is followed: if an item is exclusively for a particular individual within the household the full cost is then associated with that individual. This applies across all budget categories and items, from clothing and personal care, to health insurance and childcare, and to bedroom furniture and towels. However, in many budget categories items will be used / consumed by multiple members of the household and so the allocation of expenditure to each individual must be deduced through a different approach.

When examining budget items with shared and/or multiple consumption, an approach involving further examination was required. Many basket items are common across the aggregate household budgets, but the rate of consumption varies between the different household structures. Thus a differential method was adopted; in comparing the consumption of the same item across the households it was possible to derive the consumption rate for different types of household member. For example, by examining the difference in rate of consumption of a shared item, in this case toothpaste, between a one-parent household with a three and ten year old, a two-parent household with a three and ten year old, and a two-parent household with a ten and fifteen year old, it was

possible to deduce the appropriate proportion of the cost of toothpaste to be allocated to each of the parents, and the three, ten and fifteen year old children. This differential approach was utilised for all such items of shared consumption where consumption varied by the age of the children in the household. Where no such variance existed, a direct per capita division of expenditure was applied i.e. the cost of the item was divided by the number of people consuming it.

In examining the household budgets it became apparent that many of the items and services were for shared household use, required by the parent(s) and children as a family unit, and not solely specific to any one individual's minimum requirements. These family-unit expenditures occur within several of the household budget categories (household goods, household services, social inclusion & participation, transport, household fuel, personal costs, insurance).

The household goods category includes all household furniture, floor covering and textiles, household appliances, home maintenance and cleaning items, utensils, tools, and home safety items. Within this category certain items can be directly itemised, for example all the items associated with a bedroom from carpet, blinds and furniture through to duvet and pillow case. However, the remaining items are for the family-unit household generally, and as the expenditure is not specific to any particular individual it is instead allocated to the parental budget. Excluding costs not directly attributable to a child from the child's budget, follows the example of the Carney et al. *Cost of a Child* study which does not include "costs shared in common with parents such as housing, heating, household furniture and equipment (other than furnishings for the child's room)" (1994: 12).

This rationale is also followed for other areas of expenditure. In the case of household services, e.g. waste charges and boiler service; with certain household items required within the context of social inclusion, e.g. garden plants and seasonal Christmas decorations; home heating costs in the household fuel category; charitable contributions in the personal costs category; home contents insurance and car insurance for those households with a car. In the case of transport, rural households require a car or car(s) due to the inadequacy of public transport options, the cars are used for accessing employment, local services, shopping, etc. and also for transporting children to school and activities. However, it proved overly complex to isolate the proportion of the cost of owning, maintaining and running a car, to allocate to the transporting of children, and therefore the example of Carney, et al. (1994: 12) was followed and the entire cost of the car(s) was allocated to the parental budget.

The approaches outlined above were applied, as appropriate for each basket item, for the contents of fifteen expenditure categories. However, the food category necessitated a different approach. It is apparent from reviewing the existing aggregate household budgets that there are notable economies of scale in food expenditure. In similar research in the UK setting out to derive the cost of a child from consensual budget standard household data, Oldfield identifies food as an area of expenditure having "major elements of shared cost and so ... potential for economies of scale" (1997: 74). To correctly ascertain the distribution of food expenditure within a household unit Oldfield utilised the findings of research on the eating habits of families and the distribution of food intake across household members. This research by Nelson produced a 'Family-values' factor scale estimating the proportion of food consumed by each family member in terms of the "intake of the male head of household" (Nelson, 1986: 271).

Table 4 Nelson Scale, to allocate distribution of food in household of adults and two children

	Male	Female
Adult (18 +)	1.00	0.70
Teen (11 - 17)	0.91	0.81
Child (5 - 10)	0.73	0.61
Under 5's	0.51	0.48

Source: Nelson (1986: 271)

The Nelson scale was used here to derive the appropriate allocation of food expenditure to each individual budget. Applying the scale to each of the aggregate household budgets provided a breakdown of food expenditure by individual. Minor variances for individuals of the same type in different households were to be expected, and when this occurred the average value was taken (as was the case in the individualisation of other budget categories). The proportional division was applied to the two-parent and one-parent households. For the two-parent households it was possible to apply the scale directly to aggregate households containing each of the child age-groups to be individualised. The scale was also applied to the aggregate one-parent household type. Due to the lower economy of scale in this smaller household the actual expenditure for each individual was higher, while the proportional allocation remained the same. No aggregate one-parent household with a fifteen year old existed; however utilising the Nelson scale it was possible to extrapolate the expenditure for a fifteen year old in this household type.

The aggregate households contained minimum standards for a three year old girl, ten year old boy and ten year old girl, and fifteen year old girl and boy. The individualisation process outlined above produced minimum essential standard budgets for each of these individual types and the parents. Thus, fully individualised budgets were produced for male and female ten and fifteen year olds. However, in an attempt to avoid over-complicating the final analysis of the data, and maintain a reasonable degree of clarity and accessibility in the results, it was decided to simplify the child individual budgets by eliminating gender as a factor. Therefore, final individual budgets for children are presented by age-group only. However, as with any aggregation of data, an appropriate methodology must be applied, and some subtle nuances of the data will be lost.

Before finalising this decision, and selecting an appropriate method, the individualised minimum budgets for the male and female ten and fifteen year olds were compared to one another. The total minimum expenditure requirements for males and females were very close at both ten and fifteen years of age, for instance the minimum expenditure requirement of an urban fifteen year-old female is 98% of that of the male requirement. While the overall differences between budgets were small, and for the majority of budget categories there was no difference, the different needs of the genders did lead to small, but notable, differences in several categories, particularly food and personal care. To ensure that the category breakdown of the individual budgets would continue to represent the full minimum requirements of both genders when combined into a single budget, it was decided that a simple arithmetic mean of the male and female budgets would be insufficient. Instead the higher expenditure requirement in each budget category was taken, in order to ensure that the category breakdown of the individualised budgets would continue to represent the

minimum essential requirements of either a male or female of each age-group. This approach produced overall expenditure requirements which were marginally higher than the simple mean but ensure the data is not over-simplified for the sake of convenience.

To summarise, While the 2012 *A Minimum Income Standard for Ireland* individualised budgets for children from the existing data and added an infant to the dataset, its primary purpose was to examine the gross income one and two parent households with different combinations of child age groups need to have a minimum standard of living. The analysis presented in this report utilises the data from the previous research and presents the direct individual costs of children from infancy to second level school age. This report examines in detail how expenditure fluctuates over the course of a child’s lifecycle before moving on to examine the adequacy of the three main child income supports in Ireland, namely Child Benefit, Qualified Child Increases and Family Income Supplement.

The next and concluding section of this chapter gives an overview of the goods and services contained in the baskets of children in this study.

Overview of Goods and Services

The minimum budgets in both the rural and urban areas for children consist of fourteen budget categories, thirteen excluding housing. It is this basket of goods that makes up the expenditure baskets. It is important to note that the baskets are based on needs not wants. They include items and services that members of the public think are necessary for children to have a minimum essential standard of living. Whilst the baskets drawn up are set at a minimum level, they include more than what is needed for survival and allow for social inclusion and participation in society.

The following table, Table 5, details the sixteen areas of expenditure and an overview of the goods and services contained within each category of expenditure.

Table 5 Basket of Goods and Services

Basket Category	Contents
Food	All food and drink items regularly consumed by children (nutritionally adequate).
Clothing	All seasonal clothing and footwear, from socks to hat, scarf & gloves, and sandals to wellingtons (rural only). Also, various personal accessories e.g. sunglasses and handbag.
Personal Care	All personal hygiene and grooming items, and services, e.g. nappies (infant only) shampoo, shower gel, cosmetics and haircuts.
Health Related Costs	This category covers both small healthcare items, (e.g. plasters, antiseptic, and over-the counter medicines) and main health service expenditure for visits to GP, Dentist, Optician, etc., and the purchase of prescription medications.
Household Goods	The miscellany of necessary household items a child needs to furnish their bedroom including a bed, wardrobe, chest of drawers etc. For the infant there are additional items such as a changing mat, steriliser, cot etc.
Communications	Mobile phone and phone credit for adolescent. This category also includes broadband for the adolescent for educational purposes.
Social Inclusion & Participation	A broad range of goods and services necessary for social and cultural participation fall within this category. This includes a miscellany of items: from

	books to a pet (for those households with a need); children's toys; a minimum level of recreational and cultural activities, from a family outing to the cinema to attending local sporting events; also physical activities, e.g. football, Gaelic, or swimming. The category also includes a short summer holiday in Ireland for the household.
Educational Costs	Includes school uniforms and expenditure for all the equipment required by children in the course of their education e.g. school books, past exam papers, school bag, stationary etc. Other school related costs, e.g. school trips, homework club, exam fees. Also a computer and the necessary accoutrements for households with a teenager.
Transport	For children in urban areas transport costs consist of bus tickets. Children in rural areas are not assigned any transport costs because the cost of a car and petrol is attributed to parent(s).
Household Fuel	This is the additional cost of electricity only. For heating it is assumed that the 3 bed semi-detached local authority family home is well insulated and heating costs are attributed to parents rather than children ¹⁹ . The additional cost of electricity includes using items such as a steriliser for the infant. For adolescents it is the additional cost of using the computer.
Childcare Costs	The cost of full or part-time childcare, either informally with a family member/friend, or in a childcare facility, determined by age of child and employment status for each household type examined.
Insurance Costs	Private Health Insurance.
Savings & Contingencies	A minimum sum of savings is allowed for each child.

The following text gives more information on a number of expenditure categories which require further detail.

Food

To ensure a balanced diet which met the nutritional requirements of different age groups, menus (from which the food budgets were derived) were constructed to reflect the Food Pyramid (VSPJ, 2006: 25). Menus were examined by nutritionists to ensure their adequacy. In satisfying the requirements for protein, calorie consumption, iron and vitamin intake, the menus were also examined to ensure variety in diets.

The 2006 menus were analysed by nutritionists attached to the Family Budget Unit, University of York and the menus constructed for the nine month baby in 2011 were examined by an Irish nutritionist attached to a large health service.

Minor adjustments were made to the menus in light of the expert opinions. The adjustments in the 2006 menus included an increase in the amounts of green vegetables, brown bread and low fat milk (for adults). Expert changes to the focus group menus for the 9 month old baby involved an increase in the amount of fruit and the replacement of cod fish fingers by salmon fish fingers.

¹⁹ Prior to the individualisation process, households were made up of one/two adults and two children living in a 3 bedroom semi-detached local authority house, insulated to building regulations as pertained in 2006. Therefore for the purposes of this report, it is assumed that the children live in a 3 bedroom semi-detached house and that it is adequately insulated. In this instance a child does not necessitate additional heating requirements.

