

The Vincentian Partnership for Social Justice

14th October 2010

Minimum Essential Budget for Six Household Types in Rural Areas

The Cost of a Minimum Essential Standard of Living for Six Household Types in Rural Areas

Minimum Essential Budgets for Six Rural Households

- ▶ The following table:
- ▶ 1 adult working full-time (except in pensioner households)
- ▶ Excludes Housing Costs
- ▶ No Entitlement to Secondary Benefits e.g. the medical card
- ▶ Tables including these items and differing income situations can be found on www.budgeting.ie

MEIS Weekly Budgets for Six Rural Household Types, Q4 2009 Prices

	Pensioner Couple (Aged 66 – 69)	Lone Female Pensioner (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 (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	€ 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	€ 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
Total Weekly Costs	€ 451.57	€ 347.16	€ 607.30	€ 551.56	€ 653.10	€ 359.73

Summary of Rural – Urban Expenditure Difference, Q4 2009 Prices

	Pensioner Couple (Aged 66 – 69)	Lone Female Pensioner (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 (Aged 40 – 55)
Weekly Budget, Excluding Rent & Childcare						
Rural	€ 451.57	€ 347.16	€ 399.20	€ 551.56	€ 653.10	€ 359.73
Urban	€ 345.58	€ 257.88	€ 329.29	€ 442.95	€ 552.56	-
Difference	€ 105.99	€ 89.28	€ 69.91	€ 108.61	€ 100.54	-

Breakdown of Rural – Urban Difference

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%	-

TRENDS

- ▶ The cost of a minimum essential standard of living for six household types in rural areas is higher than that for their urban counterparts.
- ▶ The cost difference ranges from €69.91 - €108.61

TRENDS

- ▶ Difference in cost between the two areas can be largely explained by the following:
 - Food
 - Transport

TRENDS: FOOD

▶ Food

- Distance and accessibility to multiples
- 'Own Brand' Items
- Range in price of food costs between local shops and large multiple and also range in price between multiples – some multiples stock a larger range of 'own brand' items that makes them considerably less expensive than other multiples.

Rural Price Range For Food

Household Type	Area A	Area B	Area C	Average
Pensioner Couple	100.03	121.55	119.69	113.75
Female Pensioner	70.88	86.64	90.69	82.74
One parents & two children	98.05	103.14	120.09	107.09

Rural Price Range For Food

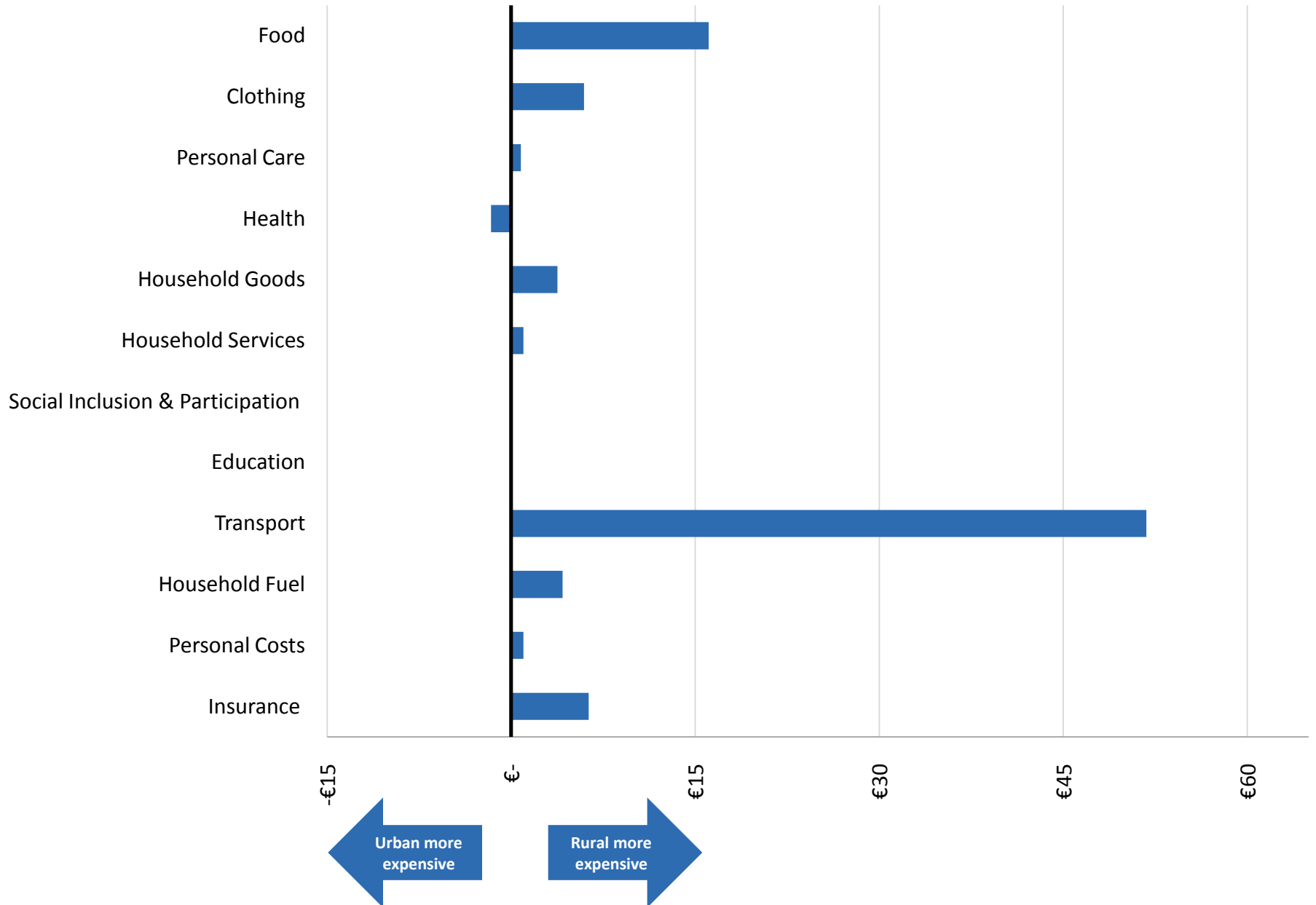
Household Type	Area A	Area B	Area C	Average
Two parents & two children 3 & 10	117.91	122.98	142.24	127.71
Two parents & two children 10 & 15	146.11	152.68	174.37	157.72
Single Male	72.72	88.24	90.51	83.82

