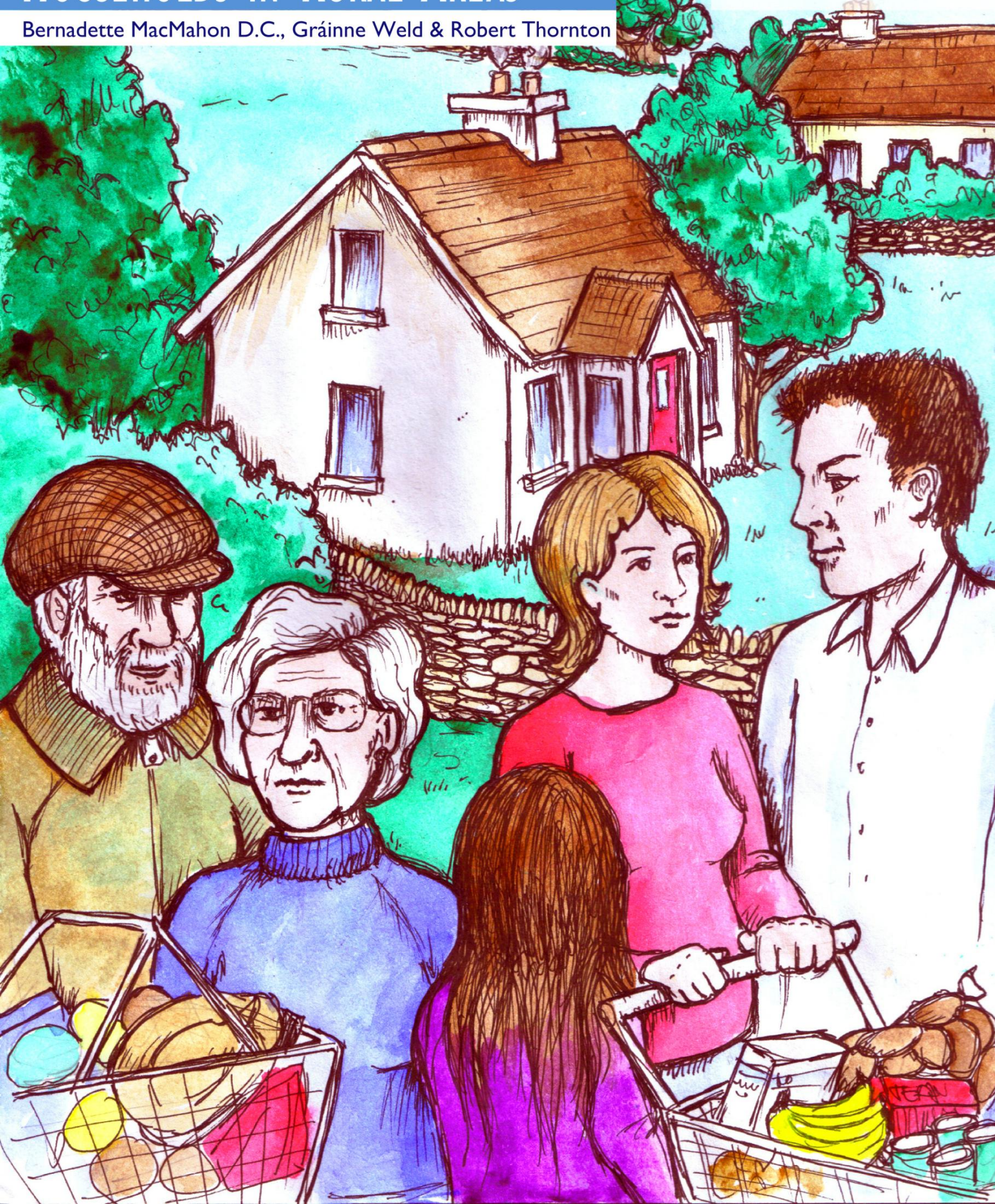


# MINIMUM ESSENTIAL BUDGETS FOR HOUSEHOLDS IN RURAL AREAS

Bernadette MacMahon D.C., Gráinne Weld & Robert Thornton

INCENTIAN  
PARTNERSHIP  
FOR SOCIAL  
JUSTICE





# Minimum Essential Budgets for Households in Rural Areas

*Six Household Types in Rural Areas*

Bernadette MacMahon D.C., Gráinne Weld & Robert Thornton

## 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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## Foreword

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J. K. Galbraith reminds us that 'In the choice between changing one's mind and proving there's no need to do so, most people get busy on the proof'. The work of the Vincentian Partnership for Social Justice (VPSJ), their partners and the individuals who participated in the minimum essential budgets research, puts the fight against poverty and social exclusion firmly beyond ideological bargaining. Thanks to the efforts of those involved in this research we have hard evidence of the basic minimum requirements to escape poverty, and in particular the additional challenges and realities facing those experiencing poverty in rural settings.

The VPSJ has been to the forefront of efforts across Europe to implement a minimum budget approach to understanding poverty, and has provided those of us concerned with the fight against poverty and social exclusion with an invaluable tool. Through the European Commission funded project, *Ireland in Social Europe*, the European Anti Poverty Network (EAPN) Ireland is very proud to have been associated with the second phase of the VPSJ minimum budgets work, extending the existing analysis from urban to rural areas.

In 2008 a European Commission study concluded that there is a severe lack of data on rural poverty within EU member states, as well as comparative data across the Union. It is initiatives such as this study that go some distance to closing this gap, though it is of course also important that the official data collection mechanisms place increasing emphasis on capturing the realities and specificities of urban and rural poverty. This research proves, what those living in poverty in rural areas have always known, that there are particular manifestations of poverty in rural areas that require tailored and specific responses.

Three of the six households examined in the study, do not have the wherewithal to live to an adequate standard; their basic rights violated every day. However three household can meet a basic standard, proving that the battle against poverty and social exclusion is one we can win, and if it is within our grasp to end poverty then surely it is inconceivable that we do not do so.

The challenge is for all of us to ensure that the findings contained in this study are translated into concrete actions, actions which will protect all the households represented in the study. Poverty and social exclusion may be complex but they are not inevitable; this study provides another critical piece of the puzzle, but it is all of our responsibility to find the solution. EAPN Ireland will continue to play its part in ensuring that the analysis in this study and the voices of those experiencing poverty and social exclusion are put at the top of the national and European agenda's.

Anna Visser  
Director, EAPN Ireland

Firstly, I wish to congratulate the Vincentian Partnership for Social Justice on the exemplary role played in leading this process to protect the most vulnerable in our society. There are many stories of poverty, deprivation and isolation in rural Ireland, but it is often disguised and dispersed over a beautiful and tranquil landscape, presenting a rural idyll that is at odds with the realities.

I am delighted that Irish Rural Link (IRL) has had the opportunity to be a part of such an in-depth study on the subject of the minimum essential budgets for rural households. The stark findings reflect the widening gap that prevails between rural and urban households, and begs the question of people living in all areas; is this the kind of future we want for our society? It is through measuring problems that we can begin to understand the core issues and work towards solutions. The results are overwhelmingly clear: rural poverty is real, and so too, the solutions must be real.

The study's findings address poverty in the context of a minimum essential budgets that allow a person to live with dignity, to meet their physical, psychological, spiritual and social needs. This is an enlightened way to approach the issue of poverty as it takes account of access to services and the costs of transport which are fundamental to people living in rural areas. Addressing "households" has also brought out the human beings behind the numbers, the female pensioner living alone and the families with children who cannot meet their minimum essential budgets.

Poverty and social inclusion are inextricably linked, and an adequate income for citizens is the first step in bringing about the vibrant and inclusive communities that are the cornerstone of rural society. IRL is committed to continuing to bring this message to policy makers at all levels as part of our on-going efforts to bring about regional equity, and the findings of this report have bolstered our ability to do this in a highly credible and informed manner.

Seamus Boland  
CEO Irish Rural Link

## Acknowledgements

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Many people have been very generous in their support of this study. The Vincentian Partnership for Social Justice (VPSJ) expresses its gratitude on behalf of its members to:

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## Chapter I Introduction

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

To achieve its goal the VPSJ has focused on two main areas:

1. The promotion of Active Citizenship/Voter Education among communities in disadvantaged areas.
2. The development of budget standards to determine the cost of a minimum essential standard of living for different households.

Since 1999 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 their basic physical, psychological, social and spiritual needs. To that end the following studies were undertaken in an effort to establish the cost of a minimum essential standard of living:

- 2001 - One Long Struggle – A Study of Low Income Households
- 2004 - Low Cost but Acceptable Budgets for 3 Household Types
- 2006 - Minimum Essential Budgets for 6 Households
- 2008 - Minimum Essential Budgets for 6 Households – Policy Implications of Changes in Minimum Essential Budgets from 2006 – 2008<sup>1</sup>

The six household types are as follows

- Pensioner Couple (Aged 66 – 69)
- Two Parents and Two Children (Aged 3 & 10)
- Female Pensioner (Aged 70+), living alone
- Two Parents and Two Children (Aged 10 & 15)
- One Parent and Two Children (Aged 3 & 10)
- Single Male (Aged 25+), living alone

### Minimum Income Standards at the European Level

Major international and European agreements recognise the right to a minimum income. The UN Universal Declaration on Human Rights 1948 recognises that ‘everyone has the right to a standard of living adequate for health and the well being of him/herself and his/her family including food, clothing, housing and medical care...’

Regarding the agreements at EU level on the basic right of a person to sufficient resources to lead a life that is compatible with human dignity, the European Anti Poverty Network point out:

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<sup>1</sup> These figures are updated on an annual basis

The EU has already agreed a strong basis for a common definition on adequacy of minimum income. The European Council Recommendation 92/441/EEC on common criteria concerning sufficient resources and social assistance in social protection systems was an important step forward in the recognition of all member states to the basic right of a person to sufficient resources. The same criteria here when agreed is the 2008 Recommendations on Active Inclusion and endorsed by the EPSCO Council Conclusions in December 2008. (EAPN, 2010: 41)

Unfortunately, despite these agreements at EU level and the establishment of national minimum income schemes in the majority of member states there is evidence that at present minimum income schemes do not fulfil the goal of moving people out of poverty in most member states. With an EU report finding that ‘most countries MIS’s fall short of allowing all people to live life with dignity and many fall far short’ (Frazer & Marlier, 2009:11 cited in EAPN, 2010).

The Independent Experts Synthesis Report on Minimum Income Schemes across EU states concluded that member states should agree common criteria that could provide a basis for member states supporting ‘consultation to adopting an EU framework directive on the adequacy of minimum income’ (EAPN, 2010: 42).

### Minimum Essential Standard for Rural Households

A minimum income does not guarantee a minimum essential standard of living. However, individuals/households with an income below that minimum cannot have a standard of living which meets - physical, psychological, spiritual and social needs.

The current measures of income adequacy – e.g., the National Minimum Wage (NMW), social welfare payments – are all arbitrary. They have been developed by negotiation between policy-makers at government level and not on informed social consensus about what households need in order to have a minimum essential standard of living. It is inevitable that people will be trapped in poverty for as long as their income fails to meet their minimum needs.

To-date the work of the VPSJ has focused on the development of minimum essential income standards for urban areas. Because of the limited factual evidence on how needs and costs vary for households in rural areas a decision was taken to provide this data.

The aims of this study into the cost of a minimum essential standard of living for different household types in rural areas are:

1. To identify the additional or different costs faced by households in rural areas to ensure the same standard of living as urban households.
2. To present the cost of living in rural areas in a manner which informs social debate, provides data for policy-makers and government decision-makers and is of practical use to organisations working with people on the ground.

The work of the VPSJ in developing minimum income standards for household types in urban and rural areas is a statement of the Partnership's commitment to working for an income which allows individuals and households to live with dignity to meet basic physical, psychological, spiritual and social needs and to contribute to society.

## Chapter 2 Literature Review

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### Introduction

This chapter considers a number of definitions and typologies of the concept of rurality that relate to Ireland and other European countries and focuses on various aspects of rural living.

The chapter examines the current literature and research in the following areas:

1. Defining 'Rural'
2. Rural Typologies
3. Distinctive Features of Deprivation in Rural Ireland
4. Transport and Car Dependency in Rural Areas
5. Household Energy Usage & Fuel Poverty

### Defining 'Rural'

Whilst the term rural is frequently used, there are nevertheless numerous interpretations and definitions of this concept. Understanding, and awareness, of how rural is defined will highlight the impact that a definition can have on the scope and focus of policies concerned with the development of rural communities (Haase and Walsh, 2007).

Historically, both in Ireland and elsewhere, there has been a strong emphasis on the use of the land for agricultural purposes for an area to be considered rural. However, in light of declining farm numbers and agriculture as a principal source of income, definitions of rural solely linked to land use patterns have been called into question. For instance, even in Ireland's most rural locations, the number of people who derive their income solely from farming is now small and the majority of rural dwellers are engaged in part-time farming or are not farming at all (Haase and Walsh, 2007). Furthermore, as towns have spread outside their designated boundaries into what were traditionally considered 'rural areas' the lines between what were understood as 'urban' and 'rural' have been blurred (Merdith, 2006). As a consequence of these changes there are multiple definitions of rurality. A number of these definitions will now be outlined, most of which use population density as their defining criteria.

### International Definitions of Rural

The OECD defines rural as an area with less than 150 people per square kilometre. This approach has been hailed as 'policy neutral' as it does not refer to any particular perception of rural problems and potentials (Merdith, 2006: 6). EUROSTAT also uses population density to define a rural area, citing a rural area as those with a population density of less than 100 people per square kilometre (Haase and Walsh, 2007).

## England and Wales Definition of Rural

In 2002, the Department of Environment, Food and Rural Affairs (DEFRA), the Office of the Deputy Prime Minister, the Office for National Statistics, the Welsh Assembly and the Countryside Agency in England and Wales came together to commission a new definition of urban and rural areas. The remit for providing a new rural/urban definition stated that this should apply to those places which lay outside census Urban Areas with a population of 10,000 or more. The methodology to define a rural area thus applied to settlements otherwise described as 'Urban Areas' with a population of between 10,000 and roughly 1,500 (Bibby and Shepard, 2005: 2).

The definition that emerged, uses settlement form and sparsity as the two measurement criteria, and comprises of four settlement types, of which three are rural:

- Urban (population over 10,000)
- Town and Fringe
- Village
- Hamlet and Isolated Dwellings

## Scottish Definition of Rural

In Scotland the Scottish Executive's core definition of rurality classifies settlements with a population of 3,000 or less to be rural. Unlike other countries, it also classifies areas as remote based on drive times from settlements of 10,000 or more (Scottish Government 2008: 4)

## Irish Definitions of Rural

In 1999, the Irish White Paper on Rural Development defined the rural development policy agenda as:

all Government policies and interventions which are directed towards improving the physical, economic and social conditions of people living in the open countryside, in coastal areas, towns and villages and in smaller urban centres outside of the five major urban areas (Government of Ireland, 1999: vi)

The five major urban areas the report was referring to are: Dublin, Cork, Limerick, Galway and Waterford. This wide sweeping and fluid definition of rural Ireland encompassed all but the five major urban areas in the state and did little to answer the question what and where is rural Ireland (McDonagh, 2007).

Whilst the White Paper used a very fluid definition for Rural Ireland, other definitions have since emerged that are more exact. Rural has been defined by Walsh as:

District Electoral Divisions (DEDs) with no population centre above 1,500 people, with a population density below 150 per square kilometre, and which are not part of an urban district or borough, i.e. it broadly refers to open countryside and rural villages (2000: 5)



The Central Statistics Office (CSO) in Ireland also uses population density to define a rural area. The smallest administrative area for which population statistics are published is the Electoral Division. In rural areas each Electoral Division consists of an aggregation of entire townlands and the CSO classifies 'the population residing in all areas outside clusters of 1,500 or more inhabitants as belonging to the Aggregate Rural Area' (CSO, 2006a, Appendix 2: 164).

