

STATEMENT REGARDING ISI GUIDELINES ON REASONABLE LIVING EXPENSES

The VPSJ welcomes the publication of the Insolvency Service of Ireland's (ISI) guidelines on Reasonable Living Expenses, which are modelled on the Minimum Essential Budget Standard research conducted by the VPSJ. This research uses the Consensual Budget Standards methodology to establish a social consensus on what is needed to ensure a socially acceptable minimum standard of living for a broad range of household types.

The VPSJ is pleased that the ISI has utilised much of the established minimum budget standards data, thereby grounding the Reasonable Living Expenses model in data derived through a transparent and robust research process. In particular the VPSJ is encouraged that the ISI model acknowledges the complexity of household's minimum needs, and recognises that these needs vary according to the household composition, including both the age and number of children in a household. Furthermore, the recognition of the importance of some provision for social inclusion and participation in the guidelines is most welcome, and reflects the findings of the Minimum Essential Budget Standards research.

Ensuring an adequate minimum standard of living for individuals and households entering insolvency arrangements is crucial to the long-term sustainability of these provisions. Basing the Reasonable Living Expenses guidelines on the cost of a socially acceptable minimum standard of living should facilitate the success of the personal insolvency measures.

However, the VPSJ notes that the ISI model is an adapted version of the Minimum Essential Budget Standards data. The ISI model is constructed to align with the requirements of the legislation and what the ISI regards as appropriate to the context of personal insolvency. Consequently the ISI Reasonable Living Expenses model excludes certain items of expenditure which are included as part of the minimum needs in the Minimum Essential Budget Standard data. Regarding the guidelines for Reasonable Living Expenses, the ISI states:

"The figures used in these guidelines have unique application to personal insolvency and are not intended to be used for purposes other than the stated purposes of these guidelines under the Act"
(ISI, 2013: 19)

Consequently the data published in the VPSJ's research reports, the expenditure and income data available on www.budgeting.ie, and the results produced by the Minimum Income Standards calculator www.MISc.ie, are different from the ISI guidelines on Reasonable Living Expenses.

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