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Marthe Hårvik Austgulen and
Elling Borgeraas

Review of the Norwegian reference budget

In light of similar initiatives across Europe

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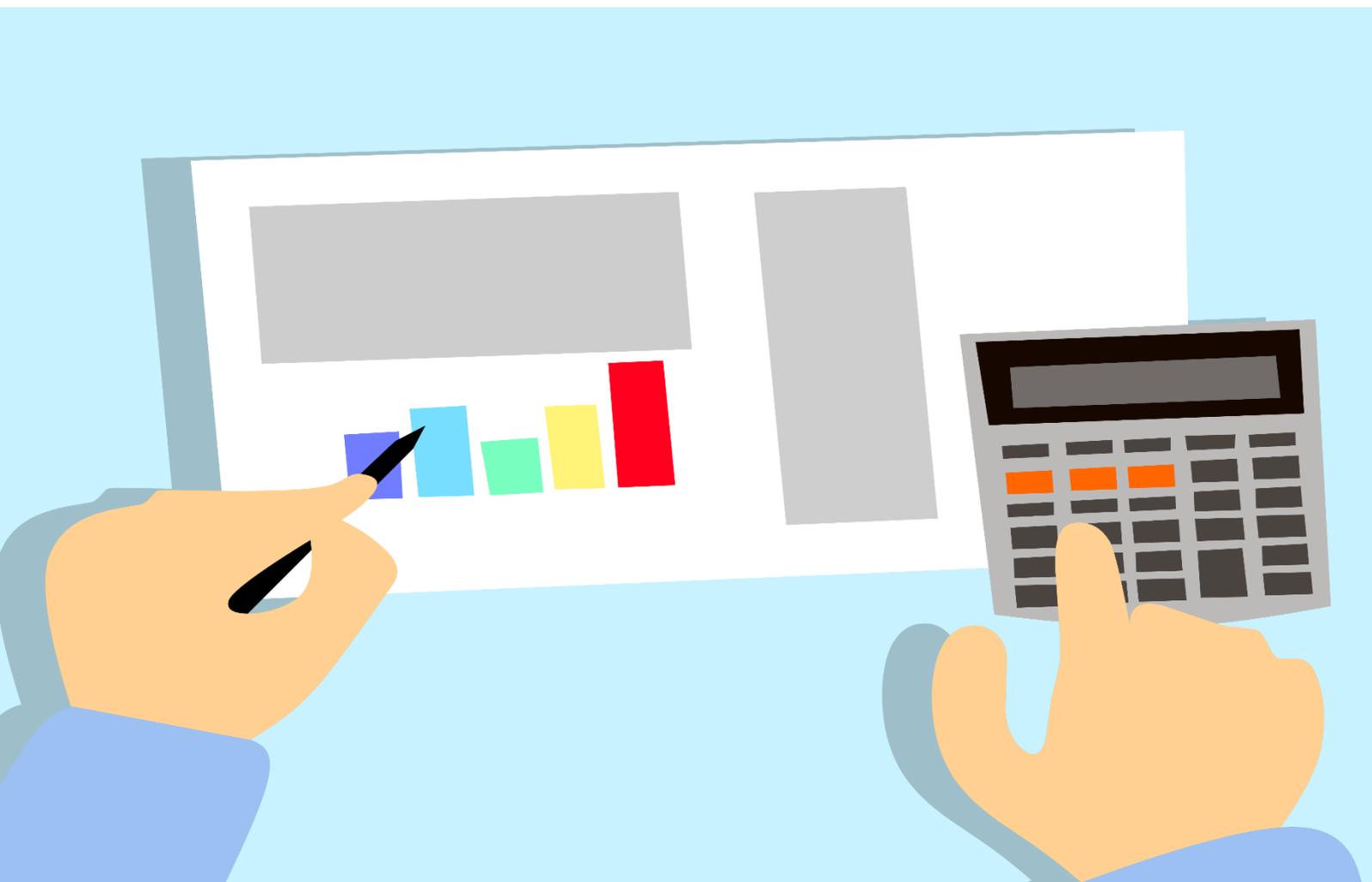
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Sammendrag Denne rapporten presenterer en systematisk gjennomgang av det norske referansebudsjettet sett i lys av lignende Europeiske initiativer. Hovedmålet med det foreliggende arbeidet er å videreutvikle referansebudsjettet med sikte på å øke budsjettets anvendbarhet, både i praktisk politikk og som grunnlag for forskning om sammenhengen mellom forbruk og levekår. Videre er det et mål å sikre at metoden som brukes er egnet til å svare på de utfordringene denne type budsjett vil møte i framtiden. Hovedspørsmålene vi stiller oss i denne rapporten er: Hvilke behov er det for det norske referansebudsjettet i ulike miljøer i dag? Er det behov for å revidere budsjettet og budsjettmetodologien for å kunne møte dagens og fremtidens utfordringer, og i så fall, hvordan bør dette gjøres?		
Summary This report presents a review of the Norwegian reference budget in light of similar European initiatives. The key aims of this reference budget review is to ensure that the Norwegian budget is valid and reliable, and that the method used is suitable to answer the questions the budget is supposed to answer. In the review, we ask: <i>Which needs and wants is the Norwegian reference budget supposed to fill? Is there a need to revise the reference budget, and if so, how should this be done?</i>		
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Contents

Preface.....	7
Summary	9
Sammendrag.....	13
1. Introduction	17
2. Background	19
2.1. Living standard and expenditure levels	20
2.2. Conceptual issues	21
2.2.1. Approaches to poverty	21
2.3. Methodological issues	23
2.3.1. Information base.....	23
3. Reference budget methodologies	29
3.1. The Norwegian reference budget	29
3.1.1. Construction and composition of baskets.....	29
3.1.2. Snapshot of the 2017 edition of the Norwegian reference budget	32
3.1.3. Purpose of the budget.....	34
3.1.4. Targeted living standard.....	35
3.1.5. Target population	35
3.1.6. Information base.....	36
3.1.7. Pricing method	38
3.1.8. Adjustments and updates.....	39
3.1.9. Use of the reference budget.....	41
3.2. European initiatives	43
3.2.1. Purpose of the budgets	43
3.2.2. Targeted living standard.....	44
3.2.3. Target population	45
3.2.4. Information base.....	47
3.2.5. Pricing methods.....	49
3.2.6. Adjustments and updates.....	50
4. Stakeholder perspectives	51
4.1. Use of the reference budget	51

4.1.1.	Loan and credit evaluation	51
4.1.2.	Social policy	52
4.1.3.	Financial education	52
4.1.4.	Financial counselling.....	53
4.2.	Perspectives on the purpose and the functioning of the reference budget.....	53
4.2.1.	Purpose	53
4.2.2.	Standard of living – level	53
4.2.3.	Relevance and validity	54
4.3.	Challenges and ideas on the development of the reference budget.....	55
4.3.1.	Budget levels and changes caused by updates	55
4.3.2.	Budget posts	57
4.3.3.	Online tool.....	59
4.3.4.	Other suggestions	60
5.	Discussion and recommendations for the Norwegian reference budget	61
5.1.	Purpose	61
5.2.	Key choices.....	62
5.2.1.	Targeted living standard.....	62
5.2.2.	Target population	63
5.3.	Theoretical and conceptual approach	64
5.4.	Methodological approach	64
5.4.1.	Information base.....	65
5.4.2.	Construction and composition of baskets.....	67
5.4.3.	Pricing methods.....	67
5.4.4.	Adjustments and updates.....	68
5.5.	Communication and facilitation for use	69
	References	71
	Appendix A: List of informants	75
	Appendix B: Interview guide	77

Preface

The aim of this report is to review the Norwegian reference budget in light of similar initiatives across Europe. There are two key reasons for why this is necessary. First, a significant amount of time has passed since the Norwegian reference budget was developed in 1987, and both the needs of the stakeholders as well as the empirical basis for the original choices made when developing the budget may have changed. Second, substantial work have been undertaken in other European countries as well as at a Pan-European level with developing reference budgets. In order to keep the Norwegian reference budget valid, relevant and reliable, methodological advancements and key learnings from these other works should be reflected upon and potentially integrated in the Norwegian reference budget methodology. This report will function both as a knowledge base and as a starting point for discussion about the future developments of the Norwegian reference budget. The report concludes with a chapter presenting recommendations for the future development of the Norwegian reference budget.

The report is written by Marthe Hårvik Austgulen and Elling Borgeraas. Since Borgeraas developed the reference budget in 1987 and has worked with it since then, Austgulen is the lead author of the report and is the one who has undertaken the critical review. Borgeraas's detailed knowledge about the developments has been essential input to the process, and the review has benefitted from long discussions between the authors. Other colleagues have also contributed to the report; we thank Live Standal Bøyum for text editing parts of the report and Eivind Jacobsen for quality assurance of the report. Hege Myrvang at Troll i Ord has transcribed the stakeholder interviews. Finally, we warmly thank the stakeholder informants for sharing their views, knowledge and ideas with us in our interviews about key stakeholders' use and perceptions of the reference budget.

The report is financed by the Norwegian Ministry of Children and Equality.

The authors take full responsibility for the contents of the report and any remaining errors and shortcomings. The views expressed in this report does not necessarily correspond to those of the funding agencies.

Consumption Research Norway SIFO
OsloMet —Oslo Metropolitan University

Oslo, March 2018

Summary

This report presents a review of the Norwegian reference budget in light of similar European initiatives. It is written as part of an on-going project on the Norwegian reference budget financed by the Norwegian Ministry for Children and Equality. The key aims of this reference budget review is to ensure that the Norwegian budget is valid and reliable, and that the method used is suitable to answer the questions the budget is supposed to answer. In the review, we ask: *Which needs and wants is the Norwegian reference budget supposed to fill? Is there a need to revise the reference budget, and if so, how should this be done?*

In addition to the introduction presenting the rationale of the review and the research questions, four chapters build up the report: 2) Background, 3) Reference budget methodologies, 4) Stakeholder perspectives and 5) Discussion and recommendations for the Norwegian reference budget.

BACKGROUND

The background chapter defines a reference budget as “a list of goods and services that a family of a specified size and composition would need to live at a designated level of well-being, together with the estimated monthly or annual costs of those goods and services” (Fisher, 2007:5). Furthermore, the chapter presents the historical differences and disputes over three key reference budget features. These features are the reference budgets’ targeted living standard, the conceptual framework and the information base.

Reference budgets can be developed to represent any standard of living – from mere subsistence to comfort. However, to date most reference budgets developed refer either to a minimum standard or to a modest consumption level. The chosen targeted living standard has important implications for other key features of the reference budget such as the theoretical basis, the method and not least the potential use of the reference budget.

The theoretical backgrounds of the various reference budgets that has been developed to this date varies greatly, but they all reflect, in one way or the other, specific understandings of the concepts of poverty and adequacy. Two key issues in the poverty debate is of special importance for reference budgets: the understanding of poverty as an absolute or relative shortage, and how much people have to live without to be classified as poor. Generally, we can say that in its foundation the budget approach to measuring poverty assumes an absolute understanding of poverty given that it seeks to define a threshold under which people should be considered poor or under which the level of living is seen as modest but adequate. However the budget approach can and does consider relative aspects such as what is seen as necessary commodities to participate in the activities of their community.

A final key dimension that differentiates the reference budgets that has been developed to this date is the choice of information base. We distinguish between three methodological ideal types: the expert-led, the expenditure-led and the focus group-led approach. The approaches can be understood according to the relative weight they allocate to expert knowledge, empirical data and focus group data.

REFERENCE BUDGET METHODOLOGIES

The chapter on reference budget methodologies presents a detailed overview of the key features of the Norwegian reference budget and of reference budgets developed for other European countries. A particular focus is placed on the project on developing a common European reference budget methodology, which was initiated by the European Commission in 2013.

STAKEHOLDER PERSPECTIVES

The Norwegian reference budget is widely used by various stakeholders. This chapter presents the results of semi-structured interviews with key stakeholders who are using or have been using the reference budget. The purpose of the interviews was to get an overview of and insight into how the reference budget has been and is currently used, what the stakeholders think that the purpose of the reference budget should be, what they see as the reference budgets' strengths and weaknesses and how they would like to see it in the future.

The interviews reveal that the budget is actively used by various actors and for a variety of purposes. It is used as a tool in loan and credit evaluations, in stipulating subsistence rates in child support payment, in financial education and in financial counselling. Most of the stakeholders perceived the reference budget's living standard as sober and moderate, but that it does not represent a minimum standard. Several stakeholders argued that more budget levels should be developed and that other budget posts, such as vacation and gifts, should be included in the budget. Other ideas were also presented, such as creating a better online tool enabling a broader and more frequent use of the reference budget.

DISCUSSION AND RECOMMENDATIONS FOR THE NORWEGIAN REFERENCE BUDGET

This chapter collocates the findings presented in the preceding chapters in order to answer the research questions and to generate recommendations for the Norwegian reference budget. Recommendations are presented along eight key dimensions:

Purpose

Any future revisions of the reference budget should consider and answer to the purposes which the budget is currently serving. Furthermore, the overarching purpose of the Norwegian reference budget should be to be a tool that can be used for many types of political and administrative income assessments. A future purpose that should be prioritised is to assess economic living conditions and economic welfare empirically.

Targeted living standard

Norwegian reference budgets should be developed for at least two levels – a “reasonable” and a “minimum” budget. It is important that the two budgets are built on the same theoretical and methodological framework. We could furthermore consider to develop a third version of the budget, reflecting a higher living standard.

Target population

The target population should continue to be model persons rather than changing to estimate reference budgets for various model families. It is, however, of key importance that the

empirical basis for the estimated scale advantages is reassessed and that a particular focus is placed on the economies of scale for large households.

Theoretical and conceptual framework

Due to the solid contribution by Goedemè et al. (2015a), the recommendation based on this review is that work should be done to consider if and how this conceptual framework can be implemented in an updated version of the Norwegian reference budget.

Information base

The budget should continue to be based on a mixed-methods approach, using expert knowledge as the basic information base. The expert knowledge cannot stand alone, and should be combined with other information sources. Focus groups have, since 2015 been included as information base for the basket updates. This should be continued and potentially increased in future versions of the reference budget.

Pricing methods

The potential pricing methods to be applied in the Norwegian reference budget should be further explored, and a particular focus should be placed on the possibility of using scanner data for the price estimations of certain baskets.

Adjustments and updates

Establishing a fixed pattern for updates (in addition to price adjustments) will make the changes in the reference budget more predictable and will also increase the reference budgets' transparency. It is furthermore important that the updates are feasible from the researchers' point of view and that large changes to the total sums of the reference budget from one year to another are avoided. We therefore recommend that rather than updating all baskets at the same point in time, the basket updates should alternate so that one or two baskets are updated every year and that every basket in this way is updated e.g. every fifth year.

A handbook explaining the conceptual and methodological approach taken, as well as a common framework for updates should be developed. Furthermore, in order to increase the coherence of future updates, an active working group consisting of key researchers meant to be responsible for the various baskets should be established.

Communication and facilitation for use

The various opportunities for developing the calculator should be further investigated. This should be prioritised as the calculator already is one of the most frequently visited sites of OsloMet – Oslo Metropolitan University, and because it would be beneficial for many stakeholders.

Sammendrag

Denne rapporten presenterer en systematisk gjennomgang av det norske referansebudsjettet sett i lys av lignende Europeiske initiativer. Rapporten inngår som en del av et pågående prosjekt om å videreutvikle det norske referansebudsjettet og er finansiert av Barne- og likestillingsdepartementet. Hovedmålet med det foreliggende arbeidet er å videreutvikle referansebudsjettet med sikte på å øke budsjettets anvendbarhet, både i praktisk politikk og som grunnlag for forskning om sammenhengen mellom forbruk og levekår. Videre er det et mål å sikre at metoden som brukes er egnet til å svare på de utfordringene denne type budsjett vil møte i framtiden. Hovedspørsmålene vi stiller oss i denne rapporten er: Hvilke behov er det for det norske referansebudsjettet i ulike miljøer i dag? Er det behov for å revidere budsjettet og budsjettmetodologien for å kunne møte dagens og fremtidens utfordringer, og i så fall, hvordan bør dette gjøres?

I tillegg til en innledende del som gir en faglig begrunnelse for denne gjennomgangen, består denne rapporten av fire kapitler: 2) Bakgrunn, 3) Referansebudsjettmetoden, 4) Stakeholder perspektiver og 5) Diskusjon og anbefalinger for det norske referansebudsjettet.

BAKGRUNN

I bakgrunnskapittelet er et referansebudsjett definert som en liste av varer og tjenester som en familie av en bestemt størrelse og sammensetning vil trenge for å kunne leve på et bestemt velferdsnivå, sammen med de estimerte månedlige eller årlige kostnadene for å anskaffe disse varene og tjenestene (Fisher, 2007:5). Videre presenterer kapitlet noen sentrale historiske forskjeller og faglige uenigheter omkring tre sentrale aspekter ved konstruksjon av referansebudsjett; hvilket levekårsnivå budsjettet skal reflektere, det konseptuelle rammeverket og informasjonsgrunnlaget for budsjettet.

Referansebudsjettet kan i prinsippet utvikles til å representere enhver levestandard – fra minimum til et svært så komfortabelt nivå. I praksis refererer imidlertid de fleste referansebudsjettene til enten en minimumsstandard eller et beskjedent og nøkternt forbruksnivå. Hvilke levekårsnivåer som velges har viktige implikasjoner for andre sentrale aspekter ved referansebudsjettet, for eksempel det teoretiske grunnlaget budsjettet bygges på, valg av metode og ikke minst hva referansebudsjettet kan brukes til.