Health

The figures given for health assume that children are in good health and do not require additional health expenses incurred by illness such as asthma or diabetes. In addition, the figures given for health costs are presented with and without entitlement to a medical card²⁰. If a child is living in a household reliant on social welfare or a low income household, then in all probability, that household and, as a consequence, that child will be eligible for a medical card. If a child is entitled to a medical card the cost of all primary health care is excluded from the basket, including doctor, dentist and optician visits as well as prescription charges (bar the 50 cent per prescription charge). Furthermore, if a child is entitled to a medical card, the cost of private health insurance is also excluded from the basket.

Transport

It is assumed that children living in urban areas are within close proximity to schools and shops etcetera, and therefore only minimum expenditure is allowed for bus fares. Rural households do not have access to adequate public transport and a car is a minimum essential requirement in rural areas. This study, however, does not include costs shared in common with parents, and for this reason, there are no costs for transport for children.

Childcare

Childcare costs are calculated on the basis of a full-time employee (parents/guardians) being assumed to work 37.5 hours per week, and a part-time employee working 19 hours per week.

²⁰ Tables 6 and 7 in Chapter 4 present the costs of a child excluding entitlement to a medical card, whereas Table 16 which focuses specifically on health costs presents expenditure with and without entitlement to a medical card.

Basis of Expenditure

The previous studies, upon which this research is based, presented the cost of a minimum essential standard of living for six household types for urban (VPSJ, 2006) and rural areas (VPSJ, 2010). In the previous research, expenditure for children was presented as part of a household and the cost of a minimum standard of living was based on the aggregate household basket. The 2012 study *A Minimum Income Standard for Ireland* individualised costs for each household member and added one new child age group - infancy - to the dataset that already included three stages of childhood, namely, pre-school (3 year old); primary school (10 year old) and second level (15 year old). Whilst the 2012 study *A Minimum Income Standard for Ireland* individualised costs at each stage of a child's lifecycle, it did not examine the direct individual costs of a child in detail, but rather examined expenditure for children as part of a household. This report utilises the existing data and focuses solely on the direct cost of children at four stages of childhood.

The costs for the pre-school, primary school and second level age groups have been derived from the aggregate household baskets and updated in line with inflation to March 2011. The costs for the infant are the result of new focus group research. The pricing of goods and services for this new age group was carried out March 2011.

Assumptions Underlying Expenditure

The tables detail costs which can be directly attributed to a child and exclude costs shared in common with parents such as heating, household furniture and equipment (other than furnishings for the child's room) as well as usage of the family car. The direct costs are based on what children need for a minimum standard of living in Ireland today. Although the standard of living is set at a minimum level, it is not a standard dictated by affordability or mere survival. The standard is grounded in social consensus about the goods and services children need to have if they are to enjoy a minimum standard of living.

In specifying a minimum standard of living and outlining the direct costs of a child at different stages of childhood, it is important to acknowledge that not every child's needs or household situation are the same. Particular circumstances may require additional costs which are not allowed for in this study. The costs given assume relative good health and therefore do not include costs necessitated by a child with a chronic illness such as Asthma for example. Furthermore, tables 6 and 7 present costs without entitlement to a medical card. The rationale for this is to present the direct costs of a child before any secondary benefits such as the medical card come in to play. Entitlement to a medical card negates the cost of GP, dentist and optician visits as well as the cost of prescriptions (bar the 50 cent prescription charge) and the need for private medical insurance. Focus groups felt that as a minimum, entitlement to a medical card would negate the need for health insurance. However, later in the chapter, expenditure for health is presented to include entitlement to a medical card to demonstrate the impact that this secondary benefit can have on expenditure. This

point is further illustrated in Chapter 5 when the direct minimum expenditure of a child at four stages of childhood is compared to the income received from child income supports²¹.

Furthermore, the expenditure presented does not allow for the passing down or sharing of items between children. This, then, allows for children of different ages to be configured in single child households or households with a combination of children of different ages.

In addition, while the expenditure tables present the weekly direct costs of a child, in reality, some items in the budgets – such as clothes, household goods and education – are bought outright and not paid for on a weekly basis. However, for the purposes of this study, the costs for such items are spread so that the budgets include their weekly costs. To do this, the whole cost of an item is divided by the number of weeks the item is expected to last²². The weekly expenditure and the cost of a minimum essential standard of living in this report are therefore sensitive to the longevity assigned to different items such as clothes and furniture etc. Clothing life spans, for example, were calculated by assessing how often the garment would be worn and washed, the function of the garment and the age of the wearer etc (VPSJ, 2006: 41).

The next section presents the cost of a minimum essential standard of living for children from infancy to secondary school going age for urban and rural areas. An overview of expenditure at each stage of childhood is given before the basket of goods and services is discussed and analysed in detail.

Expenditure – Presentation, Discussion and Analysis

Tables 6 and 7 illustrate the cost of a child in urban and rural areas for four age groups. The expenditure figures reveal that there is no single cost of a child. The cost of a child varies according to the needs of children at particular ages, parents' engagement with the labour market and the subsequent need for private childcare and also geographical location.

The tables present the cost of a child for each age group with and without childcare. The need for childcare has a considerable impact on the expenditure needed for a minimum standard of living. When childcare is excluded, a child of pre-school age has the lowest costs, followed by primary school, infancy and secondary school. However, when childcare is included, it is the primary school stage of the lifecycle that has the lowest costs followed by secondary school, pre-school and infancy. Therefore the impact of the labour force status of the primary carer and the need for childcare creates a large variation in these costs, particularly for young children, and no variation from the secondary school stage of the lifecycle onwards.

The next section will give an overview of expenditure at each stage of the lifecycle before moving on to discuss the baskets in detail.

²¹ For those entitled to a medical card there is a 50cent charge per prescription.

²² For example if a jumper costs €20.00 and is expected to last 52 weeks (1 year) the cost is divided by the number of weeks it is expected to last: €20 / 52 = 0.38cent per week.

Table 6 Direct weekly costs of a child, by age group (urban)

Urban				
	Infant	Pre-School	Primary School	Secondary School
Food	31.22	18.69	28.43	35.44
Clothing	16.92	5.05	6.71	11.61
Personal Care	11.17	1.18	2.68	9.40
Health	6.50	2.65	2.60	3.28
Household Goods	12.03	3.59	4.24	5.50
Communications	-	-	-	17.16
Social Inclusion & Participation	1.79	4.17	14.94	33.05
Education	-	-	6.09	15.32
<i>Uniforms</i>	-	-	1.95	2.51
<i>Books, Stationary, etc.</i>	-	-	3.41	5.57
<i>Computer Equipment</i>	-	-	-	1.49
<i>Other Education Costs</i>	-	-	0.73	5.75
Transport	-	2.66	2.66	2.66
Household Energy	1.20	-	-	1.22
<i>Electricity</i>	1.20	-	-	1.22
<i>Gas</i>	-	-	-	-
<i>Oil</i>	-	-	-	-
Childcare - Part-time	128.00	72.30	12.91	-
Childcare - Full-time (extra cost)	77.00	103.29	38.73	-
Insurance (Health)	5.30	5.30	5.30	5.30
Savings & Contingencies	5.00	5.00	5.00	5.00
Total (full-time childcare)	296.13	223.87	130.30	144.92
Total (no childcare)	91.13	48.29	78.66	144.92
<i>Additional food costs for One Parent household²³</i>	-	3.68	5.59	6.97

²³ The additional food costs for one parent household (Tables 6 & 7) is due to lower economies of scale.

Table 7 Direct weekly costs of a child, by age group (rural)

Rural				
	Infant	Pre-School	Primary School	Secondary School
Food	32.56	22.58	34.34	42.81
Clothing	16.92	6.74	8.77	13.99
Personal Care	11.14	1.23	2.94	8.68
Health	6.23	2.13	2.13	2.53
Household Goods	12.57	3.35	3.94	5.47
Communications	-	-	-	17.00
Social Inclusion & Participation	2.06	3.70	13.69	23.53
Education	-	-	6.94	14.73
<i>Uniforms</i>	-	-	2.37	2.85
<i>Books, Stationary, etc.</i>	-	-	2.54	4.57
<i>Computer Equipment</i>	-	-	-	2.86
<i>Other Education Costs</i>	-	-	2.03	4.45
Transport	-	-	-	-
Household Energy	1.20	-	-	1.16
<i>Electricity</i>	1.20	-	-	1.16
<i>Gas</i>	-	-	-	-
<i>Oil</i>	-	-	-	-
Childcare - Part-time	102.67	47.44	12.92	-
Childcare - Full-time (extra cost)	64.66	85.98	38.75	-
Insurance (Health)	5.30	5.30	5.30	5.30
Savings & Contingencies	5.00	5.00	5.00	5.00
Total (full-time childcare)	260.31	183.44	134.72	140.20
Total (no childcare)	92.98	50.03	83.04	140.20
<i>Additional food costs for One Parent household</i>	-	4.68	7.12	8.88

Direct Costs of an Infant

Table 8 Direct Weekly Costs of an Infant

Infant	Without Childcare	Including Childcare (Full-Time)
Urban	€91.13	€296.13
Rural	€92.98	€260.31

Table 8 shows that the weekly cost of a minimum essential standard of living for an infant is €91.13 in urban areas and €92.98 in rural areas. Across a range of items including clothing, personal care, health and household goods, costs are greater at this stage of childhood than at any other. When childcare is excluded, food is the most expensive item in the basket, followed by clothing and household goods. The least expensive items in an infant's minimum basket are social inclusion and participation and household energy.

When childcare is included in the basket, the expenditure needed for a minimum standard of living notably rises, as full-time childcare adds €205.00 per week to the urban basket and €167.33 to the rural basket, thus making infancy the most expensive period in the lifecycle of a child.

Direct Costs of a Child of Pre-School Age

Table 9 Direct Weekly Costs of a Child of Pre-School Age

Pre-School	Without Childcare	Including Childcare (Full-Time)
Urban	€48.29	€223.87
Rural	€50.03	€183.44

A child of pre-school age has the lowest direct costs when compared to children of other ages. The expenditure needed in urban areas is €48.29 while the cost of a minimum standard is €50.03 in rural areas. Across a range of budget areas including food, clothing and personal care, costs are the lowest at this stage of childhood. Pre-school children no longer require items such as formula, nappies and equipment such as a changing mat and sterilizer. They are also not engaged in formal education and for this reason costs are significantly lower at this stage than at any other.

However, if childcare is included in the basket there is a marked increase in costs and this stage becomes the second most expensive period in a child's life after infancy.

Direct Costs of a Child of Primary School Age

Table 10 Direct Weekly Costs of a Child of Primary School Age

Primary School	Without Childcare	Including Childcare (Full-Time)
Urban	€78.66	€130.30
Rural	€83.04	€134.72

At this age costs begin to rise again from a low at the pre-school stage of childhood. The cost of a minimum standard of living is €78.66 in urban areas and €83.04 in rural areas. When compared with children of pre-school age, expenditure increases on average across urban and rural areas by approximately €31 per week. This increase can largely be accounted for by higher expenditure on

food and social inclusion and participation. Furthermore, the inclusion of education costs in the basket also contributes to a rise in the expenditure needed between pre-school and primary school.

