

Updated budget standard estimates for Australian working families in September 2003

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Publication details:

Report No. SPRC Report 1/04

0733421059 (ISBN)

1446-4179 (ISSN)

Publication Date:

2004

DOI:

<https://doi.org/10.26190/unsworks/330>

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UPDATED BUDGET
STANDARD ESTIMATES FOR
AUSTRALIAN WORKING
FAMILIES IN SEPTEMBER
2003

PETER SAUNDERS

SPRC Report 1/04

University of New South Wales
Social Policy Research Centre
February 2004

**Updated budget standard estimates for Australian working
families in September 2003**

Final Report

Peter Saunders

Report prepared for the Legal and Research Division of the
Australian Council of Trade Unions

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ISSN 1446-4179
ISBN 0 7334 2105 9

February 2004

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Executive Summary

- This report presents updated estimates of the incomes required by Australian working families to meet their needs in 2003. The research is based on earlier SPRC research commissioned in 1995 by the Department of Family and Community Services.
- A budget standard estimates what is needed, in terms of material goods and services, by a particular type of family in order to achieve a particular standard of living in a particular place at a particular time. This involves identifying the basket of goods and services required to meet these needs, pricing them, and adding up the resulting expenditures to derive the family budget.
- The principal advantage of a budget standard is that the assumptions and judgments on which it is based are made explicit, and this transparency provides a valuable basis for informed debate on questions of the adequacy of living standards.
- Two separate budget standards were developed in the previous research. The modest but adequate standard is one that affords full opportunity to participate in contemporary Australian society and the basic options it offers. The low cost standard is intended to represent a level of living that may require frugal and careful management of resources but would still allow social and economic participation consistent with community standards.
- The primary motivation for developing a low cost budget was to guide the setting of income support payments. The modest but adequate standard describes a level of comfort in which prevailing consumption and participatory needs are met without the need for frugality. It is the standard of living that the majority of 'middle Australian' families aspire to.
- In specifying the budgets, and differentiating between the low cost and modest but adequate standards, the total budget for each household was split into the following nine main budget areas: housing; energy; food; clothing and footwear; household goods and services; health; transport; leisure; and personal care.
- While the arguments are not clear-cut, the SPRC low cost standard is too low for use in setting minimum wages and the modest but adequate standard is probably too high. In general, which precise point is chosen on the continuum that separates the two standards involves judgments to be made.
- The original budgets were developed for households living in Sydney and were priced using February 1997 consumer prices.
- The SPRC's budget standards study has been criticized by analysts working in the Commonwealth bureaucracy. But the results from the research have been used by bodies like ACOSS to support claims for improvements in benefit levels and SPRC has updated the standards in projects undertaken for a range of government and non-government agencies.

- Many of the Commonwealth's criticisms of budget standards appear to rest less on a wish to ensure that the methods are applied appropriately, and more on a desire to undermine the role of budget standards in the determination of adequacy.
- There are considerable regional variations in market rents and thus in the housing cost component of the budget standards. In September 2003, housing costs for those living in a two-bedroom unit paying the median rent (i.e. at the modest but adequate standard) would vary from \$120 below those in the Middle suburbs of Sydney to \$110 above them. For the low cost budgets, the corresponding range would be from \$65 below to \$90 above those in Middle Sydney.
- Updated budget standards have been derived at both the modest but adequate and low cost standards for single working men and women, and for couples with no, one and two children.
- The updated budgets reflect movements in the CPI between March 1997 and September 2003. This method for updating has been used since this is the first time that an attempt has been made to comprehensively adjust the standards and the most straightforward approach is the obvious place to start. More complex updating procedures produce very similar results.
- However, although the updating maintains the real value of the budgets, it takes no account that over the period a strong economy has delivered rising incomes to many Australians, particularly those in employment. The updated budget standards will thus have declined relative to the incomes of most Australians, particularly those in work.
- The updated weekly low cost budget standards are equal to \$353.9 (\$360.1) for a single women (man), \$463.8 for a couple without children, \$568.7 for a couple with a one child, and \$708.7 for a couple with two children. These amounts fall between 50 and 68 per cent of the median expenditure of employed households in 2003.
- The corresponding updated modest but adequate standards are equal to \$452.3 (\$450.3) for a single women (man), \$565.8 for a couple without children, \$724.3 for a couple with a one child, and \$867.9 for a couple with two children. These amounts fall between 62 and 84 per cent of the median expenditure of employed households in 2003.
- Data from the *1998-99 Household Expenditure Survey* (HES) have been used to locate the updated budget standards in the observed distribution of Australian living standards.
- These comparisons indicate that the updated low cost standards fall in the lowest quintile of actual household expenditures, while the modest but adequate standards fall in one of the two lowest quintiles.
- The comparisons between the budget standards and the actual HES data provide an indication of how many working families would be affected if the minimum wage was raised to somewhere close to what the budget standard estimates indicate is required to meet the needs of working families.

- The low cost standard implies that a single male worker employed on a full-time (35 hours a week) basis, would need a *net* hourly wage rate of around \$10.30 an hour in order to achieve the low cost standard, or \$12.90 an hour to achieve the modest but adequate standard. The corresponding figures required for a single-income couple with one (or two) children to reach the low cost standard are \$16.25 an hour and \$20.25 an hour, respectively, and \$20.70 or \$24.80 an hour to reach the modest but adequate standard.
- The ability of the wage system to support these payments depends in part on the structure of other incomes policies, including the role of taxes and benefits. However, while it is clearly important for the tax and transfer systems to be set appropriately and functioning effectively, ultimately the needs of the low paid should be addressed principally through the wage determination system.

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1 Introduction*

The Social Policy Research Centre (SPRC) has been asked to prepare a report by the Legal and Research Division of the Australian Council of Trade Unions (ACTU) on the incomes required by Australian working families to meet their needs in 2003. The research will inform the ACTU's Submission to the forthcoming Minimum Wages Case. The research itself is based on the earlier SPRC research on budget standards, undertaken between 1995 and 1998 on commission to the (then) Department of Social Security (DSS), now the Department of Family and Community Services (FaCS) (Saunders et al., 1998).

A budget standard estimates what is needed, in terms of material goods and services, by a particular type of family in order to achieve a particular standard of living in a particular place at a particular time. The definition is important in three regards. First, it emphasizes that a budget standard focuses on the *material dimensions of well-being* rather than its psychological or subjective determinants. Secondly, the definition draws attention to the *specificity* of any measure of the standard of living, in the sense that it depends not only on how family circumstances influence family needs and what this implies for what to include in the budgets, but also on the context within which these items are used to meet family needs. Third, the definition highlights the fact that, in principle at least, it is possible to develop a budget standard that corresponds to *any standard of living*.