Den teoretiske bakgrunnen til de ulike referansebudsjettene som er utviklet til dags dato, varierer sterkt, men de reflekterer på en eller annen måte konkrete forståelser av begrepet fattigdom og tilstrekkelighet. To hovedspørsmål i fattigdomsdebatten er av spesiell betydning for referansebudsjettet: forståelsen av fattigdom som en absolutt eller relativ mangel, og hvor lav inntekt en kan ha uten å bli klassifisert som fattig. Generelt kan vi si at på den ene siden har budsjetttilnærmingen til fattigdom en absolutt forståelse av fattigdom, gitt at den søker å definere en terskel der folk skal anses som fattige eller hvor levestandarden blir sett på som beskjedent, men tilstrekkelig. På den annen side er budsjetttilnærmingen relativ i og med at det også tas hensyn til at forbruket skal sikre muligheter til likeverdig deltakelse i sentrale samfunnsmessige aktiviteter som varierer med tid og sted.

En siste nøkkeldimensjon som skiller referansebudsjettene som er utviklet fram til nå er valget av informasjonsgrunnlag. Vi skiller mellom tre metodologiske idealtyper: den ekspertledete, den utgiftsledete og den fokusgruppeledete tilnærming. Disse tilnærmingene kan forstås etter den relative vekten de allokterer til ekspertkunnskap, empiriske data og fokusgruppedata.

REFERANSEBUDSJETTMETODOLOGIER

Kapittelet om referansebudsjettmetoder gir en detaljert oversikt over hovedtrekkene i det norske referansebudsjettet og tilsvarende budsjetter utviklet for andre europeiske land. Det legges særlig vekt på prosjektet om å utvikle en felles europeisk referansebudsjettmetodikk, som ble initiert av EU-kommisjonen i 2013.

STAKEHOLDERPERSPEKTIVER

Det norske referansebudsjettet er mye brukt av ulike aktører. Dette kapitlet presenterer resultatene av semi-strukturerte intervjuer med sentrale miljøer som bruker eller har brukt referansebudsjettet. Formålet med intervjuene var å få oversikt over og innsikt i hvordan referansebudsjettet brukes og har vært brukt, hva ide ulike aktørene mener at formålet med referansebudsjettet skal være, hva de ser som budsjettets styrker og svakheter og hvordan de ønsker at det skal utvikle seg i fremtiden.

Intervjuene viser at budsjettet er aktivt brukt av ulike aktører og for en rekke formål. Det brukes som verktøy i låne- og kredittevalueringer, i fastsettelse av underholdsbidrag, i finansiell utdanning og i finansiell rådgivning. De fleste stakeholderne oppfattet referansebudsjettets levestandard som edruelig og moderat, men at det ikke representerer en minimumsstandard. Flere stakeholdere hevdet også at flere budsjettnivåer burde utvikles og at andre budsjettposter, for eksempel ferie og gaver, burde inkluderes i budsjettet. Andre idéer ble også presentert, for eksempel å skape et bedre online verktøy som muliggjør en bredere og hyppigere bruk av referansebudsjettet.

DISKUSJON OG ANBEFALINGER FOR DET NORSKE REFERANSEBUDSJETTET

Dette kapitlet sammenfatter funnene som har blitt presentert i de foregående kapitlene for å svare på forskningsspørsmålene og for å gi anbefalinger for det norske referansebudsjettet. Anbefalinger presenteres langs åtte nøkkeldimensjoner:

Formål

Eventuelle fremtidige revisjoner av referansebudsjettet bør vurdere og svare på de formål som budsjettet for tiden tjener. Videre bør det overordnede målet for det norske referansebudsjettet være å være et redskap som kan brukes til mange typer politiske og administrative inntektsevalueringer. Et fremtidig formål som bør prioriteres er å vurdere økonomiske levekår og økonomisk velferd empirisk ved hjelp av referansebudsjettet.

Levestandard

Referansebudsjett bør utvikles for minst to nivåer – et som reflekterer et «rimelig forbruk» og et som reflekterer et «minimumsforbruk». Det er viktig at de to budsjettene bygges på samme teoretiske og metodiske rammeverk. Vi kan dessuten vurdere å utvikle en tredje versjon av budsjettet som vil reflekterer en høyere levestandard.

Målgrupper

Målpopulasjonen bør fortsatt være modellpersoner i stedet for å endre til å beregne referansebudsjettet for ulike modellfamilier. Det er imidlertid avgjørende at det empiriske grunnlaget for estimerte stordriftseffekter blir revurdert og at det legges særlig vekt på stordriftseffekter for barnerike familier.

Teoretisk og konseptuelt rammeverk

På bakgrunn av det solide bidraget fra Goedemè et al. (2015a) er anbefalingen basert på den foreliggende gjennomgangen av det norske referansebudsjettet at det bør legges ned et arbeid i å vurdere hvorvidt og hvordan dette konseptuelle rammeverket kan implementeres i en oppdatert versjon av det norske referansebudsjettet.

Informasjonsgrunnlag

Budsjettet bør fortsette å være basert på en blandet metodisk tilnærming, men med ekspertkunnskap som det bærende informasjonsgrunnlaget. Ekspertkunnskap kan imidlertid ikke stå alene, og bør kombineres med andre informasjonskilder. Fokusgrupper har siden 2015 vært en del av informasjonsgrunnlaget for oppdatering av varekurvene. Dette bør videreføres og potensielt økes i fremtidige versjoner av referansebudsjettet.

Prismåling

De potensielle prismålingsmetodene som kan brukes i oppdateringer av det norske referansebudsjettet bør undersøkes nærmere, og det bør legges særlig vekt på muligheten for å bruke scannerdata for prisberegning av de enkelte varekurvene.

Justeringer og oppdateringer

Etablering av en fast rutine for oppdateringer (i tillegg til prisjusteringer- og oppdateringer) vil gjøre endringene i referansebudsjettet mer forutsigbare og vil også øke budsjettets reliabilitet. Det er videre viktig at oppdateringene er gjennomførbare for forskernes, og at en unngår store endringer i referansebudsjettets totalsum fra år til år. Vi anbefaler derfor at heller enn å oppdatere alle kurver på samme tid, bør en eller to kurver oppdateres hvert år slik at hver kurv blir oppdatert ca. hvert femte år.

En håndbok som forklarer referansebudsjettets konseptuelle og metodologiske tilnærming, samt en felles ramme for oppdateringer bør utvikles. For å sikre en ensartet praksis, også i fremtidige oppdateringer, bør det etableres en aktiv arbeidsgruppe av sentrale forskere som er ansvarlige for de ulike forbruksområdene.

Kommunikasjon og tilrettelegging for bruk

De ulike mulighetene for å utvikle kalkulatoren bør undersøkes nærmere. Dette bør prioriteres fordi kalkulatoren allerede er blant de mest besøkte nettstedene til OsloMet – Storbyuniversitetet og fordi det ville være gunstig for mange brukergrupper.

1. Introduction

The Norwegian reference budget, or standard budget as it was called until 2012, was first published in 1987 (Borgeraas, 1987), and was developed to estimate reasonable monthly living costs for Norwegian households of various size and composition. The budget was partly financed by the Ministry of Health and Social Affairs and partly by the National Institute for Consumer Research (SIFO)¹. The aim of the budget was to improve the grounds of decision-making for the stipulation of public financial transfers to households. Today, the budget is actively used for this purpose as public institutions use it as a basis in their efforts to set livelihood levels that functions as norms for what different households needs for daily consumption. Private institutions, such as banks, insurance companies and other professional creditors, are also active users of the budget as they are interested in knowing how much a household can borrow and still be able to pay back. Furthermore, the budget is used as an aid for individual consumers to create their own budgets, as a tool in financial education and as an input to economic analysis of e.g. debt burden and economic robustness among households (Borgeraas, 2010, Øyby, 2005).

Since 1987 the budget has gone through several revisions and updates, both regarding the composition of the baskets and updating of prices. The prices have been updated by price collections and by adjusting the prices according to the Consumer Price Index (CPI). The budget has also been continuously reviewed in relation to the developments of reference budgets in other Nordic and northern European countries. Yet, no systematic review has been undertaken. There are two key reasons for why such a review is necessary and therefore undertaken in this report: First, a significant amount of time has passed since the reference budget was first developed and both the needs of the stakeholders as well as the empirical basis for the original choices made when developing the budget may have changed. Even though ad hoc updates of the composition of the baskets has been made, there is a limit to how long the original budgets can be amended this way and there might be a need for a more thorough updating process. Second, there is a need to assess the Norwegian budget in light of similar initiatives across the world, and in particular in light of a recent initiative taken by the European Commission to develop a common methodology on reference budgets in Europe (Storms et al., 2014). To integrate learnings from the latter is particularly relevant as it compiles an assessment of EU-wide national reference budgets and because it suggests a method that could allow for cross-country comparisons of the budgets. The key aims of this reference budget review is to ensure that the Norwegian budget is valid and reliable and that the method used is suitable to answer the questions the budget is supposed to answer as this is of key importance for the future proofing of the budget. In the review presented in this report we therefore ask *what needs and wants the Norwegian reference budget is supposed to fill, whether there is a need to revise the Norwegian reference budget, and if so, how this should be done.*

¹ The National Institute for Consumer Research changed its name to Consumption Research Norway (SIFO) when it was merged with OsloMet – Oslo Metropolitan University (formerly Oslo and Akershus University College of Applied Sciences) in 2016.

This review of the Norwegian reference budget is based on a review of reference budget literature in Europe and the United States, with a special focus on the review initiated by European Commission when working to develop a common reference budget methodology (Goedemè et al., 2015a, Storms et al., 2014), and on semi-structured interviews with relevant national stakeholders. The review is undertaken as part of an on-going project on the Norwegian reference budget financed by the Norwegian Ministry for Children and Equality.

The report consist of five chapter. In this first short introductory chapter, we have presented the rationale for the report and the key research questions. In the next chapter, we define and present the key dimensions of reference budgets, and present the historical differences and disputes over three key features more detailed. In the third chapter, we present and discuss the methodologies used both in the Norwegian reference budget and in reference budgets developed across Europe. A special focus is placed on the most recent work on developing a common methodology for reference budgets in the European Union. In the fourth chapter of this report, we present the findings from interviews with key stakeholders to the Norwegian reference budget regarding how they use the budget, what they think the purpose of the budget should be and how they would like to use it in the future. In the fifth chapter, we collocate and discuss the findings presented in the previous chapters, and deduce several recommendations for how the reference budget should be further developed and managed in the future.

2. Background

A reference budget can be defined as “a list of goods and services that a family of a specified size and composition would need to live at a designated level of well-being, together with the estimated monthly or annual costs of those goods and services” (Fisher, 2007:5). This means that reference budgets may be developed for various living standards and may be designed and used for a wide range of purposes.

The history of reference budgets in Europe goes back to England in the 1790s when the first systematic budget inquiries emerged (Deeming, 2010b), while the earliest well-known budget was the “primary poverty line” developed by Rowntree (1901). Most of the reference budgets that are in use in Europe today were, however, developed in the 1980s and onwards, while some date back to the 1950s (e.g. reference budgets in Bulgaria, the Czech Republic and Finland) (Storms et al., 2014). The approaches taken in the design of the reference budgets relies to varying degrees on strong theoretical assumptions and they vary greatly when it comes to both the targeted standard of living as well as the methodology used to collect data. The approach taken in the various countries depends on several factors, such as who the commissioning authority were, what the purpose of the reference budget was and which data that were and are available. These are important factors to take into account when assessing the validity and reliability of reference budgets. The various choices that are made explicitly or implicitly when developing reference budgets are summarised well by Goedemè et al. (2015c). This summary, as presented in Figure 1, functions as a structuring tool for this report.

Figure 1: Constituting dimensions of reference budgets (Goedemè et al., 2015b)

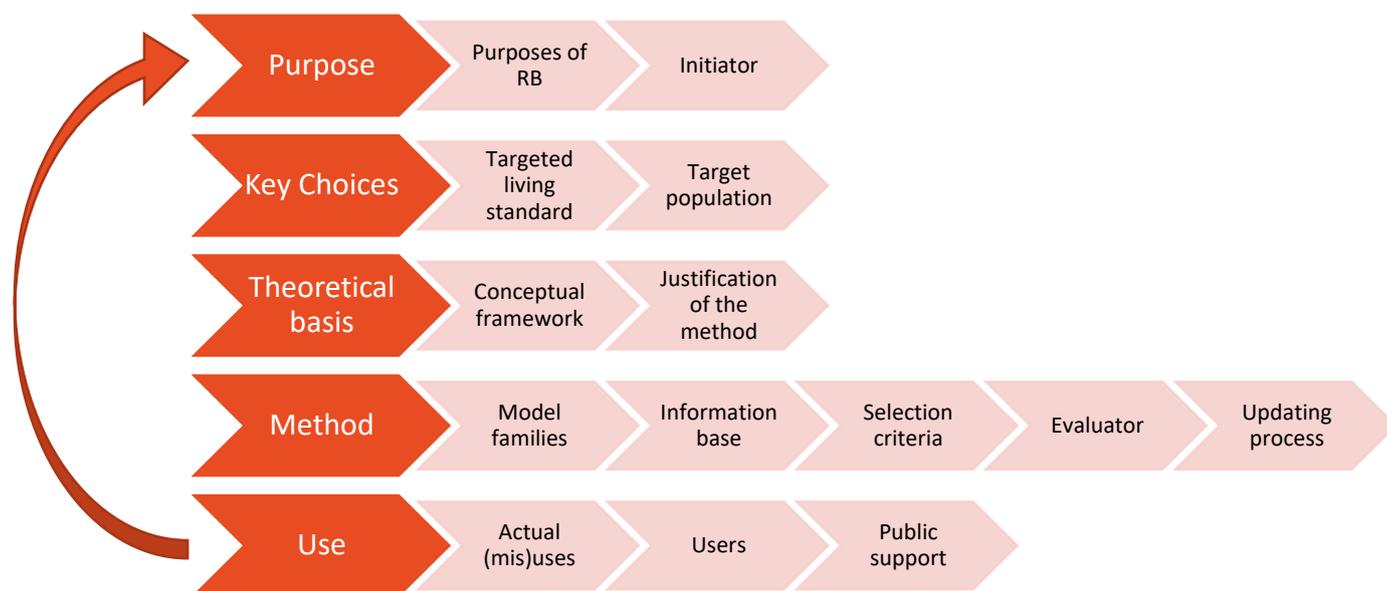


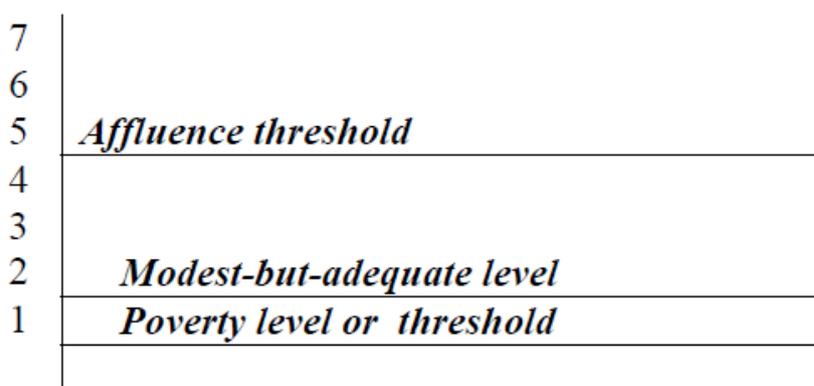
Figure 1 illustrates that the choices made follows a certain order. The purposes of the reference budgets clearly influences the targeted living standard and the target population, but also the choice of theoretical basis and the methodological details. We have added an arrow to the figure, illustrating that also the actual use of the reference budgets and the users over time may

influence both the purpose and the other key elements of the reference budget. These various parts of both the Norwegian reference budget and of various reference budgets across Europe are presented in chapter 1. In the remainder of this chapter we present the historical differences and disputes over three key features more detailed. These features are the targeted living standard, the conceptual framework and the information base.

2.1. Living standard and expenditure levels

The basis for developing reference budgets, and one of their most important characteristics, concerns the targeted living standard as well as the targeted population. Traditionally, reference budgets have been associated with minimum living standards. However, reference budgets can be developed to represent any standard of living – from mere subsistence to comfort (Fisher, 2007), but for now no reference budget has been developed to identify a very high living standard, while several budgets has been developed to identify a modest consumption level. Wynn (in Parker, 1998) developed an illustration of the relationships between these three levels of living, though these levels may of course vary between the different budget standards.

Figure 2: The prosperity number scale measuring the standard of living



Source: Wynn in Parker (1998)

The first reference budgets developed referred to a subsistence level of consumption, or as the reference budgets developed by Rowntree (1901) and Orshansky (1965), rather to figures on what was well below poverty boundaries. These budgets were developed within the tradition of perceiving poverty as something absolute and focused on necessities such as food, clothing, warmth and shelter. The modern development of reference budgets in England was inspired by Rowntree’s work and mainly founded by Joseph Rowntree Foundation. The later development of budgets, however, was much in line with the relativistic approach to poverty, both reference budgets and poverty definitions started to also consider higher capabilities, such as the opportunity to participate in social life. As part of the Family Budget Unit’s low-cost budget methodology two standards were developed, namely the “modest but adequate” and the “low cost but acceptable” standards of living. The “modest but adequate” standard was described as “a level of living which is sufficient to satisfy prevailing standards of what is necessary for health, efficiency, the nurture of children and for participation in community activities” (Wynn in Parker, 1998:2). On the other hand, the “low cost but acceptable” standard, which were seen as the poverty line, was described as “a living standard that takes account of physiological and

social as well as physical needs. Social integration is necessary [...] so is the avoidance of chronic stress” (Parker, 1998:xviii).