When children enter formal education the need for childcare diminishes. Children only require afterschool care and/or care during school holidays. Therefore childcare is not as expensive at this point when compared to infancy or pre-school. Nevertheless, it does remain a substantial cost and when included in the basket it notably increases the cost of a minimum essential standard of living.

Direct Costs of a Child of Secondary School Age

Table 11 Direct Weekly Costs of a Child of Secondary School Age

Secondary School		Weekly costs
Urban		€144.92
Rural		€140.20

At this stage there is no longer a need for childcare. Despite this, the weekly cost of a minimum standard of living is €144.92 in urban areas and €140.20 in rural areas. As children become adolescents the need for and cost of goods and services increase. At this point expenditure visibly rises for a number of items including food, clothing, education and social inclusion and participation. Furthermore, the need for and inclusion of the internet and a mobile phone (communications) for this age group adds approximately €17 per week to the basket. When childcare is omitted, the secondary school stage of childhood becomes the second most expensive period in a child's life.

The brief overview of the four age groups included in this study demonstrates that no single figure or sum of money can define the cost of a child. Costs generally are high at infancy before falling for children of pre-school age and then continuing to rise as children get older. The need for and inclusion of childcare substantially alters the cost of a minimum standard of living particularly for children in the infant and pre-school age groups, and less so for a child at primary school. As children reach second level, childcare is no longer required but costs such as education, social inclusion and participation and communications increase substantially.

The next section explores the basket of goods and services in more detail and how expenditure fluctuates across the four age groups, starting first with childcare as this has by far the greatest impact on the cost of a minimum essential standard of living. The discussion then follows the trajectory of the baskets as laid out in Tables 6 & 7 i.e. food, clothing and personal care etc.

Childcare

Table 12 Weekly Cost of Childcare

	Infant	Pre-school	Primary School	Secondary School
Urban Full Time	€205.00	€175.59	€51.64	-
Urban Part Time	€128.00	€72.30	€12.91	-
Rural Full Time	€167.33	€133.42	€51.65	-
Rural Part Time	€102.67	€47.44	€12.91	-

The need for childcare is dependent on a parent's/guardian's employment situation. If parents need to avail of childcare, the direct costs of a child can increase dramatically. In Ireland childcare has received extensive coverage and has been the subject of much debate and discussion. A 2009 OECD Report '*Doing Better for Families,*' calculated that the cost of childcare as a proportion of family income is just below thirty per cent. Only the UK is higher at thirty three per cent (OECD, 2009). The figures given for childcare seem to support the findings of the OECD. Childcare is a very substantial cost at the first two stages of childhood. The cost declines at the primary school stage and does not feature as a cost for children of secondary school age.

The data shows that it is in infancy that the costs of childcare are most pronounced. Full time childcare for an infant in a crèche is €205.00 per week in urban areas and €167.33 in rural areas, giving an average of €186.17 for the two locales.

At the pre-school stage of the lifecycle, the cost of childcare, although still substantial is nevertheless notably less than the cost of childcare for an infant. This, in part, can be attributed to the introduction of the Early Childhood Care and Education Scheme (ECCE). The introduction of the ECCE in January 2010 provides a number of hours of free childcare per week for one year for children of pre-school age²⁴. This scheme has undoubtedly provided much needed assistance to parents burdened with the cost of childcare, and, according to information received by the Children's Rights Alliance 63,000 children availed of the ECCE scheme in 2010 (Children's Rights Alliance, 2011: 10).

However, our data shows that despite the introduction of the ECCE scheme, the cost of childcare remains a very substantial cost at the pre-school stage of childhood. When childcare is required, it is by far the most expensive budget component for a child of pre-school age. The weekly cost of childcare in urban areas after the ECCE scheme has been applied is €72.30 for part-time childcare and €175.59 for full-time care. For the corresponding rural age group, the weekly cost of part-time childcare is €47.44 and €133.42 for full-time care.

The cost of childcare reveals a significant difference in price between urban and rural childcare providers. Research by the National Consumer Agency also found a similar dichotomy in childcare prices between urban and rural areas:

The overall average price across all regions nationally was €191²⁵ per week, with the average price ranging from a high of €233 in the Swords area to a low of €155 in the Waterford and Sligo areas, a difference of 50% (€78) (NCA, 2011: 9).

²⁴ In general, children are eligible for the ECCE scheme if they are aged between 3 years 2 months and 4 years 7 months on 1 September of the year that they will be starting. The State pays a capitation fee to participating playschools and day care services. For providers of day care services, the weekly capitation fee is €48.50 over 50 weeks. In return, they provide a pre-school service free of charge to all children within the qualifying age range for a set number of hours over a set period of weeks. If a child attends a full-time or part-time day care service for example, the normal pattern for the free pre-school year is 2 hours and 15 minutes per day over 50 weeks. If a child attends for longer than this each day, there is a charge for the extra time. In general, children only qualify for ECCE in one school year. Information on the ECCE scheme taken from http://www.citizensinformation.ie/en/education/pre_school_education_and_childcare/early_childhood_care_and_education_scheme.html

²⁵ Figures are rounded to the nearest euro.

Furthermore, research by National Children’s Nurseries Association also highlights a disparity in terms of price between urban and rural childcare providers when they found that ‘when reviewed by region, Dublin still proves to be the most expensive area for childcare....generally Connacht is the cheapest area for childcare but Munster and Ulster prove to be on a similar scale’ (NCNA, 2010: 4). Although childcare is a very substantial cost for urban and rural dwellers, it is clear from the data that it is more heavily borne by urban dwellers.

When children enter primary school the need for childcare diminishes. Childcare for this age group is based on a friend or relative providing after-school care. For this reason there is no difference in the cost of childcare between urban and rural areas as there is no justification for a child minder to be paid more in a certain area. Part-time childcare is based on the need for childcare for summer months and school holidays such as mid-term break when children are off school. When this cost is broken down on a weekly basis, the cost is €12.91 per week.

Full-time childcare is based on children needing after school care on a full-time basis and this costs €51.64 per week. When childcare is included in the cost of a child of primary school age, it substantially increases the cost of a minimum essential standard of living from €78.66 per week to €130.30 per week, for example, when full-time childcare is needed in urban areas. Therefore, although childcare is substantially lower than at infancy or the pre-school stage of the lifecycle, it nevertheless exerts a considerable financial toll on those who need to avail of it.

Food

Table 13 Weekly Cost of Food

	Infant	Pre-school	Primary School	Secondary School
Urban	€31.22	€18.69	€28.43	€35.44
Rural	€32.56	€22.58	€34.34	€42.81

The food basket for children of all ages provides for a balanced, nutritious diet and is based on the views of focus group participants and also in consultation with a nutritionist to ensure the requirements for a healthy and varied diet are met. The food baskets for all children with the exception of the infant are derived from the aggregate household food baskets using the Nelson (Nelson, M. 1986) Food Scale²⁶. The infant was the new child age group addition to the dataset for the 2012 publication *A Minimum Income Standard for Ireland* and focus groups were held for this new age group. The weekly cost of food across a child’s lifecycle in urban areas varies from a low €18.69 (pre-school) to a high of €35.44 (second level). In rural areas the cost of food fluctuates between €22.58 (pre-school) and €42.81 (second level). When childcare is excluded, food is the most expensive item in the basket for children of all ages.

For infants the cost of food is high and when childcare is excluded it accounts for approximately 34 per cent on average of the overall expenditure between urban and rural areas. The diet of infants is significantly different from that of older children. Obviously, the cost of food for a baby will depend on whether a baby is breast fed or bottle fed. Based on the views of focus groups it was decided that the food basket would be based on a child being bottle fed. For that reason, a significant

²⁶ For more on this method see Methodology section.

proportion of an infant’s food costs are derived from the cost of formula. An infant at nine months will in general use approximately 1.5 tins (900g) of formula a week, costing on average €9.79 per tin or €14.69 per week, which amounts to almost half of the overall cost of an infant’s food costs.

Parents in both urban and rural focus groups emphasised their preference for branded food products for a baby. The focus group participants indicated that, as a minimum, food purchased for a baby would be ‘well known and trusted brands until the baby is at least one year (VPSJ, 2012). As a result, ‘branded’ items were priced in both urban and rural locations and there is very little difference (€1.34) in the price of branded goods between supermarkets. This point is supported by a price comparison survey of 87 branded grocery products by the National Consumer Agency (NCA). The NCA also found marginal difference in the price of branded goods between multiples Tesco, Dunnes Stores, Superquinn and Supervalu with ‘the total difference between the cheapest and most expensive being €5.75, or 2.4%’ (NCA, 2010: 12).

When children reach pre-school age the need for specialized food such as formula diminishes as children consume more solids and food ordinarily eaten by the rest of the household. It is for this reason there is a drop in the cost of food between infancy and pre-school age.

The data on food for a child of pre-school age reveals the emergence of a price disparity for food between urban and rural areas that is maintained as children get older. Research by the VPSJ (2010) found urban dwellers have access to multiples that stock a large range of ‘own brand’ items, whilst rural dwellers do not have the same degree of choice and some smaller multiples do not carry an extensive range of ‘own brand’ products. Furthermore, rural dwellers do a proportion of their shopping locally e.g. bread, milk, butter and meat etc, and items bought in these shops tend to be marginally higher in price than items bought in large multiples. As a result there is a trend in the data for food prices to be marginally higher in rural areas (VPSJ, 2010: 34).

From primary school onwards there is a notable increase in the cost of food. For example the rural food basket shows an increase of €11.76 in the cost of food from pre-school to primary school. The increase in the cost of food is a consequence of children needing a higher calorie intake at this stage of childhood. This trend continues as children reach second level. The cost per week of food for an adolescent is €35.44 in urban areas and €42.81 in rural areas. On average, between urban and rural areas, this is an increase of approximately €7 per week on the cost of food between primary and second level. The VPSJ data on the cost of food for an adolescent mirrors research by *Healthy Food For All* (2009). The research found that the cost of healthy eating for a teenager is €35 per week using a multiple supermarket. Although the VPSJ food baskets are based on March 2011 prices, the similarity between the VPSJ urban food basket which costs €35.44 per week and that of Healthy Food for all is striking.

Clothing

Table 14 Weekly Cost of Clothing

	Infant	Pre-school	Primary School	Secondary School
Urban	€16.92	€5.05	€6.71	€11.61
Rural	€16.92	€6.74	€8.77	€13.99

Clothing is an essential element of any individual's minimum needs 'because it meets the physical needs for warmth, comfort and protection' (McCabe and Rose, 1993: 65). The weekly cost of clothing is high in infancy before declining at pre-school age and then gradually rising again as children get older.

