

SIFOs Reference Budget for Consumer Expenditures 2021

Based on baskets of goods and services that are considered necessary for an acceptable standard of living, the reference budget presents ordinary consumer expenditure for different types of households. The budget can be adapted to households of different sizes as well as to different age and gender compositions. It covers both current expenses such as food, clothing, toiletries etc. and expenses related to less frequent purchases, such as furniture and electrical appliances.

A reasonable standard of living

The reference budget presents the costs of maintaining a reasonable standard of living for the household of interest. A reasonable, or acceptable, standard of living assumes a consumption level that is generally accepted in Norwegian society. The level is intended to reflect the population's perception of what a typical person or family should be able to consume if all adult household members participate in the workforce. It should neither reflect a luxury level nor be restricted to only cover basic needs. The consumption level allows for fulfilment of the public health and nutritional requirements and for satisfactory participation in the most common leisure activities.

The budget is an example

The reference budget is based on a detailed list of goods and services and their costs. It exemplifies what researchers within the various consumption areas consider to be a reasonable level of consumption. This means that the budget does not reflect a statistical average.

The goods that form the basis for the calculations are of normal, sound quality, with the emphasis on durability, accessible design and functionality.

If relevant, safety aspects have also been taken into account. Furthermore, it is worth noting that the budget does not cover all expenses a person or a family might have, such as housing, holiday travel, gifts and health services other than an annual visit to the general practitioner and the dentist.

The budget is a long-term budget

The reference budget is a supplementary budget for households that already have an acceptable standard of living. It is referred to as a long-term budget because it assumes that money is set aside monthly for more infrequent purchases of expensive and durable consumer goods. When the refrigerator, cooker or washing machine breaks down, money should be available to repair it or to buy a new one without affecting the consumption pattern.

Individual-specific expenses

NOK pr. month

1. Food and beverages

Gender/ Age	6-11 mo.	1 yr.	2-5	6-9	Girl 10-13	Boy 10-13	Girl 14-17	Boy 14-17	Female 18-30
Pr. mo.	1 000	1 260	1 720	2 190	2 640	2 750	3 040	3 480	3 280
Gender/ Age	Female 31 - 60	Female 61 - 74	Female 74 +	Male 18 -30	Male 31 - 60	Male 61 - 74	Male 74 +	Pregnant/Nursing	
Pr. mo.	3 100	2 850	2 570	3 890	3 660	3 220	2 990	3 660	

2. Clothing and footwear

Gender/ Age	< 1 yr.	1 yr.	2-5	6-9	Girl 10-13	Boy 10-13	Girl 14-17	Boy 14-17	Female > 17	Male > 17
Pr. mo.	420	500	640	700	660	640	910	760	960	890

3. Personal care

Gender/ Age	<1 yr.	1-2	3	4-5	6-9	Girl 10-13	Boy 10-13	Girl 14-17	Boy 14-17	Female 18-50	Male > 17	Female > 50
Pr. mo.	570	490	300	200	220	420	330	560	440	880	700	840

4. Recreation and leisure activities

Age	<1 yr.	1-2	3-5	6-9	10-13	14-17	> 17
Pr. mo.	150	390	650	760	1 230	1 370	1 510

5. Travel costs (30-day ticket, Ruter, Oslo, 02.02.2021)

Age	6-19	20-66	>66	student 20-29
Pr. mo.	398	795	398	477

6. Baby equipment

	Basic	Supplementary
Age	From 6 mo. prior to birth	<1 yr.
Pr. mo.	3 300	420



Individual-specific consumption areas include goods and services that are related to individual consumption needs, where the needs and expenses vary according to the age and gender of the household member.

2021 Updates

The reference budget is normally updated annually by adjusting the previous year's prices based on changes in the consumer price index. The basis for the various baskets of goods and services is also updated at regular intervals. In the 2021 version of the budget, two consumption areas have been updated.

When updated, the range of products and services covered by the relevant basket is reassessed, both by professionals within each consumption area and through several rounds of focus groups. In the focus group sessions, the participants discuss, among other things, the assumptions and the specific product lists related to the relevant consumption area, and assess whether changes are needed.

Among other things, the purpose of these updates is to adjust the product range with regard to which goods and services are included, what lifespan the goods are expected to have and where they are purchased. The costs of the updated lists of products and services are obtained from selected stores and providers.