A similar differentiation of budget standards has been made as part of the generalised budget approach. In the Netherlands for example, two reference budgets were compiled for a Dutch person living alone. The first variant, the basic needs standard, includes minimum necessary costs such as costs for food, clothing, housing (including rent, insurance, energy, water, telephone, furnishings, home maintenance and local taxes) and a number of other expenses (transport, extra medical expenses, personal care, washing detergents etc.). This standard includes the most necessary expenditure items, but no extras, such as the costs of social participation (Vrooman, 2009:384). The second variant, the modest but adequate standard, allows some scope for this, and includes also modest amounts for recreation, membership in a library, sports or hobby club, subscription to a newspaper and magazine, and a pet (Vrooman, 2009:384). In Europe, almost half of the reference budgets identified and reviewed by Storms et al. (2014:27) relate to what can be described as a “minimum living standard that enables full participation in society”. An equally large group of reference budgets relate to a lower income standard. These relate to a slightly higher level than subsistence level, and appear mostly to be constructed a few years earlier than the reference budgets relating to a minimum for full social participation. A targeted living standard higher than minimum was only identified for a few countries (Denmark, the United Kingdom, Germany, Latvia, the Netherlands and Estonia).

2.2. Conceptual issues

A clear concept of the kind of living standard for which the reference budgets are developed must be complemented by a sound conceptual framework and valid method to translate the living standard into baskets of goods and services. According to Goedemè et al. (2015c), this conceptual framework should ideally make explicit how the link between needs, preferences, the living environment, reference group effects, resources, the social context, capabilities and living standard is conceived. Furthermore, the theoretical basis should include a justification of the method: it should explain how these needs, the corresponding goods and services and their costs can be identified accurately.

Although the theoretical backgrounds of the various reference budgets that has been developed to this date varies greatly, they all reflect, in one way or the other, specific understandings of the concepts of poverty and adequacy.

2.2.1. Approaches to poverty

How the concept of poverty should be understood is a theoretical question, which must be answered before any observable criterion for measuring poverty can be specified and tested empirically. An extensive political and philosophical debate has been conducted on this issue, and we here only seek to give a very rough overview that specifically relates to the use of reference budgets². One of the key issues of dispute in the poverty debate has been over whether

² In a later work, we will discuss the historical significance of budget standards in Norway and its role in the development of the welfare state. In this report we are primarily interested in sorting out different conceptual issues that are relevant for the further development of the reference budget methodology.

poverty concerns an absolute or relative shortage. Another important issue has been how much people have to live without in order to be classified as poor.

The earliest understandings and measurements of poverty using budget standards and actual consumer expenditure as a starting point focused on “absolute” poverty, meaning that poverty was estimated with a cut-off line that reflects the level below which people are considered poor. Absolute definitions of poverty vary considerably, but they are often dominated by the individual’s requirements for physiological efficiency and is defined without reference to social context and norms (Gordon, 2000). The early work of Rowntree (1901), who studied poverty in York in the United Kingdom during the 1890’s and early 1900’s, reflected such a focus. Rowntree’s aim was not to define poverty thresholds per se, but rather to show poverty in figures focusing on the most basic needs such as nutrition, but also on clothing, fuel and household sundries. Orshansky (1965), who defined the USA poverty line, assumed a similar understanding of poverty but only focused on nutrition. She used “Economy food plans” that were available for many types of families, and set the poverty threshold at three times the cost of these plans, as the Department of Agriculture had found that families of three or more persons spend about one third of their after-tax income on food. Orshansky’s aim was not to identify a line below which families would be unable to survive or to participate in the society, but rather to create thresholds that were regarded as reasonable by politicians and the public that could be used to monitor the extent and evolution of poverty. Both Rowntree (1901) and Orshansky (1965) thus focused on the question “how much is too little” rather than “how much is enough?”, and had a narrow perspective regarding the commodities to be included in the baskets. However, both Orshansky and Rowntree pointed to difficulties with defining a strict absolute poverty standard. Orshansky recognised the relativity of poverty e.g. when arguing that “in many parts of the world, the overriding concern for a majority of the population every day is still: “Can I live?” For the United States as a society, it is no longer whether but how... Yet as yesterday’s luxuries become tomorrow’s necessities, who can define for today how much is enough?” (Orshansky, 1965:5).

Later, much research, and policy, has moved away from a subsistence way of thinking and has seen poverty as a more relative concept. The paradigm of poverty as income insufficient for pre-defined levels of living, as defined by researchers or politicians, were criticised in the 1960s by, among others, Peter Townsend. He argued that both “poverty and subsistence are relative concepts and that they can only be defined in relation to the material and emotional resources available at a particular time to the members either of a particular society or different societies” (Townsend, 1962:210). Townsend (1979) thus defined poverty as “exclusion from customary – or at least widely approved – living patterns due to a lack of resources”. This means that individuals and households should be considered poor if they are considerably worse off than a certain reference group. In Townsend’s view the normative sources of the standards of adequacy used, e.g. by Rowntree, were merely ideological constructs which did not reflect the relativity of all conceptions of poverty³.

³ This relativistic approach is now generally used both in social science research and as a basis for policy. An example is the poverty line used by the European Union and in Norway (60% of median disposable income) and

Sen (1983) argues that there is an irreducible absolutist core in the idea of poverty given that no matter what the relative picture looks like, if there is starvation and hunger there clearly is poverty. According to Sen (1985) “poverty... is a matter of not having some basic opportunities of material well-being”, and this is related to the failure of having certain “capabilities”, meaning the ability to be or do certain things. In his view, rather than focusing on commodities, characteristics or utilities, the focus when investigating poverty and standards of living should be placed on a person’s capability (Sen, 1979, 1983, 1985). This is, amongst others, because, even though access to goods are equal, the conversion of goods to capabilities varies from person to person and because perceptions of utility may vary greatly. According to Sen (1985, 1983), the minimal necessary capabilities are invariant between communities and time, and are absolute in that sense. However, the means needed to achieve them can diverge socially and historically (Vrooman, 2009). The capability approach to poverty has founded the basis of recent reference budget methodologies (e.g. in Storms et al., 2013, Goedemè et al., 2015a) as the list of basic capabilities formulated by (Nussbaum, 2000) and the hierarchical model of needs developed by Doyal and Gough (1991) is used to define a core list of social positions operationalising social participation.

Finally, consensual budget methodologies, such as the “minimum income standard” developed by Bradshaw et al. (2008) do not start from a predefined standard of living or understanding of social participation. One of the key reasons for using the focus group-led methodology is that ordinary citizens should be asked to agree on a definition of what is understood by a minimum.

Generally, we can say that in its foundation the budget approach to measuring poverty assumes an absolute understanding of poverty given that it seeks to define a threshold under which people should be considered poor or under which the level of living is seen as modest but adequate. However, it is important to emphasize that the budget approach can and does consider relative aspects such as what is seen as necessary commodities to participate in the activities of their community and that most budgets that has been developed to date takes the national context into account.

2.3. Methodological issues

2.3.1. Information base

One of the key dimensions that distinguishes the reference budgets that has been developed to this date is choice of (key) information base. The choice of information base for translating a targeted living standard into a basket of goods and services lays the foundation for which type of information and data that should be used to develop the budgets. The methodological approaches distinguishing existing reference budgets can be understood according to the relative weight they allocate to expert knowledge, consumer expenditure survey data and other empirical data sources and focus group data. Deeming (2010b:23) argues that two methodological approaches can be distinguished, namely the “Low Cost budget methodology”,

by the OECD (50% of median disposable income), which is intended to map out the rate of individuals and households that are at risk of poverty.

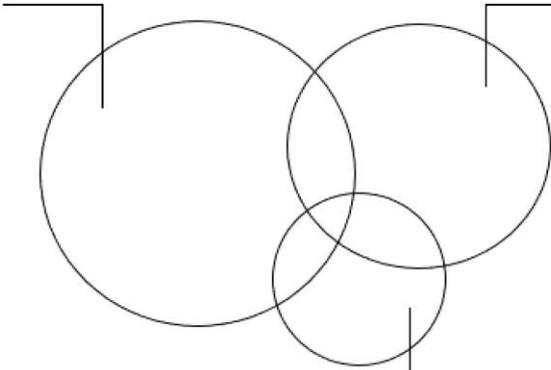
which is expenditure-led, and the “MIS budget methodology⁴”, which is focus group-led. In addition to these, we argue that a third methodology can be distinguished. This is the expert-led approach. A rough overview of the approaches is presented in Figure 3.

⁴ Minimum Income Standards, for more info.: <http://www.lboro.ac.uk/research/crsp/mis/>

Figure 3: Methodological approaches compared

Expert-led

(i) Expert knowledge used to define social necessity (e.g. national and international guidelines, expert opinion, theoretical foundation)

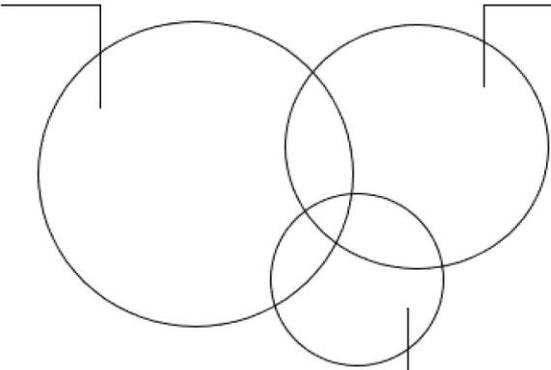


(ii) Validation of household budget standards with focus groups

(iii) Validation of household budget standards with survey data

Expenditure-led

(i) Behavioural and attitudinal survey data as interpreted by experts used to define social necessity

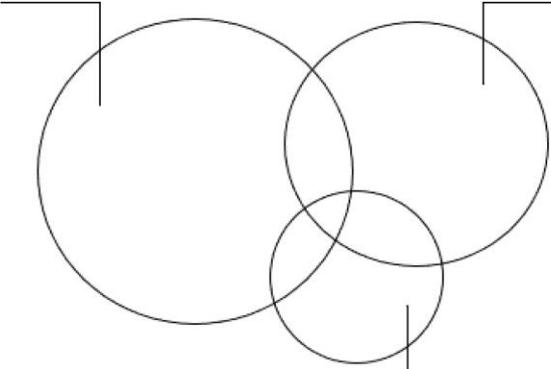


(ii) Validation of household budget standards with expert knowledge (e.g. national and international guidelines)

(iii) Validation of household budget standards with focus groups

Focus group-led

(i) Focus groups with members of the public used to define social necessity



(ii) Validation of household budget standards with expert knowledge (e.g. national and international guidelines)

(iii) Validation of household budget standards with survey data

Source: Deeming (2010b:23) and authors' deliberations.

Expert-led approaches

At the beginning of the 20th century researchers, such as Rowntree (1901), aimed at developing budgets with a “scientific” or “objective” foundation in the sense that they were supposed to correspond to requirements for physical survival set by e.g. medical doctors and nutritionists (Storms et al., 2014). However, already at this time the budgets included some elements of social convention as e.g. Rowntree (1901) selected which clothes to include in the budget by asking the poor about their opinion and calculated the costs of housing and heating based on actual expenditure figures. Nevertheless, the early budget standards were criticised for relying too much on the researcher’s own judgements and opinions and were seen by many as little more than social constructs (Townsend, 1954, 1962).

The expert approach has later been developed and used in many reference budgets, although with a relativistic perspective, among others in the Norwegian budget (Borgeraas, 1987). In this expert-led approach experts on various consumption areas choose the items to be included in the budget, define the quantity, quality, durability and how and where the price is registered. The choices made by the experts are based on public and private guidelines, normative assumptions and knowledge about empirical consumption (Borgeraas, 2010).

The “generalized budget approach”, developed by the Dutch National Institute for Family Finance Information (Nibud) is another variant of an expert-led approach, relying on the opinions of experts, but also on the availability of goods and services and actual consumption patterns. The final budgets are validated by focus groups with consumers (Vrooman, 2009). Nibud have developed two budget variants: one described as a basic needs threshold and one corresponding to a modest but adequate standard. The Netherlands Institute for Social Research (SCP) have used the Nibud budgets for single persons, and derived amounts for other household types using equivalence scales derived from expenditure data (Vrooman, 2009). This has been criticised by among others Goedemè et al. (2015c) for being too imprecise.

Another variant of an expert-led approach includes methodologies that builds on a strong theoretical foundation. One example is the approach taken in the ImPRovE project which developed comparable reference budgets for six European countries (Storms et al., 2013) and in the most recent EU pilot project for the development of a common methodology on reference budgets in Europe (Goedemè et al., 2015a)⁵. The EU pilot project approach is founded in Sen’s (1979) capability approach, which is operationalised using the list of basic capabilities formulated by Nussbaum (2000) and the hierarchical model of needs developed by Doyal and Gough (1991). In this approach, experts are given a crucial role in setting the criteria that the components of the budget have to meet and of deciding the necessary structural and individual preconditions. Furthermore, focus groups are used to examine and assess the perceived validity of the budget components (Storms et al., 2013).

In general, the expert-led approach has been criticised for being normatively tainted because it relies to a great extent on the researchers and the various experts’ opinions, which

⁵ On basis of the substantial weight allocated to focus group data in these methods it can also be argued that these methods can be characterised as consensual (focus group-led) methods. We have categorised the methods as expert-led because they start out on the basis of theoretical assumptions and expert evaluations.

may lead to the influence of arbitrary perceptions and opinions. According to Vrooman (2009), this can happen because the researcher or expert is highly educated and have a high income which may influence their perception of needs; because of the researcher's possible ideological bias; or because of the researcher's own interests. This potential bias is amplified if the budget and the underlying decisions made are not fully transparent, and thus cannot readily be critically assessed and verified. Furthermore, weaknesses can also be identified for other information sources important in this approach. Official guidelines and regulations may be lacking or dated, and they may be influenced by other concerns, while scientific literature is not always conclusive, does not cover all areas of life and may be somewhat detached from real living conditions (Storms et al., 2014).

Expenditure-led approaches

The budgets standards that were developed in the UK in the 1980, and 1990s also relied on expert knowledge, but made an effort to integrate the use of national survey data relating to living standards (Bradshaw, 1993, Parker, 1998, 2000, 2002). Researches in the UK (Bradshaw, 1993, Parker, 1998, 2000, 2002) and Australia (Saunders et al., 1998) defined two standards: a "Low cost" and a "Modest but Adequate". These budgets were based on national surveys, using random sampling techniques to ensure national representativeness, as interpreted by experts. Decisions about whether to include particular items in the budgets was based on various "rules of thumb", selecting items owned by e.g. 80% of households or items regarded as necessities by two-thirds of the population (Deeming, 2010a, 2010b).

Another variant of an expenditure-led approach is Citro and Michael's (1995) suggested revision of the U.S. poverty threshold. They argue that the official US poverty thresholds should comprise a budget for three basic categories of food, clothing and shelter, and a small amount for other needs such as household supplies, transport and personal care. This should be calculated based on actual expenditure data, and a budget should be developed for a reference family consisting of two adults and two children. The poverty threshold should be a percentage of the median annual expenditure, and the threshold should be adjusted for other household compositions by means of equivalence scales.

Expenditure-led approaches has been criticised for attempting to produce social consensus through statistical coincidence (e.g. Walker, 1987) and for the associated risk of circularity by equating the needs for resources with the current consumption level and pattern (Goedemè et al., 2015c, Storms et al., 2013).

Focus group-led approaches

As a reaction to reference budgets relying on the expert approach and budgets relying on the use of consumer expenditure data, a more consensual approach was developed in the UK based on a more constructivist understanding of how poverty should be defined. The consensual approach to the understanding of poverty assumes that poverty is defined "by reference to *the views of society as a whole*" based on "a widespread social consensus about what constitute the necessities of life" (Mack and Lansley as quoted in Walker, 1987). On this background, researchers at the Centre for Research in Social Policy (CRSP) at Loughborough University developed the Consensual Budget Standard (CBS), which replaced the panels of professional

experts with ordinary people representing different family or household types in the efforts of defining the relevant budget standards (Middleton, 2000). This approach was inspired by Walker (1987:222) who argued that the single panel of experts should be replaced by a “judicious mixture of group and depth interviews with members of the public... which could provide the basis for directly determining a socially approved budget standard”.

A few years later Bradshaw and Middleton and other researchers joined forces and developed the “Minimum Income Standard (MIS)” which relies heavily on focus group research. In this approach expert judgements and surveys on household expenditure is used to validate the findings from the focus groups (Bradshaw et al., 2008).

One of the key weaknesses of focus group-led, also called consensual, methods is that to the extent that focus groups have to be consulted, revisions of the reference budgets will be nearly as time- and resource intensive as the original development. This approach can also be criticised for relying too much on the perceptions of individuals, which may lead to the development of baskets that are in conflict with scientific knowledge. People can agree to include or exclude certain items in the baskets, but their arguments are always based on their own experiences. Expert knowledge, on the other hand, is based on scientific knowledge, which is frequently verified and subjected to revision. Furthermore, this method has also been criticised in terms of lacking robustness and reliability, as the composition of the focus group in itself, as well as the skills of the moderator, is crucial for the results (Storms et al., 2014).

3. Reference budget methodologies

This chapter presents and discusses the methodologies used both in the Norwegian reference budget and in reference budgets developed across Europe. The Norwegian reference budget methodology is presented first and is followed by a focus on European reference budgets. Rather than creating a systematic overview of the methodologies used in the budgets (which has to a large extent already been done in Storms et al. (2014) and Goedemè et al. (2015a)), we refer to specific country budgets as examples. Furthermore, a specific focus is placed on the most recent work on developing a common methodology for reference budgets in the EU, and in particular on the methodological reflections made in this project. This is a useful starting point for reflection on the status of the Norwegian reference budget, and it also enables us to assess whether this methodology is compatible with the needs and wants for the Norwegian reference budget.