Clothing is the second largest area of expenditure for an infant, and, in fact, it is in infancy that clothes are most expensive, costing €16.92 per week. Parents in the focus groups in rural and urban areas indicated their preference for the same retailers and therefore clothes cost the same amount in both areas. Obviously, how long clothes last can very much depend on the rate of growth of an individual child. During infancy, children's weight and height change rapidly. The sizes in which baby clothes are sold indicate the length of time they are expected to fit an average baby e.g. three-six months; six-nine months etc. The high expenditure costs for an infant can therefore be attributed to the fact that clothes are outgrown before they are outworn; this results in higher costs because of the shorter time-frame over which the cost can be spread. This mirrors Carney et al., (1994) findings which also concluded that the cost of clothes in infancy tends to be higher than for a child at the pre-school due to the short time-frame over which clothes can be worn (Carney et al., 1994).

The clothing basket for a child of pre-school age consists of what is to be expected in a clothes basket for any child of this age. Clothes for this age group cost approximately €11 less per week than the weekly cost of clothing for an infant as the cost of clothing can be spread over longer periods thereby reducing costs.

When children reach primary school age the weekly cost of clothing begins to rise again. The cost of the urban clothing basket for a child of primary school age is €6.71, whilst the rural clothing basket costs €8.77 per week.

When rural children reach primary school age, wellingtons and high visibility bibs are included in the basket. Focus group participants stressed the need for these items in rural areas and expressed the view 'that these items are an essential part of rural life due to country roads being unlit and lacking sidewalks/pavements' (VPSJ, 2010: 37).

For children at second level the cost of clothing increases to €11.61 per week in urban areas and €13.99 per week in rural areas. This is approximately €5 more expensive per week than for children at primary school. Rural children at second level also have wellingtons and high visibility bibs in their clothing basket.

The data reveals that clothing is a substantial weekly cost, but also, as other studies have revealed, a source of concern and pressure. As Daly and Leonard (2002) point out '*whilst most definitions of an adequate standard of living include warm weather-proof clothing as one of the main criteria, such definitions are not sensitive to children's situations...and desire to 'fit in' with peers*' (Daly and Leonard, 2002: 123). The pressure to dress in brand clothing was also a finding in research by the VPSJ. Parents in focus groups spoke of the difficulty of children choosing brand items that they could not afford. As one focus group participant said '*it's hard sometimes when kids are picking things out*' (VPSJ, 2006: 75).

Therefore, whilst clothing is a substantial weekly cost, it is also apparent that clothing and in particular having the 'right' clothes is a cause of worry and a financial strain for some households.

Following discussions with focus groups, there was consensus among participants that at a minimum level the clothing basket for a child at second level should contain brand name trainers such as Nike or Addidas and also an allowance for a brand name track-suit. However, these two items are the only two branded items in the clothing basket, all other clothing items for adolescents are bought in low cost clothing stores and are 'own' brand items.

Personal Care

Table 15 Weekly Cost of Personal Care

	Infant	Pre-school	Primary School	Secondary School
Urban	€11.17	€1.18	€2.68	€9.40
Rural	€11.14	€1.23	€2.94	€8.68

The weekly cost of personal care is high in infancy before declining for children of pre-school age and then rising significantly as children reach adolescence. However, it is in infancy that personal care costs are the most expensive.

The urban personal care basket for an infant costs €11.14 per week whilst the corresponding rural basket is €11.17. The higher costs at infancy can be attributed to the inclusion of particular items such as nappies that are only required at this stage of childhood. A significant proportion of an infant's personal care costs are due to the need to include nappies in the basket. Based on discussions with focus groups, 1 pack of nappies (36 per pack) per week is allowed for, costing an average of €7.99 per week across urban and rural areas. Nappies therefore account for approximately 72 per cent of the overall cost of the personal care basket for an infant.

1 pack of baby wipes per week, also considered by focus groups as the minimum, adds an average of €1.35 per week to the personal care basket. The basket also includes other toiletries such as baby oil, baby shampoo, baby bath, nail scissors, sponges and sun cream.

The cost of personal care for a child of pre-school age declines to €1.18 per week in urban areas and €1.23 in rural areas. This is approximately €10 less per week than the cost of personal care for an infant but approximately only €1.60 less than a child of primary school going age. As children enter the pre-school phase the contents of the personal care basket changes. Children no longer require items such as nappies and therefore the cost of the basket falls considerably from a high at infancy. Overall, when compared against children of other ages, the cost of personal care is least expensive for a child of pre-school age.

As children enter adolescence, personal care costs rise again, as what is required for a minimum standard changes. The cost of personal care for a child of secondary school age is €9.40 in urban areas and €8.68 in rural areas, a substantial jump from an average of €2.81 for children at primary school. At this age, personal care products such as shower gel are used more frequently and additional sanitary and personal care items, such as deodorant, are added to the basket. For this reason there is a notable increase in the cost of personal care from adolescence onwards.

Health

Table 16 Weekly Cost of Health Care

	Infant	Pre-school	Primary School	Secondary School
Urban (no medical card)	€6.50	€2.65	€2.60	€3.28
Urban (full medical card)	€4.16	€0.25	€0.20	€0.52
Rural (no medical card)	€6.23	€2.13	€2.13	€2.53
Rural (full medical card)	€4.13	€0.16	€0.16	€0.52

Health costs are high at infancy, before declining at the pre-school age and rising marginally as children get older.

For infants, the urban health care basket costs €6.50 per week, whilst the rural basket is slightly lower at €6.23 per week. Once again, similar to personal care, health care is most expensive for an infant. The higher costs of health care in infancy can be attributed to a number of factors. Parents in focus groups stressed the need for additional doctor's visits for an infant and therefore three visits are included in the basket as opposed to two for children of other ages.

In addition, the health care basket contains items not found in the health care baskets of children of other ages. Included in the basket are items such as teething rings, Bonjela, soothers and nappy rash cream, as well as baby Calpol and baby Neurofen. These additional items, coupled with the additional doctor's visit make health care more expensive in infancy than at any of the three other stages of childhood as set out in this report.

Between pre-school and secondary school the cost of health care does not change dramatically. The cost of health in urban areas ranges from €2.65 (pre-school) to €3.28 (second level), whilst in rural areas the cost of health ranges from €2.13 (pre-school) to €2.53 (secondary school). Whilst the cost of health is lowest at pre-school age, it does not significantly change over the course of childhood as the contents of the baskets do not change dramatically. Included in the basket is over the-counter medicines, such as a cough bottle, the cost of two doctor's visits per year, prescriptions, 1 dentist visit per year and also an optician's visit every two years for children at second level.

When medical card eligibility is taken into account the cost of all main health care is excluded from the expenditure. This includes the cost of GP, Dentist and Optician visits, as well as the cost of prescriptions (bar the 50 cent prescription charge).

Household Goods

Table 17 Weekly Cost of Household Goods

	Infant	Pre-school	Primary School	Secondary School
Urban	€12.03	€3.59	€4.24	€5.50
Rural	€12.57	€3.35	€3.94	€5.47

The data reveals that household goods are most expensive at infancy and least expensive for children of pre-school age. However, between pre-school and second level the cost of household goods increases only marginally.

Household goods are a notable weekly expense for households with an infant.²⁷ In urban areas the weekly cost is €12.03 per week, whilst in rural areas it is €12.57 per week or approximately 13 per cent of overall expenditure costs when childcare is excluded. The household goods basket for an infant contains a significant number of items not found in the basket for children of other ages. Included in this category are items such as a pram, changing mat, cot, high-chair, bottles, teats, bath seat, stair gate and steriliser amongst other items. As a result of the additional items that are minimum essential requirements, it is in infancy that household goods are most expensive.

From pre-school age onwards the cost of household goods, which is solely based on the cost of furnishing a child's bedroom and not on costs shared in common with the rest of the household, does not significantly change over childhood with costs in urban areas, for example, varying from €3.59 (pre-school) to €5.50 (secondary school).

Communications

Table 18 Weekly Cost of Communications

	Infant	Pre-school	Primary School	Secondary School
Urban	-	-	-	€17.16
Rural	-	-	-	€17.00

The early stages of a child's life do not necessitate any cost for communications. However, this becomes a very significant factor for children of secondary school going age. The inclusion of broadband for educational purposes, deemed a minimum essential item by focus groups, accounts for the lion's share of the €17.00/ €17.16 spent on communications. Parents in focus groups stressed the positive relationship between education and Information Computer Technology (ICT) and argued that computers and the internet are fundamental educational tools and that ICT is increasingly used by students for everyday educational purposes.

The positive relationship between education and ICT is supported by Balanskat, Blamire and Kefala (2006) in their review of studies of ICT impact on schools in Europe. The review of studies led them to make the following observations:

²⁷ The weekly cost of items for an infant have been calculated based on the purchase price divided by the length of time an infant will need that particular item as opposed to how long the item may last. For example, the cost of a sterilizer has been calculated based on the purchase price divided by 52 weeks (one year), the length of time it is recommended that bottles be sterilized.

1. Pupils, teachers and parents consider that ICT has a positive impact on pupils' learning;
2. Pupils subject-related performance and basic skills (calculation, reading and writing) improve with ICT, according to teachers;
3. Teachers are becoming more and more convinced that the educational achievements of pupils improve through the use of ICT; and
4. Academically strong students benefit more from ICT use, but ICT also serves weak students (Balanskat, Blamire and Kefala, 2006: 3 & 4).

Therefore although the inclusion of the internet is expensive, the insistence by focus groups that it is included for educational purposes is supported by research that underscores the positive impact that ICT has on educational outcomes.

A final point to note on communication costs is that included in the communications basket for children of secondary school going age is a mobile phone, costing €0.38 cent per week, based on a 3 year lifespan and €5.00 phone credit per week.

Social Inclusion and Participation

Table 19 Weekly Cost of Social Inclusion and Participation

	Infant	Pre-school	Primary School	Secondary School
Urban	€1.79	€4.17	€14.94	€33.05
Rural	€2.06	€3.70	€13.69	€23.53

Whilst some may argue that expenditure on social inclusion and participation is a luxury, the VPSJ, as well as other budget standard studies, holds the view that a minimum essential standard of living is more than survival; it is a standard of living that allows for physical, psychological and social needs to be met²⁸. The social inclusion and participation budget for children contains books, toys, activities, a minimum amount of pocket money (primary and second level only) and a one week holiday in a mobile home in Ireland once a year²⁹.

Focus groups felt strongly that this category be included and spoke of the importance of social inclusion and participation for a child's development and also physical and mental health and participation in society.

This point is supported at Government level and indeed the National Play Policy published in 2004 recognizes that:

Through play children explore social, material and imaginary worlds and their relationship with them, elaborating all the while a flexible range of responses to the challenges they encounter. By playing children learn and develop as individuals, and as members of the community (National Playing Fields

²⁸ Carney et al., (2004) *The Cost of a Child* and Bradshaw et al., (2008) *A Minimum Income Standard for Britain – What People Think* also included social inclusion and participation in their budget standard studies.