The above definitions highlight population density as the most widely used concept in defining rural areas. Whilst the above are useful as a starting point to understanding rurality, they tell us little about the different types of rural areas and varying degrees of rurality. The next section therefore considers a number of rural typologies in Europe.

## Rural Typologies

As the previous section highlighted, population density is one of the most defining features of a rural area, but there are many other factors and characteristics that can be used to define a rural area. Whilst an area may be deemed rural, it does not necessarily mean that it is indistinguishable from another rural area. How a rural area is characterised can depend on its geographical location, its setting within a broader settlement structure, its land quality and land use, the degree to which it has been affected by globalisation, changing employment patterns and so forth. Depending on economic circumstances and geographic location, rural areas can face a diversity of contrasting experiences and challenges (Government of Ireland, 2007). Typologies are therefore helpful for identifying various types of rural areas and for highlighting how rural areas can differ between and within countries.

### OECD Regional Typology

At the international level the OECD has established a regional typology according to which regions are classified as: Predominantly Rural (PR), Intermediate Rural (IR) and Predominantly Urban (PU). This typology is based on a combination of three criteria:

1. population density (below 150 inhabitants per square kilometre)
2. percentage of the population of a region living in rural communities
3. the presence of large urban centres in such a region.

Regions are therefore classified as Predominantly Urban if the share of the population living in rural local units is below 15%, whereas regions are classified as Intermediate Rural if the share of the population living in rural local units is between 15% and 50%. Regions are Predominantly Rural if the share of the population living in rural local units is higher than 50%. A region classified as Predominantly Rural becomes Intermediate if it contains an urban centre of more than 200,000 inhabitants. An Intermediate Rural region becomes Predominantly Urban if it contains an urban centre of more than 500,000 inhabitants (OECD, 2009).

Consequently, according to the OECD definition, the most part of Europe is classified as rural, PR or IR (Bertolini, Montanari and Peragine, 2008). However, as Bertolini, Montanari and Peragine (2008)

note that whilst the OECD definition enables comparisons between regions of different countries, it cannot capture the heterogeneity between countries or socio-economic conditions of a region. Furthermore with regard to the EU, the OECD definition may overestimate rurality in the case of small countries with only few large urban centres. This is true in the case of Ireland for example. On the OECD formula over 96% of the Irish territory and 72% of the Irish population are ‘predominantly rural’. With no urban centre outside of Dublin reaching the 200,000 population level (Cork is the closest at 186,000), the OECD classification ‘sets the urbanisation scale at too high a level to capture Ireland’s degree of urbanisation – limited as this may be by international standards’ (Commins, 2008; 163).

### Rural Typologies in England and Wales

Following on from the new definitions of urban and rural in England and Wales as mentioned earlier in this chapter, the next stage in the development of the new classification was to relate rural settlements to Census Output Areas and to classify them by settlement types. The classification that emerged is based upon the proportion of the population within each output area in settlements of various kinds. Table 1 demonstrates how rural has been broken down into ‘Sparse’ and ‘Less Sparse’ ‘density profile’ typifying settlements and enabling a classification of settlements types (Bibby and Sheppard, 2005: 3).

Table 1 Rural Density Profiles

Rural					
	Sparse ↓			Less Sparse ↓	
Small town and Fringe	Village	Dispersed	Small town and Fringe	Village	Dispersed

### Rural Typologies in Scotland

In Scotland, the Scottish Government has developed an urban and rural classification to help understand the issues facing urban, rural and remote Scotland. The Scottish classification of rural is divided into three classifications depending on population size and drive time distances. The rural typology is outlined below (Scottish Government, 2008: 7).

#### Remote Small Town

These are settlements of between 3,000 and 10,000 people and with a drive time of over 30 minutes to a settlement of 10,000 or more.

### Accessible Rural

This refers to settlements of less than 3,000 people and within 30 minutes drive of a settlement of 10,000 or more.

### Remote Rural

These are settlements of less than 3,000 people and with a drive time of over 30 minutes to a settlement of 10,000 or more.

## Rural Typologies in Ireland

In Ireland the 'National Spatial Strategy (NSS) 2002 – 2020' was established to:

achieve a better balance of social, economic, physical development and population growth between regions [and to] develop, using demographic, economic and geographical data, a typology of rural areas in Ireland and their main characteristics  
(Government of Ireland, 2002: 10)

The NSS also examined the relationship between urban and rural areas and the role of infrastructure in rural area performance. The NSS subsequently identified 5 types of rural areas in Ireland. The five areas are summarised below:

1. Areas that are Strong

The NSS identifies these areas as mainly in the South and East where agriculture will remain strong, but where pressure for development is high and some rural settlements under stress.

2. Areas that are Changing

This refers to many parts of the Midlands, the Border, the South and West where population and agriculture employment have started to decline and where replacement employment is required.

3. Areas that are Weak

These are areas in more western part of the Midlands, certain parts of the Border and mainly inland areas in the West, where population decline has been noteworthy.

4. Areas that are Remote

The NSS identifies remote areas as parts of the west coast and the islands.

5. Areas that are Culturally Distinct

Culturally distinct areas include parts of the west coast and the Gaeltacht which have a unique cultural heritage.

Following on from the NSS, Walsh (2007) has, according to Commins (2008), developed a '*statistically more refined typology*' based on variables drawn from the 2000 Census of Agriculture and the 2002 Census of Population. In all, eight rural area types were identified. The eight areas are outlined below with their percentages of the total State population shown in brackets:

1. Marginal Agriculture Areas (4.9%)  
Characterised by high old age dependency ratios, material disadvantage and high agriculture employment, but low income.
2. Structurally Weak Areas of Urban-based Employment (3.5%)  
Areas in the immediate environs of former market towns, typified by high proportions of non-professional and part-time service employment.
3. Strong Agricultural Areas (5.0%)  
Areas in the South and East with high agricultural employment and high income.
4. Dynamic Areas of Urban-based Employment (4.9%)  
Areas found in the vicinity of larger towns, typified by high concentrations of people in the higher social classes and also by young populations.
5. Peripheral Areas of Socio-Economic Disadvantage (4.7%)  
Located mainly in the West and North, these areas have high levels of non-professional/service employment and part-time work, high proportions of people in the lower social classes, and low population densities.
6. Areas of Population Growth (2.7%)  
These are areas in the commuting hinterlands of the larger centres, showing rapid population expansion, residential development, and significant levels of in-migration of young people.
7. Peri-Urban Areas of Higher Population Density (10.5%)  
Found in the immediate environs of the regional urban centres, with relatively low percentages of persons over 65 years of age living alone.
8. Areas of Economic Restructuring and Adjustment (5.7%)  
Concentrated in the West and Midland regions, these areas are marked by a predominance of non-agricultural employment, high female labour force participation, and significant levels of commuting.

The typologies outlined above are a brief synopsis of how various countries characterise their rural areas. The NSS rural typology and the typology drawn up by Walsh (2007), similar to typologies drawn up in other countries, were brought about in order to develop spatial frameworks for rural areas and to ensure that resources are appropriately and properly targeted where they are most needed. Thus from a policy perspective typologies are most useful in that they enable us to see rural areas as complex distinct entities that are subject to change. The typologies reveal that even small countries such as Ireland are subject to complex dimensions of rural differentiation, changing relationships between urban and rural areas, as well as increasing heterogeneity among people who reside in rural areas (Commins, 2008).

Whilst definitions and typologies are useful starting points in terms of describing an area in general terms and possibly giving some insight into its development needs, they tell us little about the quality of life and living standards of people who live in rural areas. The next part of this chapter will focus on the distinctive features of rural poverty and deprivation and how it differs from its urban counterpart. Highlighting the distinctive features of rural poverty and social exclusion will draw attention to what

rural households need and the hurdles that they have to overcome if they are to achieve the same living standards as urban households.

## Distinctive Features of Poverty and Social Exclusion in Rural Ireland

Poverty is not uniform, it is spatially diffuse and geography can contribute to the creation and perpetuation of cumulative disadvantage and deprivation. Poverty has nevertheless gone unnoticed to some extent in rural Ireland – in that it is prone to ‘cultural invisibility’ whereby there is a tendency to look upon rural living as blissful or ‘problem free’ and research into this area has been rather narrow as a result (Commins, 2004). As the Combat Poverty Agency has noted any discussion on rural poverty has often been limited to discussions of ‘poor areas’ ‘poor communities’ and ‘poor farmers’. This understanding has led to a number of key questions being overlooked such as ‘what, if any is distinctively different about poverty in rural areas? Who within rural communities face disproportionate risks of poverty? How is rural poverty generated and reproduced?’ (Combat Poverty Agency, 1996: xvi-xvii).

These questions are pertinent because despite a rapidly changing landscape and continuing urbanisation Ireland is still a comparatively rural country. 39.3% of the population continue to live in a rural area (CSO, 2006a: Volume 1, table 7). Indeed in more recent years there has been an increase in the number of people living in rural areas and commuting to work in urban centres. The 2006 census results revealed that villages with a population of less than 1,500 increased in population by 18.6% in the period 2002 – 2006 and that the population living in sparsely populated rural areas numbered 1.37 million in 2006 compared with 1.3 million in 2002 – an increase of 5.3% (CSO, 2006a: Volume 1).

## The Decline in Agriculture

Whilst rural Ireland has seen an increase in population in recent years, this trend has reversed decades of outward migration as rural areas struggled to adapt to the changing economic climate, and the restructuring and decline of agriculture, as the principal source of employment. Traditionally agriculture, forestry and fishing sustained much of the rural community. These industries were the life blood of rural Ireland.

Many farms in Ireland were however too small to be viable, whilst restructuring on other farms and the use of new technologies, led to a considerable fall in numbers employed in the agricultural sector. Today, both the number of farms and agricultural employment are declining. The agricultural labour force has declined in absolute terms by approximately 14.5% between 2000 and 2005 (Government of Ireland 2007: 83). A report by the Agri-vision 2015 Committee predicts that by 2015 one third of the farm population will be classified as economically viable, another third of farms will be economically unviable with operators working primarily off the farm and the remaining third will be transitional farms characterised by demographic features, such as having an elderly operator and/or lacking an identified heir (NIRSA NUI Maynooth et al, 2005).



Figures from the 2009 National Farm Survey highlight how difficult it is to make a viable living from farming. The survey found that the average family farm income in 2009 was €11,968 and that approximately 48% of all farms had an income from farming of less than €6,500. On 52.6% of all farms the farmer and/or spouse had an off-farm job. Indeed, such is the decline in agriculture that in 2009 in Ireland 69.6% or 71,180 farms are farmed part-time (Connolly, Kinsella, Quinlan & Moran, 2010). Whilst farm and home ownership may be high in Ireland and is a status in rural communities, it nevertheless conceals the struggle by many farmers to maintain farm incomes and ensure survival through reliance on non-market subsidies and non-farm employment (Commins, 2004). As Haase and Pratschke (2005:7) point out:

Unlike their manifestation as unemployment black-spots in urban areas, long-term adverse labour market conditions in rural areas tend to manifest themselves either in agricultural underemployment or in emigration. The former occurs due to the strong social incentives that encourage farmers to maintain small landholdings, even where these do not provide a full income.

Therefore, whilst there are those in rural areas who appear not to suffer poverty and deprivation, the reality can be somewhat different. The fact that farming can yield so little income and is for many no longer a viable way of life has resulted in the out-migration of younger people. This has contributed to a demographic imbalance in rural Ireland, and a preponderance of older people, many of whom live in disadvantaged circumstances (Commins, 2004).

### The Impact of Sustained Emigration from Rural Ireland

Long term adverse labour market conditions in rural areas have resulted in emigration from rural Ireland. In contrast with urban areas, rural areas which experience prolonged labour market difficulties tend not to exhibit high unemployment rates. Instead people from rural areas tend to emigrate and this effectively reduces the unemployment rate (Haase, 2007). However as emigration is socially selective, a larger proportion of those who emigrate are of working age and those with further education, leaving the communities concerned with a disproportionate concentration of economically dependent individuals as well as those with lower levels of education. Although rural Ireland has seen an increase in its population in the last number of years, sustained emigration has led to the erosion of the local labour force and has acted as a disincentive for investment and ultimately resulted in a decline in the availability of goods and services (Haase and Walsh, 2007).

### Access to Goods and Services

Remoteness is an important element of difficulty in rural areas. Concentration of the main services in urban areas can impact on the quality of life of groups already at risk of social exclusion. Economic efficiency criteria are normally used to make decisions about where goods and services are allocated, with, 'social equity and distributional consequences receiving secondary consideration' (Commins, 2004: 71). This has a particular impact on rural areas compared to urban areas. Low population density and geographically dispersed consumers lead to low levels of demand for goods and services. Economies of scales arguments are therefore used to justify the restricted provision of services in

rural areas and the centralisation of policing services, hospitals and the curbing of rural public transport (Commins, 2004). As Haase and Walsh (2007) point out, there is a lack of critical mass in some rural areas that is making it economically unsustainable for these areas to support the range of services they may have once previously supported within the locality and this in turn has a knock on effect on other businesses. As a result, people in rural areas, unlike their urban counterparts, may have to travel significant distances to access goods and services.

Lack of access to goods and services can also place a financial burden on people living in rural areas. Research by Healthy Food for All, an all-island multi-agency initiative, which examined the affordability of a healthy diet for low income households, found that where people shop has a significant bearing on the cost of a healthy diet. It found that a local convenience store is up to twice as expensive for purchasing a healthy diet compared to a multiple supermarket (Healthy Food for All, 2009). For people in rural areas, particularly older people, the local convenience store may be their only option because they may be unable to access major multiple supermarkets due to an inability to drive or lack of public transport.

## Transport – Rural Car Dependency

The number of privately licensed cars in Ireland has risen by over 1 million in the period between 1979 and 2006 (CSO, 2009a). However, the more telling figure is the increase in private cars per household<sup>1</sup>, from 0.78 in 1979 to the latest figure of 1.21 in 2006. This national aggregate data masks the differential car ownership rates between urban and rural areas, which may indicate the greater structural car dependency for rural households. The data in the table below shows the distribution of households by their car availability. There is clearly a marked difference between rural households and their urban counterparts in terms of car availability overall, 88.6% compared to 75.2% respectively. While almost a quarter (24.8%) of urban households have no car, in contrast to 11.4% of rural households, it is with multi-car households that the urban/rural disparity is most evident (34.4% and 53.8% of households respectively).

Table 2 Private households in permanent housing units, classified by car availability, 2006

	At least one car	No car	Single car	Multiple cars
State	80.3%	19.7%	38.6%	41.7%
Total Town Area	75.2%	24.8%	40.9%	34.4%
Total Rural Area	88.6%	11.4%	34.8%	53.8%

Source: (CSO, 2009b)

According to CSO (2009a) data, the vast majority of people (63%)<sup>2</sup> drive to work, 13% walk or cycle, and 9% utilise bus or rail transport<sup>3</sup>. The discussion thus far certainly reveals a high level of car dependence, but it reveals little as to the nature of this dependence. When discussing the reliance on

<sup>1</sup> Author's calculations based on census data (CSO, 2009b) and number of privately licensed cars (CSO, 2009a)

<sup>2</sup> 57% drive themselves, while a further 6% are passengers in a private car.

<sup>3</sup> The remainder utilise a variety of other transport methods, e.g. motorcycle or van, or work from home.

private transport it is important to distinguish between true dependence on private transport due to a lack of transport alternatives, and the situations where viable public transport alternatives are available and individuals choose not to utilise them. That is to say '*structural dependence*' versus '*conscious dependence*', respectively (Roberts, et al. 1999). To establish whether this dependency is structural or conscious, it is necessary to examine the availability and viability of the transport alternatives that exist for rural households. The CSO (2009c) conducted research asking heads of households their opinion on the accessibility of six key services, including public transport. Overall 61% of respondents reported no difficulty in accessing services. However, for those with difficulties public transport was the most problematic (26% of households).