3.1. The Norwegian reference budget

3.1.1. Construction and composition of baskets

The Norwegian reference budget contains 12 baskets categorised as either individual-specific expenses or household-specific expenses:

Individual-specific expenses

- 1) Food and beverages
- 2) Clothing and footwear
- 3) Personal care
- 4) Leisure and media use (individual level)
- 5) Travel expenses
- 6) Baby equipment

Household-specific expenses

- 7) Other everyday household items
- 8) Household articles
- 9) Furniture
- 10) Leisure and media use (household level)
- 11) Car costs
- 12) Kindergarten and after school-program

Both the names and the content of the baskets have been revised since they were developed in 1987. With the exception of 2001 and 2002 the budget has been published every year since 1987. The principal reason for not publishing the budget in these two years was lack of resources to do the necessary maintenance of the budget. The budget for 2003 was a major revision and updating of the 2000 budget. The construction of the baskets are, in varying degrees, based on expert assessments that takes both public norms and guidelines and information about actual consumption into account. The most recently updated baskets (leisure and media use (individual level) and leisure and media use (household level)) also makes use

of focus groups as a quality control of the product lists. The following section presents what the various baskets are covering.

Individual-specific expenses

Food and beverages

This post covers the total daily need for food and drinks for various age groups (varies by age and gender). It assumes a moderate activity level and that all food is prepared at home. The budget is based on ordinary Norwegian food, a traditional meal pattern and a food composition that includes what is characterised as newer types of food. The food basket is constructed in line with the national nutritional recommendations and overrides the empirical consumption in some respect. The main principle is that it should be possible to eat healthy food within the budget constraints by substituting the empirically observed level of saturated fat consumption with healthier alternatives. The amount of fruit and vegetables in the food basket is also higher than in the empirically observed consumption. The budget gives room for a moderate consumption of sweets. The budget post for children from ½ to 1 year is built on a special menu covering the nutritional needs of children aged 10-11 months. It is assumed that the child is breastfed and that it otherwise shares the meals with the rest of the family with only limited amounts of specific food products for children (SIFO, 2016b). More information about the original construction of this basket can be found in Solvang and Øybø (1987). The food basket has been updated when the nutritional recommendations have been modified. Adjustments based on changes in the national nutritional recommendations was last implemented in 2008.

Clothing and footwear

The budget covers the yearly need for clothing and shoes and takes seasonal weather and temperature variations into account. The budget also covers clothes for what is considered as ordinary sport and leisure activities and clothes for formal occasions. It is taken into account that children and youth who are in a growth phase shall have clothes that fit and inheritance or own production of clothes and shoes are not assumed. The products in this basket holds a basic, good quality and are offered at a moderate price (SIFO, 2016b). The current basket is constructed based on expert knowledge and research as has been summarised in a report by Klepp and Laitala (2016).

Personal care

This budget post covers expenses to personal care, such as soap, basic dental care, a limited amount of cosmetics, hairdresser, shaving tackle, diapers etc. Furthermore, the budget covers one dentist consultation per year (SIFO, 2016b). The items covered in the budget has been updated based on the range of goods observed during price collections.

Leisure and media use (individual level)

This budget post covers toys for children, bikes, sports equipment, books, computer games, cinema and theatre visits etc. The budget gives room for participation in basic leisure activities including membership in voluntary organisations. Inheritance of leisure equipment is not assumed. Expenses related to acquisition and use of a smart phone is included in all age groups as of 10 years (SIFO, 2016b).

Until to 2016 specific items in this basket has been updated when shifts in consumption patterns, e.g. caused by technological changes, has been observed. For example record player and records have been replaced by CD player and CD's, CD's by MP3 ending up with streaming in 2016. The introduction of PC, mobile phones, internet, video etc. has been updated in similar manner. The new technology has been implemented in the budget when it has been seen as an important part of everyday practices, meaning that a majority of the consumers should have access to and apply the specific item over some period of time.

The most recent update of this basket was implemented in 2016 and covered the part of the basket on digital goods and services. The revision was undertaken as a three-staged process where the first step was to identify the representation goods in the existing budget. The second step was to review the representation goods in light of the development in consumption patterns and in light of recent research. This step also included the collection of prices of new representation goods. The third, and final step, was to present the suggested changes to a group of consumers in a focus group where the aim was to investigate whether the consumers found the new representation goods and their estimated depreciation time relevant (Tangeland et al., 2015).

Travel expenses (public transport)

Travel costs are restricted to costs related to public transport. It is difficult to estimate a general cost level for public transport in Norway, since the costs and actual use of public transport may vary greatly across the country. Since the budget otherwise is based on prices from the capital city, Oslo, the costs for a 30- day ticket with public transport in Oslo is used as a measure of travel costs (Borgeraas, 1987).

Baby equipment

The budget post is split into basic equipment and supplementation. The basic equipment consist of equipment a child need from when it is born, e.g. bed linen, pram, carrier, feeding bottle etc. This also covers clothes needed for the first months. In addition to the basic equipment needed from the birth of the child, there is a need for supplementation during the first year of the child's life (car seat, chair, cutlery etc.) (SIFO, 2016b).

Household-specific expenses

Other everyday household items

This budget post covers paper goods and stationery, cleaning articles and goods such as light bulbs, batteries, band aids etc. (SIFO, 2016b). Major updates were made in 2005, and the items covered in the budget has been regularly updated based on the range of goods observed during price collections.

Household articles

This budget post covers white goods, kitchen equipment and kitchen utensils, table linen, cleaning equipment etc. Furthermore it covers household textiles such as bed linen, towels, curtains etc. (SIFO, 2016b).

Furniture

The budget covers necessary furniture and is defined as “movable installations in the household that do not require structural alterations of any kind” (Borgeraas, 1987:82). The furnishing of the household varies by the household’s size and the age of the household members. It is assumed that the size of the household and amount of furniture increases proportionally with increases in household size.

Leisure and media use (household level)

This budget post covers expenses related to Internet connection, stationary PC for a household with three or more persons, TV channel package, TV license, possibility for use of digital music and games. This post also covers expenses to some leisure equipment tied to the household as well as newspapers and a basic household insurance (SIFO, 2016b). The most recent update of this basket was implemented in 2016 (see description under the headline “Leisure and media use (individual level)”) and covered the part of the basket on digital goods and services (Tangeland et al., 2015).

Car costs

The budget covers running expenses, including insurance and annual motor vehicle tax for 10.000 and 15.000 km per year. The calculations are based on guidelines from the information council for road traffic and has been updated regularly since 1987. Expenses related to passing through a toll road was included as of 2015. It is assumed that public transport is used to and from the work place (SIFO, 2016b).

Kindergarten and after-school program

This covers the costs related to having a child in a day care facility (kindergarten) or a day care facility for school children with one month’s vacation. The price included in the budget is the maximum price to be paid by households with a total income above 500 500 NOK (in 2017). Households with a lower income level pays 6 percent of the income (SIFO, 2016b).

3.1.2. Snapshot of the 2017 edition of the Norwegian reference budget

In order to illustrate how the Norwegian reference budget is structured and presented, and to provide the reader with an idea of the actual costs estimated by the budget, we here present a snapshot of the key figures of the 2017 edition of the reference budget.

Table 1: Individual specific costs in kroners per month

1. Food and beverages													
Gender					Girls	Boys	Girls	Boys	Women	Men	Women	Men	Pregnant/ nursing
Age	6-11 months	1 yr	2-5	6-9	10-13	10-13	14-17	14-17	18-60	18-60	> 60	> 60	
Per month	670	970	1250	1800	2020	2240	2260	2810	2240	2790	2010	2340	2630
2. Clothing and footwear													
Gender					Girls	Boys	Girls	Boys	Women	Men			
Age	< 1 yr	1 yr	2-5	6-9	10-13	10-13	14-17	14-17	> 17	> 17			
Per month	350	470	520	570	590	560	800	660	830	780			
3. Personal care													
Gender					Girls	Boys	Girls	Boys	Women	Men	Women		
Age	< 1 yr	1-2	3	4-5	6-9	10-13	10-13	14-17	14-17	18-50	> 17	> 50	
Per month	320	360	240	150	230	380	240	530	380	720	570	660	
4. Leisure and media use													
Age	< 1 yr	1-2	3-5	6-9	10-13	14-17	> 17						
Per month	140	360	600	700	1040	1190	1220						
5. Travel expenses (30 days pass for public transport in Oslo as per 1st. of February 2017)													
Age	4-19	20-66		> 66	Student	20-29							
Per	354	708		354	425								
6. Baby equipment													
	Basic equipment				Supplementing								
Age	From 6 months before birth				<1								
Per month	3760				780								

Table 2: Household specific costs in kroners per month

Number of persons	1	2	3	4	5	6	7
Per month	240	300	400	560	650	730	800
8. Household articles							
Number of persons from 3 yrs¹	2	3	4	5	6	7	
Per month	370	400	480	610	670	750	780
9. Furniture							
Number of persons from 3 yrs¹	2	3	4	5	6	7	
Per month	360	400	490	620	730	870	1000
10. Leisure and media use							
Number of persons	1	2	3	4	5	6	7
Per month	2140	2140	2250	2380	2380	2410	2410
11. Car costs (operation expenses, maintenance)							
Number of persons	1-4	5-7					
Per month	2440	3340					
12. Kindergarten (full day, city of Oslo per 1. February 2017*)							
Income	>500 500						
1st child	2730						
2nd child	1911						
Additional children	1365						
13. After-school program (city of Oslo per 1. February 2017)							
Income	>370 320		>208 305		<208 305		
Full day	2922		1146		624		
Half day	1975		737		401		

3.1.3. Purpose of the budget

As initially mentioned, the Norwegian reference budget was initiated in 1985 on request from the Ministry of Health and Social Affairs and was developed by the Norwegian Institute for Consumer Research (SIFO). A central concern for the ministry was to develop a budget that could be used as a starting point for determination of the magnitude of transfers from the public sector to private households. Another important concern was to develop a budget that could serve as a guideline in determining the size of social benefits (Borgeraas, 1987). The National Institute for Consumer Research (SIFO) wanted, on the other hand, to develop a more general tool that could be used for all types of political and administrative income assessment. Instead of defining a minimum level it was therefore decided to develop a budget for “reasonable”

consumer spending (see 3.1.4 for more information). The Norwegian budget was inspired by the Swedish budget that was developed by the Swedish Consumer Agency in 1984.

3.1.4. Targeted living standard

The budget assumes a “reasonable” living standard, meaning that the assumed consumption level should be a level that is generally accepted in the Norwegian society. The theoretical foundation of the Norwegian budget is the idea that it is possible to identify a national standard package (Parsons and Smelser, 1956) – reflecting Norwegian people’s perception of what a typical family should be able to consume when all adults are in the workforce. It should not reflect a luxury level and should not be restricted to cover only basic needs. The selection of goods is described as sober, but it is emphasized that it does not in any way reflect a minimum level. The consumption comprises both expenses for food, clothes, personal hygiene products and other staple products as well as expenses for more seldom and long-term products such as furniture, cookers and washing machines. The reasonable consumption should give the individual the opportunity to participate in an adequate way in ordinary social activities, and the level selected should reflect the general public’s perception of what a “reasonable” consumption level is. When the Norwegian reference budget was first developed, the aim was to define a consumption level that was “acceptable for most people” in the sense that it is expected that most people in Norway are capable to live on that level – even if one’s own consumption deviates from this standard (Borgeraas, 1987:59).

The budget defines an absolute income level by developing an overview of the goods and services composition of the defined living standard. The rationale for assuming the “reasonable” consumption level, instead of a minimum level of consumption, was that a budget at a somewhat higher level could be more useful as it was thought that by illustrating which goods and services that were included in a generally accepted consumption level, one could control for the effects on consumption of establishing income levels that deviated from the budget. Another claimed benefit with assuming a reasonable living standard is that the budget also can be used in budget counselling (Borgeraas, 1987).

3.1.5. Target population

The target population of the Norwegian reference budget is the general Norwegian population with a “reasonable” living standard. However, in order to make the estimation feasible, the budget assumes that the persons in the household do not have any special needs regarding food, clothes or other equipment due to illness, disability etc. (Borgeraas, 1987:19-20). The budget estimates individual-specific costs for persons of various age groups and household-specific costs by the total number of persons in the household.

Scale advantages are calculated for the household-specific costs, as more people share on lasting commodities such as radio, washing machine, cooker etc. (Borgeraas, 1987:110). A scale advantage is also calculated for the individual-specific costs as e.g. food expenses for children are not necessarily doubled when the size of the household increases from two adults and one child to two adults and two children. According to Borgeraas (1987:110-116), the households’ adapt to the new situation, both because the total household income stays the same and because the lifestyle may change. Larger households may reduce costs by inheritance of

clothes and equipment among siblings, by purchasing food and household products in larger packaging etc. Based on estimations of the empirically observed scale advantages, the reference budget assumes a 20 % scale advantage for most of the individual-specific costs, namely food and drinks, clothing and footwear, personal care as well as leisure and media use (travels were included from 1987 to 1989) for families consisting of three or more persons. In households with one adult, the scale advantage is calculated from the fifth person (SIFO, 2017). This discount factor was originally based on knowledge about the price registrations in the reference budget and the rate of increase in consumer spending for households of varying sizes observed in Statistics Norway's consumer expenditure survey (Borgeraas, 1987). The approach has been criticized by, among others Building Research (now SINTEF), for not being representative for the expenses of families with many children (Holm, 2001).

3.1.6. Information base

The information sources used in the Norwegian reference budget traditionally relied upon expert assessments, statistics on actual consumption and public norms such as public recommendations and political guidelines and to a limited extent on the general public norm. The latter aspects have been better integrated in the budget since 2016, through a more active use of focus groups to validate the content of the baskets – as a reality check. Figure 4 presents an illustration of how the various information sources are used in the current version of the reference budget.

Expert assessments

A key information source used when developing the Norwegian budget has been expert assessments within the various consumption areas. These experts have had two essential functions. First, as participants in discussions where they agree on a common understanding of what a reasonable consumption level consist of, both regarding the general level and the consistency between consumption areas. The experts within the various consumption areas have participated in discussions regarding all consumption areas. The second important function is connected to assessments of the quality level of the goods and services that comprise the budget. Quality here refers to the life span of products and which labels that can be considered within a certain consumption level (Borgeraas, 1987:63-64). SIFO has traditionally been an interdisciplinary institute, with strong representation of natural and social science. Knowledge and data from the different natural science disciplines and SIFO's own laboratory activity regarding food, textile and laundering, durable consumer goods as well as knowledge derived from extensive participation in international standardisation on some various consumption areas was extensively used in the first version and in the subsequent development of the budget. This knowledge was vital in the decisions of the quality and durability of the items included in the baskets. In addition to the natural science, social science research on consumption at SIFO was – and still is – an important source of knowledge and data of the development of consumption patterns and practices within a wide variety of consumption areas.