²⁹ The cost of the holiday attributed to the child is travel costs (train for urban households) to the holiday destination and a proportion of the holiday spending money. Other costs such as hiring of the mobile home are costs borne by parents and therefore not attributed to a child.

Association, PLAYLINK and the Children's Play Council, 2000, p.6 as cited in National Children's Office, 2004: 11).

The data reveals that the cost for social inclusion and participation gradually rises as children grow older. For infants the cost is €1.79 per week in urban areas and €2.06 in rural areas. Although it is not a significant cost, it is nevertheless regarded as vital for a baby's development. Kernan (2007) for example highlights the 'necessity of... providing responsive, varied, novel objects and materials within babies reach so that they can explore them with their whole bodies – hand, feet, skin, and mouths' (Kernan, 2007: 28). Parents in the focus groups also emphasised the need for toys for children and the importance of them for an infant's development. Therefore, although not a very significant cost in terms of the overall cost of an infant, social inclusion and participation is nevertheless an important budget component.

As children grow older, the cost of social inclusion and participation increases and it is at primary school that there is a notable increase in cost. In urban areas the cost of social inclusion is €14.94 per week. In rural areas it is €13.69 per week or, an average of seventeen per cent of overall expenditure when childcare is excluded. As children grow and enter formal education they participate in more activities and this accounts for the significant increase in cost for this category between pre-school age and primary school age.

The social inclusion and participation budget for a child of primary school age also allows for weekly activities such as swimming and football as well as occasional trips to the cinema, holiday spending money and toys such as a bike and rollerblades. The social inclusion and participation budget allows for participation in society and enables children to engage in activities that focus group participants felt represented normal leisure patterns for Irish children.

Between primary school and secondary school there is once again a significant increase in the cost of social inclusion and participation. At this stage of childhood, social inclusion and participation is one of the highest expenditure categories, costing €33.05 in urban areas and €23.53 in rural areas. The social inclusion and participation budget includes items such as a bike and activities such as swimming, soccer or Gaelic football in rural areas, occasional outings to the cinema and pocket money of approximately €7.00 per week.

Whilst social inclusion and participation is expensive for a child at second level, focus groups stressed the important positive effect sports and hobbies can have on teenagers. Engaging in activities was seen as important for teenagers and also as a way in which parents could channel their children away from anti-social behaviour. This point is also recognised in official Government policy:

These positive effects [of social inclusion and participation] can also help to counteract risks and harm caused by demanding, competitive, stressful and sedentary lifestyles. Involvement in activities such as sport, arts, music and hobbies can foster the adoption of other healthy behaviour, including the avoidance of tobacco, alcohol, drugs and aggression (Office of the Minister for Children, 2007: 10).

Therefore, whilst it is recognised that the cost of social inclusion and participation is substantial, it is nevertheless regarded as vital to a child’s development and their full participation in society.

A final point to note is that at second level, a sizeable difference in cost emerges for social inclusion and participation between urban and rural areas. Research by the Mac Mahon, Weld and Thornton (2010), found that children in rural areas participate in less expensive activities such as Gaelic football and hurling and that adolescents have less opportunity for outings due to their rural location. As a consequence the cost of social inclusion and participation is notably less in rural areas.

Education

Table 20 Weekly Cost of Education

	Infant	Pre-school	Primary School	Secondary School
Urban	-	-	€6.09	€15.32
Rural	-	-	€6.94	€14.73

Education is an essential component of a minimum standard of living and is seen ‘as an agent for social transformation ...a powerful force in counteracting inequality and poverty’ (Healy, Reynolds & Collins, 2011: 176). Indeed this point is reinforced by data from the *Survey on Income and Living Conditions (SILC)* (2010) which found that:

As the education level of the head of household increased the at-risk-of-poverty rate decreased. Where the head of household had a highest level attained of education of primary or below the at-risk-of-poverty rate was 21.3%, falling to 13.4% where the head of household had higher secondary education and 4.0% where the head of household had a third level degree or higher (CSO, 2010: 41).

In this study it is at the primary school stage of childhood that education costs first come into play. Education costs include the cost of uniforms, books & stationary, ‘voluntary’ contributions and the cost of school tours and so forth. The cost of education in urban areas is €6.09 per week, whilst the cost in rural areas is €6.94 per week. Overall, the average annual cost of education at primary level, is according to the data, approximately €338 for urban and rural areas or eight per cent of the overall weekly basket when childcare is excluded. Expensive as it is, parents in focus groups voiced their belief that education is an essential basic need and a fundamental part of a minimum essential standard of living.

The cost of education for a child of secondary school age is €14.73 in rural areas and €15.32 in urban areas. Included in education for this age group is the cost of Junior Certificate examination fees, ‘past’ papers and the cost of a computer, printer and ink etc, as well as necessities, such as a uniform, books, school bag and stationery. The average cost of education for urban and rural areas is €781.30 per annum.

Transport

Table 21 Weekly Cost of Transport

	Infant	Pre-school	Primary School	Secondary School
Urban	-	€2.66	€2.66	€2.66
Rural	-	-	-	-

For children residing in urban areas, it is assumed that they have ease of access to goods and services, and are within walking distance of schools and services. Therefore only a minimal sum is allowed for transport in urban areas. In urban areas the cost of transport remains constant from pre-school to secondary school at €2.66 per week. This allows for minimal travel on Dublin Bus.

For rural households it was not possible to assume what proportion of petrol was applicable to each child and therefore transport costs are not given as direct costs of a child, as it was decided that these costs would be solely borne by parents.

Household Energy

Table 22 Weekly cost of Household Energy

	Infant	Pre-school	Primary School	Secondary School
Urban	€1.20	-	-	€1.22
Rural	€1.20	-	-	€1.16

Household energy is made up of electricity and the cost to heat a home e.g. oil/gas. The heating expenditure is derived from consultation with the Sustainable Energy Authority of Ireland (SEAI). The heating requirements are based on a three bed semi-detached house in both urban and rural areas, insulated to the prevailing building standards of 2006. The cost of heating the home to an adequate standard is a cost attributed to parents and so is not a particular cost to any one child or age group. The household energy costs, in relation to the direct costs of a child, solely relate to the additional cost of electricity. The household energy costs are, for the most part, costs attributed to the household. The cost given for children in relation to household energy reflects the additional costs of electricity used at particular stages of childhood.

The additional electricity costs for urban and rural areas range from €1.20 (infant) to €1.16/€1.22 (second level) per week. The use of a steriliser, hand-held blender and additional uses of the washing machine and kettle can be directly attributed to an infant. For the child of secondary school going age the costs of electricity relate to the use of the computer.

Insurance (Health)

Table 23 Weekly Cost of Insurance

	Infant	Pre-school	Primary School	Secondary School
Urban	€5.30	€5.30	€5.30	€5.30
Rural	€5.30	€5.30	€5.30	€5.30

The cost of health insurance remains constant from infancy to secondary school at €5.30 per week or €275.60 annually.

The cost of private health insurance has received considerable attention, in particular of late, as the numbers of people buying private health insurance has fallen because of rising premiums and the economic recession which has resulted in the number of people being insured declining from its peak of almost 2.3 million at the end of 2008 to 2,163,000 at the end of December 2011 (The Health Insurance Authority, 2012). However, a consumer survey by the Health Insurance Authority in 2010 found that two thirds or 67 per cent of those surveyed regarded private health insurance as a necessity and not a luxury. Furthermore, those surveyed who did not have private health insurance cited affordability and entitlement to a medical card as the main reasons why they did not purchase private health insurance (The Health Insurance Authority, 2010). This sentiment was also expressed by focus group participants, who, although recognising the expense of private health insurance, nevertheless regarded it as a service that an individual or household should have at a minimum level if they are not entitled to a medical card.

However, if children are part of a household that is entitled to a medical card, focus groups did not regard private health insurance as a minimum essential item as they felt that a medical card would provide adequate health cover. Therefore, expenditure would decrease for children in households entitled to a full medical card as private health insurance would no longer be included in the basket of goods and services.

Savings and Contingencies

Table 24 Weekly Cost of Savings and Contingencies

	Infant	Pre-school	Primary School	Secondary School
Urban	€5.00	€5.00	€5.00	€5.00
Rural	€5.00	€5.00	€5.00	€5.00

The cost of savings and contingencies remains constant at €5.00 per week across childhood. This is the amount of money that participants in focus groups felt was the minimum that should be set aside each week for savings or to cover any unexpected expenditure for a child.

Conclusion

As Table 25 shows there is no single cost of a child. The cost of a child fluctuates depending on the needs of children at particular ages, parents' participation in the labour force and the subsequent need for childcare and also geographical location.

Table 25 Direct Costs of a Child - Urban & Rural (excluding entitlement to a medical card)

	Infant <i>Excluding Childcare</i>	Infant <i>Including Childcare</i>	Pre-school <i>Excluding Childcare</i>	Pre-school <i>Including Childcare</i>	Primary School <i>Excluding Childcare</i>	Primary school <i>Including Childcare</i>	Secondary School
Urban							
Per week	91.13	296.13	48.29	223.87	78.66	130.30	144.92
Annually	4,738.76	15,398.76	2,511.08	11,641.24	4,090.32	6,775.60	7,535.84
Rural							
Per week	92.98	260.31	50.03	183.44	83.04	134.72	140.20
Annually	4,834.96	13,536.12	2,601.56	9,538.88	4,318.08	7,005.44	7,290.40

In general, costs are high in infancy for a number of items including food, personal care, household goods and health before decreasing at the pre-school stage of childhood and then gradually rising again as children get older. When childcare is omitted, a child at second level has the highest costs, whilst a child of pre-school age has the lowest.

The inclusion of childcare in the basket dramatically impacts on the direct cost of a child and substantially increases the cost of a minimum essential standard of living. When childcare is included, it is in infancy that costs are highest, followed by the pre-school stage of childhood. The analysis of the data shows that childcare is without doubt a considerable cost, but one that is more heavily felt by urban dwellers. Childcare providers in urban areas charge more for their services than their rural counterparts and this largely explains the significant difference in cost of a child between urban and rural areas for the first two stages of childhood.

While childcare is no longer an issue for children at second level, it is however in adolescence that costs for other areas of expenditure, such as social inclusion and participation, education and communications show a marked increase.

Finally, one of the objectives of child income supports in Ireland is to provide, through a range of payments, assistance to all households with children in recognition of the higher costs incurred in child-raising and child care in a way which allows choice to parents in how this is undertaken. However, as *'A Policy and Value for Money Review of Child Income Support and Associated Spending Programmes'* (2010) points out that 'while there is a broadly stated objective to redistribute some income towards families with children, there is no quantitative standard against which to assess this objective' (Department of Social Protection, 2010: 97). This study, using the Budget Standards approach, addresses this deficit by illustrating the direct cost of a child at different stages of childhood and the expenditure needed for a minimum essential standard of living. The weekly and

annual figures given in Table 25 highlight that the direct costs of a child are substantial but not static over the course of a child's life.