TRENDS: TRANSPORT

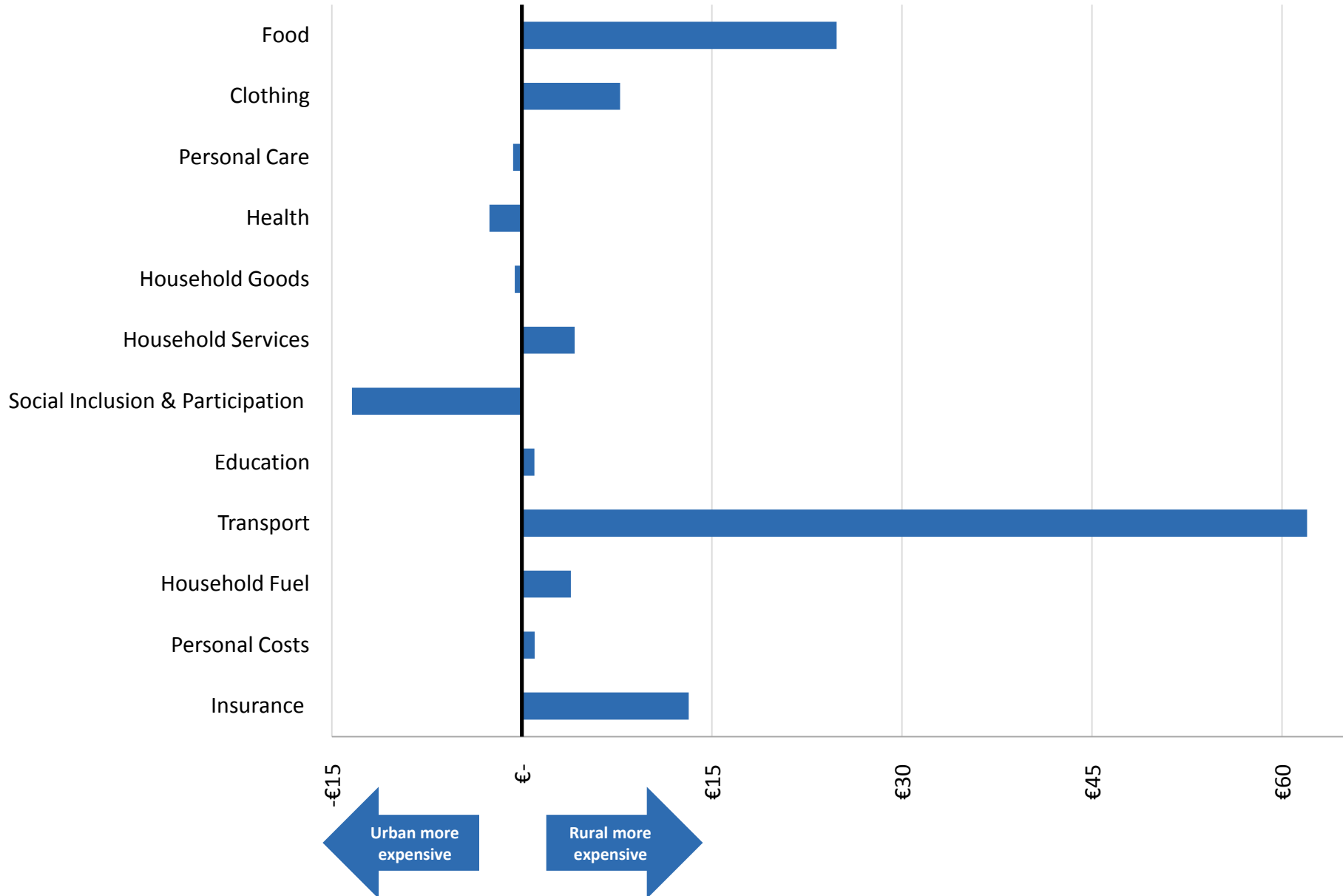
▶ Transport

- A car is an expensive but unavoidable expense for rural households – inadequate public transport
- 2 cars are necessary for two parent families in rural areas (where 1 or both parents are working)

Female Pensioner, Living Alone (Aged 70+)



Two Parents, Two Children (Aged 10 & 15)



TRENDS

- ▶ Areas of expenditure where rural is generally less expensive:
 - ▶ Childcare
 - ▶ Social Inclusion and Participation for households with Children
 - ▶ Health

Expenditure and Income

- ▶ Of the six household types 3 have an income below what is needed for a minimum essential standard of living:
 - Two parents and two children (10 & 15)
 - Female Pensioner (age 70+), living alone
 - Single Male (age 40-55), living alone

Comparing MEIS Budget Expenditure (including housing) to Weekly Cash Income

Two Parents, Two Children (10 & 15)	Weekly Cash Income	Weekly Expenditure	Shortfall	Poverty Line
In Receipt of Jobseekers Benefit (1 car)	€ 478.23	€ 612.22	€ 133.99	€ 532.27
One Adult Working Full-time (2 cars)	€ 570.08	€ 658.01	€ 87.93	€ 532.27
One Adult Working Full-time, One Working Part-time (2 cars)	€ 636.69	€ 690.67	€ 53.98	€ 532.27
Female Pensioner, Living Alone				
Contributory Pension	€ 269.02	€ 347.78	€ 78.76	€ 229.47
Non Contributory Pension	€ 257.72	€ 347.78	€ 89.56	€ 229.47
Single Male, Living Alone				
In Receipt of Jobseekers Benefit	€ 204.30	€ 358.93	€ 154.63	€ 229.47
Working Full-time	€ 324.38	€ 397.02	€ 72.64	€ 229.47

Key Points

- ▶ The cost of a minimum essential standard of living for six household types in rural areas is higher than that for their urban counterparts.