The national data belies the variation between urban and rural households, as location is revealed 'the most significant factor in determining access to services' (CSO, 2009c: 16), with transport, banking, and GPs showing the largest urban-rural divide. Households in rural areas consistently reported difficulty accessing services in comparison with urban households. In the case of transport the difference is stark, over half (52%) of rural households reported difficulty accessing transport compared to only 11% of households in urban areas. However, further factors beyond location affect access to services, particularly transport. Age plays a role, with 35% of households headed by a person 65 years or older, reporting difficulty accessing transport. Additionally, income appears to be a pertinent factor, as those households in the two lowest income quintiles experienced greater difficulty accessing transport services.

## Transport and Social Exclusion

It is vital to be aware that transport is about more than simply getting from place to place; that mobility is essential to economic participation and social inclusion. Thus, 'social exclusion is a policy area where transport policy has a significant role to play' (Hine, 2000: 176), and for McDonagh development of transport plays 'a determining part in ameliorating the conditions of those rural populations deemed socially excluded' (2006: 356).

The corollary of such propositions is of course that access to transport of some form is essential for avoiding social exclusion. Therefore, transport 'is a key enabler and fundamental prerequisite for rural living' (Pobal, 2009a: 6). Hence, given the difficulties rural households face in accessing public transport, the car 'is not a luxury but a necessity, a precondition for employment and even a modest life' (McDonagh, 2006: 358), and a necessity for rural jobseekers to move into employment (ibid, Roberts, et al., 1999). Based on findings in Scotland, Shucksmith (2000) also posited that due to the inadequacy of public transport, having a car was vital in order to access employment, thus proposing government supports to assist in purchasing a car upon securing employment. Consequently, where appropriate public transport is not available the private car becomes the default, and only, option for those able to drive. Therefore, those unable to drive due to physical or economic limitations face isolation.

As has been illustrated thus far, rural Ireland has become very car dependent with significant issues regarding the level of rural public transport on offer. While the high level of car ownership may seem a solution for the majority, McDonagh admonishes that this can ‘mask the exclusion suffered by some groups within rural society’ (2006: 357), and not just those attempting to access employment, but particularly older people who cannot, or do not, drive. Thus, those unable to own or utilise private transport tend to become marginalised due to a lack of public transport alternatives, and suffer ‘a sense of isolation from the community and a feeling of being trapped’ (ibid: 358).

This issue was highlighted in 1994 research which found nearly half of older people, over 65, living in rural areas did not have access to public transport, with 23% of respondents living in a rural household with no access to public transport, or a car<sup>4</sup>. Still in 2007, the data above shows that 52% of rural residents continued to have difficulty accessing public transport, and that access was also an issue for older people (CSO, 2009c). As there continues to be proportionately more older people in rural areas (12.25%) than urban (10.25%) (CSO, 2009b), the social exclusion and transport needs of this group are an issue.

The National Economic and Social Forum (NESF) point out that for older people transport is a vital aspect of creating an ‘enabling environment’, which can ‘encourage and support social integration’ (2005: 23), while the absence of adequate transport is ‘a considerable barrier to community-based living’ (2005: 48). Duggan emphasises the fact that older people capable of independent living in their own home and community need access to ‘public services to underpin, reinforce, and prolong their independence and well-being’ (2006: 13), and that good public transport is vital in providing this access, especially for rural households.

Given the diffuse and low-density population of rural areas, much of the statutory provision of services takes place in towns, yet the ‘greater part of the [elderly] population is living in rural areas’ (Duggan, 2006: 21). As people need to access these centralised services ‘inadequate public transport for people needing to travel from rural areas’ (ibid) can exacerbate the issues they face, undermining the independence of older people and determining the necessity for private transport in rural areas (Duggan, 2006; McDonagh, 2006). This absence of public transport in rural areas can have ‘serious negative implications for a population’s health’ (Fahy & Murray, 1994: 171).

While there is the provision of universal free transport to older people, it is a ‘purely theoretical benefit for elderly people who live in areas where public transport services are sparse or inaccessible’ (Fahy & Murray, 1994: 140). For example, the travel pass cannot be used in taxis, even where no alternative public transport is available. According to Duggan, ‘for older people, where they live rather than their needs may determine the services they get’ (2006: 25). Thus, the only mobility resource left to older people who do not drive is dependence on others for lifts. However, such

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<sup>4</sup> Examining the data (CSO, 2008a) on the age profile of drivers nationally, both learners and fully licensed, reveals a relatively normal distribution from the age of 17 to 70. However, there is a marked tapering off in the number of licence and learner permit holders with age, with an under-representation of those 70 years of age and above. While 7.65% of the population is 70 plus (CSO, 2007a), only 5.53% of drivers are in the same age category (CSO, 2008a).

reliance can leave an older person vulnerable, as when the lift provider is no longer available, 'Simple activities such as doing the shopping, socialising, attending church or collecting the pension may suddenly become more difficult for those who relied on a spouse or a friend for transport' (NESF, 2005: 86).

Pobal launched the Rural Transport Programme (RTP) in 2006, as the successor to the pilot Rural Transport Initiative which ran from 2003. It is stated to have come from an 'acknowledgement of the economic and social impacts of inadequate transport in rural areas' (Pobal, 2009b), with the declared aim of 'providing a quality nationwide community based public transport system in rural Ireland which responds to local needs' (ibid). Thirty-six not-for-profit or co-operative community groups deliver the service across the country, providing local bus services, approximately two-thirds of which were to travel pass holders, with over 76% of journeys in 2008 being door-to-door (Pobal, 2009a). The RTP is operated from an understanding that increasing overdependence on private cars has led to a situation where 'lack of access to a car causes social exclusion in rural Ireland because social activities, including participation in decision-making, become increasingly inaccessible' (Pobal, 2009a: 7). Thus, the value of the service is more than economic, as it plays a role in mitigating social isolation, enabling service access and active citizenship (ibid).

As has been discussed thus far, living in a rural area predominantly results in structural car dependency, thus the car has 'become a necessity due to lack of public transport services' (Unger-Anzadi, 2003: 5). Hence, McDonagh highlights the potential for social exclusion when:

rural households that can no longer afford to maintain a car may be seriously disadvantaged in terms of the level of services or of opportunities for employment that are available to them (2006: 356)

It is on this basis that McDonagh questions the apparent contradiction of rural development policy's commitment to social integration, while the broader national transport policies undermine this goal and neglect to invest in rural public transport. Moreover, policies to privatise the negative environmental externalities of car use bring the raising of fuel duties and introduction of a carbon tax (Roberts et al., 1999; Tol, et al., 2008). The environmental impact of vehicle emissions are well known, and the damage from a unit of CO<sub>2</sub> is the same whether it comes from an urban or rural car. Fuel taxes, are arguably a somewhat effective method of charging road users for the environmental externalities of their driving (Roberts, et al., 1999). While the environmental and social costs of car usage cannot be ignored, it is argued that relying on fuel taxes to internalise some of these costs is inequitable, as 'the impact of fuel duties will differ spatially' (Roberts, et al., 1999: 281).

In examining proposals for the recently introduced carbon tax, ESRI research noted that the carbon tax would impose a different burden on rural and urban households. It is maintained that this is because those in rural Ireland must travel greater distances and rely more heavily on private cars (Tol, et al., 2008). Therefore, those most vulnerable to rising fuel taxes are those least able to change their behaviour, as they:



are most likely to live in isolated areas with no public transport alternatives to the car, travel long distances to work and service centres, have low incomes, young children and already spend a significant proportion of their income on motoring  
(Roberts, et al., 1999: 287)

Consequently, Shergold and Parkhurst (2010) maintain that ‘sustainable mobility’ must consider not just environmental impacts, but also rurality, particularly with regards to ageing, as internationally there is much ‘policy uncertainty’ regarding rural transport, as private cars remain ‘the key mode of transport for maintaining rural people’s accessibility into old age’ (2010: 337). Thus, various commentators on these issues have proposed that revenue generated from fuel taxes should be utilised to reduce the structural car dependency of rural residents by facilitating transport alternatives, i.e. an available, accessible and affordable rural public transport service, and thereby achieving the desired policy goal of a shift to a more sustainable mode of transport (McDonagh, 2006; Shergold & Parkhurst, 2010; Roberts, et al., 1999).

## Household Energy Usage

The methodology chapter presents the rationale for basing the fuel costs in this study on the energy requirements of local authority housing insulated to 2006 standards. As local authority housing represents a relatively small proportion of rural housing this section seeks to present a generalised approach to household energy in rural areas.

Research has found that the most significant factor in explaining differing levels of expenditure on household energy is the energy source used (Amárach Research, 2010). Specifically, it has been found that:

the method of space and water heating employed by a household are even more important than electrical appliances in explaining domestic energy usage  
(Leahy & Lyons, 2010: 4265)

Moreover, it has been found that family composition does not significantly affect energy use (Leahy & Lyons, 2010), and furthermore that home heating fuel type is a more notable cost differentiating factor than dwelling size (Amárach Research, 2010). Within the household budgets compiled for this study, the category of household fuel covers the expenditure on all the energy consumed directly within the household. This category therefore includes both the consumption of fuel for heating and the electricity used for appliances and lighting. However, given the importance of adequate heat and the risks of fuel poverty, the focus here is on the existing data, literature, and previous findings around this area of household energy usage.

Research on fuel poverty in Ireland has found little evidence of an urban – rural disparity (Scott, et al. (2008). Moreover, research examining the adequacy of household facilities found no notable difference between urban and rural households concerning heating facilities (CSO, 2009c). Findings indicating differences in the ability to maintain a comfortable level of heat, and the availability of

central heating, were negligible for urban and rural households. Rather, as discussed in further detail below, issues around household composition and income level had far greater salience to the ability to keep a dwelling warm in winter.

The Household Budget Survey (HBS) (CSO, 2007b) indicates that the average rural household's weekly expenditure on heating is notably greater than that of the average urban household. From the table, below, illustrating the proportional heating expenditure for urban and rural households, it is clear that rural households purchase markedly more home heating oil and solid fuel, and notably less piped gas.

Table 3 Proportional Average Household Expenditure by Home Heating Fuel Type

	Urban	Rural
Piped Gas	42%	1%
Home Heating Oils	32%	53%
Solid Fuels	22%	37%
Other	4%	9%

Author's calculations based on HBS data (CSO, 2007b)

## Fuel Poverty

The concept of fuel poverty lacks a perspicuous definition. Moreover, there is a distinct lack of consensus concerning the operationalisation and measurement of fuel poverty. Nonetheless, a recent ESRI paper on fuel poverty in Ireland found the following definition useful:

The inability to heat one's home to an adequate (safe and comfortable) standard owing primarily to low income and poor (energy inefficient) housing standards (Brophy, et al. 1999 quoted in Scott, et al, 2008: 2)

The above definition highlights the fact that fuel poverty is about more than adequate income and the affordability of home heating fuel. A crucial aspect of vulnerability to fuel poverty is the quality of the physical dwelling a household occupies, i.e. the thermal efficiency of the building. Thus, 'fuel poverty is caused by a complex interaction between low income and domestic energy inefficiency' (Healy, 2003a: 2). Furthermore, in examining variations in seasonal mortality internationally, it has been found that the highest rates are in those countries with milder climates, and this is due, to a large degree, to the low protection from winter temperatures provided by poor thermal efficiency standards (Healy, 2003b,c).

Ireland has demonstrated the highest seasonal mortality and morbidity variations in northern Europe, with a 21% winter increase above the average mortality rate (Healy & Clinch, 2004; Healy, 2003b). Furthermore, research has demonstrated that 'chronic cold exposure from within the home' (Healy & Clinch, 2004: 207) is associated with increased rates of cardiovascular and respiratory diseases, and increased mortality. These health implications impact most upon older people and the very young (Healy, 2003a), and are attributable to living in a fuel poor situation exacerbated by residing in an inadequately insulated, thermally inefficient home (Healy & Clinch, 2004).

While there is no set definition of fuel poverty in Ireland which allows for a ready quantitative measurement, research has tended to rely on subjective indicators of peoples' ability to adequately heat their homes (McAvoy, 2007), starting from a deprivation conceptualisation (Healy, 2003a: 10). An alternative measure is based upon an expenditure approach. While acknowledged as imperfect, it is argued that this expenditure measure gives an indication of those both in a fuel-poor situation and vulnerable to becoming fuel poor. While varying expenditure measures exist, there is some consensus on a fuel-poverty line of heating energy expenditure greater than ten percent of net income (less housing costs) (Scott, et al, 2008; Healy & Clinch, 2004). The assortment of approaches has produced a diversity of findings, nonetheless, certain key trends emerge across the various bodies of research.

A key feature across the findings is the position of single adult headed households. Utilising an expenditure method, these households have been found to have the highest levels of fuel poverty (Scott, et al, 2008). Research utilising a combined measurement has similarly found that single adult headed households, especially lone parents and lone older people, suffered the highest chronic fuel poverty, and argued that heating costs are 'disproportionately high' (Healy & Clinch, 2004: 209) when they fall to one person.

Of the other household features found to be significant factors, two in particular stand out. Healy (2003b) finds that poverty, deprivation and an unequal income distribution are associated with higher rates of excess winter mortality. In particular, he finds that those reliant on some form of social welfare transfer payments, or a Non-Contributory state pension have high levels of fuel poverty (Healy, 2003a). The vulnerability of social welfare dependents is such that they are 'almost three times more likely to be fuel poor than those whose income source is paid employment' (Healy & Clinch, 2004). Similarly, work status has been found to be the most significant factor in determining fuel poverty, with households headed by an unemployed person, or an individual engaged in home duties, thirteen times more likely to be fuel poor than those in employment (Scott, et al, 2008). Tenant households are also found to have higher levels of fuel poverty than owner-occupier households (ibid). Furthermore, it is found that this high fuel poverty among tenant households is particularly acute for local authority tenants. It is argued that this is primarily due to the limited measures a tenant may undertake to improve their heating system and energy efficiency (Healy & Clinch, 2004).

The *Survey on Income and Living Conditions* (SILC) deprivation indicators (CSO, 2009d) include measures related to adequate warmth and heating. Within the 'at risk' of poverty group in 2008, 13% confirmed that they were without heating at some stage in the past year. The SILC data also identified, that from 2007 to 2008 there was a marked rise across most household types experiencing a lack of heating at some point. Furthermore, lone parent households, and single adults of working age, below the 60% median income poverty line, had the greatest issues with heat related deprivation, 24.2% and 22.6% respectively in 2008. Thus, it seems apparent that the situation of low-income, tenant households, with little control over the type of home heating fuel utilised in their

dwelling or the thermal efficiency of the dwelling, are left vulnerable to fuel poverty and the risks of ill health and death. As:

a large group of lower-income households gets much less useful heat for each Euro of heating expenditure than their better-off counterparts, as well as having less money to spend (Scott, et al., 2008: 13).

## Conclusion

The term 'rural' is a widely used concept of which there are numerous definitions and typologies. An analysis of the relevant literature reveals that population density is one of the key determining factors in defining this concept. Typologies further enhance our understanding of this concept in that they expand beyond definitions and broaden the scope of the concept beyond population density to include other factors such as geographical location, land usage, degrees of rurality, and so forth. That being said, there appears within the Irish context a lack of discussion in the literature in relation to degrees of rurality and the impact that degrees of distance from an urban centre can have on a person's quality of life and standard of living. Rather the focus in the Irish literature is on regional rural typologies and the different forms rurality can take in these regions e.g. 'strong agricultural areas' or 'areas that are weak'.

Undoubtedly, rural Ireland has changed significantly over the last 50 years. In recent years the size and population of many of Ireland's rural towns and villages has expanded, as housing schemes have pushed development to the edge of towns and the lines between urban and rural have become blurred. Despite these changes 39.3% of the population continue to live in rural areas. Rural Ireland faces a distinctive set of problems compared to its urban counterpart. Rural poverty can exist side by side with considerable wealth and affluence as small farmers struggle to make ends meet and adapt to a much altered agricultural sector. To surmise, low population density, distance from urban centres, lack of public transport, lower levels of service provision, fewer employment opportunities and a demographic imbalance are some of the defining features of poverty and social exclusion in rural Ireland.