This study reviews the budget standards methodology and presents new estimates of a series of household budgets updated in line with movements in consumer prices since the original estimates were derived. The updated estimates refer to working families reflect the costs of meeting the material (consumption) needs of all family members, adults as well as children, and work-related as well as leisure-focused.

This report explains the methods used to derive the updated estimates and discusses the overall strengths and weaknesses of the budget standards *methodology* and the specific assumptions used to derive the updated estimates. It also addresses some of the limitations faced by *applications* of the budget standards to assess the adequacy of incomes to support a specific standard of living in particular circumstances.

The research is based on the previous SPRC study, but has also has been informed by, and takes account of some of the criticisms of that study that have been made since its release. As in the previous study, household budgets have been derived at two levels – a modest but adequate standard and a low cost standard.¹ These two standards have been

* The author acknowledges the statistical assistance provided by Roger Patulny. The usual caveats apply.

¹ In principle, it is possible to develop budgets that correspond to other standards of living, and the SPRC is currently developing a more generous standard than the MBA standard that is applicable to the circumstances of relatively affluent self-funded retirees (Saunders, Patulny and Lee, 2004).

used most commonly in the international literature on budget standards, and are relevant to the situation facing the vast majority of Australian working families.

The report is organized as follows: Section 2 defines the modest but adequate and low cost budget standards and discusses how these concepts were used by the SPRC to develop a set of household budgets. Section 3 reviews some of the main criticisms that have been levelled against the budget standards approach – in general, as they have been developed by SPRC, and how they have been used to benchmark the adequacy of household living standards. Section 4 outlines the methodology used and explains how the household types were defined and how the original SPRC standards have been modified and updated. Section 5 presents updated estimates for a range of households in the September Quarter 2003 and compares them with information on the distribution of Australian living standards, derived from the latest *Household Expenditure Survey* (HES) undertaken by the Australian Bureau of Statistics (ABS). The study's main conclusions are briefly summarised in Section 6.

2 The Budget Standard Benchmarks

2.1 Budget Standards Research

The budget standards method begins by articulating a standard of living in terms of its consumption and activity patterns, and specifies the needs that must be met in order to maintain that standard. It then goes on to identify and price the basket of goods and services required to meet these needs, and adds up the resulting expenditures to produce the total family budget needed to achieve the presumed standard of living. If a family was provided with this level of resources (either as cash or as access to the identified services free of charge), it would have the *opportunity* through consumption of goods and services, to achieve the standard of living to which the budget standard corresponds. Whether the family actually *chooses* to purchase this bundle of consumption items will depend upon the tastes and preferences of family members. However, if the family does not have access to all of the resources implied by a particular budget standard, then it will not be able to meet *all of the needs* on which that standard is based.

Income adequacy can be examined using budget standards either in aggregate or in specific areas of consumption. Thus, it is possible to use budget standards to examine who spends less on food than is implied by the derived food budget, and a version of this approach is used in the United States to identify those who are living in poverty. The same approach can be used to identify who is not spending enough to obtain an adequate level of housing, or energy, or clothing for their children. Budget standards thus have a variety of uses, not all of them concerned with the overall adequacy of resources, but they can be used to inform a large number of public policies.

Nevertheless, budget standards have generally been used in research on poverty, defined as a lack of the resources needed to sustain a minimum standard of living. The two notions are not the same, however: a budget standard will incorporate a specific set of assumptions and judgments, but these may differ from those used to set a poverty line. The principal advantage of a budget standard is that the assumptions and judgments on which it is based are made explicit, and this transparency provides a valuable basis for informed debate on questions of the adequacy of living standards – an issue which raises a host of complex conceptual and measurement issues, as previous Australian research illustrates.² Budget standards research contributes to this task by articulating in great detail a standard of living in terms of the ability of a given level of monetary resources to meet a pre-determined set of minimal consumption needs.

In 1995, the SPRC was commissioned by DSS (now the Department of Family and Community Services, FaCS) to develop a set of indicative budgets for a range of Australian households. Such an exercise had not previously been attempted on such a large and complex scale in Australia, and the original intention was to review the

² See, for example, the studies by Travers and Richardson (1993) and McDonald and Brownlee (1994)

practical merits of the approach and utilize the estimates to inform a range of decisions relating to the adequacy of income levels to sustain specific standards of living.

In conducting the research, the SPRC took as its template the budget standards developed by the Family Budget Unit in the United Kingdom (Bradshaw, 1993). These budgets were then modified (and in several areas significantly improved upon) to suit the nature of Australian circumstances and values and the prevailing consumption and participation patterns of its population – as far as these could be determined using available data. This incremental approach mirrors what other countries have done; the UK budget standards work itself drew heavily on work done previously in Canada, Norway, Sweden and the United States. By building on overseas studies in this way, the SPRC research reflects ‘international best practice’ in the field of budget standards research, although it is rarely credited as such.

As noted earlier, two separate budget standards were developed in the research, a modest but adequate standard and a low cost standard. The *modest but adequate* standard was defined as one which affords full opportunity to participate in contemporary Australian society and the basic options it offers. It is seen as lying between the standards of survival and decency and those of luxury, as these are commonly understood. It attempts to describe the situation of a household whose living standard falls somewhere around the median standard of living experienced within the Australian community as a whole.

The *low cost standard* is intended to represent a level of living which may require frugal and careful management of resources but would still allow social and economic participation consistent with community standards and enable the individual to fulfill community expectations in the workplace, at home and in the community. Whilst it should not be seen as a minimum standard, the low cost standard is intended to describe a level below which it becomes increasingly difficult to maintain an acceptable living standard because of the increased risk of deprivation and disadvantage. In round terms, the low cost budget corresponds to a standard of living which is achievable at about one-half of the median standard for the community as a whole.

These two concepts have evolved from budget standards research now being conducted in an increasing number of industrial countries, all of which have adopted a variant of one or both of them. The original specifications were developed in research undertaken by the US Department of Labour over 70 years ago, refined in the 1980s by the work of the Expert Committee on Family Budget Revisions (Watts, 1980) and again in an extensive review undertaken by an expert committee appointed by the US National Academy of Science in the 1990s (Citro and Michael, 1995). They have withstood the test of time and are robust and defensible concepts.