Actual consumption

One obvious danger with using discussions among experts as an information source is that they are often very quality-conscious. Even though this is often seen as a good thing, it might be negative in the context of reference budgets as it can mean that the lists of which goods and

services the experts find necessary to have to live a decent life may define a consumption pattern that is far from the reality of the general population. In order to assure the realism of the reference budget, the empirical consumption patterns was originally seen as the most important building block of the reference budget, and the consumer expenditure surveys undertaken by Statistics Norway was used to get information on consumer spending. The survey, which was undertaken yearly between 1974 and 2009, asked a sample of the population to register all expenses over a 14-days period. In addition, purchases of larger economic value (e.g. of a washing machine) during the past year was registered (Statistics Norway, 2013). This survey gives a detailed picture of household spending and particularly on what it is common to consume (Borgeraas, 1987:65-66). Every year, before publishing a new version of the budget, the estimated expenditures was compared with the figures in the consumer expenditure survey. If the budget estimate deviated too much from the survey or other anomalies occurred – for example an unexpected increase in the expenditure level for any of the baskets, the data and the various steps in calculating the budget was reviewed again. The yearly surveys were discontinued in 2009, and after this, Statistics Norway's idea has been to undertake larger periodic surveys with uneven time intervals. The first of these surveys was undertaken in 2012 (Statistics Norway, 2013). The consumer expenditure survey does not, however, give information about person specific expenditure and since an important goal for the reference budget is to estimate costs for households of different sizes and composition, other data sources has been used (Borgeraas, 1987). One example of other data sources is the SIFO survey covering a range of consumer related topics which has been undertaken on a yearly basis since year 2000. Other problematic issues with the consumer expenditure surveys is that they: 1) Do not give any guidance regarding how many of the respondents in the sample that should have a certain expense for the expense to be included in the reference budget. 2) Do not give any guidance regarding the quality level of products that should be included in the reference budget. 3) Do not necessarily reflect the targeted living standard, and the actual consumption patterns cannot be seen as a reflection of what people *think* that consumers should spend money on (Borgeraas, 1987)

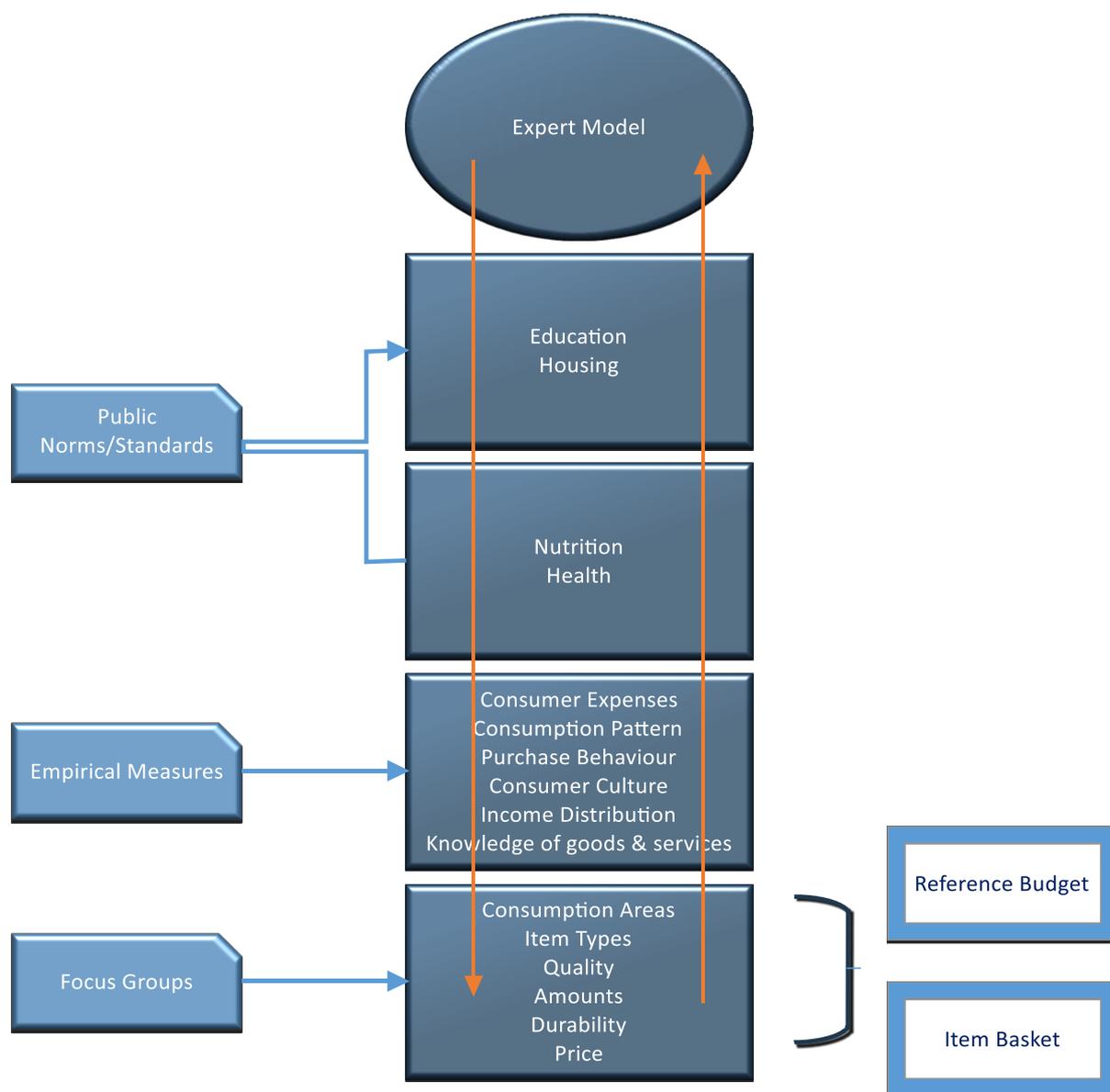
Public norms

Public norms, such as public nutritional recommendations, public recommendations on the ratio between number of people in the household and number of rooms, and the educational systems expectations to children having the necessary equipment to participate in gymnastics class, have also been important when deciding the composition of the reference budget (Borgeraas, 1987). With the exception of nutritional recommendations, the public norms concerning consumption have not been updated on a regularly basis. There has been some cooperation with kindergartens and schools regarding the type and amount of clothes they expect children to have available.

Opinion of the general public

The opinion of the public, as measured through focus groups, was originally not included as an information source in the budget. In the latest revisions of the budget and the updates of the various baskets, focus groups have been used as a way to assess the validity of the content.

Figure 4: The Norwegian reference budget, use of information sources



Source: Borgeraas and Brusdal (2012:25).

3.1.7. Pricing method

In the original budget the Price Directorate and the National Price Authority (merged to become the Competition Agency in 1994) collected the prices of the various budget components. The decisions regarding the lists of products and services to be included was taken by the National Institute for Consumer Research (SIFO). SIFO decided which regions prices were to be collected from as well as which brands and which type of stores that should be included. Based on this first collection of prices it was decided that prices only needed to be collected in the capital area, as the prices within this region varied more than the prices varied between different parts of the country. All the following price collections has been undertaken by SIFO.

The costs of the various baskets are estimated by registration of the prices for each good and service multiplied with the amount of goods/services divided by the estimated lifetime of

the good/service. The lifetime is estimated in years. The sum for each product/service within each consumption area indicates the expenses per year. The total yearly costs are thus divided by 12 to get a figure for the monthly expenses. An element of saving are thus included in the budget, and it is assumed that households should be able to tackle relatively unforeseen and seldom expenses such as the purchase of household durable goods such as a television, a cooker, a fridge etc. (Borgeraas, 1987).

The budget assumes that full prices are paid for products and services, rather than reduced prices which can be obtained during sales. Furthermore, the budget assumes that the amounts purchased are standardized, meaning that they do not vary by household size. This is a simplistic assumption that do not necessarily reflect the reality as larger households may be more prone to buy larger amounts of goods and thus receive lower unit prices. The budgets for large households may thus estimate a somewhat higher level than the real expenditures (Borgeraas, 1987).

3.1.8. Adjustments and updates

In the time-span from 1987 until today there have been several periods with intensive Nordic cooperation and methodological discussions of the utility, content and the design of the reference budget. The Swedish Consumer Agency was the first Nordic country to construct a budget, and SIFO relied to a great extent on this work – exchanging baskets of goods and profiting greatly of the cooperation with the Swedish Consumer Agency (e.g. Konsumentverket, 2013). In 1993 Denmark Center for Alternative Social Analysis developed a budget commissioned by the Consumer Agency of Denmark (Forbrugerstyrelsen, 1993, Hansen, 2002, Hansen et al., 2015). Both the Swedish Consumer Agency and SIFO participated in a Household Economy Group financed by the Nordic Council of Ministers. The Consumer Society Research Centre in Finland also participated in these discussions (e.g. Lehtinen et al., 2011). Jonathan Bradshaw, from University of York, arranged a workshop on referenced budgets in the early 1990s, where reference budget experts from Sweden, Denmark, Norway, Netherlands and the UK discussed crucial aspects of constructing reference budgets. Since then, this cross-country cooperation has been active on an ad-hoc basis while the cooperation between the Nordic countries has been most prominent. This has been manifested in a Nordic working group on reference budgets.

The prices used in the reference budget has been adjusted both through collection of new prices with varying time intervals and through yearly adjustments according to the Consumer Price Index (CPI). Larger revisions have been undertaken at uneven time intervals. Examples include the basket for food and drinks which was updated in 2007, the basket for clothing and footwear which was updated in 2003 and in 2016, and the baskets for leisure and media use (individual level and household level) which were updated in 2009 and partly in 2016 (Laitala and Klepp, 2016, Tangeland et al., 2015). A more overall review of which products and services that families with children should have or have access to was undertaken in 2007 (Brusdal, 2007). Table 3 gives a detailed overview of the various editions of the Norwegian reference budget, and when the budget has been adjusted and updated.

Table 3: Overview of adjustments and updates of the Norwegian reference budget

Budget edition	Prices collected	Adjusted according to CPI	Basket updates*	Comment
1987	November 1986			
March 1989	March 1989			
November 1989	October 1989			
March 1991	October 1989	March 1991		
November 1991	October 1989	September 1991		
1992	October 1989	March 1992		
1993	October 1992	June 1993		
1994	October 1992	June 1994		
1995	October 1992	June 1995		
1996	October 1995	June 1996		
1997	October 1995	June 1997		
1998	October 1995	June 1998		
1999	October 1998	June 1999		
2000	October 1998	June 2000		
2001	No reference budget published			
2002	No reference budget published			
2003	Autumn 2002		All baskets were updated based on a review of the changes in income and consumption levels during the preceding decade.	
2004	Autumn 2002	February 2004		
2005	Autumn 2002	February 2005		
2006	Autumn 2005**		Adjustments were made to many baskets according to the range of goods identified during the 2005 price collection.	
2007	Autumn 2005**	February 2007		
2008	Autumn 2005***	February 2008	Food and drinks	Age group classification is changed to be in line with the classifications used in governmental nutrition guidelines
2009	Autumn 2005***	February 2009		
2010	Autumn 2009	February 2010		
2011	Autumn 2009	February 2011		
2012	Autumn 2009	February 2012	Day care facilities for schoolchildren added	
2013	Autumn 2009	February 2013		
2014	Autumn 2009	February 2014		
2015	Autumn 2009	February 2015	Road toll added to the basket car related costs	

2016	Autumn 2009****	February 2016	Clothing and footwear Leisure and media use (individual level) Leisure and media use (household level)
2017	Autumn 2009****	February 2017	

* Travel costs, child care and car related costs have been updated every year.

** Except for the basket clothing and footwear for which the prices were collected in Autumn 2002

*** Except for the basket clothing and footwear for which the prices were collected in Autumn 2002 and the food and drinks basket which were updated in 2007

**** Except for leisure and media use where all prices were collected in 2016

Sources: SIFO reference/standard budgets (1987, 1989a, 1989b, 1991a, 1991b, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 1999, 2000, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016a, 2017).

3.1.9. Use of the reference budget

Since it was established in 1987, the Norwegian reference budget has been used both by public and private institutions and by consumers themselves. Five areas of use have been particularly important.

First, the budget has been used to support credit ratings related to loan raising. The budget has been used to assess the consumers' solvency and has been used both by public institutions, such as the Norwegian State Housing Bank and by municipalities offering start-up loans for people struggling on the housing market, and by private institutions, such as private banks.

Second, the budget has been used as a starting point in the assessment of public levels for sustenance amounts. It has been used to determine the levels for child support payment, to determine the sustenance levels in debt settlement cases and in debt counselling, to determine sustenance levels in attachment of earnings and to determine recommended rates for social assistance. It has also been used to assess the additional costs associated with specific medical diagnoses (Øyby, 2007).

Third, the budget has been used to inform and educate about personal economy. It has been included in the curriculum for general studies at high school, on webpages about personal economy targeting youth, and in webpages on personal economy and loan calculators targeting the general population. In 2003 SIFO published a calculator on its website⁶ where consumers can estimate a budget based on their household composition.

Fourth, In the period from 1989 – 1997 SIFO developed several commercial computer programs where the standard budget constituted a vital part. One version was developed for the individual consumer market and incorporated tax and interest calculations into a reference budget calculator, which enabled the users to develop detailed monthly liquidity budgets over a one-year period. A second version was developed for the social security offices as tool to be used in economic counselling of individuals applying for social security. Finally, a third version

⁶ <http://www.hioa.no/Om-HiOA/Senter-for-velferds-og-arbeidslivsforskning/SIFO/Referansebudsjettet/Kalkulator>

was developed in cooperation with Department of Justice and was intended for administration of debt settlement. Even if these computer programs were successes – the consumer version won “best in test” in computer magazines several years – SIFO sold out the programs to a commercial actor in 1997. It was problematic for a public agency to compete with private agencies.

Fifth, the budget has been used in political positioning by various NGO’s and other political actors (Øyby, 2005). Finally, the reference budget has also been used to assess consumption levels and to estimate necessary consumption in criminal proceedings (e.g. Borgating lagmannsrett, 2017, Hålogaland lagmannsrett, 2017).

The use of the reference budget is further elaborated on in section 4.1 of this report.

3.2. European initiatives

The overview of national reference budgets is based on the work done by Storms et al. (2014). They have mapped the use of reference budgets, mainly through a literature review and a questionnaire filled out by the lead experts of the 28 national networks on reference budgets. Through the questionnaire, information has been collected about reference budgets that are currently in use, or that has been in use during the last 40 years. 65 different reference budget has been mapped, out of which 38 reference budgets are in use and 12 are under construction (Storms et al., 2014). This section also presents key results and methodological discussions from the recently finalised pilot project to develop a common methodology on reference budgets in Europe (Goedemè et al., 2015a).

3.2.1. Purpose of the budgets

The 65 reference budgets that are included in the mapping by Storms et al. (2013) serves a multitude of purposes, and on average each reference budget serves about four purposes. The most common purpose, relevant for about two thirds of the budgets, is to assess an adequate standard of living. Subsequently, more than half of the budgets are developed to assess the adequacy of social benefits and nearly a fourth of the budgets are developed to assess the adequacy of wages in general or of the minimum wage. Seven reference budgets are developed with the intent to examine changes in the Consumer Price Index (CPI). Many reference budgets, about half of the reference budgets mapped, has been developed in order to measure and assess poverty, and about one third of the budgets have been developed in order to assess the validity of relative income thresholds (Storms et al., 2014:25).

Besides these macro-level purposes, reference budgets are often used as a tool by organisations, by individuals or by households. Several reference budgets are used for debt counselling, financial education, budget counselling, calculation of alternative credit scores and to determine additional income support in social assistance (Storms et al., 2014:26).

Table 4: Reference budgets in Europe, by purpose

Purposes	N of responses	% of RBs
To assess an adequate standard of living	46	70,8
To assess the adequacy of social benefits	38	58,5
To measure the extent of poverty	35	53,8
To assess the validity of relative income poverty thresholds	22	33,8
To generate equivalence scales	14	21,5
To provide a benchmark for assessing the adequacy of wage	16	24,6
For debt counselling	12	18,5
For financial education	13	20
To determine additional income support	11	16,9
To examine the changes in the CPI	7	10,8
For budget counselling	7	10,8
To assess the minimum cost of living	4	6,2
To present alternative credits scores	6	9,2
To assess rent norms	2	3,1
Others	5	7,7
	238	

Source: Own data

Note: N= 65, missing= 0

Source: (Storms et al., 2014:26).

The EU project on developing a common framework for developing cross-nationally comparable budgets in Europe was proposed by the European Commission in 2013 in order to help Member States design efficient and adequate income support and to facilitate the Commission's task of monitoring the adequacy of income support in Europe (Goedemè et al., 2015a, European Commission, 2013). By using comparable reference budgets to assess income support measures it would be possible to identify best practices and establish a process of policy learning across countries. This initiative was supported by, among others, the European Parliament (2010) and the European Economic and Social Committee (2013).

3.2.2. Targeted living standard

According to Storms et al. (2014:27), almost half of the European reference budgets relate to a standard of living that can be described as “a minimum living standard that enables full social participation in society”. However, most of the reference budgets does not define what the concept of “social participation” implies. An equally large share of the reference budgets relates to a lower income standard, such as a minimum for physical needs and limited social participation and a minimum for physical needs.

Table 5: Reference budgets in Europe, by targeted living standard

	N	% of RBs
Minimum for full social participation	27	42,9
Minimum for physical needs and limited social participation	16	25,4
Minimum for physical needs	13	20,6
Various consumption patterns	4	6,3
Average consumption pattern	2	3,2
Higher living standard	1	1,6
Total	63	

Source: Own data

Note: N= 63, missing= 2

Source: Storms et al. (2014:27).

In the EU project on reference budgets, the targeted living standard is set to “the minimum financial resources required to participate adequately in society” and adequate social participation is defined as “the ability to take and make the various social roles one should be able to take as a member of a particular society”⁷ (Goedemè et al., 2015a:24). Social roles is defined as “the social expectations attached to a position that someone in society takes (Goedemè et al., 2015a:24). To define a core list of social positions, Goedemè et al. (2015a) makes use of Sen’s capability approach operationalised using the list of basic capabilities formulated by Nussbaum (2000) and the hierarchical model of needs developed by Doyal and Gough (1991). The development of this core list makes use of mainly two sources. First, formal social expectations have been assessed in terms of commitments of Member States to international guidelines and regulations, and second, informal social expectations have been assessed in three focus group discussions in each country (Goedemè et al., 2015a:32). The project found that the core list of social positions as well as the list of intermediary needs were broadly in line with the views of the citizens that were consulted, and thus that the basic understanding of adequate social participation can be shared across Europe (Goedemè et al., 2015a:288). Nevertheless, the level of economic resources needed varies by personal characteristics and the context in which individuals live – we therefore now move on to the reference budgets’ target population.

3.2.3. Target population

The reference budgets across Europe clearly differ in target population, meaning the groups of people for which the reference budgets are supposed to identify (Storms et al., 2014). Many budgets are constructed on the basis of so-called “model families” with specific characteristics and compositions. In some cases, varying underlying assumptions are made about the competences of the household members and the social context they live in. Most of the reference budgets in EU Member States use one or more model families to construct reference budgets. However, there is great variation in the number of budgets developed for the various family constructions. The largest number of model families are found in Germany where budgets have been developed for 20 model family types. Moreover, more than 10 budgets for

⁷ See Goedemè et al., 2015 for an elaboration on what is meant with (adequate) social participation.

various model families have been developed in the UK and Belgium (Storms et al., 2014:33-35). Other reference budgets are not constructed on the basis of model families, but rather model persons with the aim to combine these different person types to different households of different sizes and compositions by using regression analysis or derived equivalence scales. This is the case both in the Netherlands and in Slovenia. Other countries have calculated budgets for one or more model families that can be transferred to other households by using equivalence scales. This approach allows for the addition of an unlimited amount of adults and children to the household and budgets can be calculated for all household types. This has been done in the Netherlands, Belgium and the UK (Storms et al., 2014).