## Chapter 3 Methodology – Consensual Budget Standards

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The methodology, Consensual Budget Standards, is that used in the development of urban income standards (VPSJ, 2006). It is a methodology which is rigorous, factual and time consuming. The VPSJ acknowledges with gratitude the expert guidance received from both the Family Budget Unit (University of York) and the Centre for Research in Social Policy (University of Loughborough). Both universities which have a long history of work in the area of household budgets and income standards have been very generous in their support.

This chapter is divided into three sections:

1. Consensual Budget Standards
2. The Scoping Phase
3. The Field Work with Focus Groups

### Consensual Budget Standards

Budget Standard methods include pricing specific goods and services, which when priced, can represent a particular standard of living for different household types. A minimum essential standard of living is one which meets a persons' physical, psychological, spiritual and social well being (U.N definition of an adequate lifestyle). In order to develop Consensual Budget Standards people living in the household type for which it is designed are brought together in focus groups to act as their own Budget Standards committee. Each focus group includes people from different economic and social backgrounds who through a negotiated consensus establish the goods and services required for a minimum essential standard of living. Ultimately, the people themselves are the experts.

The standard is rooted in social consensus about the goods and services that everyone ... should be able to afford, while at the same time drawing on expert knowledge about basic living requirements and actual expenditure patterns (Bradshaw, et al., 2008: 3)

The minimum budgets in both the urban and rural studies consist of sixteen component budgets, fifteen excluding housing. Table 4 details the sixteen areas of expenditure and an overview of the goods and services contained within each category of expenditure.

Table 4 Basket of Goods & Services

Basket Category	Contents
Food	All food and drink items regularly consumed by household members.
Clothing	All clothing and footwear, from socks to hat, scarf & gloves, and sandals to wellingtons. Also, various personal accessories e.g. a wallet, or watch. Additionally services: dry cleaning, shoe repair.
Personal Care	All personal hygiene and grooming items, and services, e.g. shampoo, razor blades, cosmetics and haircuts.

Basket Category	Contents
Health Related Costs	<p>This category covers both small healthcare items (e.g. plasters, antiseptic, and over-the-counter medicines), main health service expenditure for visits to GP, Dentist, Optician, etc., and the purchase of prescription medications.</p> <p><i>When income-expenditure scenarios indicate medical card eligibility health expenditure is adjusted as appropriate.</i></p>
Household Goods	<p>The miscellany of necessary household items and appliances, from washing machine to scissors; furnishings for every room, from kitchen table to bedside table; floor coverings &amp; textiles; home maintenance supplies, from toilet brush to paint brush; home safety items, kitchen utensils.</p>
Household Services	<p>Vital household related services, e.g. boiler service, waste charges, and chimney sweep.</p>
Communications	<p>Telephone - landline and mobile, broadband (for households with an adolescent), and postal services.</p>
Social Inclusion & Participation	<p>A broad range of goods and services necessary for social and cultural participation fall within this category. It includes a miscellany of items: from television licence to books &amp; stationery; a pet (for those households with a need e.g. female pensioner living alone); newspapers; children's toys; Christmas tree; 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, for different household members. Also a short summer holiday in Ireland.</p>
Educational Costs	<p>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, stationery 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.</p> <p>Furthermore, the cost of adult education courses, for those households which regarded it as a necessity.</p>
Transport	<p>For rural households this entailed the various costs associated with owning and operating one (or two) car(s). The two parent households required a second car when at least one adult was in employment. For each household type a focus group consensus on the appropriate type of vehicle(s) was reached. Each of the household types utilised second hand vehicles, and the costing allows for an overall vehicle life of 10 years, e.g. if a 2005 car is purchased in 2009, the household would keep it until 2015 (a further 6 years).</p> <p>This category includes the weekly cost of the vehicle(s), maintenance costs, NCT, road tax, and petrol.</p>
Household Fuel	<p>The electricity and home heating fuel costs necessary for the reference dwelling utilised for each household type.</p>
Personal Costs	<p>Donations to charitable collections, and the cost of trade union membership for each household member in employment.</p>
Childcare Costs	<p>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.</p>
Insurance Costs	<p>Home insurance, motor insurance, and health insurance.</p> <p><i>When income-expenditure scenarios indicate medical card eligibility health insurance expenditure is deducted.</i></p>
Savings & Contingencies	<p>Savings and life assurance for household types with dependents.</p>
Housing	<p>When calculating housing costs for various income-expenditure scenarios the households are located in local authority housing. The mean differential local authority rent across the three rural areas is calculated for each household type and scenario.</p>

## The Scoping Phase

This phase involved desk based research, the establishment of the Orientation Group, the reconvening of the Advisory Group and the identification of locales.

The desk based research dealt with background contextual information e.g. the urban – rural continuum, degrees of rurality, access to services in rural areas, rural transport, energy and patterns of expenditure in rural areas.

## The Orientation Group

An Orientation Group was established and met prior to the commencement of the field work in July 2009 and again in July 2010 before the finalisation of data. The twelve members of the group represented many of the major rural organisations in the country. At the first meeting they studied the goal of the study – to establish the cost of a minimum essential standard of living for households in rural areas. It was agreed that it was not necessary to construct new detailed budgets for rural areas and that instead the focus would be on reviewing the urban budgets to identify the additional/different costs for household types in rural areas.

When considering the six household types the members noted that households of young single males living in a bed-sit (as was the case in the urban study) were not common in rural areas. While it was recognised that it would not be appropriate to establish rural counterparts for the young single male living alone (25 +) and accommodated in a bed-sit, single male households of older men living alone in a two bedroom local authority house is a more common feature of rural areas.

Although it would not be appropriate to compare the expenditure costs of two very different single male households (young single male living alone in an urban area with the older single male living alone in a two bedroom local authority house) it was the unanimous opinion of the group that the rural study include the older single male household living alone (aged 40 – 55) in a two bedroom local authority house. The remaining five household types used in the urban study were seen as relevant to the rural study.

The methodology for the rural study differed in two ways from that used in the urban areas.

1. It did not focus on the construction of detailed budgets for every area of household expenditure e.g. food, clothing for each household type. The emphasis was on studying the budgets developed by the urban focus groups with a view to identifying the different needs of rural households in comparison with those in urban areas. It was assumed that there was a correspondence between urban and rural requirements in areas of expenditure in which differences had not been identified.
2. The single male living alone household while included in both urban and rural studies would not be entirely comparable because of difference in age and accommodation type.



## The Advisory Group

The Advisory Group which has been associated with the development of urban budget costs - representatives of the Department of Social Protection, Money Advice and Budgeting Service (MABS), Irish National Organisation of the Unemployed (INOUE), Age Action Ireland, Society of St. Vincent de Paul (SVP) and university departments - was reconvened and augmented by a representative of Irish Rural Link. The role of the advisory group, which met on a six weekly basis, was to help address relevant technical issues. Experts in areas such as rural statistics, rural transport, and energy were also involved as the need arose.

## Identification of Locales

The review of literature on Irish rural typologies led to the conclusion that there is a lack of definition of degrees of rurality in Ireland. The literature on UK rural typologies indicate that population size and proximity to key services are two key measures in defining degrees of rurality. In light of the desk research, the assistance of the CSO and the advice of Irish Rural Link it was decided to identify locales with the following characteristics:

- Population between 300 – 400
- 1 hour distance from a major hospital
- No secondary school
- No major supermarket
- No Garda station
- No bank

Research showed that the larger the population the stronger the probability of greater access to services. To maximise applicability it was decided not to focus on the more remote areas. Also to ensure the results are relevant to the wider rural context, and to avoid particular regional influences, it was decided to choose field work sites in different geographical areas which would be similar in population size and access to services and shops. Four villages were identified as meeting these criteria. They are located in Munster (Area A), Connaught (Area B), Ulster (Area C - Republic of Ireland) and the Check-Back in the midlands, Leinster, (Area D). Because of the relatively small size of rural Ireland in comparison with other countries (e.g. the UK) it was not possible to control distance to the nearby country town. Financial constraints did not allow for the engagement of experts who in the selection of locations could control for a comprehensive list of variables – e.g. population size and age, socio-economic groups (farmers and non-farmers) employment and access to nearest urban centre etc.

## Household Types – Rural Areas

The following list of household types for the rural study reflects the unanimous recommendation of the Orientation Group to replace the young single male household (25 years +) living alone in a bed-sit with an older single male living alone in local authority accommodation.

- Pensioner Couple (Aged 66-69)
- Two Parents and Two Children (Aged 3 & 10)

- Female Pensioner, Living Alone (Aged 70+)
- Two Parents and Two Children (Aged 10 & 15)
- One Parent and Two Children (Aged 3 & 10)
- Single Male, Living Alone (Aged 40-55)

## The Fieldwork with Focus Groups

The main fieldwork consisted of three phases – the task group, the check-back phase and the costing phase.

In the task group phase, focus groups were established in three villages. The task given to these focus groups was to examine the budgets which were developed by the urban households and to identify the additional or different costs faced by households in rural areas to ensure the same standard of living.

In the check-back phase focus groups in the fourth village in the Midlands (Area D), reviewed the work of the previous three task groups and addressed any outstanding issues.

### The Task Group Phase

This phase took place from September to November 2009 and involved work with three focus groups in each of the three villages – Area A, Area B and Area C. In all there were nine focus groups, totalling approximately 108 people. Each Focus Group consisted of 10-12 participants from a variety of social and economic backgrounds living within a three mile radius of the village. The Consensual Budget Standards methodology was used with each of the focus groups<sup>1</sup>. Focus groups representing specific household types and consisting of people from different social and economic backgrounds, in a series of meetings, established by consensus what households require to meet a minimum essential standard of living, e.g. pensioner groups decided the minimum expenditure for pensioners.

This standard of living concerns more than food, clothing and shelter. It includes what is needed to have opportunities to participate in society. The emphasis is on needs not wants. In two working sessions of approximately three hours the focus group considered the needs of the relevant rural household by reviewing the sixteen expenditure areas developed for urban households' budgets (VPSJ, 2006) and by identifying the additional/different needs of that household in a rural area. The groups negotiated by consensus what rural households need as a minimum. While most households' requirements were recognised as the same for rural and urban households, there were some major differences which meant that rural households face additional costs.

Before commencing the review of the urban budgets participants in the rural focus groups studied, discussed and became familiar with the definition of a minimum essential standard of living – a minimum essential standard of living is one which meets an individual's/household's physical, psychological, spiritual and social needs. Time was also given to agreeing the distinction between

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<sup>1</sup> For a full description of this methodology see the 2006 urban report '*Minimum Essential Budgets for Six Households*' (pages 30-43), available in the publications section of our website, [www.budgeting.ie](http://www.budgeting.ie)

needs and wants. In order to help participants distance themselves from their own circumstances, case studies exemplifying each household type were introduced with pictorial illustrations of the relevant household type.

In studying the detailed lists of items and services on which the urban budgets were based the participants of the rural focus groups concentrated on: -

1. Particular living expenses necessitated by living in rural areas.
2. The type of items which needed to be added or subtracted.
3. The shops and providers in which items and services could be obtained.

### The Check-Back Phase

In preparation for the check-back phase the pricing of all the items identified by tasks groups in each of the three villages as minimum requirement was finalised and tabulated. At this stage three sets of figures for fifteen expenditure areas had been established – one set for each geographical area. An average figure was calculated and the range in expenditure recorded. The largest range in expenditure was in the food budgets for families/households with children. Two of the villages (Areas A and B) had access by private or public transport to a major international supermarket. The third village (Area C) did not have such access and as a result showed higher expenditure for food. Three focus groups (similar in composition to those established earlier) were assembled in the fourth village in the midlands (Area D). This village is comparable to those in Munster, Connaught and Ulster. The focus groups in the midlands village – called the Check-Back Groups - had the task of reviewing the work of the tasks groups. As with the Task Groups time was given to participants to study, discuss and accept the definition of a minimum essential standard of living and to distinguish between needs and wants.

The Check-Back Groups for each household type:

1. Reviewed the relevant urban budgets and considered the additions/differences identified by the Task Groups.
2. Studied the separate budgets for each village, the range in costs between the villages and the average cost across all three villages.

There was considerable agreement between the Check-Back Groups and the Task Groups regarding the difference between the rural and urban budgets and the necessary additions/subtractions to take account of the experience of rural living. When the range in costs between the villages and the average cost across the three villages were discussed, there was strong agreement that the range in costs reflected the reality of rural expenditure. Access to a major supermarket for food and a chain store for clothing, furniture, toys, etc - determined costs. One of the participants stated

*This is the reality – if you are not near a Tesco or Dunnes or there is nobody to give you a lift you are going to pay much more for food*

## Costing Methods

The focus group in each of the geographical areas identified the shops, outlets and service providers in which they did their weekly shopping. Apart from the pensioner households the proportion of shopping undertaken locally depended on distance from the nearest urban centre. All of the households did some of their shopping locally - meat, fruit, vegetables and items which 'ran short'. While there is a strong sense of community and responsibility towards local shops, households with children tended to make choices in favour of large supermarkets for the bulk of the weekly shopping. Pensioner households tended to do more of their weekly shopping in local villages. The research team priced the different items and services (in the local shops) identified by the focus groups before leaving each village. The internet was used to price those items bought in major multiple supermarkets.

### Housing, Heating and Transport Costs.

The method of determining heating, transport and housing costs varied according to the nature of the product or service.

### Housing Costs

Although the focus groups did not look at housing costs they did consider the type of housing required because of the effect the variation in housing would have on other costs. The type of housing used in the urban study was also kept in mind.

In terms of housing types the groups agreed that:

- Households with two children would need a three bedroom house
- In the absence of flats, apartments and one bedroom houses in rural areas, the pensioner couple, and the single female pensioner live in a three bedroom family home (as is generally the case).
- Also in the absence of the foregoing, the single male would be accommodated in a two bedroom house.

### Housing Rent

Because of the wide variety of housing it was decided, when constructing the 2006 urban budgets, to use local authority housing as the baseline for calculating expenditure related to housing. While local authority housing was used to accommodate the pensioner households and households with children, the single male household was housed in a private rented bed-sit in the urban study. The single male in rural areas for reasons explained above could not be accommodated in a bed-sit in rural areas and therefore local authority accommodation was taken as the base line. For the remaining five households, in order to ensure the same standard of living for rural households local authority housing was used as the baseline for calculating dwelling expenditure.

There is no uniform standard for calculating local authority rent in Ireland and rent varies according to each local authority. Whilst a household living in Area A has the same income as a household in Area

B, the amount they pay in rent can be very different. For the purpose of this study, rents for each household and income type were calculated according to local authority guidelines for the three areas and then the average rent for the three areas and income type was used.

### Household Energy - Heating

Because of the wide variety in types of housing it was decided when constructing the 2006 urban budgets to use 2006 local authority housing as the baseline for calculating expenditure related to housing – including energy costs. These 2006 houses were insulated to the then current standard and were heated by gas. To ensure similar housing standards in rural areas 2006 local authority housing (insulated to the then 2006 standard) was also used as a baseline for calculating housing-related costs. As gas is not widely available in the geographical areas used in this study oil, which is a more expensive fuel than gas, was used to heat houses.

For the foregoing reasons the calculation of heating costs for households in rural areas is based on 2006 local authority housing with insulation to the then current standard and are presented in the tables in Chapter 4 Results.

It was the opinion of the focus groups that the cost of heating a well insulated 2006 local authority house was not a measure of the cost of heating rural homes. For the most part the rural population is housed in privately owned homes. Limited financial resources made it impossible to establish the average heating costs for rural households taking into account the wide variety of types of accommodation. In an attempt to reflect the cost of heating a house built in an earlier period it was decided (after consultation with focus groups) to compare the heating costs for a 1990 three bedroom semi-detached house in a rural area with a similar house in an urban area. With the exception of the boom years more houses were built in the 1990s than in any previous decade<sup>2</sup>. The urban houses of the 1990 (insulated to the then current standard) were for the most part heated by gas and those in the rural area by oil and solid fuel.