The primary motivation for developing a low cost budget is to guide the setting of income support payments, as is clear from the above reference to the ‘frugal and careful management of resources’. It is not an absolute minimum, but one that is widely accepted as an acceptable minimum standard for a rich country like Australia. In contrast, the modest but adequate standard describes a level of comfort in the standard of living in which prevailing consumption and participatory needs are met without the need for

frugality, but also without any suggestion of luxury. It is, in short, the kind of standard of living that the majority of ‘middle Australian’ families aspire to.

Which of the two standards is most appropriate to guide the setting of minimum wages? There is no clear-cut answer to this question, although it would seem that if the low cost budget is the basis for setting income support payments, then a standard set somewhat above that level is appropriate for minimum wages, since considerations of both fairness and incentive suggest that even the lowest wage income should exceed social security benefits. Whether the modest but adequate standard is an appropriate minimum wage benchmark is more difficult to ascertain. In part, this decision depends upon the scope of the population with which the standard is being compared.

In the original SPRC research, the comparator population included all families/households, as is appropriate when determining a minimum standard *for the society as a whole*. However, such a population is not relevant in the wage-setting context, since the population benchmark that is relevant when setting the wages of the low-paid covers only those who are employed. This is an important distinction, because both the low cost and modest but adequate standards are set conceptually relative to median income, which clearly varies according to how the population is defined (as will be demonstrated empirically later).

While a case can be made for setting the minimum wage at the modest but adequate standard for the whole population, this argument is much weaker when the modest but adequate standard is linked to the median income of employed households only.³ It is also important to bear in mind that the original SPRC estimates were developed around the notion of median income for society as a whole. In contrast, the relevant population when assessing the needs of the low paid covers only those who are in employment and this has an important bearing on what adequacy means and where the median standard of living lies.

Thus, while the arguments are by no means clear-cut, the SPRC low cost standard is too low for use in setting minimum wages and the modest but adequate standard is probably too high, although a case can be made for using it if the median is defined relative to the entire population. However, in general which precise point to choose on the continuum that separates the two standards is a complex decision that involves judgment.

In general, a budget standard must incorporate both normative and behavioural factors. The former may have an official or quasi-official status if they take the form of official guidelines published by the relevant authorities. Many countries, for example, have nutritional guidelines developed and endorsed by such bodies as the National Health and Medical Research Council (NH&MRC) or its equivalent, and these can be used to develop a nutritionally adequate food budget. In other areas, where there are no established social norms available, budget standards can be derived from prevailing

³ In purely statistical terms, setting the minimum value equal to the median would imply that all of the lower half of the distribution would receive the same (minimum) wage.

expert recommendations and judgments. The BSU housing budgets, for example, are based on a specification of housing needs derived using a normative occupancy standard which specifies the number of bedrooms required to house households of differing size and composition.

These normative standards must also reflect the actual behavioural patterns of the population if their relevance is not to be severely circumscribed. In the area of food, for example, a diet consisting mainly of lentils and brown rice may meet the NH&MRC dietary guidelines, but be of little relevance to the actual eating habits of the vast majority of Australians. It is thus necessary to modify budgets derived directly from existing normative standards by using behavioural data that ground them in the reality of everyday experience, customs and expectations. The difficulty is how this can be achieved without undermining the ability of a budget standard to reflect normative judgments about *needs*, as opposed to the resource *constraints* that also influence actual patterns of behaviour.

Since one of the main uses of a budget standard is to provide an *independent* benchmark for assessing the adequacy of incomes and standards of living, it is important that the standards themselves do not simply reflect the constraints under which different families operate. Otherwise, using them to assess adequacy would involve an element of circularity, as Hancock (1998) among others, has pointed out. A budget standard must thus attempt to identify and cost the *needs* of families in ways that are independent of how effectively these needs are being met within current resource constraints. But it must also be responsive to patterns of behaviour that reflect both needs *and* constraints.

Although there are dangers in relying too heavily on behavioural data when developing a budget standard, there are many areas where this is the only practical option. In the case of clothing and footwear or household furnishings and services, for example, there are few available social norms to guide development of a budget standard. In these instances, the best that can be done is to incorporate those norms which do exist (e.g. in relation to accepted standards of workmanship and materials, or to ensure that summer clothing provides appropriate protection against sunburn), but to base the budgets on informed judgments regarding what kinds of items correspond to each standard, what their quality should be, how long they are likely to last and what their price is.

This inevitably means that the *purely* normative basis for a budget standard is compromised. In the minds of some, this makes any budget standard ‘essentially arbitrary’ and thus inappropriate for assessing adequacy. However, it is important to note that such criticism does not make a budget standard any more arbitrary than any other living standard or poverty indicator. As US poverty expert Patricia Ruggles has argued;

...even though there is no one “right” bundle of consumption needs for the poor that all experts would agree on, we do know enough to eliminate a very large number of clearly wrong answers. In this sense, an expert-determined market basket need not be seen as essentially arbitrary, even conceding that an exact “scientific” determination of needs is not really possible. (Ruggles, 1990, p. 49)

In practice, the best that any budget standard can achieve is to incorporate those community norms that are in existence but also be informed by expert judgments and existing patterns of behaviour, to the extent that these are known from the available data. By making its methods and assumptions explicit, budget standards research can promote awareness of existing data deficiencies and research gaps, thus contributing to the information base required to get a better handle on adequacy issues.

2.2 The SPRC Approach

The details of how the original budget standards were developed are set out in great detail in the 630 pages of the SPRC budget standards report (Saunders, et al., 1998). Here, only the main features are described and reviewed in the light of subsequent criticism. It is worth emphasizing at the outset that the SPRC estimates were exposed to external scrutiny at several stages of their development, including by a Project Steering Committee comprised of experts in nutrition, health economics, housing, clothing needs, consumer behaviour, social security, the measurement of living standards and family budgeting. The preliminary estimates were also presented to a series of focus groups that provided valuable advice on how the standards related to their own experiences, and identified areas where revisions were necessary. Finally, the estimates were compared with actual expenditure patterns using ABS *Household Expenditure Survey* (HES) data.

In specifying and costing the SPRC budgets, and in differentiating between the low cost and modest but adequate standards, the total budget for each household was split into the following nine main budget areas: housing; energy; food; clothing and footwear; household goods and services; health; transport; leisure; and personal care. In areas such as food, clothing and footwear, health and personal care, the budgets were mainly developed separately for each individual and then aggregated to the household level.⁴ In contrast, in areas such as housing, energy and transport, the unit of analysis was the household, since most items are consumed jointly by all household members. In between these two extremes are items such as a home computer, telephone or private health insurance, which can simultaneously meet both individual and household needs.