Chapter 5 Assessing the Adequacy of Child Income Supports

Introduction

The previous chapter presented the direct costs of a child from infancy to secondary school and outlined the minimum expenditure children need to enjoy a standard of living that meets their physical, psychological and social needs. By establishing the direct expenditure for four child age groups, a benchmark is set against which to evaluate the adequacy of income supports for children. The fact that children are the most vulnerable group to being at-risk-of-poverty in Ireland and that 19.5 per cent of children were at-risk-of-poverty in 2010 provides a rationale for examining the adequacy of child income supports (CSO, 2011).

Data from the SILC demonstrates the important role income supports play in Ireland. In 2010 if all social transfers were excluded from income the overall at-risk-of-poverty rate would be 51.0 per cent (CSO, 2011). In 2009 social welfare transfers represented almost 27 per cent of gross household income, and more than 91 per cent of the average gross household income of households in the lowest income decile was made up of social transfers (CSO, 2010). This underscores not only the importance of social welfare transfers, particularly to low income families, but also underscores the need to assess the adequacy of these payments, particularly the adequacy of child income support payments in the context of children living in families dependent on social welfare payments or minimum wage incomes.

Whilst recognising that no adequacy benchmark will serve the needs of all children in all situations and that multiple other supports exist such as provisions within the tax system which assist families with children, this chapter takes a practical approach and covers the main child income support payments within the social welfare system, namely Child Benefit, Qualified Child Increases and Family Income Supplement³⁰. It is necessary at this stage to point out that this chapter analyses the adequacy of these child income supports in the context of the direct costs of a child only. There are of course other child related costs such as costs shared in common with parents or costs borne solely by parents such as heating and lighting the family home, that are not included in this report in the expenditure for children. As a consequence, whilst this chapter assesses the adequacy of the three main payments across four stages of a child's life, it does not capture indirect costs of children. Furthermore, it does not capture the ability of a household comprised of parent(s) and children to afford a minimum essential standard of living, i.e. while child income supports may meet the direct costs of a child, it is not a given that the household and all members in it will have a sufficient income to meet the cost of a minimum essential standard of living.

The first section of this chapter outlines the three child income supports. The chapter then moves on to examine the contribution that Child Benefit (CB), the only universal direct non means-tested payment, makes to the cost of raising children.

Following on, the adequacy of Child Benefit and the Qualified Child Increase (QCI) is analysed by comparing the minimum direct expenditure established in this report to the income received from these two payments. As CB and QCI have been identified as two of the key components of child

³⁰ This chapter examines the three child income supports at 2011 social welfare rates.

income support policy, and are the principal child supports for those in receipt of social welfare, it is pertinent to assess their contribution to the cost of raising a child. The chapter then examines the contribution Family Income Supplement (FIS) makes to low income families. The contribution of FIS to a two parent one child household in which one adult is working outside the home and earning the National Minimum Wage is examined to illustrate the adequacy of FIS in this particular circumstance across childhood. Whilst more examples of FIS in practice would give a more thorough analysis of the payment, the one example given highlights the financial impact that this social welfare transfer can have on low income working families.

The chapter also examines the adequacy of child income support payments when childcare is included in the cost of a child. As our data for FIS is based on a two parent household with only one parent working outside the home, the adequacy of FIS is not assessed when childcare is included as private childcare is not required in this instance.

Child Income Supports: Child Benefit; Qualified Child Increase and Family Income Supplement

Child Benefit

Child Benefit is a universal non means-tested payment and is applicable to all children under 16 years of age or under 18 years if in full-time education, on certain training schemes or if a child has a disability. The rate of payment in 2011 is €140.00 per month for each of the first two children³¹. CB has been identified as fulfilling a number of objectives:

The universal nature of CB...has been seen as providing a contribution to the cost of raising children in all families....CB has also been identified as a way in which government can provide support to families with children in a neutral way vis- á- vis participation in the labour market...more recently the role of CB in providing support towards the cost of childcare while leaving the choice between homecare and paid childcare has been emphasised (Department of Social Protection, 2010: 38).

Qualified Child Increase

The Qualified Child Increase is a paid supplement to weekly social welfare benefits and allowances in 'recognition of the need for greater incomes among benefit-dependent households with dependent children' (Department of Social Protection, 2010: 71)³². The purpose of the QCI according to the Department of Social Protection is 'to adjust the purchasing power of the primary social welfare payments according to the number of dependent children in the household' (Department of Social Protection, 2010: 39). The current rate of QCI (2011) is €29.80 per week per dependent child.

³¹ Child Benefit is paid at a different rate for third and subsequent children.

³² The Qualified Child Increase is a supplement to payments such as Jobseekers Benefit and One Parent Family Payment etc.

Family Income Supplement

Family Income Supplement (FIS) is not payable in the absence of children. It is a means-tested payment to low income families and ‘has a dual role in addressing both work incentives for adults and child poverty objectives’ (Department of Social Protection, 2010: 176). To qualify for FIS, a household’s average total weekly family income must be below a certain amount for that family size. FIS pays 60 per cent of the difference between total family income and the income limit which applies to a particular family size. Furthermore, in order to be eligible for FIS, a person must be working at least 19 hours per week. Two parent households can combine their weekly hours worked to meet this condition.

Assessing the Adequacy of Child Benefit Excluding Childcare

Table 26 illustrates the contribution that Child Benefit makes to the direct costs of a child. As some households will only receive CB because their income disqualifies them from receiving additional payments or benefits, this analysis allows us to examine CB from the perspective of households not entitled to additional income supports or secondary benefits.

Table 26 Assessing the Adequacy of Child Benefit excluding Childcare

URBAN		Infant	Pre-School	Primary School	Secondary School
Weekly Cost of a Child		€91.13	€48.29	€78.66	€144.92
Child Benefit ³³ (CB)		€32.31	€32.31	€32.31	€32.31
Adequacy of CB		Inadequate	Inadequate	Inadequate	Inadequate
Weekly Shortfall/ Discretionary Income		-€58.82	-€15.98	-€46.35	-€112.61
RURAL		Infant	Pre-School	Primary School	Secondary School
Weekly Cost of a Child		€92.88	€50.03	€83.04	€140.20
Child Benefit (CB)		€32.31	€32.31	€32.31	€32.31
Adequacy of CB		Inadequate	Inadequate	Inadequate	Inadequate
Weekly Shortfall/ Discretionary Income		-€60.57	-€17.72	-€50.73	-€107.89

As table 26 demonstrates, CB is inadequate to meet the direct costs of a child as established in this report at all stages of childhood for both urban and rural households. Furthermore, the contribution that this payment makes varies greatly by the age of the child. Those at second level experience the greatest shortfall in income, in the region of €100+ per week, whilst a child of pre-school age has the lowest shortfall in income.

³³ Child Benefit is paid at the rate of €140 per month. $€140 \times 12 = €1680 \div 52 = €32.31$ per week. (2011 figures)

When the contribution of CB is analysed in percentage terms, it meets 35 per cent of an infant's costs, 67 per cent of costs for a child at pre-school, 41 per cent of costs for a child at primary school and only 22 per cent of the cost of a child at second level in urban areas. For the corresponding rural children, Child Benefit meets 35 per cent of an infant's costs, 65 per cent of the cost of a child of pre-school age, 39 per cent of the cost of a child at primary school and 23 per cent of the cost of a child at second level.

Assessing the Adequacy of Child Benefit and the Qualified Child Increase Excluding Childcare

The following tables, Table 27 and Table 28 (urban and rural), compare the cost of a minimum essential standard of living including entitlement to a medical card but excluding childcare, for four child age groups, against the income received from Child Benefit and the Qualified Child Increase. The rationale to include entitlement to a medical card is to reflect that in all probability if parent(s) are in receipt of a social welfare payment and subsequently the full-rate of the Qualified Child Increase, the household will be in receipt of a medical card. Therefore, the expenditure for a child is reduced because main care health costs such as GP and dentist and also private health insurance are excluded from the basket. The tables demonstrate whether income support payments are adequate to meet direct minimum expenditure for each child age group and highlight the weekly shortfall or discretionary income at each stage of the lifecycle.

Tables 27 and 28 demonstrate that the combined value of CB and QCI is €62.11 per week. Excluding childcare from expenditure, the data demonstrates that only at pre-school age are payments sufficient. Table 27 shows that for pre-school children in urban areas the combined income supports are sufficient and expenditure is approximately €21 less than the income received from social welfare transfers. For the corresponding rural pre-school child, as shown in Table 28, expenditure is approximately €19 less than income received from transfers.

Table 27 Urban direct cost of a child (excluding childcare) compared to Child Benefit and the Qualified Child Increase

URBAN	Infant	Pre-School	Primary School	Secondary School
Weekly Cost of a Child ³⁴	€83.49	€40.59	€70.96	€136.86
Child Benefit ³⁵ (CB)	€32.31	€32.31	€32.31	€32.31
Qualified Child Increase (QCI) ³⁶	€29.80	€29.80	€29.80	€29.80
Total CB & QCI	€62.11	€62.11	€62.11	€62.11
Adequacy of Combined CB & QCI	Inadequate	Adequate	Inadequate	Inadequate
Weekly Shortfall/ Discretionary Income	- €21.38	+ €21.52	- €8.85	- €74.75

³⁴ Weekly Expenditure taking into account reductions in health costs and excluding private health insurance because of entitlement to a medical card.

³⁵ Child Benefit is paid at the rate of €140 per month. €140 x 12 = €1680 ÷ 52 = €32.31 per week. (2011 figures)

³⁶ For those in receipt of social welfare, the social welfare payment is made up of a weekly amount called the *personal rate*. You may also get an extra amount for your child called an Increase for a Qualified Child. The value of the Child Increase is €29.80 (2011 figure)

Table 28 Rural direct costs of a child (excluding childcare) compared to Child Benefit and the Qualified Child Increase

RURAL	Infant	Pre-School	Primary School	Secondary School
Weekly Cost of a Child ³⁷	€85.58	€42.76	€75.77	€132.88
Child Benefit (CB)	€32.31	€32.31	€32.31	€32.31
Qualified Child Increase (QCI)	€29.80	€29.80	€29.80	€29.80
Total CB & QCI	€62.11	€62.11	€62.11	€62.11
Adequacy of Combined CB & QCI	Inadequate	Adequate	Inadequate	Inadequate
Weekly Shortfall/ Discretionary Income	-€23.47	+€19.35	-€13.66	-€70.77

For children of other ages; infant, primary and secondary school, the combined value of CB and the QCI is not adequate to meet the minimum direct costs associated with these age groups. For children at these three stages of childhood the combined value of CB and QCI is inadequate. Social welfare transfers fall short between €8.85 (primary school) and €74.75 (secondary school) for urban dwellers, and €13.66 (primary school) to €70.77 (secondary school) for rural dwellers. Therefore, whilst the Commission on Social Welfare (1986) regarded Child Benefit and the Qualified Child Increase (then referred to a Child Dependent Allowance) as the instruments through which the State would cover the full costs of child rearing for families' dependent on social welfare, the reality today is that these two payments fall short of what is needed to meet the minimum direct cost of a child as set out in this report. For the urban adolescent for example the combined value of CB and QCI covers 45 per cent of direct minimum expenditure, leaving households dependent on social welfare with a considerable shortfall in income to meet the direct costs of an adolescent.