Various differentiations of characteristics within the model families or model persons can be made when constructing reference budgets. As can be seen in Table 6, most reference budgets in EU Member States differentiate between age (groups), particularly among children, and some also differentiate by the age of adults, the household members' employment status, tenure status, living environment, marital state, health, and ethnic background. The living environment, in the form of whether the consumer lives in a rural or an urban area, is further discussed in the next section.

Table 6: Reference Budgets in Europe, by the main characteristics of involved model families

	N of responses	% of RBs
Age of children	48	87,3
Age of adults	27	49,1
Employment status	22	40,0
Housing tenure	18	32,7
Living environment	11	20,0
Marital state	9	16,4
Health	8	14,5
Ethnic background	3	5,5
	146	

Source: Own data

Note: N= 55, missing= 10

Source: Storms et al. (2014:35).

The pilot project developed reference budgets for three different model families. These are: 1) a single-person household (male / female), 2) a single parent household with two children, and 3) a couple with two children. It is assumed that all household members are in good health, that family members are well-informed, having the necessary competences to be self-reliant, to be able to make the right decisions with regard to their health and safety and that they are able to act economically (Goedemè et al., 2015a:26-27). Furthermore, it is assumed that the political and institutional context is organised such that it respects essential freedom and is conducive to adequate social participation (Goedemè et al., 2015a:25). The researchers admits that these assumptions are not always realistic and that they thus contributes to lowering the external validity of the budgets. They recognise that in real-life situations, more resources will usually be needed as people's budgeting capacities are not always optimal, resources are not always spent in the most economical way and people may more often lack information or

be confronted with diseases than what is assumed. Finally, the methodology used in the pilot project recognises that society is not a fixed social entity and that it is not easy to define the point of reference. One example used is that cultural expectations may be multi-layered and vary between regions, nations and worldwide. Also, societies can be plural and deeply divided along cultural, religious, ethnic or other lines. The solution presented in the pilot project is to pay attention to the *dominant* social expectations that relate to the places where people live, including their worldwide, European, national, regional and local aspects (Goedemè et al., 2015a:25). According to Goedemè et al. (2015a:27) these assumptions are necessary in order to increase the feasibility and the internal validity for identifying a budget necessary for adequate social participation.

Geographical focus

Most reference budgets across Europe are constructed with a national focus and most of them are based on data from specific cities, often the capital city. However, some of the reference budgets distinguishes between rural and urban areas or between provinces or parts of the country. The geographical focus thus differs between reference budgets and between member states, and obviously has an impact on both the validity and the comparability of the budgets. The general aim for the design of the reference budgets is that they are as representative as possible for all people to which these budgets are intended to apply and who will possibly make use of them (Storms et al., 2014), and the geographical focus will thus depend on the purpose of the budgets. Most countries have tried to achieve this by distinguishing between budgets for urban and rural areas or to choose a reference city or municipality they consider representative for the rest of the country (Storms et al., 2014). One example is the Swedish reference budget, which was used as guide for the development of the original Norwegian reference budget, which collected prices from the Örebro region as this region was considered representative for the country as a whole (Borgeraas, 1987). The EU pilot project uses capital cities as the reference point for the reference budgets.

3.2.4. Information base

The data used to construct reference budgets varies greatly across European reference budgets. The various data sources that were identified by Storms et al. (2014) are identified in Table 7.

Table 7: Reference budgets in Europe, by information base

	N of responses	% of RBs
Expert knowledge	47	77,0
Household budget data	41	67,2
Focus group decisions	22	36,1
(Inter) national and regional guidelines	22	36,1
Survey data (excl. household budget surveys)	15	24,6
Market research	3	4,9
Other	3	4,9
Total	153	

Source: Own data

Note: N= 61, missing=4

Source: Storms et al. (2013:30).

Expert assessment

As can be seen in Table 7, more than two thirds of the reference budgets make use of expert knowledge. This is understood in broad sense and includes scientific evidence about the goods and services needed to fulfil the defined needs of the reference budget target groups. Though expert knowledge is widely used, it is rarely the only information source used to construct the budgets and most reference budgets combine expert knowledge with other sources of information such as survey and focus group data.

Public norms – standards and guidelines

Many countries rely on international, national and regional guidelines when defining the content of the various baskets. For example, several countries use food dietary directives standards and recommendations on consumption standards (Storms et al., 2014).

Actual consumption – household budget data

An almost equally large share of the reference budgets across Europe relies on data on actual consumption as measured through household budget data and other survey data (Storms et al., 2014).

General public norms – focus groups

About one third of the reference budgets are reported to use focus group discussions and decisions in the construction of the budgets in general and the various baskets in particular. This is particularly the case for the reference budgets that has been constructed fairly recently. Except for a reference budget developed in 1980 in the Netherlands and three reference budgets developed in the early 1990's in the UK that are no longer in use, all reference budgets that make use of focus group decisions have been constructed after 2007. This reflects a general trend towards giving more methodological prominence to the opinion of average citizens regarding what is needed to live according to a certain targeted living standard. As is the case for the other information sources, very few of the reference budgets relies solely on the information generated through the use of focus groups and it is common to combine focus group data with expert assessments (30%), with household budget data (11%) or public guidelines (20%) (Storms et al., 2014:30-31). Ireland and UK are among the countries that use focus group decisions most intensively in the construction of reference budget as the researchers responsible argue that deliberative focus groups are better at achieving a true reflection of social norms and that budgets standards based on this methodology is more likely to be acceptable to society. This may result in policy initiatives arising from this methodology to stand a greater chance of gaining public approval than those prescribed by experts (Deeming, 2010b, Bradshaw et al., 2008).

Similar to most reference budgets across Europe, the reference budgets developed in the EU pilot project makes use of all three types of sources. The researchers argue that they integrate a need- and a rights-based perspective, which can be seen as an example of expert assessment with a consensual approach, which places the focus on general public norms as expressed through focus groups. The approach makes use of a wide range of sources, including

official guidelines and regulations, scientific literature, survey information, available studies on the availability, cost and accessibility of (publicly provided) goods and services, expert opinion, and data collected through focus groups (Goedemè et al., 2015a:39-41). In the reference budgets that has been developed using this methodology three focus groups were organised per country and they served mainly as a reality check, i.e. that they were used to check whether the assumptions that are made by experts using a multitude of sources are realistic. The researchers behind the project argue, however, that it might be interesting to give a more prominent place to focus groups of a more deliberative character during the first phases of the research process. This could be done by asking the consumers themselves to agree on the exact content of the reference budget, considering the previously formulated arguments. They also argue that differently composed focus groups should be used in the various phases. In what they call the “orientation phase”, i.e. when country teams collect basic information on questions, such as which social roles people should be able to play, that will guide the development of the reference budgets, the participants should be recruited from a broad cross-section of the population since they are meant to represent the general public’s voice. On the other hand, in what they call the “argumentation phase”, i.e. when the complete lists of goods and services are drawn up, the focus groups function more as a reality check and the participants should therefore be familiar with the circumstances and constraints of households with a standard of living that is close to the targeted living standard

3.2.5. Pricing methods

Currently, in most reference budgets across Europe, pricing is done on the basis of a relatively small sample of products, for which prices are collected at a single point in time in a shop – either online or a physical store. The prices are collected at various time intervals, ranging between every month and every six years, and are otherwise updated according to the development in the Consumer Price Index (CPI). According to Goedemè et al. (2015a:258), there are many other ways of getting price data that it is worthwhile to explore as the standard method is both time intensive and not without risk of data collection errors. It is also vulnerable to the frequency of new price collections as changes in the markets, such as the introduction of new products and changes to the store structure. Goedemè et al. (2015a) reviews various alternative methods and data sources, namely the use of price survey data collected by National Statistical Institutes (NSIs), the use of official cash register data and the potential contribution of online price surveys. Official price surveys has the advantage that they are relatively extensive and reliable and may make the price collection process more efficient. However, the researchers’ experience from Luxembourg show that these surveys may not always cover the full range of items in the reference budgets and would therefore need to be supplemented by manual price collection. Nevertheless, Goedemè et al. (2015a:266) argues that this is the most promising method in the short run when the aim is to develop cross-nationally comparable reference budgets. On the other hand, Nibud in the Netherlands have made use of cash register data to price parts of the reference budgets, which has many advantages. This method allow for calculating yearly average prices which take into account seasonal variations in prices and purchases made at discounted prices. Furthermore, the method allows for exclusion of very expensive products and/products with a very low market share, enables price collection from several stores and makes it possible to cover the whole country (rather than specific regions and

cities). The data also tend to be more reliable as they exclude human errors while collecting prices.

Regarding economies of scale, the EU pilot project reference budgets found that there are generally few economies of scale regarding the minimum that families need to eat healthy meals, while larger households may benefit from some economies of scale regarding kitchen equipment (Goedemè et al., 2015a:98).

3.2.6. Adjustments and updates

Regular updates and adjustments are necessary in order to ensure the validity of the reference budgets, meaning that the budgets continue to represent as accurately as possible both the targeted standard of living over time and the prices in the various markets. The frequency and extent of such updates and adjustments differs between the EU Member States.

As can be seen in Table 8, most reference budgets have updated the prices by either adjusting them according to the Consumer Price Index (CPI), by using price indices for each category of expenditure or by regularly doing a new price survey for the goods and services included in the baskets. According to Storms et al. (2014:36-37), the majority of the reference budgets are adjusted annually, which is an indication that this is a desirable and feasible frequency. However, some reference budgets are updated monthly, twice a year or on a four-yearly basis.

Changes in the composition of the baskets seems to be a much less frequent exercise, and not all reference budgets operate with regular time intervals for such updates. Some reference budgets are updated every five years, others every second years, within five years' time spans, at irregular intervals or when new knowledge is generated or new public standards or rules are defined.

Table 8: Reference budgets in Europe, adjustments according to changes in price evolutions

	N of responses	% of RBs
Adjustments with the Consumer Price Index	16	42,1
Adjustments with price indices for each category of expenditure	15	39,5
With prices of products and services	13	34,2
	44	

Source: Own data

Note: N= 38, missing= 27

Source: Storms et al. (2013:30)⁸.

⁸ The low N can be explained by the fact that a fair number of the reference budgets were constructed recently or were still under construction when Storms et al. (2014) collected their data and it is only natural that these had not been updated yet. The same is the case for the reference budgets that were developed as a one-time exercise (Storms et al. 2014).

4. Stakeholder perspectives

The Norwegian reference budget is widely used by various stakeholders. In an evaluation of the National Institute for Consumer Research (SIFO) from 2006 it was stated that the reference budget “is one of the most influential contributions to the grounds of decision making for public and private politics from Norwegian social science research” [authors’ translation] (Norges forskningsråd, 2006). This extensive use of the reference budget can be seen as a form of quality assurance in itself. However, the extensive use also signifies that potential changes to the budget might have substantial ramifications.

As part of the process of reviewing the Norwegian reference budget, it is therefore important to get to know key stakeholders’ views. We have interviewed stakeholders who are and/or have been using the reference budget. The purpose of the interviews were to get an overview of, and insight into, how the reference budget has been, and is currently, used, what the stakeholders think that the purpose of the reference budget should be, what they see as the reference budgets’ strengths and weaknesses and how they envisage to use it in the future. We have interviewed representatives from two of the largest commercial banks in Norway, representatives from various regulatory institutions, representatives from relevant interest groups and one representative working as an independent financial adviser. The interviews have been transcribed and analysed by systematically coding the content. In order to illustrate some of the positions and findings, some quotes from the interviews are cited in full in this chapter. The complete list of interviewees can be found in Appendix A: List of informants

4.1. Use of the reference budget

The stakeholders interviewed for this review pointed to four key purposes that the reference budget serves: for credit scoring and consumer solvency assessments in loan and credit evaluation, to determine the levels of child support payments, for financial education and for financial counselling.

4.1.1. Loan and credit evaluation

4.1.1.1. Commercial banks

First, the reference budget is an important reference for commercial banks when evaluating customers’ liquidity in loan and credit applications. One of the major commercial banks in Norway, DNB, uses the reference budget and supplements this budget with data from Statistics Norway’s consumer expenditure survey for consumption areas that are not covered by the reference budget, such as electricity and housing expenses (Finstad, 2016, Gulbrandsen, 2016). The executive officers have limited leeway to make changes to the consumptions levels set by the reference budget, and the bank is particularly restrictive when it comes to removing costs (Finstad, 2016, Gulbrandsen, 2016).

4.1.1.2. *Norwegian State Housing Bank*

Through the Housing Bank, most Norwegian municipalities offer favourable start-up loans to people struggling on the housing market, e.g. people having difficulties obtaining a loan by regular commercial banks. The Housing Bank also grants loans for home refurbishment and refinancing of mortgages (Husbanken, 2017). The municipalities are responsible for granting the loans, but the Housing Bank assumes an advisory role with regards to the criteria used to evaluate the applications. The Housing Bank recommends that the reference budget is used as a starting point for assessing the liquidity of potential customers, but the municipalities and the individual executive officers are able to adjust the levels of the various budget posts as they see fit. The reference budget is integrated into the Housing Banks' case processing system, and the system is transparent so that both the executive officer and the applicants can make changes to the reference budget rates. The applicants are required, however, to justify the changes they make to the budget (Holt, 2016, Husbanken, 2016).

4.1.2. *Social policy*

4.1.2.1. *Child support payment*

The reference budget also plays a central role in estimations of child support payments. In cases where parents cannot settle the child support payment themselves, the reference budget is used to estimate the cost of the child when stipulating subsistence rates (NAV, 2017, Risnes, 2016, Stenseth, 2016). Only minor changes to the budget, such as removal of the household-specific costs from the budget post "leisure and media use", are made to the reference budget rates (Risnes, 2016).

4.1.3. *Financial education*

Several of our interviewees emphasised the educational function of the reference budget. The budget is an important component in significant parts of existing financial educational material; e.g. material on personal finances for both lower and upper secondary school produced by the organisation "Ungt entreprenørskap [young entrepreneurship] (UE)⁹" in cooperation with Finance Norway. Elin Reitan (2016) in Nordea emphasised their cooperation with UE on personal finance training and budgeting, wherein they rely on the reference budget. Additionally, Hilde Johansen (2016) in Finance Norway and Edle Holt (2016) in the Norwegian State Housing Bank referred to their cooperation with UE about the educational material "sjef i eget liv [being the boss of your own life]", developed for high school students, in which the reference budget is actively used. This material facilitates simulations of how various lifestyles impact one's ability to save for a future home. Furthermore, Hilde Johansen (2016) also referred to "Innovasjonscamp [innovation camp]", another result of the cooperation with UE, and to an additional cooperation network initiated by the Ministry for Children and Equality called "Skolemeny [school menu]", which also actively employs the reference budget. "Skolemeny" provides an overview of educational material developed for students at all levels concerning personal finance.

⁹ UE is part of Junior Achievement Europe.

The reference budget has also been used in higher-level educational material and courses. One example is independent financial adviser at Penedoktoren AS, Agnes Bergo's (2016) use of the reference budget in courses held at the Norwegian school of economics (NHH).

Finally, the reference budget is often referred to in books about personal finances (e.g. Bergo, 1992, Reitan, 2017).

4.1.4. Financial counselling

One of the reference budget's key areas of usage is financial counselling. Private financial advisers, municipalities, as well as commercial banks and their consumer economists all actively make use of the budget. Independent financial adviser Bergo (2016) from Penedoktoren AS, for example, relies on the budget to investigate how much loan her clients can handle and to help these gain an overview of their finances in general. According to Hallvard Øren (2016) at the county governor of Oslo and Akershus, the reference budget is actively used by many municipalities in their financial counselling. Both Bergo and Øren see it as a useful tool in financial counselling, both highlighting the budget's function as a reality check. Finally, commercial banks also use the reference budget for counselling purposes, in particular the consumer economists of the largest commercial banks in Norway. One example is consumer economist Reitan (2016) at Nordea, who uses the budget, inter alia, in blog posts and news items targeted at individual consumers.

4.2. Perspectives on the purpose and the functioning of the reference budget

4.2.1. Purpose

When asked about the purpose of the reference budget, most interviewees refer to the way they use it themselves. One central purpose—brought up by a majority of the interviewees—is education and training, as the budget is a tool that can be used in financial education as a form of reality check. For the interviewees representing an government agency, the reference budget's main purpose is to define the costs related to maintaining a "normal" life, while the budget's key purpose seen from the perspective of the banking representatives is its functioning as a benchmark for assessing debt-servicing capacity. As mentioned in section 3.1.3, the purpose of the reference budget was originally to develop a budget for "reasonable" consumer spending, and one of the claimed benefits of assuming a reasonable living standard was that the budget also could be used in budget counselling (Borgeraas, 1987). Some of the interviewees mentioned the "reasonable" standard of living when asked to describe the reference budget and its purpose, while others indicated that the reference budget represented a form of average or normal consumption level in Norway. This is a somewhat dangerous, but perhaps not uncommon, misconception of the reference budget level. The level of the current reference budget is meant to reflect a reasonable consumption standard, and the budget's exact figures are derived from a complex method using several sources of information (see section 3.1.6 for more information).

4.2.2. Standard of living – level

When asked about what standard of living the reference budget allows, most interviewees said that they perceived the budget as sober and moderate, but that it should be possible to get by on

it and that it does not represent a minimum standard. Emma Stenseth (2016) in the Ministry of Children and Equality's response illustrates the reaction shared by the interviewees:

“I think it seems realistic. Well, it is not a luxury budget, but it is clearly at a level that I think all people can get by on. More or less, as long as you do not have any special needs. But it is nevertheless not anything more than a sober budget.” [Authors' translation].