Modest but adequate and low cost budget standards were developed for a range of households that varied in size, the age and gender of individual members, the labour force status of adults and the housing tenure of the household. Not all of these factors can be set independently of each other. Thus, the low cost standards generally assumed that adult household members are either unemployed or not in the labour force, whereas the modest but adequate standards assumed that at least one (working-age) adult is in full-time employment. In general, the low cost standards apply to households in (private or public) rental accommodation, whereas many of the modest but adequate budgets assumed that the household is either purchasing their own home or already own it

⁴ The terms 'household' and 'family' are used interchangeably throughout this report (particularly in the discussion of results in Section 5) because it is assumed that each household consists of a single (nuclear) family comprising either single people living alone or parents living with or without children.

outright. In total, 46 separate budgets were developed and costed - 26 at the modest but adequate standard and 20 at the low cost standard.

In determining which items (goods, services and activities) to include in the budgets, an 'ownership rule' was applied whenever possible. Under this rule, only those items owned, services used or activities undertaken by at least 50 per cent of households were included in the modest but adequate budgets. The low cost standards were based on a corresponding 75 per cent ownership rule - this being used in effect to identify which items, services and activities are either 'necessities' or widely accepted as essential in modern Australian society.⁵

Another means by which the low cost and modest but adequate standards were differentiated was by including different kinds of items with correspondingly different prices in the budgets. In general, the low cost budgets were priced using generic ('No Frills') brands, whereas 'leading brand' items were included in the modest but adequate budgets. Where there was a range of items that serve the same purpose (e.g. in the case of many larger items of household furniture), a price at the lower end of the range of observed shelf prices in leading retail stores was used in the low cost budgets, while something closer to the median price was used in the modest but adequate budgets. Rent levels for private sector renter households at the modest but adequate standard were based on the median rent in the selected location, while the corresponding low cost rents were set at the lower quartile (25th percentile) of the distribution - a procedure that has been used in US budget standards research (Renwick, 1993; Renwick and Bergmann, 1993).

The budgets were developed for households living in Sydney and were priced using February 1997 consumer prices. Wherever possible, items were identified and priced at leading retail outlets (so as to make it easier to apply the budgets to other locations around Australia, or to re-price them in Sydney at a later date).⁶ Families were assumed to be living in the Hurstville Local Government Area (LGA) and house prices and rent levels were those applying in that area. Although the Hurstville LGA is reasonably representative of other LGAs in the Sydney metropolitan region in terms of the demographic and socio-economic profile of its population, the same cannot be claimed for its representativeness of other parts of the country. This issue is considered further below.

⁵ It is notable that those who criticize budget standards because of the kinds of items they include rarely go to the trouble of checking how much difference they make to the cost of the final budgets, even though this is possible given the budget standards framework. It is as if voicing the criticism itself is sufficient, there being no need to try to address it or see what practical impact it has.

⁶ An example of the former approach is provided by the recent study by McHugh, Chalmers and Saunders (2002), which re-priced the SPRC budgets in Tasmania in order to estimate the costs of children in that State. An example of the latter is the on-going SPRC study on budget standards for older Australians (Saunders, Patulny and Lee, 2004).

The above discussion explains briefly how the BSU budget standards were developed and highlights some of their limitations. The amount of detailed research that is required to actually develop a budget standard is enormous. This is illustrated in Appendix A, which reproduces the original SPRC low cost budget standard for a private renter couple with two children. The budget contains over 850 items, each of which has to be identified, priced and (where relevant) given a lifetime.

In focusing attention on their limitations, it is all too easy to convey the impression that an estimated budget standard requires so many qualifications as to make it virtually useless. In light of this, it is worth reasserting some of the main *strengths* of a budget standard.

The most important strength of the budget standards approach is that the method confronts directly the many difficult issues that have to be faced when developing any kind of adequacy standard. The method involves identifying what needs have to be met in order to maintain a given standard of living, what items will meet those needs, and at what cost. This is a complex and formidable task, but one that has to be confronted in order to put a monetary figure on a particular standard of living. The fact that this requires judgments to be made which many will dispute reflects the inherent difficulties associated with obtaining quantitative measures of the standard of living, rather than any fundamental objection to the notion of a budget standard itself.

Unless these issues are addressed in *some* way, it will not be possible to make definitive, evidence-based assessments about adequacy. This has been highlighted recently in the UK debate over the adequacy of the government's pension reforms, that have been criticized by the non-government organization Age Concern as follows:

Since no British Government has ever carried out a scientifically based assessment of pensioner needs and living costs, the present government cannot demonstrate that its proposed reforms will produce sufficient sums of money for future pensioners to avoid poverty, let alone achieve a decent lifestyle. (Age Concern, *Policy Paper 0800*: 1)

To dismiss the budget standards approach simply because adequacy issues are complex and difficult without proposing an alternative is thus in effect to abrogate responsibility for establishing adequacy benchmarks altogether. The strength of the budget standards method, from this perspective, is that it takes on this important task in a way that can help illuminate areas where more research, better data or more informed judgments need to be made, or at least opened up to debate.

Other strengths of the budget standards method arise from its ability to play this important role. They include the transparency of the method and its flexibility in allowing alternative approaches and assumptions to be incorporated and compared. At the very least, budget standards provides a huge amount of information about contemporary living standards in an informatively structured manner. It can thus be used to identify where more work needs to be done, or to identify areas where there is agreement (or lack of it) on what constitutes a specific aspect of adequacy. It does not have to be seen as providing

the ‘last word’ on the question of adequacy, but rather as part of a dialogue that needs to be on-going and constantly improved.

In summary, budget standard estimates are controversial because, by attempting to put a monetary figure on an articulated standard of living, they must confront a series of formidable conceptual and practical problems. Some of the former have occupied the minds of many of the leading social scientists, from Adam Smith to Alfred Marshall, and from Karl Marx to Amartya Sen and his contemporaries. But they provide a vital input into the important task of articulating what is needed to attain – and sustain – a specific standard of living in contemporary society, and thus provide an independent normative benchmark for assessing the adequacy of the resources available to its members. The fact that this is a very difficult task involving many assumptions and judgments is not itself reason to abandon the approach, since its principal strength lies in being able to make these explicit and transparent and thus to form the basis for a better debate over their relevance and applicability.