In 2021, we have updated the individual-specific consumption areas 'Personal care' and 'Baby equipment'. Furthermore, the consumption area 'Recreation and leisure activities' has been updated for the youngest children (<1 year). The calculation of economics of scale is adjusted in the 2021-version of the reference budget.

Household-specific expenses

NOK pr. month

7. Other everyday household items

Number of persons	1	2	3	4	5	6	7
Pr. mo.	310	390	500	710	830	930	1 020

8. Household goods

Number of persons from 3 years	1	2	3	4	5	6	7
Pr. mo.	400	430	520	660	730	820	850

9. Furniture

Number of persons from 3 years	1	2	3	4	5	6	7
Pr. mo.	450	490	600	780	910	1 090	1 250

10. Media use and leisure activities

Number of persons	1	2	3	4	5	6	7
Pr. mo.	1 970	1 970	1 970	2 090	2 090	2 190	2 190

11. Car costs

Number of persons	1 - 4	5 - 7	1 - 4	5 - 7
Pr. mo.	2 608	3 800	1 683	2 250

12. Kindergarten (full time, Oslo Municipality, February 2021)

Income	> 592 167	NB: Without food costs (NOK 185)	
1. child	3 230		
2. child	2 261		
other children	1 615		

13. Daycare facilities for schoolchildren (Oslo Municipality, February 2021)

Income	> 405 408	> 228 043	< 228 043
Full-time	3 212	1 260	685
Half-time	2 171	810	440



Household-specific consumption areas include goods and services that can be used by more than one individual, such as furniture, kitchen appliances, telephones and newspapers. This is why the costs are relatively high for single-person households, but increase only marginally with an increasing number of household members.

Criteria and assumptions

The reference budget should mainly cover

- everyday current expenses as well as less frequent expenditures
- an acceptable level of consumption that should provide opportunities to participate in ordinary social activities
- expenses associated with normal household functions

The budget does not presume extensive use of special offers and seasonal sales, neither inheritance or second-hand purchases.

The reference budget does not include expenses for

- housing, electricity and other housing-related expenses (such as maintenance)
- tobacco and alcohol
- health services (other than a yearly consultation with the GP and dentist, respectively)
- leisure pursuits that require costly equipment
- holiday travel
- celebrations of special occasions, gifts
- 'clubbing', night life

Additional information on the different consumption areas

Food and beverages

This budget item covers the total daily need for food and beverages for different age groups (varies with age and gender) for people with sedentary work and regular physical activity during leisure time. The calculations are based on a menu that takes into account both the need for varied and good food and the nutrition authorities' recommendations for a proper diet. The budget allows for some buns, soft drinks and sweets, but food and beverages with a high sugar content is largely avoided.

The budget item 'Food and beverages' for children aged from six months to a year is based on a specific weekly menu that is intended to cover the estimated energy requirements of children aged 10-11 months. It is assumed that the child is breastfed and for the most part eats some of the same types of dinners and sandwiches/fruits as the other members of the household. Industrially produced baby cereals are included on the menu, but only limited amounts of other typical baby food products.

Clothing and footwear

The budget should cover the total annual need for clothing, including clothes for ordinary sporting and leisure activities and formal occasions, and it takes into consideration that children and young people who are growing should have clothes that fit. The budget does not assume that clothing and footwear are handed down, and nor does it presuppose personal contributions such as sewing or knitting. The products on which the calculations are based are reasonably priced and of good, simple quality.

Personal care

This budget item covers expenses for personal care, such as soap, dental products, a limited quantity of cosmetics, hairdresser services, shaving equipment, nappies etc. An annual dental examination and a consultation with a general practitioner is included.

Recreation and leisure activities (ind. expenses)

This budget item includes toys for children, bicycles, sports equipment, books, CDs, comic books, cinema and theatre tickets etc. The budget allows for participation in basic leisure activities and does not assume that leisure equipment is handed down. Expenses related to the purchase and use of smartphones are included for individuals from the age of 10 years. A personal laptop is included for individuals aged 14 years and older.

Commuting

This budget item includes expenses for public transport. We use the costs for a 30-day ticket within Oslo Municipality. This is just an example and the rate may vary between different regions/municipalities.

Other everyday household items

This budget item includes stationary, detergents/cleaning supplies and products such as light bulbs, batteries, pencils, adhesive bandages etc.