According to the interviewees, the feedback they get from their contacts mostly supported this perception. Nevertheless, some of the interviewees had own objections or had met objections among their contacts to some of the budget posts.

Financial adviser Bergo (2016) from Penedoktoren AS had, for example, experienced reactions among some of her clients toward the budget post for food, who thought that the budget was too harsh. Nonetheless, her clients likely represent the well off rather than the average or the badly off consumers, and these often reported extravagant food consumption practices, such as shopping at gourmet stores. Furthermore, her clients often reacted negatively when confronted with the grand total of the budget, perceiving it as very high. Bergo argued that this shows how little detailed knowledge people often possess about their own finances. Interestingly, Bergo reported that she did not receive many reactions pertaining to the levels of the other budget posts. She argued that this lack of reaction can often be understood by looking at the reason for why her clients sought financial advice—they often wanted to set up a budget in order to reach a specific goal, such as buying a new house or refurbish their current home, and were therefore willing to cut in many budget posts. Bergo's experience illustrates that the perceptions of the budget levels often depend on the intended use of the budget. This point can be further illustrated with one of her own examples:

“If you really want that house, right, you have found the house of your dreams and you really want it, then I have had customers who think that they can manage on almost nothing. Right, because they want this house and therefore protest on all budget posts. But that is the exception.” [Authors' translation] (Bergo, 2016).

The Housing Bank and their customers who have reacted to the 2016 increase in the budget concerning leisure and media use also exemplify this argument. Although they accept the reasoning and rationale for the increase, they think that the level might be too high for their customer group, and it can result in them being granted lower loans or that their application is rejected (Holt, 2016). Furthermore, the point can also be exemplified by the reactions of parties in custody proceedings to the public child support payment rates that are based on the reference budget. Both the Norwegian Welfare and Labour Administration (NAV) and SIFO have received negative feedback from parents who think that the reference budget rates for child costs are too low (Risnes, 2016).

4.2.3. Relevance and validity

Although some of the interviewees have ideas and suggestions for how the reference budget can be further developed, all participants express general satisfaction toward the budget and hope that the budget will continue to exist in the future. The budget is often referred to as a

well-known standard that is generally accepted in the public. This point is here exemplified by a quote from the Ministry representative:

“I perceive it as very positive, and widely used. Clearly. Well, in every discussion where, so to say, the costs related to maintaining a normal way of life is part of the discussion, the reference budget is mentioned immediately. So, from that point of view, I would say that it is very relevant. And widely used.” [Authors’ translation] (Stenseth, 2016).

From the perspective of the banks, it is generally seen as an advantage that someone from outside their own organisation establishes the budget. This increases both the executive officers’—and potentially also the customers’—trust in the correctness of the figures in the budget. Several of the interviewees argued that they trusted the figures because they came as a result of research, and they assumed that SIFO knew what they were doing. It is evident that the trust in the budget is related to the trust in the institution providing the budget, which also signifies how important it is that this trust is managed carefully.

The long-time existence and extensive use of the budget was also pointed to as a quality indicator in itself, here exemplified by quotes from representatives from the banking industry:

“We use it [the reference budget] in every single credit case, and the customer’s debt servicing capacity is the most important parameter in credit assessments... [and when studying the results of the failures] we can say that it has gone tremendously well. We have not had such low levels of nonconformity during the past 40 years as we have today... For two years now, we have said that it will not go lower, but that has actually happened. So that is, call it the litmus test, on whether we have missed or not. But, on the other hand, we might have turned down customers who would also have turned out fine, and that is a revenue loss that we, we do not have an opinion about that at all.” [Author’s translation] (Finstad, 2016).

“If it had been completely off, nobody would have used it.” [Authors’ translation] (Reitan, 2016).

4.3. Challenges and ideas on the development of the reference budget

While the interviewees generally expressed satisfaction with the reference budget, they also had thoughts and ideas when prompted to think about how the budget could be developed further. In this section we only refer to the interviewees who had an opinion about the specific topics.

4.3.1. Budget levels and changes caused by updates

Targeted living standard

At the time when the interviews were being carried out, SIFO were about to publish a minimum budget that was based on the reference budget (Borgeraas, 2016), and the figures had already been presented at a seminar open to the public. This served as a natural prompt to discuss the possibility of developing a reference budget for different living standards. This idea was received positively by most of the interviewees, and there seemed to be a special interest in, and need for, a minimum budget. When the stakeholders’ purpose is to establish subsistence

rates to be used in social policy, such as income supplement and other forms of public assistance, Stenseth (2016) in the Ministry of Children and Equality argues that a minimum budget would be helpful:

“I was very glad to hear that you were making a minimum version [of the reference budget]. Because this becomes... it is very relevant for the discussions we have. And also about the very difficult questions about what poverty really is. When it can be said that someone is poor and when it is reasonable to need extra support from the state or municipalities. And not least when investigating the development over time, I think it would be easier to follow families, for example, if we had a clearer measure of low income or poverty.” [Authors’ translation].

From the perspective of the banking industry, where the purpose is to evaluate customers’ liquidity in loan and credit applications, there is also a need for several budget levels. One of the challenges bankers face is that customers are used to a higher consumption level than the reference budget level, and that bankers therefore may grant loans that would, in fact, require their customers to reduce their spending levels. According to Finstad (2016) at DNB, a budget level reflecting a higher income level would be helpful:

“What is at the top of my list of wants is a differentiation by income level. We see that we probably overestimate for many of those who earn less, and underestimate vigorously for the ones who really earn a lot of money.” [Authors’ translation].

For economic counselling purposes, the need for several budget levels seems to be more mixed. Bergo (2016) at Penedoktoren AS generally uses the budget exclusively as a reference and as a starting point for the discussion with her customers. The exact figures are therefore not that important, and, although she would be interested in several levels, she does not see it as strictly necessary for her use. This view is largely shared by Reitan (2016) at Nordea, although she seemed a bit more interested in a minimum level:

“So for my use it [the reference budget] is more than enough, but it would of course be interesting to see what opportunities you have. But it would, perhaps, be most interesting to see what the real minimum is, thinking about the poverty level, because then you could actually say that it is possible to live on less. This is what the ones living at the poverty line actually have to spend. From a communication perspective.” [Authors’ translation].

On the other hand, Johansen (2016) from Finance Norway, expressed a need for a minimum budget for the purposes of economic counselling. She referred to ongoing work by Finance Norway in developing a course in personal finance for refugees recently arrived in Norway, wherein the reference budget cannot be used because its rates are too high.

Finally, Jorge Jensen (2016) from the Norwegian Consumer Council also thinks that it is a good idea to develop the minimum budget level, and argued that it could help in correcting the misperception many people have of the reference budget as a minimum budget.

Living standard and geographical focus

The lack of differentiation in targeted living standards by area was not a focus in most of the interviews, but it was brought up in the discussion about subsistence rates to be used for estimation of child support payment. When asked about how the reference budget has been received among their clients, Risnes (2016), representing NAV, said that there has been much criticism, but that this criticism has diminished over the past few years. Earlier, much criticism targeted the subsistence rates themselves, but now much of the criticism targets the fact that there is no differentiation between costs related to living in a big city compared to a small town or village.

Updates

Holt (2016), representing the Housing Bank, stressed their clients' vulnerability to changes in the budget levels as a challenge. Although the Housing Banks' executive officers do have some leeway when assessing loan applications, they are required to justify significant changes in the budget posts. This means that noteworthy changes made from one year to another, for example the update of a basket that leads to a surge in the sum of the associated budget post, can mean that a client is either rejected or granted a much smaller loan than (s)he would have got if (s)he had applied a year earlier. As an example, Holt (2016) mentioned the update that was made to the baskets *leisure and media use (individual level)* and *leisure and media use (household level)* in 2016. This update also led to discussions in NAV regarding the estimation of subsistence rates to be used in the estimation of child support payment. They decided to follow the update, as they thought that they would anyway have to change it eventually (Risnes, 2016):

“We thought that it is a genuine change, so one really has to deal with it. And we are to determine child support payment based on how the world really is. Even if it is... well it is only templates and it will never be fully correct, but at least one have to do as much as one can to reflect the reality.” [Authors' translation].

4.3.2. Budget posts

We asked the interviewees if they had specific comments to the budget posts, and if they saw the need for either adding or removing any budget posts. When specific budget posts were brought up in one interview, we sometimes prompted other interviewees on that budget post to get their perspectives as well. None of the stakeholders' argued for removing any budget posts, but several new budget posts were suggested and/or discussed.

Vacation

The budget post that most interviewees suggested to add was vacation. Both interviewees working with economic counselling and financial education, as well as the interviewees from the commercial bank, were positive to adding vacation as a new budget post. Interviewees from governmental institutions were less enthusiastic about the idea.

From an economic counselling perspective, Bergo (2016) from Penedoktoren AS, argued that it would be helpful to add this budget post because vacation is something Norwegians in general spend high amounts of money on. Bergo reports that, in her counselling, vacation is always a topic, and suggests that it would be helpful to have a benchmark to compare the clients' figures

with. The importance of vacation in Norwegians' overall budget was also emphasised by Reitan (2016), who also thought it would be beneficial to add this category.

Finstad (2016) and Gulbrandsen (2016), representing the commercial bank DNB, also thought that it would be appropriate to add vacation to the budget, and mentioned that they had been asked by the financial supervisory authority of Norway on why this is not recognised as an expense in the estimation of customers' liquidity in loan and credit applications.

When prompted about whether vacation should be added to the budget, Øren (2016), from the country governor of Oslo and Akershus, argued that this was a form of luxury that did not necessarily fit into the budget. However, he also thought that, from an economic counselling perspective, it might be useful as a way of showing that this is something people spend money on. Risnes (2016) at NAV was also cautious about recommending the inclusion of vacation as a budget post in the reference budget. Nevertheless, if it were to be included in the budget, this budget post should probably not, according to Risnes (2016), be used to estimate the subsistence rate, but rather added according to how much time the parents generally spend with the child.

Alcohol and tobacco

From an economic counselling perspective, Bergo (2016) at Penedoktoren AS argued that it would be useful to include alcohol, as this is normally something that she needs to add to the budget together with her customers. According to Finstad (2016) and Gulbrandsen (2016) at DNB, this is one of the consumption areas they add to the reference budget by using the rates from the consumer expenditure survey by Statistics Norway. Øren (2016) at the county governor of Oslo and Akershus recognised that whether or not this should be included would depend on the proposed use of the budget, and argued that rather than to simply omit this expense, we could include an open post in the budget for miscellaneous expenses, such as alcohol and tobacco.

Gifts

Independent financial adviser Bergo (2016) at Penedoktoren AS argues, based on the same rationale as for the budget posts above, that gifts should be included in the reference budget. Socially, this is an important expense, especially for families with small children who are invited to birthday parties:

“For most kids who are in school or kindergarten, the class comes to an agreement on, now they spend about 50 kroners, right, so it's not, it's not very expensive. But, of course, when you have three kids in school, this becomes a significant expense.” [Authors' translation].

Insurances

Various types of insurances were mentioned as a potential budget post by Finstad (2016) and Gulbrandsen (2016) at DNB, as these can comprise a significant expense. In addition to household insurance that is already covered by the reference budget, travel insurance, homeowners insurance, pension insurance, car insurance and holiday house insurance were mentioned.

4.3.3. Online tool

The reference budget calculator, which can be found on the webpage of Consumption Research Norway,¹⁰ is one of the most frequently visited web pages of OsloMet – Oslo Metropolitan University. Most of our interviewees referred to the calculator as an important tool, and the Housing Bank has set up a connection between the reference budget calculator and their own case management system (Holt, 2016). Nevertheless, several interviewees had ideas regarding how the calculator, or rather an online tool, could be developed further.

One aspect that could be further developed is the general accessibility of the calculator. According to Reitan (2016) at Nordea, it would be very practical for the consumer if they had the opportunity to fill in expenses for other relevant budget posts, such as housing expenses, electricity and heating, municipal taxes, saving etc., so that it could be a one stop shop:

“And getting everything at one place, so that you get... That’s where you go if you are setting up a budget, end of discussion.” [Authors’ translation].

Another aspect mentioned by Reitan (2016) was that, since most commercial banks are developing budget tools, it would be helpful for the consumer if one tried to find a common budget standard. It could also help the consumer if own consumption data provided by the bank’s budget tool could be compared with the reference budget:

“Like a plug-in, right, how far away are you from the reference budget, how far off are you? That would be fantastic.” [Authors’ translation].

These thoughts on integrating the reference budget in already existing online budgeting tools or to create a tool or a platform that could function as a standard for the potential users, such as banks and financial counsellors, was also brought up by Jensen (2016) representing the Norwegian Consumer Council.

An alternative could be to add a part in the reference budget tool for the consumer to enter their own recorded expenses, allowing these to compare their expenses with the reference budget. It could also be worthwhile to make it possible for the consumer to create an account, so that they did not have to enter all figures every time they wanted to use the reference budget tool, but could rather log-in and add figures incrementally (Reitan, 2016):

“I think this is timely. And good for people. The more fun it is, the more people will use it. And that’s what we all want, that more people create a budget.” [Authors’ translation].

The accessibility of the calculator was also mentioned by Johansen (2016) representing Finance Norway, who stressed that the calculator could be adapted and made more accessible to young people. This could be done by adapting the design or language use, but also by age categories. All these aspects are discussed further in section 4.3.4.

¹⁰ <http://www.hioa.no/Om-HiOA/Senter-for-velferds-og-arbeidslivsforskning/SIFO/Referansebudsjettet/Kalkulator>

4.3.4. Other suggestions

Age categories

Some interviewees suggested that it would be helpful if the age category for adults were more refined, allowing for a separation of the rates for young adults. Stenseth (2016) at the Ministry for Children and Equality proposed that it would be useful to have more detailed rates for the young adults who still live with their parents. She argued that family costs often tend to be higher for 14 to 17 years olds than for young adults from 17 to 22 years old, as the oldest group may have started to pay for some expenses themselves. Johansen (2016) from Finance Norway, too, argued that the category for adults could be refined, and said that it would be interesting to have more detailed figures for the young adults, e.g. the ones between 20 and 30 years old, who are in the process of moving out from their parents' home.

Language and design

Some of the interviewees conveyed views on the names of the budget posts. Reitan (2016) from Nordea said that, even though she thinks that the names are in general all right, certain elements—such as having separate budget posts for food and drink and other everyday commodities—can cause confusion. She therefore suggested that it could be worthwhile to investigate what most people would actually call the various posts in their own budget, and how they react when they are presented with the names of the current reference budget posts. Johansen (2016) from Finance Norway said that the explanations of the various budget posts could be made more youth-friendly in order to engage young people to a larger degree.

Furthermore, according to Reitan (2016) at Nordea, the reference budget tool could also be improved by creating a better design, so that people find it more fun and engaging. She also thought it would be good to integrate an explanation of the various budget posts into the design, for example by adding the information to an information-button icon that the consumer could click on for more information.

Presence on social media

Finally, in addition to making the language and design more youth-friendly, one way to make the reference budget more accessible for young consumers could be to present it on social media (Jensen, 2016).

5. Discussion and recommendations for the Norwegian reference budget

The overall purpose with this review has been to assess what needs and wants the Norwegian reference budget is supposed to fill, whether there is a need to revise the Norwegian reference budget, and if so, how this should be done. The aim with this chapter is to collocate the findings presented in the preceding chapters in order to answer these questions. The chapter is structured according to what Goedemè et al. (2015b) consider to be the constituting dimensions of reference budgets.

5.1. Purpose

Since it was developed in 1987, the Norwegian reference budget has served various purposes. The overarching purpose of the budget can be said to have been to assess an adequate standard of living. This has allowed for a varied use of the tool, and since its beginning, it has been actively used by both public and private entities. This is the case also today, and based on the results from this review we can say that the Norwegian reference budget currently mainly serves the following purposes:

- To assess an adequate standard of living
- To determine the levels of child support payments
- For credit scoring and consumer solvency assessments
- For debt counselling
- For financial education
- For budget counselling

Furthermore, during the past few years the reference budget has been used to develop a minimum budget which has been used to assess the minimum cost of living and to assess the validity of relative income poverty thresholds (Borgeraas, 2016). The reference budget, and the minimum budget, resides an unused potential to be used to assess economic living conditions and economic welfare empirically. This could contribute to the work of assessing and developing welfare measures targeted at particularly vulnerable groups.

The current, and potential future purposes of the Norwegian reference budget are thus numerous and much in line with the purposes of reference budgets developed for other European countries. However, an important difference between the Norwegian budget and many of the budgets of other European countries, as well as the common framework for developing cross-nationally comparable budgets, is that the key purpose of the Norwegian reference budget has not been to design and assess income support measures. One of the initial purposes of the Norwegian reference budget was that it should be a tool that could be used for all types of political and administrative income assessments. This was the main reason for assuming a “reasonable” living standard as opposed to a minimum standard. Although the use, and therefore the perceived purposes, of the budget varies greatly among the stakeholders, the interviews with the stakeholders gives support to this initial overall purpose of the reference

budget. The interviews also show that since the stakeholders very actively use the reference budget, the consequences of major changes to the budget would be substantial.

The recommendation based on this review is therefore that it is important that any future revisions of the reference budget should consider and answer to the purposes which the budget is currently serving. Furthermore, the overarching purpose of the Norwegian reference budget should be to be a tool that can be used for many types of political and administrative income assessments. A future purpose that should be prioritised is to assess economic living conditions and economic welfare empirically.