Members of the rural focus groups agreed that the majority of rural households would heat their houses by using a combination of oil and solid fuel. The solid fuel most commonly used was coal, turf and peat briquettes, or a mixture of all three. For the purpose of this study, and after much discussion, a consensus was reached regarding a combination of oil and peat briquettes. Each focus group negotiated a consensus cost of heating a house to a satisfactory level by using this combination. Sustainable Energy Authority of Ireland (SEAI) calculated the necessary amount of energy and expenditure required using this combination to heat a house to the required standard<sup>3</sup>. The consensual costs negotiated by the focus groups were compared with the SEAI calculations.

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<sup>2</sup> According to CSO (2006b: Theme 6 – 2a) data there were 85,222 permanent private houses constructed in rural Ireland between 1991 and 2000.

<sup>3</sup> For further details of the heating calculations see the discussion in the results chapter below, and also see Appendix D for details of the heating calculations. Published online, [www.budgeting.ie](http://www.budgeting.ie)

## Transport

This area of expenditure is dealt with in detail in the section on relevant literature above. The focus groups in each of the four areas were adamant that two cars were essential for households with children (where one or both parents are working) and one car for one parent, pensioner and single households. There was no public transport system which facilitated a 9.00am arrival for work in the local urban centre in of any of the four villages used in this study. For many households school transport was inadequate and expensive.

The groups agreed the specification of cars, and recognised that the second car would be a less expensive and smaller model than the main car. Because of the cost of running a second car, it was decided that there would not be a separate allowance for school transport. The focus groups discussed the number of trips necessary on a weekly basis, and after careful consideration negotiated a consensus cost of a minimum weekly expenditure on petrol. The figure took into account employment obligations, school journeys, shopping and leisure activities also the fact that trips would combine shopping, visits to the dentist, leisure activities etc.

The total figure for transport costs takes the following into account:

- Petrol using December 2009 prices
- Price of the car
- Service, maintenance and repair<sup>4</sup>
- Road tax
- NCT

Community transport operated in the villages used in the study. For the most part it was used by the more isolated single pensioner household. As this transport is free, for travel pass holders, it is not taken into account in calculating the total costs of transport.

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<sup>4</sup> The cost of motor insurance is also calculated; however in the summary tables below this area of expenditure is included in the general insurance category.

## Chapter 4 Statement & Analysis of Results

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This chapter details the cost of a minimum essential standard of living (MESL) for six household types in rural areas. It also presents a comparison of the cost of living between rural and urban areas.

Within the context of a minimum essential standard of living, the household types in the study are in a relatively archetypical situation that assumes all individuals within the households are in relatively good health, renting well-insulated local authority accommodation and do not, for example, have the expenditure burden of a disability or caring for elderly relatives. In terms of location, the rural households are situated within a 3 mile radius of the local village, whereas the urban households are in close proximity to major multiples and have access to sufficient public transport. The households therefore only capture a particular set of circumstances.

Due to the great variety in housing costs across areas and tenures, the primary MESL basket tables are presented excluding housing costs. Hence, it is important to note that the aggregate rural-urban difference in the cost of a MESL, described in the tables of the results chapter, is pre-housing costs i.e. rent/mortgage. While a minimum essential standard of living manifestly requires adequate housing, it does not require home ownership. Thus, to provide a baseline for illustrating the cost of housing, household types are positioned in appropriate local authority social housing stock<sup>1</sup>. The differential local authority rents are calculated for every household type, across each income-expenditure scenario. For the urban households, the Dublin City Council rents are utilised. For the rural households, the rents are calculated according to the methods of the local authorities in each of the three areas. As with other areas of expenditure, the mean of the rents is utilised in all calculations involving housing.

This chapter is divided into the following sections:

- The cost of a minimum essential standard of living for the six household types in rural areas
- Rural-urban expenditure comparison
- Detailed discussion of key areas of difference
- Other areas of consideration and conclusion

### Cost of a MESL for Six Household Types in Rural Areas.

Table 5 presents details of the weekly cost of a minimum essential standard of living for six household types in rural areas. Housing costs are not included, and secondary benefits (e.g. medical cards, household benefits package) are not taken into consideration. The figures in this table represent the mean expenditure across the three geographical areas. Of the sixteen component budgets, it is not possible to calculate consistently standard costs for the following – Personal Costs, Childcare, Insurance, Transport, and Housing. Expenditure in these areas fluctuates according to employment

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<sup>1</sup> To reflect the reality of social housing availability the urban single adult male is positioned in private rented accommodation, and where appropriate is in receipt of the Social Welfare Allowance (SWA) rent supplement.

status, and in these tables are based on one adult working full-time (where the household type has an adult of working age). The subsequent tables provide the same information for the six urban household types, in this case the cost has been adjusted to the same pricing period as the rural data, to enable comparison.

**Table 5 MESL Weekly Budgets<sup>2</sup> for Six Rural Household Types, Q4 2009 Prices**

	Pensioner Couple (Aged 66 – 69)	Female Pensioner (Living Alone) (Aged 70+)	One Parent, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 10 & 15)	Single Adult Male (Living Alone) (Aged 40 – 55)
	€	€	€	€	€	€
Food	113.76	82.74	107.09	127.71	157.72	83.82
Clothing	27.58	17.52	22.84	30.04	39.33	14.17
Personal Care	15.01	10.91	13.99	22.58	27.37	10.92
Health Related Costs	15.41	7.69	5.90	7.30	7.63	1.62
Household Goods	26.47	23.80	23.15	26.36	28.27	22.33
Household Services	8.23	7.70	10.62	10.96	10.96	8.27
Communications	13.21	13.32	5.87	11.44	27.82	10.70
Social Inclusion & Participation	55.91	43.76	43.33	66.14	88.49	60.77
Educational Costs	-	-	7.02	7.02	22.38	2.50
Transport	51.77	51.78	64.48	113.18	113.18	62.81
Household Fuel <sup>3</sup>	43.01	41.57	41.02	41.22	42.34	33.32
Personal Costs	6.49	8.50	6.00	6.00	6.00	9.29
Childcare Costs	-	-	208.10	-	-	-
Insurance Costs <sup>4</sup>	43.72	27.54	33.86	52.87	52.87	23.71
Savings & Contingency Costs	31.00	10.33	14.03	28.74	28.74	15.50
<b>Total Weekly Costs</b>	<b>451.57</b>	<b>347.16</b>	<b>607.30</b>	<b>551.56</b>	<b>653.10</b>	<b>359.73</b>

The weekly cost of a minimum essential standard of living ranges from €653.10 for the two parent household with two children aged 10 & 15, to €347.16 for the female pensioner, living alone. The one parent household with two children aged 3 & 10 has the second highest weekly expenditure costs at €607.30. As the adult in this household is working full-time, childcare, costing €208.10 a week, accounts for 34.26% of the household expenditure.

<sup>2</sup> Weekly budget excluding housing costs, based on one adult working full-time (where household has an adult of working age).

<sup>3</sup> The category of household fuel covers the expenditure on all the energy consumed directly within the household. This category includes both electricity (for lighting, appliances, etc.) and fuel(s) for space and water heating. The heating expenditure is calculated on the basis of a semi-detached house, insulated to the prevailing building regulations of 2006.

<sup>4</sup> Insurance costs are made up of Health Insurance, Home Contents Insurance and also car insurance(s) in the case of the rural households.



Food and transport are two of the main areas of expenditure for the six households. Food accounts for between 17.63% (one parent household) and 25.19% (pensioner couple) of weekly expenditure. Transport, including car insurance, accounts for between 11.80% (one parent household) and 22.90% (two parent household with two children aged 3 & 10) of household expenditure.

Social Inclusion & Participation was the third largest area of expenditure for the six households. The two parent family with the adolescent spend €88.49 a week on Social Inclusion & Participation, and this accounts for 13.55% of their overall expenditure. The one parent household has the lowest expenditure of the six households on Social Inclusion and Participation spending €43.33 a week.

Insurance Costs, consisting of home contents insurance, health insurance and car insurance also represents a significant area of expenditure for each of the six households, whilst Personal Costs and Health Related Costs (excluding health insurance) are two of the lowest areas of expenditure for the households.

**Table 6** MESL Weekly Budgets for Six Urban Household Types, Q4 2009 Prices

	Pensioner Couple (Aged 66 – 69)	Female Pensioner (Living Alone) (Aged 70+)	One Parent, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 10 & 15)	Single Adult Male (Living Alone) (25+)
	€	€	€	€	€	€
Food	81.65	66.64	87.86	103.65	132.87	72.70
Clothing	18.52	11.58	17.66	23.68	31.59	13.81
Personal Care	14.60	10.12	13.30	21.29	28.06	9.73
Health Related Costs	18.81	9.32	7.48	9.58	10.19	2.24
Household Goods	22.12	20.02	22.88	26.89	28.84	8.97
Household Services	6.79	6.69	6.79	6.79	6.79	0.00
Communications	13.21	13.32	5.87	11.44	27.82	16.00
Social Inclusion & Participation	55.91	43.76	50.40	71.54	101.90	55.45
Educational Costs	0.00	0.00	6.11	6.11	21.40	3.00
Transport	0.00	0.00	28.11	51.19	51.19	28.08
Household Fuel	38.82	37.38	37.15	37.35	38.47	8.05
Personal Costs	5.49	7.50	5.00	5.00	5.00	5.00
Childcare Costs	0.00	0.00	255.64	0.00	0.00	0.00
Insurance Costs	38.66	21.22	26.65	39.70	39.70	13.06
Savings & Contingency Costs	31.00	10.33	14.03	28.74	28.74	15.50
<b>Total Weekly Costs</b>	<b>345.58</b>	<b>257.88</b>	<b>584.93</b>	<b>442.95</b>	<b>552.56</b>	<b>251.57</b>

## Rural – Urban Expenditure Comparison

The following section examines the total difference in cost of a Minimum Essential Standard of Living between urban and rural areas, for five of the six household types. As the single male in the rural area has a different age and housing profile from his urban counterpart a detailed comparison of their expenditure patterns was not possible<sup>5</sup>.

Table 7, below, details the difference in cost between urban and rural areas across the 15 budget categories. The cost difference between urban and rural households ranges from €22.37 - €108.61 a week, making a minimum essential standard of living considerably more expensive in rural areas. Food and transport costs are significantly higher in rural areas and are the main reason why rural households face notably higher costs. These two areas of expenditure will now be explored in more detail.

**Table 7 Weekly Rural-Urban Differential, by category, for 5 Household Types, Q4 2009 Prices**

	Pensioner Couple (Aged 66-69)	Female Pensioner (Living Alone) (Aged 70+)	One Parent, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 10 & 15)
	€	€	€	€	€
Food	32.11	16.10	19.23	24.06	24.85
Clothing	9.06	5.94	5.18	6.36	7.74
Personal Care	0.41	0.79	0.69	1.29	-0.69
Health Related Costs	-3.40	-1.63	-1.58	-2.28	-2.56
Household Goods	4.35	3.78	0.27	-0.53	-0.57
Household Services	1.44	1.01	3.83	4.17	4.17
Communications	0.00	0.00	0.00	0.00	0.00
Social Inclusion & Participation	0.00	0.00	-7.07	-5.40	-13.41
Educational Costs	0.00	0.00	0.91	0.91	0.98
Transport	51.77	51.78	36.37	61.99	61.99
Household Fuel	4.19	4.19	3.87	3.87	3.87
Personal Costs	1.00	1.00	1.00	1.00	1.00
Childcare Costs	0.00	0.00	-47.54	0.00	0.00
Insurance Costs <sup>6</sup>	5.06	6.32	7.21	13.17	13.17
Savings & Contingency Costs	0.00	0.00	0.00	0.00	0.00
<b>Total Weekly Cost Differential</b>	<b>105.99</b>	<b>89.28</b>	<b>22.37</b>	<b>108.61</b>	<b>100.54</b>

<sup>5</sup> The difference in housing profile effected housing related costs: household goods, household services, rent and household energy; age-profile also influenced a difference in the pattern of consumption e.g. in the context of food and social inclusion.

<sup>6</sup> Rural – Urban difference in insurance costs is solely due to rural households requiring car insurance.

Table 8 Summary of Rural – Urban Expenditure Difference, Q4 2009 Prices

	Pensioner Couple (Aged 66-69)	Female Pensioner (Living Alone) (Aged 70+)	One Parent, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 10 & 15)
<b>Weekly Budget<sup>7</sup>, Excluding Rent &amp; Childcare<sup>8</sup></b>					
	€	€	€	€	€
Rural	451.57	347.16	399.20	551.56	653.10
Urban	345.58	257.88	329.29	442.95	552.56
<b>Difference</b>	<b>105.99</b>	<b>89.28</b>	<b>69.91</b>	<b>108.61</b>	<b>100.54</b>
<b>Breakdown of Rural – Urban Difference</b>					
	%	%	%	%	%
Food	30.30	18.03	27.51	22.15	24.72
Transport (Car, Fuel, Insurance, etc.)	53.62	65.08	62.34	69.20	74.76
Remainder	16.09	16.89	10.16	8.65	0.53

## Food

The rural focus groups indicated a slightly different pattern of consumption than that found in urban areas. In the rural areas the families and pensioner couple strongly felt that a ‘Sunday roast’ was essential in the food budget, thus in the food basket there is the addition of a roast joint every fortnight. For female pensioners steak replaced pork chops once a fortnight. Families in rural areas also felt porridge should be included and thus the consumption of cereals was changed to accommodate this. Aside from these small changes that had a negligible impact on the cost difference between urban and rural areas, the composition of the food basket is essentially identical for the rural and urban households.

### Pensioner Households and Single Adult Male Households

For pensioner households and the single adult male household there is a considerable difference in the cost of food between urban and rural locations. In the rural study, Area A households did a proportion of their shopping in a major multiple, whilst in the two other rural locations (Areas B & C), did all of their shopping in local stores e.g. local supermarket, local butcher and local vegetable shop. In the urban area all food shopping was done in an international multiple. For example, the urban female pensioner household carried out the entirety of her food shopping with a large international multiple, and 80% of her basket was comprised of ‘own brand’ items. Whilst the local rural shop, cannot compete in terms of price and quantity of items with major multiple stores, they nevertheless are an integral part of rural villages and an important feature of rural communities.

As Table 8 highlights, food accounts for 18.03% of the €89.28 difference in the cost of a minimum essential standard of living for the female pensioner living alone. Rural households cannot as easily access ‘own brand’ goods unlike their urban counterparts, and the lack of availability and accessibility of lower cost shopping options in rural areas accounts for the significant difference in food costs between urban and rural locations.

<sup>7</sup> Based on one adult working full-time (where household has an adult of working age), and no entitlement to secondary benefits.

<sup>8</sup> In this study, when one adult is working, only the one parent household has childcare costs, therefore the inclusion of it in this table would have distorted the rural-urban differential for this household type in comparison with the other households.

## Households with Children

There is a significant difference in terms of food costs between urban and rural locales. In two of the three rural locations (Areas A & B) the households accessed a major multiple to do a proportion of their shopping, whereas Area C had access to a smaller multiple that did not stock the same range of own brand goods. Therefore there was a considerable range in the cost of food across the rural locations. For example, for the two parent, two children (aged 10 & 15) household food costs vary from €146.11 in Area A to €174.37 in Area C, giving a range of €28.26 in this instance<sup>9</sup>. As a consequence of this, the higher food costs in Area C increases the average price of the food basket and accounts for a proportion of the difference between urban and rural households.

