

# SIFOs Reference Budget for Consumer Expenditures 2023

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.	1,080	1,480	1,970	2,530	3,060	3,140	3,480	3,970	3,840	
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.	3,620	3,330	3,010	4,540	4,270	3,760	3,490	4,270		

## 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.	430	500	650	700	660	640	920	770	970	900

## 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.	470	560	330	210	240	460	340	560	450	920	740	880

## 4. Recreation and leisure activities

Age	<1 yr.	1-2	3-5	6-9	10-13	14-17	> 17
Pr. mo.	160	430	710	830	1,350	1,500	1,650

## 5. Travel costs (30-day ticket, Ruter, Oslo, February 2023)

Age	6-19	20-66	>66	student 20-29
Pr. mo.	427	853	427	511

## 6. Baby equipment

	Basic	Supplementary
Age	From 6 mo. prior to birth	<1 yr.
Pr. mo.	3,880	520



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.

## 2023 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 2022 version of the budget, the consumption area "Other everyday household items" is updated.

Additionally, the prices have been updated for the consumption areas: «Commuting», «Car costs», « Kindergarten and day care facilities for schoolchildren». Prices for the other consumption areas are CPI-adjusted to February 2022 prices.

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.

# Household-specific expenses

NOK pr. month

## 7. Other everyday household items

Number of persons	1	2	3	4	5	6	7
Pr. mo.	380	430	570	680	780	880	950

## 8. Household goods

Number of persons from 3 years	1	2	3	4	5	6	7	
Pr. mo.		550	600	670	860	930	1,000	1,060

## 9. Furniture

Number of persons from 3 years	1	2	3	4	5	6	7	
Pr. mo.		520	580	700	910	1,070	1,270	1,460

## 10. Media use and leisure activities

Number of persons	1	2	3	4	5	6	7	
Pr. mo.		2,160	2,160	2,160	2,300	2,300	2,410	2,410

## 11. Car costs

Number of persons	Fossil car		Electric car	
	1 - 4	5 - 7	1 - 4	5 - 7
Pr. mo.	3,075	4,638	1,975	2,700

## 12. Kindergarten (full time, Oslo Municipality, February 2023)

Income	> 598,825		≥ 550,000	
			Child ≥ 2 years	
1. child	3,000		1,666	
2. child	2,100		1,166	
other children	1,500		833	

NB: Without food costs (NOK 200)

## 13. Daycare facilities for schoolchildren (Oslo Municipality, February 2023)

Income	≥ 445,921	≤ 445,920	≤ 250,832
Full-time	3,421	1,342	730
Half-time	2,313	832	452
Free core time	1,180	479	261



Household-specific consumption areas include goods and services that can be used by more than one individual, such as furniture, kitchen appliances, internet 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 (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 household items such as toilet paper, freezer bags, kitchen foil etc., washing- and cleaning supplies, pharmaceuticals (non-prescription products), office supplies, sewing items and electrical products (lightbulbs, batteries.) In other words, non-food groceries that are consumed over time.

### Household goods

This budget item includes tableware, kitchen utensils, white goods and other electrical appliances, household textiles, tools, Christmas products as well as cleaning equipment.

### 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 a reduction in parental pay, which entails that no one should pay more than six percent of the household income for a kindergarten place. In 2023, the scheme with free core time for all two-, three-, four- and five-year-olds living in low-income households will also be incorporated into the reference budget. In 2023, the income limit for free core time is NOK 598,825.

NB: Note that food costs come in addition to the ordinary kindergarten cost. In Oslo municipality, this amount is NOK 200 per month in 2023. 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 of food and beverages included in individual-specific expenses.

### **Daycare facilities for schoolchildren**

The Activity School (AKS) in Oslo is used as an example of 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 the 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 2023 are Oslo municipality's rates, including the new national moderation schemes with free core time for pupils in 1st grade and a maximum of six percent of the household income per AKS/SFO place.

The online reference budget calculator is adapted so that the most favourable accommodation payment of the two schemes is calculated. Furthermore, users themselves select the arrangement they would like to calculate costs for, and it is possible to select «free core time».

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### **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 12,920
2. Clothing and footwear	NOK 3,180
3. Personal care	NOK 2,330
4. Recreation and leisure activities	NOK 5,360
5. Travel expenses adults*	NOK 1,706
Sum individual expenses	<u>NOK 25,496</u>
6. Other everyday household items	NOK 680
7. Household goods	NOK 860
8. Furniture	NOK 910
9. Media use and leisure activities	NOK 2,300
10. Car costs (fossil car)	NOK 3,075
Sum household-specific expenses	<u>NOK 7,825</u>
Expences pr. month	NOK 33,321
Expences pr. year	NOK 399,852
Kindergarden NOK 3,000 pr. month in 11 m.**	NOK 33,000
<b>In total (rounded figure)</b>	<b><u>NOK 432,850</u></b>



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 3,620 + NOK 4,270 + NOK 3,060 + NOK 1,970 = NOK 12,920

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 598,825.