5.2. Key choices

5.2.1. Targeted living standard

The reference budget's targeted living standard is a response to the question "enough to do what?" The targeted living standard of the various European reference budgets varies, but most aim to reflect either a form of minimum standard or a level reflecting so-called "adequate" consumption. The latter is the case for the Norwegian reference budget which assumes a "reasonable" living standard. This should be a level that is generally accepted in the Norwegian society, and should neither reflect a luxury level nor be restricted to only cover basic needs. It should be possible to live on this budget over a long period and it should give the individual the opportunity to participate in an adequate way in ordinary social activities. This may reflect a level similar to the targeted living standard of the European pilot project which define the targeted living standard as "the minimum financial resources required to participate adequately in society" (Goedemè et al., 2015c:16). However, due to the vagueness of many of the labels used to describe the targeted living standard of reference budgets, it can be difficult to compare the targeted living standard across budgets. What is meant with concepts such as adequate, full or limited social participation, basic needs, affluence etc. varies greatly, both across and within countries. As stated by Goedemè et al. (2015c:16), any targeted living standard unavoidably has a degree of elusiveness, regardless of the exact terms in which one tries to define it.

This degree of elusiveness accentuate the need to clearly define what is meant with the selected targeted living standard, and that the understanding and operationalisation of key concepts should be based on a solid conceptual and methodological approach.

An important feedback from the stakeholder interviews was that it would be useful to have reference budgets reflecting other living standards than the "reasonable" living standard. The minimum budget standard were highlighted by most stakeholders, and were deemed especially relevant among stakeholders working with various forms of social benefits. Stakeholders representing the financial industry were also interested in a reference budget reflecting a higher, "affluence", level.

The recommendation based on this review is that Norwegian reference budgets should be developed for at least two levels – a “reasonable” and a “minimum” budget. In addition to serving the purposes discussed in 5.1, added benefits of a minimum budget is that it can be used more directly to stipulate public subsistence rates, to measure the extent of poverty and to assess the validity of relative income poverty thresholds. It is, however, important that the two budgets are built on the same theoretical and methodological framework. We could furthermore consider to develop a third version of the budget, reflecting a higher living standard.

5.2.2. Target population

The Norwegian reference budget has been constructed based on model persons in various age groups and on various household sizes. This allows for a combination of different person types to households of different sizes and compositions. This has been a great advantage for many of the reference budget users, since they can estimate costs for a large range of households. However, one of the main challenges with this approach is that it is difficult to derive very accurate equivalence scales or estimates of the economies of scale for various households. The Norwegian reference budget has been criticised for being too imprecise for households with many children. This challenge has been solved in many other reference budget variants by developing reference budgets for model families. This was also the approach taken in the project on developing cross-nationally comparable budgets in Europe.

Another critical aspect concerning the target population is the assumptions made about the population. The Norwegian reference budget explicitly assumes that the persons in the household do not have any special needs regarding food, clothes and other equipment due to illness, disability etc. The European pilot project similarly assumes that all household members are in good health, but also that they are well-informed, having the necessary competences to be self-reliant, to be able to make the right decisions with regard to their health and safety and that they are able to act economically. Furthermore the pilot project methodology assumes that the political and institutional context is organised such that it respects essential freedom and is conducive to adequate social participation and defines the target population according to *dominant* social and cultural expectations.

Furthermore, some of the stakeholders questioned the age categories of the model persons in the reference budget, and requested a refining of the adult age group (18-60).

The recommendation based on this review is that since various stakeholders very actively use the Norwegian reference budget, the target population should continue to be model persons rather than changing to estimate reference budgets for various model families. It is, however, of key importance that the empirical basis for the estimated scale advantages is reassessed and that a particular focus is placed on the economies of scale for large households. A part of this work could also be to assess the empirical validity of the age groups for the model persons. The empirical validity of the age groups should also be assessed in all basket updates.

The assumptions made in the Norwegian budget should be reviewed in order to intercept potential implicit assumptions, and the updated methodology should strive to make all key assumptions explicit.

5.3. Theoretical and conceptual approach

The targeted living standard needs to be embedded in a broader conceptual framework so as to give it a clear interpretation. Furthermore, the theoretical basis should include a justification of the method (Goedemè et al., 2015c). In other words, the conceptual framework should both help define and help operationalise key concepts such as social participation and the various levels of targeted living standard. When the Norwegian reference budget were developed, Borgeraas (1987) reflected extensively on these concepts and on the pros and cons of various methodological approaches. It may, however, be necessary for the Norwegian reference budget to make the links between the conceptual and the methodological approach clearer. In this respect, the recent work by Goedemè et al. (2015a) is a significant contribution to the reference budget literature. They have developed a theoretical framework that should function as a common framework for reference budgets across Europe. This framework has identified a basic list of social positions starting from the European Convention on Human Rights and the Charter of Fundamental Rights of the European Union. In addition, it builds on the Theory of Human Need to identify a core list of needs that should be fulfilled in order to be able to adequately take these social positions. Furthermore, this list have been assessed by ordinary citizens across 25 Member States through discussions in 75 focus groups.

Due to this solid contribution by Goedemè et al. (2015a), the recommendation based on this review is that work should be done to consider if and how this conceptual framework can be implemented in an updated version of the Norwegian reference budget. In addition to potentially increasing the validity and reliability of the Norwegian reference budget, such an adaptation may increase the cross-country comparability of the budget.

5.4. Methodological approach

The validity of the reference budget relies on a solid understanding of key concepts, such as the targeted living standard, and a theoretical and methodological approach that allows for a solid operationalisation of key concepts across baskets. Furthermore, the validity of the budget relies

on its ability to generate and maintain consensus about the amount of financial resources that people need to reach the targeted living standard. To achieve this, the selection of goods and services in the reference budget must be motivated in scientific and experientially based knowledge. It is also important for the long-term validity of the reference budget that it is purposefully designed and easy to update.

5.4.1. Information base

In this review, we have characterised the methodological approach taken in the development of the Norwegian reference budget as expert-led, as opposed to expenditure-led and focus group-led. This means that expert knowledge, including official guidelines, has been the starting point for the construction and composition of baskets. Expenditure data and later also focus group data has been used to control and verify the expert recommendations. Other reference budgets, such as the Minimum Income Standard (MIS) relies heavily on focus group research, and use expert judgements and expenditure data to validate the focus group findings. As discussed in chapter 1, there are advantages and disadvantages with the various models, and trade-offs inevitably have to be made.

In order to maximise the validity of the Norwegian reference budget, the recommendation based on this review is that the budget should continue to be based on a mixed-methods approach, using expert knowledge (including official guidelines and regulations and scientific literature) as the basic information base. The expert knowledge cannot stand alone, and should be combined with other information sources. Focus groups have, since 2015 been included as information base for the basket updates. This should be continued and potentially increased in future versions of the reference budget. It is furthermore important that the implementation of the focus groups is as standardised as possible across baskets.

It is clear that the information base will vary by baskets, as official guidelines and recommendations as well as other forms of expert knowledge will be more available for certain baskets, such as e.g. “food and drinks”, than for others, such as e.g. “furniture”. To ensure the internal validity of the various baskets, it is therefore important that the selected approach allow for variation in information base between baskets. Nevertheless, to increase the reliability of the reference budget, and to guide the decision process in cases where several information sources are used and they contribute conflicting information, we recommend that a hierarchy of information bases is established. Furthermore, selection criteria should be developed in order to decide what information is actually retained from the information base. For expenditure data and attitudinal surveys this may be to set thresholds about the number of people consuming or considering something essential for the targeted living standard. For focus group data, this may involve rules for what is meant with consensus, i.e. how many needs to agree on something for it be included in the budget.

A very general overview of a five-phase procedure for constructing versions of and updating the Norwegian reference budget, and the various information bases relevant for each phase is presented in Table 9.

Table 9: Proposed workflow for constructing (versions of) and updating the Norwegian reference budget and choice of information bases

Phase 1: Consolidation of key concepts and choice of baskets

- Rights as established through e.g. the European Convention on Human Rights and the Charter of Fundamental Rights of the European Union
- Expert knowledge (incl. National and international guidelines, expert opinions etc.)
- Scientific literature
- Expenditure data
- Focus groups

Phase 2: Operationalisation of key concepts specific for each basket

- Expert knowledge (incl. National and international guidelines, expert opinions etc.)
- Scientific literature
- Focus groups (respondents representing a broad cross-section of the population)
- Expenditure data

Phase 3: Development of complete lists of goods and services for each basket

- Expert knowledge (incl. National and international guidelines, expert opinions etc.)
- Scientific literature
- Expenditure data
- Focus groups (respondents representing a broad cross-section of the population)

Phase 4: Validation of list of goods and services for each basket

- Validation by consumers through focus groups and/or by experts, depending on the character of the basket

Phase 5: Price collection

- Method used for price collection may vary between baskets based on the availability of price information. To be decided by responsible researchers

5.4.2. Construction and composition of baskets

The selection of baskets in the reference budget was discussed in the interviews with stakeholders, and some new budget posts were suggested. Further assessments should be made to consider whether these suggestions should be followed. It is for example, natural that it is included in phase 1 of the proposed workflow for constructing versions of and updating the Norwegian reference budget.

On the other hand, the detailed construction and composition of the various baskets is a major issue for which this review does not provide a solid foundation for recommendations. The key recommendation is therefore that the detailed construction of baskets should be further reviewed at a later stage. Evaluations of the detailed construction and composition of the baskets is done whenever the baskets are updated, and a recommendation based on this review may be that future updates should include other countries' reference budgets as part of the expert knowledge used to develop the complete lists of goods and services for each basket.

5.4.3. Pricing methods

One of the lessons learned from the pilot project for developing a common methodology on reference budgets in Europe was that the pricing of the reference budgets might be challenging. The example mentioned by Goedemè et al. (2015a) is that clothing ideally should be priced in country-wide chains at or near the low end of the market, but that such chains do not exist everywhere, and for some items they observed large price variations that were difficult to make sense of.

According to Goedemè et al. (2015b), using price information collected by a national statistical institute or cooperating with such an institute in determining price levels, might improve the validity and the transparency of pricing data. However, these price survey data are usually not available for research at a sufficiently detailed level and the price surveys do not always cover the full range of all relevant goods and services included in the reference budget (Goedemè et al., 2015a). In the Netherlands, Nibud has been allowed to make use of cash register data collected by Statistics Netherland for food prices and for some items related to personal hygiene under certain conditions¹¹. The experience from the Netherlands show that scanner data may help to improve the pricing of the Norwegian reference budget. Nonetheless, for now scanner data cannot fully replace manual data collection, as it is not fully available for all products and baskets. According to Goedemè et al. (2015a), the cost of getting access data can also be considerable.

¹¹ 1) the supermarket chains have to give permission; 2) the data that Nibud makes public should not be linked to specific products or specific supermarket chains; 3) analyses on scanner data should be carried out at the premises of Statistics Netherlands and the output is checked by the Dutch national statistical institute (Goedemè et al., 2015a:261).

Pricing items in a reliable and efficient way is not obvious, and data collection techniques are developing rapidly. The recommendation based on this review is that the potential pricing methods to be applied in the Norwegian reference budget should be further explored, and that a particular focus should be placed on the possibility of using scanner data for the price estimations of certain baskets.

5.4.4. Adjustments and updates

Since it was first developed, the prices in the Norwegian reference budget has been adjusted yearly according to the CPI. Larger updates and revisions of the various baskets has been undertaken on ad-hoc basis. The review of reference budgets in European countries by Storms et al. (2014) show that in practice, there are large differences between reference budgets in relation to how often they are adjusted and updated, and a common perception of what a suitable time interval and method for adjustments and updates does not seem to exist. One of the key findings of the stakeholder interviews undertaken as part of our review is that some stakeholders are very sensitive to changes in the reference budget as changes may have substantial implications for them or their users/customers.

If the Norwegian reference budget is to function as an important tool for policy-makers, it needs to be timely and susceptible to revision. Establishing a fixed pattern for updates (in addition to price adjustments) will make the changes in reference budget more predictable and will also increase the reference budgets' transparency. It is furthermore important that the updates are feasible from the researchers' point of view and that large changes to the total sums of the reference budget from one year to another are avoided. We therefore recommend that rather than updating all baskets at the same point in time, the basket updates should alternate so that one or two baskets are updated every year and that every basket in this way is updated e.g. every fifth year. Table 10 shows an example of how this could be done.

Table 10: Proposed update interval

Year	Basket
1	Food and beverages Other everyday household items
2	Furniture Personal care
3	Household articles Baby equipment
4	Clothing and footwear
5	Leisure and media use (individual level) Leisure and media use (household level)

Yearly

Travel expenses (public transport)

Kindergarten and after-school program

Car costs

One of the strengths of the Norwegian reference budget is that the updates have been led by researchers with extensive knowledge about the specific field of consumption, which strengthens the validity of the results. On the other hand, this approach elucidate the need for clear and consistent rules for updates across baskets.

In order to strengthen both the validity, transparency and the reliability of the Norwegian reference budget, as well as to enable new researchers to easily get acquainted with the tool, we recommend that a handbook explaining the conceptual and methodological approach taken, as well as a common framework for updates, is developed. Furthermore, in order to increase the coherence of future updates, an active working group consisting of key researchers meant to be responsible for the various baskets should be established.

5.5. Communication and facilitation for use

This review has showed that many different stakeholders frequently use the Norwegian reference budget. Many of the stakeholders, including people in roles as consumers, use the calculator that has been developed to adapt the reference budget to their situation and needs. Some of the stakeholders interviewed argued strongly for updating this calculator. This can be done in different ways and in different degrees. One option mentioned is to cooperate with commercial banks so that the new online tool could enable the consumer to directly compare their own expenses with the reference budget.

The recommendation based on this review is that the various opportunities for developing the calculator should be further investigated. This should be prioritised as the calculator already is one of the most frequently visited sites of OsloMet – Oslo Metropolitan University, and because it would be beneficial for many stakeholders.

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Appendix A: List of informants

Name	Organisation	Interview date
Agnes Bergo	Pengedoktoren AS	25.11.2016
Jorge Jensen	The Norwegian Consumer Council [Forbrukerombudet]	25.11.2016
Hallvard Øren	County governor of Oslo and Akershus [Fylkesmannen i Oslo og Akershus]	28.11.2016
Elin Reitan	Nordea	28.11.2016
Hilde Johansen	Finance Norway [Finans Norge]	30.11.2016
Bjørn Finstad and Thom Gulbrandsen	DNB	30.11.2016
Emma Stenseth	Ministry of Children and Equality [Barne- og likestillingsdepartementet, BLD]	01.12.2016
Edle Holt	The Norwegian State Housing Bank [Husbanken]	01.12.2016
Siri Risnes	The Norwegian Welfare and Labour Administration [NAV]	01.12.2016

Appendix B: Interview guide

Introduction

- Explain the purpose of the interview: to evaluate the conceptual and methodological framework of the reference budget. To secure the budget's validity and reliability and to secure the future relevance and usefulness of the budget
- Ask for permission to record the interview.

Use of the reference budget

- How do you know the reference budget? What do you associate with the reference budget?
- Has your organisation used the reference budget? If so, can you tell us about how it has been used? Which purposes has the budget served in your organization?
- Have you experienced challenges when using the budget? Which? How?
- Which living standard do you think the budget reflects?
- Do you perceive the various budget posts, their basis and the prices as valid?
- Do you think the budget gives a correct picture of what constitutes «reasonable expenses»?
- Is the budget, the way you see it, relevant for various household compositions, consumers in all parts of the country etc.?
- Do you know about other actors who are using, or have used, the reference budget?

Do you think that the reference budget:

- Is broadly accepted by different groups in the society?
- Is misused in terms of being used for other purposes than what it should be used for?
- Is used in a hortative or paternalistic way (Telling people how they should live)?
- Is clear enough in the reporting of the decisions taken in the construction of the budget?
- Can be used as a reference to assess the level of social benefits and to stipulate the levels of social benefits?
- Can be used as a method to measure poverty in the Norwegian society?
- Provides information that can be used in debt counselling and credit assessments?

The reference budget's purpose

- What do you perceive as the reference budget's purpose today?
- What do you think is the reference budget's most important task today (other than what you or your organisation use it for)?
- What do you see as the key advantages and disadvantages of reference budgets in general, and with the Norwegian reference budget in particular?

The reference budget's potential and future use

- What do you think the reference budget's purpose should be in the future?
- What should be the targeted living standard of the reference budget? Should reference budgets reflecting different living standards be developed?
- Do you know any relevant standards, public recommendations etc. which should be taken into account in the reference budget?
- Should any budget posts be added to the budget?
- Should any budget posts be taken out of the budget?
- What should decide which budget posts that are included in the budget?
- Do you have an opinion about which types of data that should be used to develop the budget?
- Do you have an opinion about which actors that should be involved in the development and updates of the reference budget in the future?
- Do you have an opinion about which characteristics that should be reflected in the budget? (e.g. age, employment status, health status, living environment, ethnic background, marital status etc.)
- How often should the budget be updated? (Revision of the budget posts reflecting changes in consumption patterns, living standard etc.)
- How often should the budget be updated in order to integrate price changes in the market?

Conclusion/Follow-up

- Is there something we have overlooked or is there anything else you would like to say about the reference budget?
- Can you think of any other informants whom we should talk to in connection with this review?

Consumption Research Norway SIFO at OsloMet - Oslo Metropolitan University has a special responsibility to contribute to the knowledge base for consumer policy in Norway and will develop new knowledge about consumption, consumer policy and consumer position and role in society.

Key research topics are:

- consumers in the market and consumer choice
- household resource allocations
- consumer economy - debt development and poverty
- technological development and consumers' every day life
- digital daily life and coping
- environmental effects of different types of consumption
- food and eating habits
- textiles - value chains - consequences for everyday life and environment
- consumption significance for social inclusion
- consumer policy

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