Furthermore, the urban households, unlike their rural counterparts, did the vast majority of their shopping in a major multiple that stocks less expensive 'own brand' items. For example, the two parent urban household with children aged 3 & 10, 74% of their food shopping comprised of 'own brand' items. The rural households, on the other hand, did only a proportion of their shopping in multiples and accessed local shops, e.g. butcher and local shop, for items such as bread, butter, milk, etc., which are more expensive to purchase locally than in a major multiple.

On the whole, across the five households analysed, food accounts for between 18.03% – 30.30% of the overall difference in the cost of a minimum essential standard of living between rural and urban households.

## Transport

As the data in Table 8 reveals, rural households' use of private transport is responsible for the bulk of the rural-urban expenditure difference found. The rural focus groups strongly felt that a car is a necessity in a rural area, due to insufficient public transport. Thus, rural households require at least one vehicle as a minimum, while two parent households require two cars, except in cases where neither parent is working. However, the urban households at the basis of this comparison are situated in a central urban location, serviced by a public transport system which adequately meets the minimum needs for employment access, school transport, and social inclusion. Therefore, in the urban study a car is not a minimum requirement.

To be certain that the rural focus group consensus on cars being a necessity reflects a need due to 'structural' car dependency, rather than being a product of 'conscious' car dependency, a review of the availability and comprehensiveness of public transport options across each of the focus group locales was carried out<sup>10</sup>. This found that the situation of structural car dependency is very real, necessitating car(s) for households in rural areas.

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<sup>9</sup> For further details on the budgets costs e.g. food, clothing, household services etc for each area – A, B and C see the 'Average Tables' in appendices to the report, online at [www.budgeting.ie](http://www.budgeting.ie). For more information on the detailed cost of items in each area contact the VPSJ.

<sup>10</sup> A detailed discussion of this analysis may be found in the accompanying appendices published online

Across the six household types examined, transport costs make up a very significant part of each household's budget. For the majority of household types, expenditure on car transport comes second only to expenditure on food. The expense of owning and running a car, or two cars, is considerable. As elsewhere in this analysis of findings, the focus here is on the income-expenditure scenario of one adult in the household working full-time. As the two parent household types require two vehicles when one or both adults are employed, these households operate two cars in this scenario.

**Table 9** Weekly Transport Expenditure<sup>11</sup>, Detailed Breakdown by Household Type

	Pensioner Couple (Aged 66 - 69)	Female Pensioner Living Alone (Aged 70+)	One Parent Two Children (Aged 3 & 10)	Two Parents Two Children (Aged 3 & 10)	Two Parents Two Children (Aged 10 & 15)	Single Adult Male Living Alone (Aged 40 - 55)
	€	€	€	€	€	€
<b>Car 1</b>						
Vehicle	17.62	17.63	24.25	24.25	24.25	24.25
Car Tax	5.50	5.50	6.40	6.40	6.40	6.40
NCT	0.48	0.48	0.48	0.48	0.48	0.48
Maintenance & Repairs	3.17	3.17	3.35	3.35	3.35	3.35
Petrol	25.00	25.00	30.00	30.00	30.00	28.33
<b>Car 2</b>						
Vehicle	-	-	-	19.55	19.55	-
Car Tax	-	-	-	5.50	5.50	-
NCT	-	-	-	0.48	0.48	-
Maintenance & Repairs	-	-	-	3.17	3.17	-
Petrol	-	-	-	20.00	20.00	-
<b>Insurance</b>						
Vehicle 1	5.06	6.32	7.21	7.48	7.48	6.87
Vehicle 2	-	-	-	5.69	5.69	-
<b>Total</b>	<b>56.83</b>	<b>58.10</b>	<b>71.69</b>	<b>126.35</b>	<b>126.35</b>	<b>69.68</b>

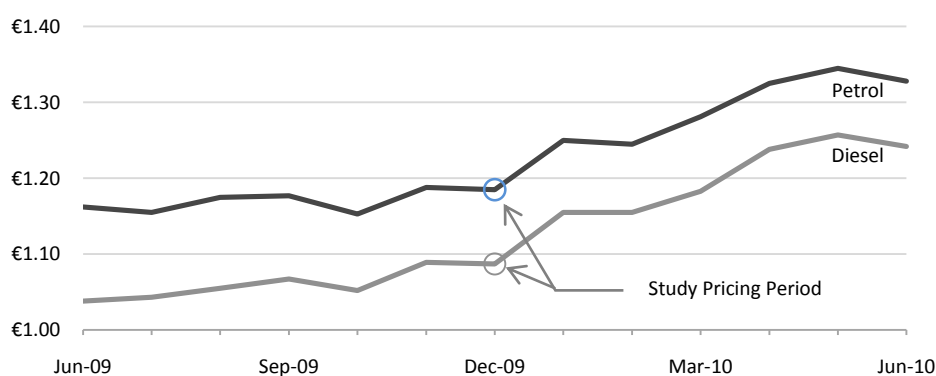
The mean rural expenditure on car transport ranges from €51.77 per week for a pensioner couple, to €113.18 per week for a two-parent household with two children, as presented in the summary tables at the start of this section. However, as the summary data tables disaggregate main transport costs from insurance costs, the true range of transport expenditure is from €58.10 for a pensioner living alone, to €126.35 for a two-parent household with two children. Examined in this way (i.e. all transport costs including motor insurance), transport is the second largest area of weekly expenditure for five of the six household types, the exception being the one parent household where childcare is the largest area of expenditure, followed by food and then transport. Furthermore, for the sixteen income-expenditure scenarios examined<sup>12</sup> transport is consistently among the top three areas of expenditure.

<sup>11</sup> In the main tables motor insurance costs are included within the insurance category, not the transport category. This table presents the aggregate of all transport related expenditure, hence the discrepancy between the total here and that outlined in the summary tables above.

<sup>12</sup> For each household type in the study a number of scenarios are examined, e.g. dependent on jobseekers benefit, or working full-time, this produces sixteen distinct expenditure-income situations across the household types.

Within the households' transport expenditure, motor fuel accounts for approximately two-fifths, the single largest aspect of these outgoings<sup>13</sup>; a burden felt all the more for households where two cars are necessary. As the chart below illustrates, there has been a marked increase in fuel prices over the period of this study. These rising fuel prices belie the general trend of price deflation, for example the April 2010 consumer price index (CPI), found an overall price reduction of 2.1% over the previous twelve months (CSO, 2010a). However, while the CPI showed a marked reduction in prices of food and clothing, transport was one of the few areas to show price inflation (4.4%). This price inflation was attributed to the rising costs of petrol and diesel (ibid).

Chart I National Average Motor Fuel Prices (per litre)



Source: (CSO, 2010b)

For accessing employment, services, facilities, and activities for social inclusion, that are essential to a minimum standard of living, a private car is vital in a rural area. The only differentiating factor in the level of car ownership is household composition, as the number of driving age, and driving able, adults needing to simultaneously access employment, services and inclusion, will determine the number of vehicles a rural household requires. However, this indispensable tool comes with a substantial financial burden. As demonstrated by the findings of this study, the necessity for households to own and operate at least one private car in order to attain a minimum standard of living results in a sizable proportion of their weekly outgoings diverted towards simply maintaining mobility. This is a burden that will likely increase in line with fuel prices, as structural car dependency means rural households have little opportunity to reduce their level of driving.

## Clothing

A number of additional clothing items were added to the rural households clothing basket as they were deemed by participants in the rural focus groups as a rural need. Wellingtons and high visibility bibs/jackets (with the exception of the three year old) were added to the clothing basket for each individual. Work boots were also added for the single male and for the males in the two parent

<sup>13</sup> Fuel costs as a proportion of households' weekly transport expenditure: Pensioner Couple – 44%, Lone Female Pensioner – 43%, Two Parents, Two Children (3 & 10) – 40%, Two Parents, Two Children (10 & 15) – 40%, Lone Parent, Two Children (3 & 10) – 42%, Single Adult Male – 41%

households. When discussing the issue of clothing rural focus groups felt that these items are an essential part of rural life due to country roads being unlit and lacking sidewalks/pavements and men in rural areas engaging in farm or outdoor work related activities. The contribution of these items to the overall urban-rural price disparity is negligible however, particularly in the case of pensioner households, accounting for less than €0.20 per week of their clothing expenditure. The contribution of these items is somewhat greater in the case of households with children adding a mean of €0.78 per week, for example, to expenditure on clothing for the two parent household with two children aged 10 & 15.

### Households with Children

Households with children in rural areas accessed many of the same multiples used by their urban counterparts. Nevertheless, despite accessing many of the same multiples, clothing is between €5.18 (one parent household) and €7.74 (two parent and two children, aged 10 & 15) a week more expensive for households in rural areas. The additional items such as wellingtons etcetera can explain a proportion of this difference. Furthermore, despite households across the three locales accessing many of the same multiples as their urban counterparts, the cost of clothing demonstrated a degree of variance across the three locales due to the men in households in Areas B & C buying a small proportion of their 'good' clothes in the 'local man's shop'. Therefore, the cost of clothing for the two parent household and two children (age 10 & 15), for example, varied from €36.72 in Area A to €40.84 a week in Area B. This in turn increased the cost of the mean clothing basket and contributed to the cost difference between urban and rural areas.

### Pensioner Households and Single Adult Male Household

The majority of clothing items in the urban households clothing basket are purchased in large multiple retailers and department stores, offering a range of lower-cost and 'own brand' options. In Area A rural pensioner households and the single male household, shopped in many of the same multiples accessed by their urban counterparts. However, households in Areas B and C shopped locally and did not shop in the large multiples. As a result, the cost of clothing demonstrated a degree of variance across the three geographical locations ranging from €22.62 in Area A to €30.77 in Area B. Therefore, the average cost of the clothing basket increased and contributed to a disparity in costs between urban and rural areas. Moreover, the local clothing stores are more expensive than the larger stores and do not offer the same range of brands or 'own brand' items. As a consequence of this the pensioner couple, for example, spend €9.06 a week more on clothes than their urban counterparts.

### Household Fuel

Within the household budgets, the category of household fuel covers the expenditure on all the energy consumed directly within the household. This category includes both electricity (for lighting, appliances, etc.) and fuel(s) for space and water heating. Within this mix of energy consumption, expenditure on home heating fuels accounts for almost two-thirds of total household fuel expenditure, for each of the six household types examined. Moreover, research has shown that the most important factor in explaining rates of domestic energy use is 'the method of space and water

heating employed by a household' (Leahy & Lyons, 2010). Therefore, this aspect of essential household expenditure is examined below in further detail.

Table 10 provides a breakdown of the mean weekly expenditure on household fuel for each of the six rural household types. As the amount of fuel required to adequately heat a home can greatly depend on factors such as the level of insulation, and type of heating appliance used, expert consultation was necessary in order to ascertain a baseline for comparison between household types and areas. Thus, the heating expenditure is derived from consultation with the Sustainable Energy Authority of Ireland (SEAI). In order to maintain direct comparisons with the urban tranche of households, the heating requirement calculations are based on a three-bed semi-detached house, insulated to the prevailing building standards of 2006. In accordance with the consensus reached by the focus groups, oil is used as the home heating fuel most commonly relied upon in rural areas, whereas gas was the fuel used by the urban households. It is important to stress that the focus groups expressed a strong cultural preference for the use of some solid fuel in addition to oil. While in the scenario described here oil is the most cost-effective method of home heating available, households may choose to divert some of their heating budget to solid fuel, and thus meet that cultural preference.

**Table 10 Mean Rural Weekly Expenditure on Household Energy, by Household Type**

	Pensioner Couple (Aged 66 – 69)	Female Pensioner (Living Alone) (Aged 70+)	Two Parents, Two Children (Aged 3 & 10)	Two Parents, Two Children (Aged 10 & 15)	One Parent, Two Children (Aged 3 & 10)	Single Adult Male (Aged 40 – 55)
	€	€	€	€	€	€
Heating	27.00	27.00	25.00	25.00	25.00	20.83
Electricity	16.01	14.57	16.22	17.34	16.02	12.49
<b>Total</b>	<b>43.01</b>	<b>41.57</b>	<b>41.22</b>	<b>42.34</b>	<b>41.02</b>	<b>33.32</b>

When the rural and urban household types' expenditure on household fuel is compared, the rural-urban differential, as outlined in the Table 7 at the start of this section, is found. Slightly under a fifth of this difference is due to higher rural electricity costs, as rural customers pay a higher ESB standing charge. However, the remaining expenditure difference is in home heating fuel, where rural household types with children spend an additional €3.20 per week, and rural pensioner household types an extra €3.52. As the study compares household types positioned in the same standard of housing, the difference is attributable to urban households' ability to use gas for home heating, while the rural households must rely on oil.

In order to ascertain the consequence of this level of expenditure for each of the household types, a further analysis of expenditure on home heating was carried out, to examine vulnerability to fuel poverty. The results very much conformed to those found in the previous research, discussed earlier. The single adult headed households, particularly when dependent on social welfare payments, are found to be most vulnerable to fuel poverty, with this vulnerability increasing as the price of home heating oil rose in the months subsequent to the pricing period of this study. A full discussion of this detailed analysis, and the results, is available in the appendices published on the website.



As outlined above, and detailed in the methodology chapter, for the purposes of calculating various housing costs the households are based in local authority housing, for the calculation of heating costs rural households in local authority housing, built in 2006, with insulation to the then current standard. The figures for heating costs in the various tables refer solely to costs related to this accommodation type, with the exception of the single adult male household type residing in a, smaller, two-bed house.

However, the greater part of the rural population are accommodated in homes built in a period earlier than 2006, and also privately owned. In order to obtain an understanding of the cost of heating such a home it was decided to attempt to establish the cost of one example of such a dwelling – a three bedroom semi-detached house built in the 1990's, and insulated to the then current standard.

The following table shows fuel costs for a three bedroom semi-detached 1990's house (insulated to the then current standard) firstly using a combination of oil and solid fuel, as identified by focus groups negotiated consensus, and secondly the Sustainable Energy Ireland Authority calculations.

Table 11 Rural Home Heating Fuel Costs for a 1990's Era Dwelling

	Pensioner Households	Households with Children	Single Adult Households
	€	€	€
Focus Groups Consensus	28.50	27.40	23.00
Sustainable Energy Ireland	31.13	28.74	28.74

Additionally, the cost of heating a 1990 three bedroom semi-detached house in an urban area was calculated, by the SEAI, as varying between €26.73 for oil and €22.10 for gas. It would seem reasonable to conclude that the cost of heating similar houses in rural and urban areas is higher for the former, and that the higher costs can be accounted for by differences in the type of fuel being used.

## Personal Costs

Personal Costs are €1.00 a week more expensive in rural areas than in urban areas for household types. Rural focus groups strongly felt that there is a greater onus on them to give more to charity/fundraisers e.g. local school, St. Vincent de Paul, GAA, church gate collection etcetera than their urban counterparts. They felt that the amount given by their urban counterparts did not reflect their reality and that there is a greater pressure on rural dwellers to give money to collections/fundraisers. As one participant in the focus group said:

*Everyone knows everyone...you can't not give something*

## Areas of Expenditure that are Less Expensive in Rural Areas

There are a number of areas of expenditure that cost significantly less in rural areas than in urban areas. Health Related Costs, Social Inclusion & Participation (for households with children) and

Childcare, each cost notably less in rural areas when compared with urban areas and offset some of the higher costs of food and transport in rural areas. A succinct analysis of these categories of expenditure will now follow.

## Health Related Costs

There is a small difference in Health Related Costs across the five households analysed, with urban households spending more on this expenditure category than rural households. Rural households spent between €1.58 (one parent household) and €3.40 (pensioner couple) a week less than their urban counterparts. The cost of GP visits, Dentists, etcetera are more expensive in urban areas and this explains the slightly higher prices for the urban households. The 'Doctors and Dentists Survey' carried out by the National Consumer Agency in May 2010 found that a routine Doctor's consultation varied considerably in price between urban and rural locations with the highest overall price (€70) and the highest average price (€59) both recorded in Ballsbridge/Sandymount in Dublin (National Consumer Agency, 2010: 12).