3 Criticisms of Budget Standards

The SPRC's budget standards study has been the subject of extensive criticism, particularly from analysts working in the Commonwealth bureaucracy.⁷ Since its release, there has been a shift in policy priorities away from issues of adequacy towards a greater focus on understanding the dynamics of income support including the factors that leave people dependent on the support system or assist them back into the labour market. However, although adequacy has not featured prominently in the recent policy debate, it remains central to many of the issues that have been attracting attention, including what different forms of economic and social participation involve and cost, and how incentive structures affect behaviour.

In contrast, the results from the budget standards research have frequently been used by bodies like ACOSS to support claims for improvements in benefit levels⁸ and SPRC has updated the standards in projects undertaken for a range of government and non-government agencies, including the Association of Child Welfare Agencies (ACWA) (McHugh, 2002), the Tasmanian Department of Health and Human Services (McHugh, Saunders and Chalmers, 2002) and the Association of Superannuation Funds of Australia (ASFA) (Saunders, Patulny and Lee, forthcoming, 2004).⁹ The budget standards were also used in the ACTU's written submission to the 1998-99 Wages Safety Net Review, although this attracted substantial criticism from government (see below).

3.1 Criticism of the Methodology of Budget Standards

Many critics of the budget standards *methodology* see the whole approach as requiring so many judgments and assumptions that the results are too complex to comprehend and essentially arbitrary. Furthermore, as noted earlier, it is argued that attempts to relate the standards more closely to prevailing patterns of consumption and behaviour introduces an element of circularity because these patterns reflect existing resource constraints and cannot therefore be used as an independent adequacy benchmark (Nolan and Whelan, 1996: 15). There is no way of simultaneously satisfying these two criticisms, since the less the budgets embody prevailing expenditures, the more they will be cast as based on an arbitrary set of 'expert' judgments. This issue is further complicated by the fact that deciding where the budgets should fall on the continuum that exists between a strict

⁷ In its recent Submission to the Senate Inquiry into Poverty and Financial Hardship, FaCS identifies two main problems with the budget standards approach. The first is its inherent complexity, and the second concerns the fact that costs 'can vary significantly between locations'. The former argument is not compelling since it is faced by all alternative methods, while the latter appears to avoid the acknowledged issue of regional cost differences.

⁸ For example, in its recent Submission to the Senate Poverty Inquiry, ACOSS argues that the transparency of budget standards 'makes them potentially very useful for assessing the adequacy of social security payments or minimum wages and providing an indicative measure of poverty' (ACOSS, 2003:55).

⁹ The budget standards approach has also been used in research by a former DSS employee in his on-going research on the adequacy of Australian social security benefits – see Henman (2003).

normative approach and one that also embodies a range of behavioural data is itself a judgment.

In response to these criticisms, it is important to note that budget standards research provides a framework that can be used to assess how sensitive the standards are to variations in the judgments and assumptions that underlie them. Thus, for example, it is relatively straightforward to remove specific items from the budgets or vary particular assumptions and check what impact this has. In practice, however, this requires access to the detailed calculations that underlie the budgets. But these are complex and not easily manipulated because of many of the items they contain are interdependent, creating a barrier to those who wish to examine the sensitivity issue.

Even so, the budget standards approach provides a basis for a more informed debate about what constitutes adequacy in a modern society. As Viet-Wilson (1998: 20) puts it:

The social science approach [to budget standards] studies evidence of how the population defines its minimum standards and surveys the conventional components of expenditure and their actual prices. The judgment of the boundary between adequacy and poverty is affected by the choice of standards and components used. In this sense the method is a hybrid, though the judgments themselves and the boundary are open to being tested and refuted by further evidence of their adequacy for meeting socially defined standards.

What is interesting about this aspect of the debate is that those who have made this kind of criticism of budget standards have *not* engaged in debate over the precise content of the budgets, but have preferred to question their accuracy, validity and relevance without trying to improve on them.

Another criticism of budget standards emanating from commentators at the Centre for Independent Studies who have argued that the use of an ‘ownership rule’ to determine whether or not to include items in the budget results in an upward bias because no account is taken of the option for choosing between items that satisfy related needs (Saunders and Tsumori, 2002). Thus, the CIS study notes that:

In reality, however, all households make multiple substitutions and trade-offs, which is why we find fewer than 75 per cent of households in the real world which have walking boots, a swim cap, a VCR, antacid tablets and a neutered tom cat all under the same roof. This suggests that SPRC’s calculation of a minimum low cost budget may be much higher than what is actually required to maintain a reasonable living standard - *how much higher can only be a matter for conjecture*. (Saunders and Tsumori, 2002: 11; italics added)

Aside from the fact that the list of items cited by the CIS authors includes several whose inclusion in the SPRC budgets was *not* determined by application of the ‘75 per cent rule’, their final assertion is incorrect since with budget standards, it is possible to estimate exactly how much the inclusion of these items adds to the budgets, and therefore

to know how much would be changed by removing them. Again, the critics have not been willing to follow the logic of their complaint by examining this issue.

It is important to acknowledge that the CIS do have a point – fully acknowledged in the SPRC budget standards report – in noting that applying the ownership rule *separately* to each item ignores the trade-offs that people make in practice, leading to a potential upwards bias in the standards. The extent of any such bias depends upon the degree to which different household items are substitutes for each other: do people choose between a TV set and an audio system to satisfy their home entertainment needs, or do most people buy both for different purposes? Again, the key issue is to estimate the magnitude of the bias induced and decide how best to address this limitation – a response that will introduce a further set of judgments.

Others have criticized budget standards for producing a more pervasive upward bias because of the nature of the expert judgments made in their development. This argument revolves around the view that there is always a tendency to err on the side of generosity when reaching judgments about income adequacy, for fear of inadvertently providing a justification for cutting income. Again, although there is a risk in this, it is not always obvious how specific judgments influence the cost of a final budget. For example, SPRC was often urged to include only ‘No Frills’ items that could be purchased at the low-price stores when constructing its low cost budgets. However, when the budgets developed on this basis were shown to focus groups for comment, the participants were often critical of the assumption that savings could be made by repairing items rather than replacing them. ‘Cheap items are not able to be repaired, but are thrown away when something goes wrong’ was the common response, so what looked initially to involve a cost saving ended up increasing the overall cost of the budgets.