Household goods

This budget item includes white goods, kitchen appliances, tableware, cleaning equipment etc., as well as household textiles such as bed linen, towels and curtains.

Furniture

This budget item includes furniture and inventory in all rooms, such as the lobby, living room, kitchen and bedroom. The budget item is adapted to the number of people in the household.

Media use and leisure activities (household expenses)

This budget item covers expenses for TV, radio, the internet, a channel package for TV, game console etc. It also covers expenses for leisure equipment that are related to the household, such as a tent, gas burner and printer. Purchases of newspapers, magazines and a simple household insurance policy are also included in this budget item.

Car costs

This budget item covers operating expenses, including fuel, insurance and annual taxes, for driving 10,000 km and 15,000 km per year, respectively. Depreciation is not included. Estimates are based on guidelines from the Norwegian Road Federation. Road toll expenses are included. The budget assumes that public transport is used to and from the workplace. From 2020, the budget item also includes costs related to the use of electric cars.

Baby equipment

This budget item distinguishes between basic equipment and supplementary equipment. Basic equipment includes products that a baby needs from birth, e.g. bed linen, a baby cot, pram, baby carrier, feeding bottle etc. The supplementary equipment includes equipment that is often acquired during the baby's first year life, e.g. high chair, children's cutlery, pram, baby carrier and baby proofing equipment for the home.

NB: These expenses are calculated per month for 6 months prior to the expected birth. In addition to the equipment necessary from birth, These expenses are calculated per month for the entire first year of the child's life.

Kindergarten and day care facilities

Payment is only required for the months the child is in kindergarten or day care facilities for schoolchildren. With one month's annual leave, annual expenses for kindergarten and day care facilities for schoolchildren will be 11 times the monthly fee. In this publication, the maximum price for kindergarten, paid by households with a gross household income of more than NOK 592 167, is used. For households with a gross household income below this amount, the payment is maximum six per cent of their income. The calculator on SIFO's website takes this into account.

The municipalities can offer a lower maximum price and larger discounts. For day care facilities for schoolchildren, we use Oslo municipality's rates for food costs. This is just an example and the rate may vary between different municipalities.

NB: Note that food costs come in addition to the ordinary kindergarten cost. In Oslo municipality, this amount is NOK 185 per month in 2021. However, there are large variations in food costs between different kindergartens and across the country. Furthermore, note that the calculations for food and beverages assume that all food is prepared at home. This means that the food costs are wholly, or at least partly, covered by the amount for food and beverages included in individual-specific expenses.

This is how the economies of scale are calculated

The point of departure for the calculations in the budget is that the total amounts presented for the various family constellations are sufficient to meet the needs of individuals and families. Economies of scale, i.e. that several individuals make use of the same item, are naturally integrated into the household-specific expenses. With regard to individual-specific expenses, these are primarily costs related to goods and services meant to cover individual needs.

However, the consumption area 'Food and beverages' differs in being more sensitive to the household composition than the other individual-specific consumption areas, and economies of scale of 12 per cent are therefore calculated for this consumption area for couples with more than two children.

How to compose your own budget

Example budget for a family with two adults and two children

1. Food and beverages	kr 11 120
2. Clothing and footwear	kr 3 150
3. Personal care	kr 2 200
4. Recreation and leisure activities	kr 4 900
5. Travel expenses	kr 1 540
Sum individual expenses	<u>kr 22 910</u>
6. Other everyday household items	kr 710
7. Household goods	kr 660
8. Furniture	kr 780
9. Media use and leisure activities	kr 2 090
10. Car costs	kr 2 608
Sum household-specific expenses	kr 6 848
Expences pr. month	kr 29 758
Expences pr. year	kr 357 096
Kindergarden NOK 3 135 pr. month in 11 m.	kr 35 530
In total (rounded figure)	<u>kr 392 630</u>



To show how the budget can be used, we have set up a budget for a nuclear family consisting of a couple with two children. The relevant figures for the mother, father and their two children, Lars (5 years) and Kari (11 years), have been taken from the tables above and multiplied for each consumption area. For example:

Food and beverages NOK 3 100 + NOK 3 660 + NOK 2 640 + NOK 1 720 = NOK 11 120.

The same has been done for the other consumption areas.

*Assumption: The 5-year-old is in kindergarden and the expenses are calculated for a household with a total gross household income higher than NOK 592 167.

** This example does not calculate public transport expenses for the children. This is calculated automatically in the online calculator.