## Social Inclusion and Participation

### Households with Children

The Social Inclusion and Participation Costs for rural households with children are lower than those for urban households. For example, the two parent household with two children age 10 & 15 spend €13.41 less a week on this expenditure category than their urban counterpart. For the most part, this is due to differences in social and leisure activities for children. The difference in cost can be largely explained by children in rural households participating in less expensive leisure activities such as Gaelic football and hurling, and having fewer social outings than their urban counterparts.

### Pensioner Households

There is no difference in cost between urban and rural areas for Social Inclusion and Participation for pensioner households. The rural focus group participants felt that the amount of money in the urban basket for this expenditure category was sufficient, but did acknowledge that the pattern of the expenditure may vary e.g. the prioritisation of the 'local paper' over a national paper.

## Childcare

There is a significant difference in Childcare Costs between urban and rural areas with rural households on average paying €47.54 (one parent household, full-time worker) less a week than their urban counterparts. Such a significant difference in Childcare Costs offsets a proportion of the difference in cost created by higher food and transport costs in rural areas. As a result, the one parent household, full-time worker has the lowest difference in cost (€22.37 a week) between urban and rural locations across the five households analysed. Indeed, a report by the National Children's Nurseries Association found that:

when reviewed by region, Dublin still proves to be the most expensive area for childcare regardless of place type and the second most expensive is the rest of Leinster. Generally

Connacht is the cheapest area for childcare but Munster and Ulster prove to be on a similar scale (National Children's Nurseries Association, 2010: 4)

The cost of Childcare, although still a substantial cost in rural areas, is less of a financial burden on rural households than on urban households.

## Housing

As explained above, the summary tables and aggregate rural-urban difference presented in this chapter do not include housing costs. When local authority housing costs are included in the rural-urban comparison, the overall trend does not notably change. Disregarding the single adult, as the urban male is located in private rented accommodation, 11 of the 14 scenarios show Dublin City local authority rents to be higher than the rural mean, but not to such a degree as to significantly offset the overall rural-urban differential. For example, in the case of both the two parent households, where one adult is employed full-time at the national minimum wage, the mean rural local authority rent is €13.19 less than the urban rent, thereby reducing the rural-urban difference of the household with an adolescent to €87.15. Conversely, in the case of households dependent on Jobseekers Benefit or the One Parent Family Payment, the mean rural local authority rent was higher than the urban rent, thus adding a further burden onto social welfare dependent rural households. For example, the rural two parent household types paid an additional €11.78 in rent, over their urban counterparts.

## Other areas for consideration

### Local Authority Housing and Entitlement to a Medical Card

The cost of renting local authority housing varies considerably between areas as there is no standard approach for calculating local authority differential rents. It is the remit of each local authority to decide on how rent is calculated in their area, and this anomaly results in individuals and households who effectively have the same income and same ability to pay, paying different rents depending on where they live. For the single male household for example, working full-time at the rate of the NMW, rent varies from €44.50 a week in Area A to €61.90 a week in Area B - a difference of €17.40 a week. Such a difference in the cost of rent can impact on a household's ability to afford a minimum essential standard of living and can determine whether they have a shortfall or discretionary income.

Furthermore the cost of renting local authority accommodation can impact on qualification for vital benefits such as the Medical Card, which factors in an allowance for housing costs in its eligibility criteria. Therefore, the amount an individual or household pays a week in local authority rent can determine entitlement to a Medical Card as was found during the research. The single male working full-time did not qualify for a medical card in Area A, whilst the single male household's in Areas B and C did<sup>14</sup>. Consequently, households and individuals may be financially worse off as they may be slightly above the income threshold for Medical Card eligibility and thus find themselves in a situation in

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<sup>14</sup> It was decided that although on an arithmetic mean this household's income is above the income guideline for the Medical Card, that this household would qualify for a medical card as 2 of the 3 households in the different geographical areas qualified due to higher rent and travel costs to work.

which they qualify for very little and pay for almost everything. It is clear that a more integrated policy approach needs to be adopted to ensure that a policy in one area e.g. housing does not have a negative impact on policies in other areas.

## Conclusion

To conclude, the cost of a minimum essential standard of living is significantly higher in rural areas than in urban areas, for the five household types compared in this research. The cost difference ranges between €22.37 and €108.61 (excluding rent). Lack of readily accessible major multiples stocking a wide variety of 'own brand' items, coupled with the need for a car(s) due to lack of sufficient public transport, results in food and transport expenditure being substantially more in rural areas. Therefore, rural households, in this study, face the higher expenditure imposed by distance from an urban centre, as they now must incur the cost of private transport, and the burden of travelling greater distances to access lower cost goods and necessary services.

Whilst food and transport makeup the significant proportion of the cost difference between urban and rural households, the cost of childcare, healthcare, and social inclusion & participation (for households with children), offset a proportion of this difference. Finally, it is clear from our research that there are a number of anomalies in Irish policy, such as the non-standardisation of local authority rent, which can contribute to individuals and households being unable to afford a minimum essential lifestyle. It is clear that for rural household types the threshold necessary for a minimum essential standard of living is set higher than for urban household types.

## Chapter 5 Income Adequacy

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### The Relationship Between Income and Expenditure

This chapter will examine the relationship between the expenditure of rural households and income to ascertain if the National Minimum Wage and/or Social Welfare transfers are sufficient to afford a Minimum Essential Standard of Living.

An analysis of the expenditure and income of rural households demonstrates that for three of the six households the National Minimum Wage and Social Welfare transfers fall short of what individuals and households need in order to have a minimum essential lifestyle.

As has been pointed out earlier, there are six household types in the study:

- Pensioner Couple (Aged 66-69)
- Female Pensioner (Aged 70+), living alone
- One Parent and Two Children (Aged 3 & 10)
- Two Parents and Two Children (Aged 10 & 15)
- Two Parents and Two Children (Aged 10 & 15)
- Single Male (Aged 40-55), living alone

Within the six household types there are a number of income scenarios e.g. working full-time, working part-time, or in receipt of Jobseekers Benefit/One Parent Family Payment. For households that are not of working age the scenarios are based on being in receipt of the Contributory or Non-Contributory Pension. In total there are sixteen income scenarios across the six households.

Table 12 details the expenditure, income and shortfall/discretionary income of the sixteen income scenarios. The final column of the table provides the 60% of median income relative poverty line, for each household type, indicating the level below which this household type would officially be considered 'at-risk' of poverty. In the sixteen scenarios, across the six households, each qualified for a Medical Card, expenditure costs are less healthcare costs. Therefore health insurance, GP visits, etc. have been deducted from their expenditure costs. Included in expenditure costs is local authority rent. The income is based on the households' total income, e.g. it takes account of the monetary benefit of the Household Benefits Package as well as the state pension for pensioner households.

In the case of the households with children, total income is made up of income from work at the rate of the National Minimum Wage of €8.65 per hour (37.5 hours a week working full-time; 19 hours a week working part-time) and/or Social Welfare transfers that households are entitled to e.g. Jobseekers Benefit, Child Benefit, Back to School Clothing and Footwear Allowance (BSCFA), Fuel Allowance etc.

**Table 12 Income – Expenditure Scenarios for Six Rural Household Types**

Income – Expenditure Scenario	Total Weekly Cash Income	Total Weekly Expenditure	Shortfall or Discretionary Income		At-Risk of Poverty Threshold <sup>1</sup>
	€	€	€		€
<b>Pensioner Couple (Aged 66 – 69)</b>					
Contributory Pension & Qualified Adult Payment	467.62	441.66	25.96	Discretionary	380.92
A Contributory & A Non-Contributory Pension	480.32	441.66	38.66	Discretionary	380.92
Both in Receipt of the Non-Contributory Pension	469.02	440.99	28.03	Discretionary	380.92
<b>Female Pensioner, Living Alone (Aged 70 +)</b>					
Contributory Pension	269.02	347.78	78.76	Shortfall	229.47
Non-Contributory Pension	257.72	347.28	89.56	Shortfall	229.47
<b>One Parent, Two Children (Aged 3 &amp; 10)</b>					
Social Welfare – One-Parent Family Payment	358.66	404.09	45.43	Shortfall	380.92
One Adult Working Full-Time	651.78	651.59	0.19	Discretionary	380.92
One Adult Working Part-Time	625.08	502.08	123.00	Discretionary	380.92
<b>Two Parents, Two Children (Aged 3 &amp; 10)</b>					
Social Welfare – Jobseekers Benefit (1 car only)	481.95	510.69	28.74	Shortfall	532.37
One Adult Working Full-Time	573.80	556.48	17.32	Discretionary	532.37
One Adult Working Full-Time & One Part-Time	643.00	642.47	0.53	Discretionary	532.37
<b>Two Parents, Two Children (Aged 10 &amp; 15)</b>					
Social Welfare – Jobseekers Benefit (1 car only)	478.23	612.22	133.99	Shortfall	532.37
One Adult Working Full-Time	570.08	658.01	87.93	Shortfall	532.37
One Adult Working Full-Time & One Part-Time	636.69	690.67	53.98	Shortfall	532.37
<b>Single Adult Male, Living Alone (Aged 40 – 55)</b>					
Social Welfare – Jobseekers Benefit	204.30	358.93	154.63	Shortfall	229.47
One Adult Working Full-Time	324.38	397.02	72.64	Shortfall	229.47

Of the sixteen household types in rural areas analysed in this study, seven can afford a minimum essential standard of living. If we compare the same sixteen households in urban areas, thirteen of the sixteen households can afford a minimum essential standard of living. As detailed above, the lack of public transport in rural areas necessitates a car(s) and the higher cost of food means rural dwellers spend a larger proportion of their income on these basic necessities, which results in them having a smaller disposable income or facing greater shortfalls than their urban counterparts.

The official at-risk of poverty measure fails to adequately capture those household types with an income below that necessary for a minimum essential standard of living. The indicator consistently underestimates what rural households require in order to attain a minimum essential standard of living. The inadequacy is so great, that the measure indicates only four of sixteen household types are ‘at-risk’ of poverty, while the findings of this study clearly demonstrate that nine of the sixteen cannot afford a minimum essential standard of living.

<sup>1</sup> Predicted 2009 60% median income poverty line (CORI, 2009).

The following are the nine income-expenditure scenarios in rural areas that are unable to afford a minimum essential standard of living:

- Female pensioner, living alone (aged 70+), in receipt of the Contributory Pension
- Female pensioner, living alone (aged 70+), in receipt of the Non-Contributory Pension
- One parent and two children (aged 3 & 10), in receipt of One-Parent Family Payment
- Two parents and two children (aged 3 & 10), in receipt of Jobseekers Benefit
- Two parents and two children (aged 10 & 15), in receipt of Jobseekers Benefit
- Two parents and two children (aged 10 & 15), one parent working full-time
- Two parents and two children (aged 10 & 15), one parent working full-time and one part-time
- Single male, living alone (aged 40 – 55), working full-time
- Single male, living alone (aged 40 – 55), in receipt of Jobseekers Benefit

### Households Facing Weekly Shortfall

Nine of the sixteen rural income-expenditure scenarios have an income below what is needed for a minimum essential standard of living, with a weekly shortfall ranging from €28.74 (two parents and two children aged 3 & 10 year old in receipt of Jobseekers Benefit) to €154.63 (single male, in receipt of Jobseekers Benefit). In particular there are three household types, whom regardless of their income scenario within the study cannot afford a minimum essential standard of living:

- Female pensioner, living alone (aged 70+)
- Two parents and two children, 10 year old and 15 year old
- Single male, living alone (aged 40-55)

#### Female Pensioner, Living Alone (Aged 70+)

The female pensioner living alone has a considerable weekly shortfall ranging from €78.76 (Contributory Pension) to €89.56 (Non-Contributory Pension). Living alone means that there is only one income to meet expenditure costs in a household. A comparison of expenditure (Table 5, on page 30 ) between the pensioner couple and female pensioner living alone draws attention to the fact that the two households spend almost the same amount on household fuel, transport, communications and household services. In fact the female pensioner spends only 23.12% less a week than a pensioner couple. The Living Alone Allowance, introduced to help alleviate the additional costs of living alone (which presently stands at €7.70 a week, and has not been increased since 1996) does not go far enough to assist older people living alone. Consequently, older people living alone in rural areas and solely reliant on the State Pension have a weekly shortfall that puts a minimum essential standard of living beyond their reach.

#### Two Parents and Two Children, Aged 10 and 15

The two parent household with two children aged 10 and 15 experience weekly shortfalls in income ranging from €53.98 - €133.99. The addition of an adolescent to a household places a financial burden on many parents as they face higher education, food, clothing and social inclusion and participation

costs. When compared with a household with two children aged 3 and 10, this household spends €101.54 a week more on minimum essential items. This finding echoes that found in a report by Carney et al (1994) 'The Cost of a Child' which found that the costs associated with child rearing differ considerably depending on the age of the child, and that costs increase rapidly as children get older with costs peaking when children are in their late teens. It is evident from our research, and previous research, that age related payments could go some way towards easing the financial burden facing households with an adolescent member. At present, the only age-related payment is the Back to School Clothing and Footwear Allowance which offers assistance towards clothing and footwear for eligible children of school going age. A higher rate of payment is made for children age 12-17 to compensate for the higher costs incurred by parents of secondary school going children. Clearly, the National Minimum Wage and Social Welfare transfers are inadequate to cover the cost of raising an adolescent and therefore Social Welfare transfers need to reflect the fact that adolescents simply cost more.

#### Single Male, Living Alone (Aged 40 – 55)

The single male household has a weekly shortfall ranging from €72.64 - €154.63 and therefore cannot afford a minimum essential standard of living. The NMW or Jobseekers Benefit of €204.00 a week (2009 rate) do not provide an adequate income for this household and fall far below what is required for a minimum essential lifestyle. Jobseekers Benefit only covers 57% of this household's weekly expenditure and undoubtedly such a weekly shortfall will have a detrimental effect on this household's ability to pay for basic necessities. Consequently, there is a possibility that single males on this income in rural areas may have to forgo basic necessities such as food and fuel in order to stay within their means. The lack of available low-cost major multiples coupled with the need for a car means that the single male in receipt of Jobseekers Benefit has an inadequate income and the greatest weekly shortfall of the sixteen households analyzed.

Whilst nine rural households cannot afford a minimum essential standard of living, it must be recognised that there are nevertheless seven households who do not face weekly shortfalls and have an income that meets their basic expenditure costs. Increases in the State Pension over the last decade for example have provided the pensioner couple household an income that not only allows them to survive, but also allows them to live with dignity. Social Welfare transfers and the National Minimum Wage play a paramount role in combating poverty. Without either of these, the benchmark for an acceptable standard of living would be all the harder to reach. That been said, two of the seven households have a weekly discretionary income of less than €0.60 (one parent and two children, 3 & 10 working full-time; two parents and two children 3 & 10, one working full-time and one working part-time, Table 12 p. 44) and any unexpected expenses, or decreases in either the National Minimum Wage or Social Welfare transfers will result in these households facing shortfalls in income and possibly as a consequence debt, poverty and social exclusion.



## Income – A ‘Living Wage’

The final section of this chapter will explore what level of gross income is needed to have a ‘Living Wage’ that allows for a minimum essential standard of living in rural areas. As the VPSJ has only begun work on this area, this analysis will focus only on those two households headed by adults of working age which consistently demonstrated an income shortfall; two parents and two children (aged 10 & 15) and single male, living alone.