Assessing the Adequacy of Family Income Supplement and Child Benefit Excluding Childcare

Tables 29 and 30 (representing urban and rural children) demonstrate the adequacy of FIS including entitlement to a medical card but excluding childcare. The rationale to include entitlement to a medical card in this scenario is that if one parent is working and earning the National Minimum Wage and receiving the full-rate of FIS they may in all likelihood be entitled to a medical card.

The tables show that the weekly value of FIS for a two parent and one child household, in which one parent is working full-time (37.5 hours) on the national minimum wage (NMW), is €115.00³⁸. The tables also include the weekly amount received from CB, and the combined value of FIS and CB. In addition, the ability of these supports to meet the direct cost of a child is also highlighted in the tables.

³⁷ Weekly Expenditure taking into account reductions in health costs and excluding private health insurance because of entitlement to a medical card.

³⁸ See Appendix A for how FIS was calculated.

Tables 29 and 30 illustrate that when FIS is combined with Child Benefit the weekly value of the payments amount to €147.31 for this particular scenario. These two income support payments are adequate at all ages, when childcare is excluded. Furthermore, for children at pre-school age income supports are €100 + above the direct costs of this age group. However, at this juncture it is necessary to point out that the analysis of the adequacy of child income supports in the context of the cost of a child covers the direct costs of a child only, and does not take into account costs shared in common with parents, or costs borne solely by parents. While FIS and CB may meet the cost of a child in certain situations, this does not necessarily mean that the household itself will have an adequate income to support a minimum essential standard of living. This point is supported by research from the VPSJ and TCD (2012) which found that when looked at in the context of a whole household i.e. an urban two parent and one adolescent child household, with one adult working full-time on the NMW, the household has a weekly shortfall of €21.09 (Collins et al., 2012).

Table 29 Urban direct cost of a child (including entitlement to a medical card but excluding childcare) compared against Child Benefit and Family Income Supplement

URBAN	Infant	Pre-School	Primary School	Secondary School
Weekly Cost of a Child ³⁹	€83.49	€40.59	€70.96	€136.86
Child Benefit (CB)	€32.31	€32.31	€32.31	€32.31
Family Income Supplement (FIS)	€115.00	€115.00	€115.00	€115.00
Total CB & FIS	€147.31	€147.31	€147.31	€147.31
Adequacy of Combined CB & FIS	Adequate	Adequate	Adequate	Adequate
Weekly Shortfall/ Discretionary Income	+€63.82	+€106.72	+€76.35	+€10.45

Table 30 Rural direct cost of a child (including entitlement to a medical card but excluding childcare) compared against Child Benefit and Family Income Supplement

RURAL	Infant	Pre-School	Primary School	Secondary School
Weekly Cost of a Child ⁴⁰	€85.58	€42.76	€75.77	€132.88
Child Benefit (CB)	€32.31	€32.31	€32.31	€32.31
Family Income Supplement (FIS)	€115.00	€115.00	€115.00	€115.00
Total CB & FIS	€147.31	€147.31	€147.31	€147.31
Adequacy of Combined CB & FIS	Adequate	Adequate	Adequate	Adequate
Weekly Shortfall/ Discretionary Income	+€61.73	+€104.55	+€71.54	+€14.43

³⁹ Weekly Expenditure taking into account reductions in health costs and excluding private health insurance because of entitlement to a medical card.

⁴⁰ Weekly Expenditure taking into account reductions in health costs and excluding private health insurance because of entitlement to a medical card.

Therefore, while it is evident that FIS can make a valuable contribution to a low income households with children and may provide an incentive for parents to take up work (when they do not require private childcare), it is also apparent that the level of adequacy diminishes as children grow older and the cost of a minimum essential standard of living rises. For a child at second level school-going age, the discretionary income afforded by FIS and CB diminishes; the direct cost of the urban adolescent for example is €10.45 below the combined value of the payments, compared to €106.72 for a child of pre-school age.

For those who are solely reliant on the social welfare system and therefore do not qualify for FIS, child income supports are, by and large, insufficient to meet the direct costs of a child. Furthermore, the extent of the shortfall for adolescents highlights that costs increase at this stage of childhood but the level of child income supports remain static with no allowance made for the increased minimum essential expenditure costs at this stage of childhood.

The Impact of Childcare on the Adequacy of Child Income Supports

Child Benefit

Table 31 demonstrates the impact that childcare has on the contribution that CB makes to the cost of raising a child. Expenditure given in table 31 is excluding entitlement to a medical card. The purpose is to illustrate the contribution that CB makes to households needing full-time childcare but not in receipt of additional payments or secondary benefits.

As discussed in Chapter 4, childcare increases expenditure substantially and, as a consequence, there is a vast gap between the income received from CB and the expenditure needed for a minimum essential standard of living, with the weekly shortfall in income exceeding €200 for those with an infant in full-time childcare.

Table 31 Inadequacy of Child Benefit When Childcare is Included

		Infant	Pre-School	Primary School
	Weekly Value of CB	€32.31	€32.31	€31.32
Urban	Expenditure (Including Childcare, full-time)	€296.13	€223.87	€130.30
	Shortfall (When childcare is included)	€263.82	€191.56	€97.99
Rural	Expenditure (Including Childcare, full-time)	€260.31	€183.44	€134.72
	Shortfall (When childcare is included)	€228.00	€151.13	€103.40

The shortfall decreases somewhat for children at pre-school level due to costs decreasing for this age group and also the Early Childhood Care and Education Scheme which provides a number of free hours of childcare per day to assist parents with the cost of childcare. This scheme has undoubtedly alleviated some of the financial burden associated with childcare. However, as the data illustrates, the shortfalls are nevertheless still very significant at pre-school age.

Child Benefit and the Qualified Child Increase

The following section assesses the contribution that CB and QCI make when childcare is included in the basket. Expenditure in this section includes entitlement to a medical card. It must be noted that,

in reality, if a person is on a social welfare payment such as Jobseekers Benefit and receiving a QCI, they are unlikely to be availing of full-time childcare as they are not in work. Nevertheless, it was decided to assess the adequacy of CB and QCI to cover circumstances when individuals may be in a work-like situation requiring their absence from the home during the day and therefore needing childcare e.g. partaking in courses or initiatives such as Jobbridge – the National Internship Scheme⁴¹.

Table 32 demonstrates that when childcare is included in the direct costs of a child the combined income received from CB and the QCI of €62.11 per week falls substantially short of meeting the costs of a minimum expenditure for children in the infancy to primary school age bracket.

Childcare is a considerable weekly expense and is by far the most expensive component of the basket for children from infancy to primary school. When the cost of the baskets including childcare are compared to child income supports, the inadequacy of these payments becomes more pronounced particularly for infants with the weekly shortfall in income being €226.38 in urban areas and €190.80 in rural areas.

When a child reaches primary school, the need for and cost of childcare diminishes and therefore childcare costs have less of a financial impact from this point onwards. That being said, although childcare costs are not as pronounced at this age when compared to younger children, it nevertheless remains a notable cost and creates a significant gap between the cost of a minimum standard of living and the income received from CB and QCI, with the weekly shortfall in income being €60.49 in urban areas and €65.34 in rural areas.

Table 32 Inadequacy of Child Benefit and the Qualified Child Increase when childcare is included

		Infant	Pre-School	Primary School
	Total CB & QCI	€62.11	€62.11	€62.11
Urban	<i>Expenditure (Including entitlement to a medical card and Childcare, full-time)</i>	€288.49	€216.17	€122.60
	Shortfall (When childcare is included)	€226.38	€154.06	€60.49
Rural	<i>Expenditure (Including entitlement to a medical card and Childcare, full-time)</i>	€252.91	€176.17	€127.45
	Shortfall (When childcare is included)	€190.80	€114.06	€65.34

It is clear that childcare creates a substantial chasm between child income supports and the cost of a minimum essential standard of living. When childcare is included, CB and the QCI cover only 21 per cent of the cost of an infant living in urban areas for example. When childcare is excluded from the basket, the combined value of CB and QCI meets 74 per cent of the cost of an infant in urban areas.

The data shows that child income supports do provide households with an income that at least removes some of the burden of the cost of raising a child. It must be recognised that child income supports play a pivotal role in reducing poverty and the rate of poverty would be considerably higher

⁴¹ More information on Jobbridge can be found on www.Jobbridge.ie

without social welfare transfers. Data from the *EU SILC* (2010) highlights that although social welfare transfers had the least impact on the at-risk-of-poverty rate for the 0-17 age group in 2009 when compared with other age groups, they nevertheless still significantly reduced the at-risk-of-poverty rate from 47.3 per cent to 18.6 per cent (CSO, 2010: 37).

Nevertheless, it is apparent from the forgoing analysis above that child income supports fall short of what children need in order to have a minimum essential standard of living. For those children who are in households reliant on Child Benefit and the Qualified Child Increase, income supports only meet the direct cost of a child of pre-school age. For all other ages, income is insufficient and does not meet the direct costs of a child as set out in this report. Such shortfalls in income may result in children and/or parents in low income or welfare dependent families having to go without minimum essential items. A report published in 2012 'The Irish Health Behaviour in School –age Children (HBSC) Study 2010' found that overall 21 per cent of children reported going to bed or school hungry because there was not enough food at home. This is an increase from 17 per cent in 2006. The report found that younger children and children from lower socio-economic backgrounds were more likely to report going to bed hungry than older children and those from other social class groups (Kelly, Gavin, Molcho and Nic Gabhainn, 2012: 39). Such evidence highlights that the basic needs of some children go unmet due to low income. Therefore, there is a rationale for examining the cost of children and the extent to which child income supports contribute to the cost of raising a child. Continuing to set child income support rates without taking account of what it actually costs to raise a child in Ireland and how these costs fluctuate over childhood, run the risk of children having a standard of living that fails to meet their physical, psychological or social needs.

Conclusion

The comparison of child income supports to the cost of a child at different ages demonstrates the level of financial support given by social welfare transfers. For those solely reliant on social welfare, it is evident that, by and large, the two primary child income support payments received by those on welfare, namely Child Benefit and the Qualified Child Increase, fall short of what is needed to cover the direct minimum costs of a child. Neither Child Benefit nor the Qualified Child Increase is sufficient to meet the cost of a child at any stage between infancy and adolescence. Furthermore, when the value of CB and QCI are combined it is only at the pre-school age that these payments are sufficient and only when childcare is excluded.