Although it is important to be vigilant in ensuring that the budgets do not become overly generous, there are a series of steps designed to combat this by validating the estimates using focus group feedback from consumers and behavioural data on actual expenditure patterns. Clearly, little credibility can be attached to those who argue against the budget standards *method* on the basis that it *results* in budgets that seem too high (or impose too high a cost on those who may have to bear the cost of setting social security benefits or wages at the levels implied by budget standards research). But this confuses the method used to determine the level at which an adequacy standard is set, with the cost of achieving that level of adequacy. While the first involves issues of research method and practice, the latter raises the question of priorities and who should bear the cost of achieving adequacy. Budget standards research cannot resolve these latter issues.

There are many pitfalls associated with developing a budget standard and it is important to make every effort to ensure that its assumptions and judgments are tested and made available for others to judge. However, the basic idea that one can assess a standard of living by identifying and costing the items needed to achieve it is simple, but durable. There is strong evidence that most people think of poverty in subsistence terms – what basic items are needed to function and how much do they cost (Saunders, 1997). From this perspective, budget standards represent an attempt to make a practical reality of this commonly (if vaguely) held view.

Analysts working within FaCS and its predecessor DSS - which commissioned the SPRC study - have raised a number of criticisms of the approach and its application by SPRC (Henman, 1998a; Whiteford and Henman, 1998; Mudd, 1998; Henman, 1998b).¹⁰ Many of these issues have been addressed in the above discussion, although one issue that requires further comment relates to the treatment of durable goods in budget standards. One of the basic arguments here is that once a durable item has been purchased, the services it provides can be obtained free of charge. This in turn implies that, in certain circumstances it is not necessary to compensate people for the purchase costs since they can receive the services now at no cost (although even this would not be true if the item was originally purchased on credit and the debt is still being repaid). Notwithstanding this, the issue itself has been acknowledged as important by budget standards researchers, who have distinguished between *short-run budgets* and *long-run budgets*, where the former assume that all durables are already owned and thus impose no additional cost on the budgets (see below).

Whiteford and Henman (1998) provide a thorough examination of the treatment of durable goods, arguing that the SPRC approach is conceptually and practically flawed, and that:

These flaws are significant, as they result in a confused notion of living standards, they jeopardize the achievement of equal living standards by different household types - a basic objective of the research - and they appear to be based on unrealistic assumptions. (Whiteford and Henman, 1998: 120)

The 'confusion' alluded to by Whiteford and Henman concerns the way in which the *consumption* of durable goods is treated in the SPRC study. They argue that the appropriate method is that recommended by the Australian Bureau of Statistics (ABS, 1995), which involves estimating the value of the flow of services that is derived from the ownership of the item. However, when developing a budget standard, the goal is not to estimate the consumption associated with the standard of living *per se*, but rather to derive the *cost* of attaining that standard. It follows from this that Whiteford and Henman's criticisms of SPRC's treatment of consumer durables reflects a confusion between estimating the cost of achieving a particular standard of living and imputing a monetary income to that standard.

In any case, the ABS consumption framework was used to inform SPRC decisions about the nature of the services associated with ownership of durables and the price that has to be paid to receive them. The SPRC made decisions about the former issue (the quality of the services) by determining the precise items to include in each budget - the size and make of the refrigerator, or TV set or the nature of each item of household furniture. In deciding on the service (or usage) price, *the SPRC study followed international best practice* by using a simple linear method under which the purchase price is averaged

¹⁰ Despite these criticisms, variations to the SPRC budget standards have been used by FaCS analysts in their own independent research (e.g. Henman and Mitchell, 2001; Henman, 2003). For a brief overview of the underlying issues, see Saunders (1998a: 1998b).

across an assumed lifetime to derive the annual (and hence weekly) cost of each item. Under this approach, which has been used in every other budget standard study conducted around the world, the cost of the cooling services provided by a fridge that costs \$1042.8 with an assumed lifetime of 10 years (or 521.4 weeks) is calculated to be $1042.8/521.4$ or \$2.00 a week.

By spreading the initial purchase price over an assumed lifetime in this way, the budget standards approach equates the total lifetime consumption of each consumer durable with the amount of expenditure used to purchase it. This method is appropriate given that each item is assumed to be worthless (i.e. of zero value) when its assumed lifetime ends.¹¹

One area of budget standards research that gives rise to particular difficulties is in the area of *housing costs*. These arise primarily because of the difficulty in capturing in a single price the cost of an item that varies considerably by location, but also according to tenure status and within the home purchase group, to the details of mortgage arrangements. The SPRC approach treats housing differently from all other durable assets, in not amortizing the purchase price over an assumed lifetime. This was rejected on the grounds that the ‘lifetime’ of a dwelling (unlike other household durable assets) is unpredictably long while the asset itself is not ‘worn out’ by use and eventually becomes worthless.

Instead, the SPRC study made specific assumptions about the mortgage arrangements of home purchasers and the market rent paid by tenants and based the housing budgets on these. But as has been pointed out:

[H]ousing costs are a poor proxy for locational variation in standards of living as people pay higher rents for higher levels of amenity in a location as well as for features of a dwelling. It is difficult to value the different amenities being consumed. (Mudd, 1998: 161)

What this implies in practice is that the SPRC housing budgets cannot be assumed to reflect the same standard of housing in different areas (or across different tenure types within areas) to the same degree as the other budget items. A high rent not only buys the same quality of housing in a more desirable area, but may also buy a higher quality of housing services, and it is virtually impossible to distinguish between these two contributors to the variation in housing costs.

Although the SPRC housing budgets were priced in a single (Sydney) location, the problem described above also arises when applying the housing budgets to other locations. But unless this is done, it is not possible to use the budget standards to assess the *general* adequacy of incomes across the country. This is an acknowledged limitation of any budget standard that is not necessarily overcome by replacing the calculated housing budget by one derived by applying the same methodology to a different area – the approach recommended in the original research and subsequently applied for

¹¹ The budget standards assume that all durable goods have no re-sale value when their lifetime ends, so that there is no revenue to be gained from selling items once their lifetime has expired

illustrative purposes by Saunders (1998b). One problem with this approach is that changing location has consequences not only for the housing budget, but also for the transport budget that is closely linked to location. It can be regarded as a first approximation, since what is ideally needed is to re-calculate the entire budgets for the new location.