### Two Parents, Two Children Aged 10 and 15

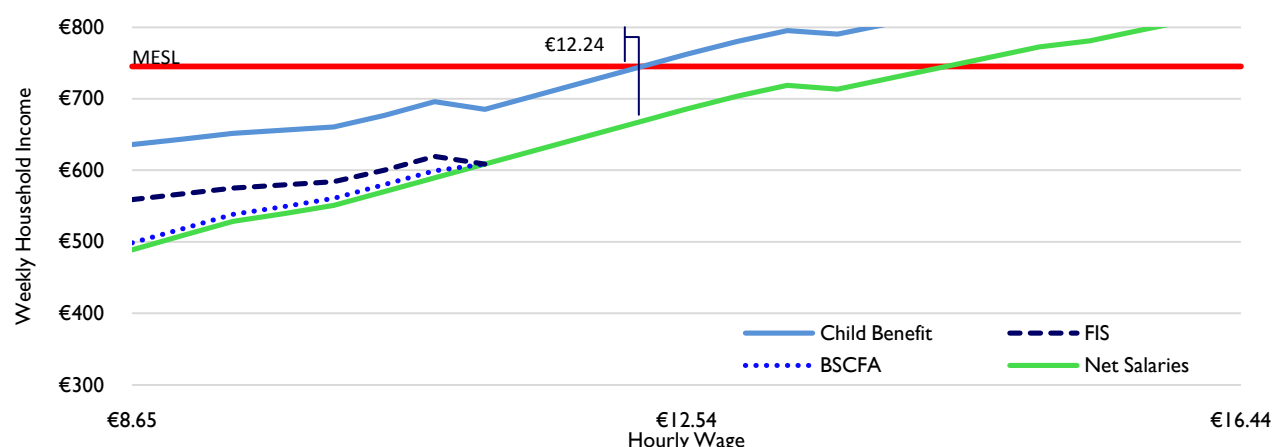
A two parent household with a teenager, in a rural area, whether single income (one adult working full-time) or dual income (one adult working full-time and one working part-time) at national minimum wage rates, does not earn enough to realise a minimum essential standard of living. Thus, an analysis of the tax and welfare system, as it pertained in the last quarter of 2009, is undertaken to examine what level of pre-tax salary the adults in this situation would require in order to attain a net income sufficient to meet the expenditure required for a minimum essential standard of living.

The chart below illustrates the income scenario for the household with one adult working full-time and one working part-time. In addition to income from salary, the cumulative contribution of transfer payments (universal Child Benefit, the means-tested Family Income Supplement, and targeted Back to School, Clothing & Footwear Allowance) to the weekly household income is demonstrated. When two adults are working, one full-time and one part-time, earning the national minimum wage, a quarter (25%) of household income is derived from state transfer payments. Despite this financial support, the scenario presents a situation where household income is below the level necessary for a minimum essential standard of living.

The relationship between salary and household income is not linear, as the level of financial support offered by targeted payments, in this case FIS and BSCFA, will decline and ultimately cease. Additionally, as wages rise, medical card eligibility will expire, and the burden of income tax, PRSI, and levies, will increase, widening the gap between salary and net income. Furthermore, the housing costs in this situation are based on an average of local authority differential rents across the three rural areas examined in this study. As the differential rent is based on household income, the rent will also rise as income rises, increasing the level of income required to attain a minimum essential standard.

In the two scenarios examined, the households exceed the eligibility criteria for FIS and BSCFA at a level of income inadequate to provide a minimum essential standard of living. However, as child benefit is a universal and untaxed benefit, it continues to contribute (€76.62) to the weekly household income, thus reducing the potential hourly salary required to that highlighted. Thus, for a rural household of this type, a ‘living wage’ of €20.13 is required for a single full-time worker; however, when the household has two incomes, one adult working full-time and one adult working part-time, a ‘living wage’ of €12.24 is necessary for each earner.

Chart 2 One Adult Working Full-time and One Adult Working Part-time



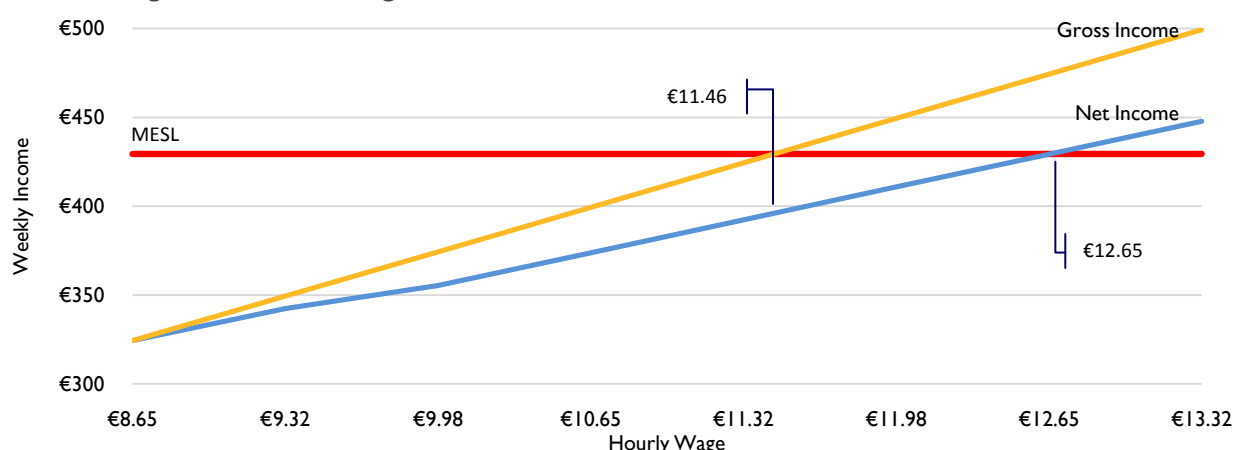
### Single Adult, Living Alone

Similarly, a rural single adult, living alone, working<sup>2</sup> full-time and earning the national minimum wage earns less than is necessary to maintain a minimum standard. Thus, the same exercise is carried out for this scenario. In the initial scenario, the single adult household's total weekly expenditure is €411.63, reduced to €397.09 due to medical card eligibility. As income rises, medical card eligibility will expire, and the burden of income tax, PRSI, and levies will increase, widening the gap between salary and net income. Furthermore, the housing costs in this situation are based on an average of local authority differential rents across the three rural areas examined in this study. As the differential rent is based on household income, the rent will also go up as income grows, increasing the level of income required to attain a minimum essential standard.

Under the current tax and welfare regime, an hourly salary of €12.65 is required for a single adult to have income adequate to meet a minimum essential standard expenditure level of €429.46. At this income level the single adult is no longer eligible for a medical card, and thus has higher medical expenses. Additionally, as their income is higher the mean rural local authority rent is €69.73 per week. This 'living wage' of €12.65 would allow a single adult working full-time to have income adequate for a minimum essential standard, with no discretionary income. However, in a scenario where the tax system allowed the earning of a 'living wage' prior to being brought into the tax net, an hourly salary of €11.46 would be sufficient.

<sup>2</sup> For illustrative purposes, the study focuses on a middle-aged single adult male, thus exemplifying the areas of expenditure required to meet a minimum essential standard of living.

Chart 3 Single Adult, Working Full-time



## Conclusion

Of the 16 expenditure-income scenarios analysed only seven can afford a minimum essential standard of living. The female pensioner household, the single male household and the two parent household with an adolescent, consistently have an income below what is needed for an adequate lifestyle. For these households Social Welfare transfers and/or the National Minimum Wage are inadequate and these households face considerable weekly shortfalls ranging from €154.63 (single male, jobseekers benefit) to €53.98 (two parents and two children, aged 10 and 15, one adult working full-time and one adult working part-time). Furthermore, when compared with the 'risk' of poverty line, in the cases of the one parent household, two parent households, and single adult household, combined social welfare entitlements not only fail to provide for a minimum essential standard of living, but also fail, by the state's own measure, to put these households beyond the 'risk' of poverty.

When the two household types with adults of working age that faced a weekly shortfall, even when in employment, were examined, the inadequacy of current minimum wage rates and welfare supports were demonstrated. The rural single adult male household type, working full-time at the national minimum wage rate in 2009, faced an annual shortfall of €3,777. Similarly, a two parent household with two children (aged 10 & 15), faced an annual shortfall of €2,806, when one adult worked full-time and one part-time, both earning the national minimum wage.

Examining the tax and welfare system which prevailed in 2009 demonstrates that, a minimum wage rate of over €12.00 was necessary to provide a net income adequate to the minimum needs of both a single adult household, and a two parent household with a 10 and 15 year old. This equates to gross annual earnings of €24,628 for the single adult household type, and combined gross earnings of €35,961 for the couple with two children (aged 10 & 15) household type. Such rates would provide these households with a 'living wage', i.e. a wage which provided an income adequate to the maintaining of a minimum essential standard of living.

## Chapter 6 Conclusion

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This study has demonstrated some of the particular ways in which elements affecting how poverty manifests in rural areas, with key factors around distance and access coming to bear in a particular manner. The Consensual Budget Standards approach has allowed the identification of how these factors impact upon households in rural areas, and crucially has quantified the distinctive burden faced by those households attempting to maintain a minimum essential standard of living in a rural area. The key issues identified and quantified are:

### 1. Additional Rural Cost

The cost of a minimum essential standard of living is between €69.91 and €108.61 higher for rural household types<sup>1</sup>. Based on one adult working full-time/in receipt of Contributory State Pension, and excluding rent and childcare expenditure.

### 2. Transport & Access

The single most significant rural addition to the requirements for a minimum essential standard of living, across the household types, is a car. A car(s) was deemed an unavoidable but essential financial burden by rural focus groups due to the lack of sufficient public transport. The rural household types must meet all the costs associated with a car (two parent households, where at least one adult is employed, require two cars), this contributes greatly to their overall weekly expenditure, and accounts for over half of the additional rural household expenditure. Rural household types' transport expenditure ranges from €56.83 to €126.35<sup>2</sup>.

The lack of readily accessible major multiples and less expensive 'own brand' items increases the cost of food shopping in rural areas. Food costs between €16.10 and €32.11 a week more for rural household types when compared with food costs in urban areas<sup>3</sup>.

### 3. Fuel Poverty

The rural areas examined are not connected to the natural-gas grid, and thus rural home heating costs are higher due to the requirement to predominantly rely on home heating oil. Furthermore, even with households located in a modern and well insulated dwelling, single-adult headed household types remained vulnerable to fuel poverty, and when a scenario of an older dwelling was examined heating costs rose, inevitably exacerbating the risk of fuel poverty for each of the household types. The additional cost of home heating oil increases the risk of fuel poverty for rural household types.

### 4. Local Authority Rent

The cost of renting local authority housing varies considerably between areas as there is no standard approach for calculating local authority differential rents. For the single male household

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<sup>1</sup> One Parent, Two Children (Aged 3 & 10) and Two Parents, Two Children (Aged 3 & 10) household types, respectively.

<sup>2</sup> Pensioner Couple (Aged 66 – 69) and both Two Parent, Two Children household types, respectively.

<sup>3</sup> Female Pensioner, Living Alone (Aged 70+) and Pensioner Couple (Aged 66 – 69) household types.

for example, working full-time at the rate of the NMW, rent varies from €44.50 a week in Area A to €61.90 a week in Area B - a difference of €17.40 a week. Such a difference in the cost of rent can impact on a household's ability to afford a minimum essential standard of living and can affect eligibility for certain social welfare entitlements, such as the Medical Card.

It is these key factors which comprise the majority of the additional rural burden, and as a consequence nine of the sixteen income-expenditure scenarios examined cannot afford a minimum essential standard of living. Further, for three of the six household types Social Welfare transfers and/or the minimum wage are consistently insufficient to meet the costs of a minimum essential standard of living. These are:

- Female Pensioner, living alone (Aged 70+)
- Single Male, living alone (Aged 40 - 55)
- Two Parents and Two Children (Aged 10 & 15)

## Policy Recommendations

Given the above, these are the key policy areas that need to be addressed:

### I. Income Adequacy

Current levels of social welfare and the minimum wage, fail to provide an income adequate to enable a minimum essential standard for nine of the sixteen household types, policy must address this.

- A single adult, living alone, faces many of the same costs as a larger household. For a pensioner household the Living Alone Allowance needs to be substantially increased to help alleviate poverty and social exclusion amongst older people who live alone. For a single adult of working age, adjustments must be made to the tax and welfare system.
- There needs to be a recognition in Irish social policy that costs increase as children get older, and social welfare transfers such as Child Benefit, Family Income Supplement (FIS), etc., need to reflect this reality if low income households with adolescents are to have an income that meets their basic costs of living.
- Finally, 2009 minimum wage rates and welfare supports are inadequate for single adult household types and household types with an adolescent. Examining the tax and welfare system which prevailed in 2009 demonstrates that, a minimum wage rate of €12.65 was necessary to provide a net income adequate to the minimum needs of a single adult household, and of €12.24 for a two parent household with a 10 and 15 year old (where one adult works full-time and one part-time). Such rates would provide these households with a 'living wage', i.e. a wage which provided an income adequate to the maintaining of a minimum essential standard of living.

## 2. Transport & Access

In order to simply have the option of accessing employment and participating in society, rural households require private transport. Furthermore, for accessing essential services, and the range of retail outlets which provide more affordable options, transport is necessary. While the rural transport programme goes some way to overcoming this need, the service it provides is inconsistent between areas and did not facilitate access to employment for normal working hours, in any of the situations examined. This situation needs to be addressed. It is the contention here that a greater share of the revenue generated from private transport related taxation should go to developing viable public transport options for rural households. Therefore, the RTP should be developed to a consistent and comprehensive standard, in line with the wider rural public transport model proposed by the Department of Transport commissioned review of rural public transport (Fitzpatrick Associates, 2006). This, model sees a greater role for both private operators and Bus Éireann, thereby removing the unfair expectation for voluntary and community groups to construct a comprehensive rural public transport network.

## 3. Fuel Poverty

A key contributory factor to fuel poverty is the thermal inefficiency of the dwelling. The majority of current policy measures to assist households improve thermal efficiency target homeowners, and require a significant capital investment. In order to address the cause, rather than the symptom of fuel poverty, more must be done to assist low-income households improve the thermal efficiency of their dwellings. Policy must make provision for both low-income households in the owner-occupied sector, and for a comprehensive programme of improvement for households in social housing. Otherwise, low-income rural households will face the double inequity of having to rely on more expensive home heating fuels and paying a greater amount of carbon tax due to the nature of these fuels, while not having the ability to improve their situation.

## 4. Local Authority Rent

At present, there is no standard approach for calculating local authority rent in Ireland. It is the remit of each local authority to decide on how rent is calculated in their area. This must be addressed. The provision of a standard approach to calculating rent across all local authorities would prevent people with the same ability to pay from being financially disadvantaged, or becoming ineligible for benefits, due to the local authority they reside in.

In summary, this study shines a light on the additional and different hurdles that rural households must surmount if they are to have the same living standard as their urban counterparts. Presently, much of the income inadequacy faced by the rural household types stems from lack of access. Rural households attempt to address this access deficit through the use of private transport. However, this imposes the significant financial burden outlined above. Policy to address this key issue would overcome much of the additional burden faced by rural households attempting to maintain a minimum essential standard of living.

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## Glossary of Abbreviations

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BSCFA	Back to School, Clothing and Footwear Allowance
CPI	Consumer Price Index
CSO	Central Statistics Office
DEDs	District Electoral Divisions
EAPN	European Anti-Poverty Network
EPSCO	EU Employment, Social Policy, Health and Consumer Affairs Council
ESRI	Economic and Social Research Institute
FIS	Family Income Supplement
HBS	Household Budget Survey
INOUE	Irish National Organisation of the Unemployed
IR	Intermediate Rural
IRL	Irish Rural Link
MABS	Money Advice and Budgeting Service
MESL	Minimum essential standard of living
NESF	National Economic and Social Forum
NIRSA	National Institute for Regional and Spatial Analysis
NMW	National Minimum Wage
NSS	National Spatial Strategy
OPF	One-Parent Family payment
PR	Predominantly Rural
PU	Predominantly Urban
Q4	Fourth quarter of the year, October – December
RTI	Rural Transport Initiative
RTP	Rural Transport Programme
SEAI	Sustainable Energy Authority of Ireland
SILC	Survey on Income and Living Conditions
SVP	The Society of St. Vincent de Paul
VPSJ	Vincentian Partnership for Social Justice



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