- ▶ The cost difference between urban and rural households ranges between €69.91 and €108.61.
- ▶ The costs of transport and food are the two largest areas of difference.
- ▶ The deficiency of public transport in rural areas necessitates the inclusion of a car (s) for rural households.

Key Points

- ▶ A lack of readily accessible major multiples with a comprehensive range of 'own-brand' items, increases food costs for rural households.
- ▶ In rural areas childcare, and social inclusion and participation for households with children, are less expensive, and this offsets some of the urban rural difference.
- ▶ There is only a minor difference between the heating of a Local Authority house, built to 2006 insulation standards, in a rural area and a similar house in an urban area. However, the difference is greater when privately owned older houses, insulated to 1990's building standards, is considered.

Key Points

- ▶ A minimum essential standard of living is not possible for three of the six household types as social welfare rates and the national minimum wage do not provide an adequate income. The three household types are:
 - Female Pensioner, Living Alone (Aged 70+)
 - Two Parents and Two Children (Aged 10 & 15)
 - Single Male, Living Alone (Aged 40 – 55)

Who pays for an inadequate income?



Policy Implications

- ▶ Income
- ▶ Transport
- ▶ Local Authority Housing
- ▶ Heating

Future Work

- ▶ Research to-date establishes expenditure necessary for minimum essential standard of living
- ▶ Now ask, what income is required in order to meet that level of expenditure?
- ▶ For an example see back page of handout

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