There is, however, a strong case for examining how housing costs vary by location using the SPRC market rent approach, in order to get an idea of how the budgets are likely to vary across the country. This can be investigated with the help of Table 1, which presents estimates of median and first quartile rents in different cities using data from the Real Estate Institute of Australia (REIA, 2003). Rents at these two levels were used in the original SPRC research to estimate housing costs at the modest but adequate and low costs standards, respectively. The estimates relate to the rents of all existing rental properties in each location, except for Melbourne where the data are not currently available for technical reasons.¹²

Table 1: Median and First Quartile Apartment/Unit Rents in Different Capital Cities, September Quarter 2003 (\$ per week)

	Median rents/ Number of bedrooms:			First quartile rents/ Number of bedrooms:		
	1	2	3	1	2	3
Inner Sydney	280	350	450 ^(b)	230	290	370 ^(b)
Middle Sydney	215	240	308 ^(b)	170	200	255 ^(b)
Outer Sydney	180	220	na	140	175	na
Melbourne	na	na	na	na	na	na
Brisbane ^(a)	135	190	225	120	170	210
Adelaide ^(a)	120	155	195	100	135	165
Perth ^(a)	107	139	161	100	120	138
Canberra ^(a)	165	230	300	150	200	290
Hobart ^(a)	100	135	200	80	120	140
Hurstville LGA ^(c)	160	196	246	141	179	226

Notes: (a) The estimates for all capital cities other than Sydney refer to rental prices in 'Middle cost' suburbs. (b) Rents for 3-bedroom units in Sydney have been estimated by assuming the 1997 differential relative to rents for 2-bedroom units still applies. (c) Estimated by applying the CPI to the market rents prevailing in the March Quarter 1997. Na = not available

Source: Real Estate Institute of Australia (2003).

Table 1 indicates the extent to which rental prices vary across the main Australian cities, and even, in the case of Sydney, within a particular city. In all cases, the maximum price is more than double the lowest price and the locality to which the SPRC budgets apply (the Hurstville LGA in the Middle Sydney region) is at the upper end of this range. Comparing the estimates in the second and final rows provides an indication of the inaccuracy that is likely to arise if market rents prevailing at one point in time are updated

¹² When Saunders (1998b: Table 4) compared capital city rents in 1997, the median rents in Melbourne were about 10 per cent below those for corresponding properties Brisbane, while first quartile Melbourne rents were about 4 per cent lower than in Brisbane

by the CPI rather than replaced by observed market rents at a later date. Because the increase in rents (at least in Sydney) have outstripped the increase in consumer prices generally, use of the CPI to update housing costs produces a marked *under-estimation*, even over the relatively short period covered by Table 1. More importantly, this in turn results in a narrowing of the differential between the (Sydney-based) market rents used in the updated budget standards described later and the actual rents in other capital cities.¹³ This needs to be borne in mind when assessing the CPI-adjusted budget standard estimates presented later.

However, the main point to emerge from Table 1 is that there are considerable regional variations in market rents and thus in the housing cost component of the budget standards. If the original SPRC methodology was re-applied in September 2003, housing costs for those living in a two-bedroom unit paying the median rent (i.e. at the modest but adequate standard) would vary from \$105 below those in the Middle suburbs of Sydney to \$110 above them. For the low cost budgets, the corresponding range would be from \$80 below to \$90 above those in Middle Sydney.

The regional variation in market rents provides an indication of how the budgets would vary in locations other than middle-ranking suburbs in Sydney. However, to undertake a full analysis of regional cost variations would require taking account of other regionally determined cost variations such as transport costs, which depend upon the precise location of the proximity of the residence to facilities such as shops, schools, jobs and health and leisure services. In addition, it is well known that the price of many items other than housing also vary with location, and these variations can offset those associated with differential housing costs

As King (1995) has noted:

...while the evidence on regional variations in the cost of living in Australia is patchy, the available evidence does strongly suggest the possible existence of significant variations in costs other than the well known variation in housing costs. (King, 1995: 66)

Analysis of ABS regional price data by Saunders (1998b) indicates that variations in some non-housing costs (e.g. the cost of a standard basket of groceries) do not in general offset the strong regional variations in housing costs but that taking full account of all price variations in a budget standards framework would involve a complete re-pricing of the Sydney budgets in other locations, rather than just a replacement of the housing costs component as some have suggested.

The treatment of housing costs in the SPRC budgets is thus a limitation, but how to overcome it so that the estimates can be of more general relevance involves more than just substituting the housing cost component of the budgets, principally because it raises

¹³ For example, the CPI-adjusted median weekly rent for a two-bedroom Sydney apartment is \$196, compared with the actual rental figure of \$190 in Brisbane (and slightly less than this in Melbourne).

fundamental issues about how to compare living standards across the different regions of Australia. This again raises issues that apply to all methods, not just to budget standards.

3.2 General Criticism of the Application of Budget Standards

The above discussion has addressed a number of criticisms that have been applied to the *methodology* used to derive a budget standard. A separate set of criticisms has been made in relation to the *application* of budget standards to assess adequacy issues in specific circumstances. Two notable aspects of this debate concern the role of budget standards in the *measurement of poverty*, and in the *determination of wages*.

A low cost budget standard can only be used as a poverty line if the ideas and judgments on which it is constructed reflect those that are seen as synonymous with poverty (Saunders, 1998a). Many commentators have pointed out that the definition of the low cost budget standard and the methods used to derive it may diverge from prevailing ideas about how to define and measure poverty. In commissioning the SPRC study, DSS was keen to make it clear that it was *not* asking the researchers to develop a new poverty line, but rather to explore the potential role that budget standards might play in such an exercise.

Thus, as Nicolau (1998) remarks:

[T]here is no consensus among the academic or policy communities regarding the most appropriate way to measure poverty or the adequacy of a given income level. ... no matter what approach is adopted, developing measures of poverty or adequacy benchmarks will be compromised if the desired lifestyle to be achieved by social security recipients, for instance, is not described. This points to the fact that the concept of adequacy (and ultimately the meaning of poverty) does not stand in isolation – the question of ‘adequate for what?’ ... remains crucial. (Nicolau, 1998: 5-6)

A budget standard can inform the process of setting a poverty line, or determining the adequacy of a social security payment only if it is accepted as appropriate in its formulation and development.

Budget standards alone will never be capable of resolving all of the issues surrounding the measurement of poverty and the determination of adequacy. To expect them to do so is to misunderstand their purpose. This has been acknowledged by DSS itself, which has argued that while budget standards have a significant role to play in developing a framework for benchmarking adequacy, they should be seen as no more than offering ‘a significant opportunity to contribute to the ongoing debate on income poverty in Australia’ (DSS, 1995, p.31). Budget standards research should proceed along with other methods for identifying and measuring poverty, but is unlikely to provide a definitive answer to the many challenges facing such an exercise.

