

SIFOs Reference Budget for Consumer Expenditures Second half of 2022

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 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.	1 090	1 370	1 870	2 390	2 870	2 990	3 310	3 780	3 570

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.	3 370	3 100	2 800	4 240	3 980	3 500	3 250	3 980

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	690	650	630	900	760	950	880

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.	590	510	310	200	230	430	340	590	460	910	720	870

4. Recreation and leisure activities

Age	<1 yr.	1-2	3-5	6-9	10-13	14-17	> 17
Pr. mo.	150	400	680	800	1 300	1 450	1 590

5. Travel costs (30-day ticket, Ruter, Oslo, 09.09.2022)

Age	6-19	20-66	>66	student 20-29
Pr. mo.	407	814	407	488

6. Baby equipment

	Basic	Supplementary
Age	From 6 mo. prior to birth	<1 yr.
Pr. mo.	3 390	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.

Updates second half of 2022

The reference budget is normally updated annually by adjusting the previous year's prices based on changes in the consumer price index. February is used as the price reference month. Since the inflation rate has been higher in 2022 than in previous years, we have updated this year's reference budget based on August prices.

New prices have been collected for the consumption areas «Kindergarten», «Day care facilities for school children» and «Travel costs (commute)». The other budget items are adjusted in accordance with changes in the consumer price index (CPI) prepared by Statistics Norway. The reference budget calculator online has been updated with the new estimates for 2022.

Household-specific expenses

NOK pr. month

7. Other everyday household items

Number of persons	1	2	3	4	5	6	7
Pr. mo.	450	490	620	760	890	990	1 070

8. Household goods

Number of persons from 3 years	1	2	3	4	5	6	7
Pr. mo.	410	440	530	680	750	840	870

9. Furniture

Number of persons from 3 years	1	2	3	4	5	6	7
Pr. mo.	500	550	670	870	1 020	1 220	1 390

10. Media use and leisure activities

Number of persons	1	2	3	4	5	6	7
Pr. mo.	2 090	2 090	2 030	2 210	2 210	2 320	2 320

11. Car costs

Number of persons	Fossil car		Electric car	
	1 - 4	5 - 7	1 - 4	5 - 7
Pr. mo.	2 967	4 330		

12. Kindergarten (full time, Oslo Municipality, August 2022)

Income	> 559 167	NB: Without food costs (NOK 190)	
1. child	3 050		
2. child	2 135		
other children	1 525		

13. Daycare facilities for schoolchildren (Oslo Municipality, August 2022)

Income	≥ 445 921	≤ 445 921	≤ 250 830
Full-time	3 299	1 294	704
Half-time	2 230	832	452
Free core time	1 069	462	252

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



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.

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 (incl. 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 post consists of office supplies, washing- and cleaning supplies, pharmaceuticals (non-prescription products), food- and household items and electrical products (lightbulbs, batteries 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

The reference budget employs Oslo Municipality's kindergarten rates, without food supplements, as an illustration of these costs. These rates largely correspond to the national maximum limit for parental payment in kindergartens. Municipalities can also offer lower parental pay and more comprehensive moderation schemes than those stipulated in national regulations. The costs for each individual child depend on how many children the individual family has in kindergarten. The calculations in the reference budget calculator account for sibling moderation and the national scheme for reduction in parental pay, which entails that no one should pay more than six percent of the household income for a kindergarten place. The right to free core time in the kindergarten is not included in the Reference budget. From August 2022, the income limit for free core time is a total annual income below NOK 598 825 for children born in 2017, 2018, 2019 and 2020.

NB: Note that food costs come in addition to the ordinary kindergarten cost. In Oslo municipality, this amount is NOK 190 per month in 2022. 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.

Daycare facilities for schoolchildren (AKS/SFO)

The Activity School (AKS) in Oslo is used as an example for afterschool costs for children. However, these costs vary between different municipalities. In recent years, several changes have been made in connection with the fee for the Activity School in Oslo, such as introduction of free core time for different grade levels and in different districts. In 2021, a national income-dependent scheme was also introduced to reduce parental pay in AKS/SFO for households with pupils in 1st to 4th grade. The costs that are used as a basis in the reference budget for 2022 are Oslo municipality's rates, including the new national moderation schemes. In the online reference budget calculator, users select the arrangement they would like to calculate costs for, and it is possible to select «free core time».

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	NOK 12 090
2. Clothing and footwear	NOK 3 120
3. Personal care	NOK 2 260
4. Recreation and leisure activities	NOK 5 160
5. Travel expenses adults*	NOK 1 628
Sum individual expenses	<u>NOK 24 258</u>
6. Other everyday household items	NOK 760
7. Household goods	NOK 680
8. Furniture	NOK 870
9. Media use and leisure activities	NOK 2 210
10. Car costs (fossil car)	NOK 2 967
Sum household-specific expenses	NOK 7 487
Expences pr. month	NOK 31 745
Expences pr. year	NOK 380 943
Kindergarden NOK 3 050 pr. month in 11 m.**	NOK 33 550
In total (rounded figure)	<u>NOK 414 493</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 3 370 + NOK 3 980 + NOK 2 870 + NOK 1 870 = NOK 12 090

The same has been done for the other consumption areas.

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

** Assumption: The 5-year-old is in kindergarten and the expenses are calculated for a household with a total gross household income higher than NOK 559 167.