The data on the direct cost of a child reveals (excluding childcare) that costs are generally high in infancy, before falling at the pre-school stage age and then rising as children grow older. However, Child Benefit and the Qualified Child Increase remain static across a child's life and therefore as children grow older the gap between income supports and expenditure widens, leaving those dependent on social welfare transfers facing greater deficits, particularly those with an adolescent member of the household. The findings provide a strong rationale for the provision of child income support payments which reflect the considerable costs at each stage of development, particularly adolescence.

Family Income supplement makes a considerable contribution to low wage households and to the cost of raising a child. From our analysis, when childcare is excluded, FIS when combined with Child Benefit meets the direct cost of a child at all stages of the lifecycle. However, it is important to

highlight that while the combined value of FIS and CB meets the direct costs of a child from infancy to adolescence, there are indirect costs that are not included in this study. Therefore, while the direct costs of a child may be met, it would be wrong to assume that the household itself has a sufficient income to meet their minimum expenditure needs or that there is an equal sharing of living standards amongst household members.

This chapter on the adequacy of child income supports in the context of the cost of a child as set out in this report opens up a space to examine the level of financial support given by the state, particularly to low income families, the structure of payments and the need for different rates of payment at different stages of childhood. Whilst the consensual budget standards approach is only one of a number of methods that can be used to measure adequacy, it nevertheless shines a light on what children need for a minimum essential standard of living in Ireland and the extent to which those needs are being met by the State.

Synopsis of Research

Debates on the cost of a child and the adequacy of child income supports have long been a central theme in social policy debates. However, there has been a dearth of concrete research on child costs in recent years and social welfare provisions continue to be made without any real assessment of their contribution to the cost of raising children. This study, using the consensual budget standard approach, has overcome this information deficit and demonstrated the direct cost of a child from infancy to second level school age. In doing so, the data provides up-to-date information on the expenditure required for children to have a minimum essential standard of living in Ireland.

This study examined the direct minimum expenditure children need across thirteen areas of expenditure. Areas of expenditure include food, clothing, personal care, health and communications amongst others. Utilising data from research carried out by the Vincentian Partnership for Social Justice in 2006, 2010 and 2012 (2012 study in collaboration with Trinity College Dublin) that previously consisted of aggregate household expenditure for one and two parent families with two children of different ages, this study examined the individualised costs for children in urban and rural areas (updated for inflation to March 2011) across four age groups. The four age groups that individualised budgets were examined for are:

- Infant
- Pre School
- Primary School
- Secondary School

The direct minimum expenditure was ascertained for the four age groups and the baskets for the children consist of goods and services that can be solely attributed to the child. Costs for goods and services shared in common with parents such as household furniture (other than furnishings in a child's bedroom) and household services e.g. bin charge collections were excluded from this report.

Having established the minimum expenditure needed across a child's life, the study sought to ascertain the contribution that child income supports, make to the cost of raising children. In Chapter 5 'Assessing the Adequacy of Child Income Supports' the contribution of Child Benefit, the Qualified Child Increase and Family Income Supplement for children 0 -17 was analysed.

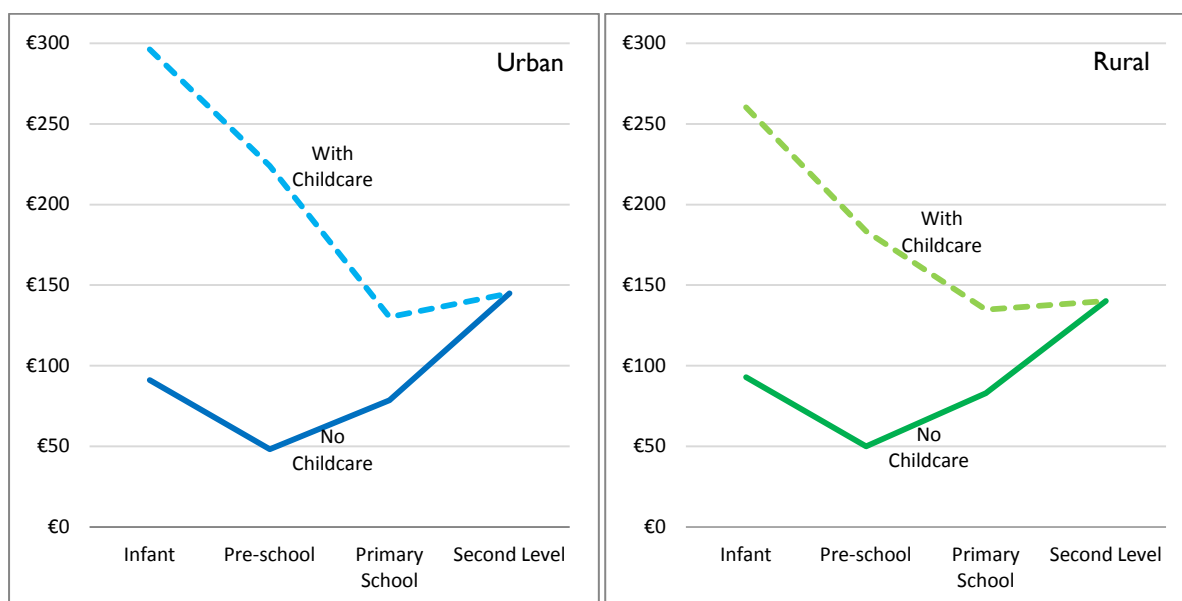
Key Findings

- The cost of a child is not static (see graph 1 below). Costs are high in infancy before falling at pre-school age and then gradually rising as children grow older.
- Expenditure fluctuates because of the needs of children at particular ages, location, parental employment status and the subsequent need for childcare.
- A child at second level has the highest costs and a pre-school child has the lowest costs.
- Whilst the data demonstrates that costs generally increase as children grow older, social welfare payments remain static (with the exception of the Back to School Clothing and Footwear Allowance), therefore consideration needs to be given to the possibility of

introducing different levels of payment at different stages of childhood, particularly at adolescence, with no reduction in payments for children in the intervening years.

- When childcare is included an infant has the highest costs and a child of primary school age has the lowest costs. Overall, childcare costs are the most expensive budget component and childcare is significantly more expensive in urban areas.
- The cost of private childcare and the financial burden it places on parents needs further attention.
- In a time of economic recession it is important to support those on low incomes and ensure child income supports make a realistic contribution towards the cost of raising a child

Graph 1 Expenditure from Infancy to Secondary school age (excluding entitlement to a medical card)



Conclusion

In a time of economic recession it is desirable to target limited resources towards people with the greatest needs. Recent reports such as the Irish Health Behaviour in School-age Children (2012)⁴² which found that children from lower socio-economic backgrounds were more likely to report going to bed hungry than children from other social class groups shows that people on low incomes are most seriously affected by recent cuts in Government spending. In order to make social transfers more successful in addressing child poverty consideration should be given to increasing child income support payments for low income families. These payments should also take into consideration the most expensive periods of childhood, namely infancy and adolescence, without reducing payments for children of intervening ages. To be effective, all child income support payments should reflect the actual costs of raising a child.

Whilst this study could not represent the direct minimum needs of all children in Ireland, in that it cannot take into account a child with particular health needs for example, it nevertheless shines a light on what children in general need for a minimum essential standard of living. It is a standard of

⁴² Further discussion of this report and reference can be found on page 57.

living that no child in Ireland should be expected to live below. The research, using the consensual budget standard approach, a research method grounded in the opinions of members of the public, provides government and policy makers with information on contribution that child income support payments make to the cost of raising children. It is hoped that this research can make a valuable and informative contribution to the ongoing debates on child poverty, the cost of childcare, the adequacy of child income supports and services, and the issue of different levels of payment at different stages of childhood.

Appendix A

Calculation of Family Income Supplement for a two parent and 1 child household. 1 full-time worker earning the National Minimum Wage

Two Parents (one Income)	Weekly	Per Annum
Income from work (37.5 hours p/wk)	€324.38	€16,867.50
Income Tax	€64.88	€3,373.50 (at standard rate 20%)
	€00.00	€00.00 (at marginal rate 41%)
Tax Credits	€63.46	€3,300.00 (married couple)
	€31.73	€1,650.00 (PAYE)
	€15.58	€810.00 (Home Carer)
	€1.12	€58.19 (service Charge Relief)
Net Income Tax Liability	00.00	00.00
Universal Social Charge	€3.86	€200.72 2% rate full-time
	€5.26	€273.26 4% rate full-time
Net Earnings	€315.26	€16,393.52
Family Income Supplement (FIS)	€315.26 (assessable income)	
Household Income Threshold	€506.00 (one child)	
FIS Payable (60%) of Difference	€115.00 (rounded to nearest euro)	

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Abstract

Child poverty is measured as the proportion of all children aged 17 years or younger who live in households that have an income below the 60 per cent of median income poverty line. The 2010 Survey on Income and Living Conditions (SILC) found that children are the most at risk of poverty age group, and 19.5 per cent or almost one in five children, were at risk of poverty in 2010. This has increased from 2009 when the rate was 18.6 per cent (CSO, 2011).

Current social welfare rates are arbitrary, in that they have been decided by Government officials and other policy makers without any sense of what it actually costs to raise a child. This study attempts to overcome this information deficit, by providing data on the direct cost of raising a child from infancy to second level school age, to ensure that supports and policies relating to children are sufficiently informed.

This report, using the consensual budget standards approach, presents what it costs for a child to have a minimum essential standard of living; a standard of living that is based on needs not wants but is more than survival. It is a standard that allows for physical, psychological and social needs to be met. A minimum essential standard of living is not a poverty standard, or a standard for particular groups in society. It is a standard which is concerned with a life with dignity for all and represents a level below which nobody should be expected to live. It is derived from a negotiated consensus on what people believe to be a minimum. This is calculated by identifying the goods and services required by different individual and household types in order to meet their minimum needs.

The costs of children across thirteen areas of expenditure are presented at the following stages of the childhood:

Infancy	Primary School
Pre-School	Secondary School

The Vincentian Partnership for Social Justice (VPSJ) was established in 1996 to work for social and economic change tackling poverty and social exclusion; it consists of The Society of St Vincent de Paul, The Vincentian Congregation, The Daughters of Charity, and The Sisters of The Holy Faith.

Since 2001 the VPSJ has undertaken a number of studies to establish the cost of a minimum essential standard of living – the minimum required to make possible a standard of living which meets an individual/household's physical, psychological, spiritual, and social needs.

Previous Studies

- 2012 A Minimum Income Standard for Ireland
- 2010 Minimum Essential Budgets for Households in Rural Areas
- 2008 Minimum Essential Budgets for Six Households – Changes in the Cost of a Minimum Essential Standard of Living from 2006-2008
- 2006 Minimum Essential Budgets for Six Households (Urban)
- 2004 Low Cost but Acceptable Budgets for Three Household Types
- 2001 One Long Struggle – A Study of Low Income Households

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