A separate, though related issue concerns the use of budget standards for assessing the adequacy of social security benefits. Here, the treatment of durable goods in distinguishing between the short-term and the long-term budget of the household is

important, as explained earlier. It can be argued – and has been, by DSS analysts Whiteford and Henman (1998) – that since the SPRC budget standards assume that the household already owns all of its consumer durable items, it does not need to be compensated for the cost of purchasing these if it has to rely on the social security system for short periods. Over these periods, the services provided by household durables can be consumed without incurring any additional cost, so there is no need to set benefit levels using a standard that includes an allowance for the cost of purchasing durable goods.

This line of reasoning suggests that the cost of durable goods should be excluded when assessing the short-term adequacy of social benefits and this can make a substantial difference as the original budget standards report demonstrated (Saunders et al., 1998: Chapter 12). However, a logical consequence of adopting this perspective is that it requires a *higher* level of benefit in the longer-term (as durable goods wear out and need to be replaced) in order to maintain the same standard of living as that provided by the lower benefit in the short-term. Those within DSS who were critical of the SPRC approach never acknowledged this logical consequence of the distinction between short-term and long-term budgets. In fact, the whole debate demonstrates the value of budget standards in highlighting issues that might otherwise remain hidden. Only an approach that delves into the minutiae of living standards is capable of drawing attention to these kinds of issues and generating debate over their practical and policy implications.

A second area where the use and relevance of budget standards has been questioned is in relation to setting the wages of low-paid workers. Most prominent among recent contributions to this debate has been Keith Hancock, who reviewed alternative approaches to identifying the needs of the low paid in the 1998 Cunningham Lecture sponsored by the Academy of the Social Sciences in Australia (Hancock, 1998). The central issue addressed by Hancock was the following:

Does a regard for the needs of the low paid lead simply to an endeavour to maintain and improve the relative incomes of low paid workers; or does it imply an attempt to identify needs and the cost of meeting them so as to establish some kind of benchmark of wage adequacy? (Hancock, 1998: 2)

The response favoured by Hancock does not involve the use of budget standards to help to set an adequacy standard, principally because of the arbitrary elements this involves. Thus, he argues:

A benchmark of adequacy *imposes* specificity. But whence do we derive it? There are, it seems, two sources. One entails the specification of items of consumption which people ‘ought’ to be able to afford. Thus there are dietary requirements, norms for housing, clothing and transport, and allowances for the many items of expenditure that do not fit within these categories. Although subdividing needs in this way may aid thought, the prescription of quantities is, in the end, arbitrary. ... The alternative has been to relate the measure of adequacy to actually prevailing standards of consumption, perhaps with an upward bias. When translated into prescriptions of wages, it has the implication of requiring employers who lag behind contemporary practice to come into line. ... Such a policy is

not truly generated by the identification of needs. It is about protecting and improving real wages. The more or less adequate provision for meeting needs is a product, not a determinant, of the wage level. (Hancock, 1998: 16; *italics in the original*)

Echoing other criticisms of budget standards that have already been described, Hancock goes on to argue that attempts to reduce the arbitrary element by using data on actual expenditure patterns, introduces an element of circularity, because the estimate of what is needed reflects what is actually spent and so it cannot be used to assess adequacy questions.

That a budget standard is, to some degree, arbitrary has already been acknowledged – although it has also been pointed out that sensitivity testing and validating the underlying assumptions and judgments against external evidence and perceptions can help to reduce the degree of arbitrariness. Hancock is thus effectively arguing against the use of adequacy standards that depend upon needs because the latter cannot be identified and priced without making some kind of judgment or set of assumptions.

Budget standards (along with all other normatively derived adequacy benchmarks) have no place in this view of the world. In their place, Hancock (p. 18) advocates that inquiring into what people on low incomes ‘actually can and do buy’ is preferable to ‘the imposition by ‘experts’ of selected regimens of goods and services’. But once such an inquiry has been undertaken, it is still necessary to make a judgment about the adequacy of the items that are purchased before one can determine whether or not they correspond to an acceptable standard of living. The need for judgment is thus not avoided, merely shifted, possibly obscured.

Having said this, it makes sense to observe what can be bought with a given level of income as part of the process of determining its adequacy: indeed, this is precisely what DSS had intended when commissioning the budget standards research, since the goal was to combine the normative budget standard results with those derived from a separate (never undertaken) descriptive study of actual purchasing patterns and lifestyles (DSS, 1995).

Hancock proposed replacing the role of normative consumption needs in assessing the adequacy of low wages with the view that the needs of the low-paid will be better met when their wages rise relative to the wages of other workers. This is a self-evident proposition that begs the question of quantification – how adequate is a specific relative wage rise and what are the limits on such increases? Unless some evidence is brought to bear on these critical questions, the rationale for granting a wage rise is left unspecified, unjustified and thus unsustainable.

By rejecting any role for normative judgments in the determination of wage adequacy, Hancock fails to come to terms with the fact that adequacy is widely accepted as being a legitimate basis for awarding income increases to any group in society – including the low paid. Setting adequacy standards is a difficult exercise that ultimately requires some kind of judgment, but to reject the approach because of this gives too much away. Budget

standards can inform questions of wage adequacy but it is only when they are used in combination with other data and approaches that their full potential can be realised.

3.3 Criticism of Using Budget Standards to Set Minimum Wages

As noted earlier, the SPRC modest but adequate budget standard was used by the ACTU in its Submission to the 1998-99 Minimum Wages Safety Net Review. This attracted criticism from the Commonwealth and five State/Territory Governments (the Joint Governments) on four main grounds (Department of Employment, Workplace Relations and Small Business, 1999). First, it was argued that the modest but adequate budget standard is an inappropriate benchmark for determining the needs of the low paid; secondly, that there was insufficient acknowledgment in the ACTU submission of how cost vary with location; thirdly, the treatment of consumer durables in the SPRC is conceptually incorrect and produces an overestimate of living costs; and finally, that the appropriate household type to use in such comparisons was a single adult rather than a wage earner with family responsibilities.¹⁴

The first of these criticisms has already been addressed (in Section 2.1), where it was noted that deciding whether the low cost (LC) or modest but adequate (MBA) standard is the appropriate benchmark for setting minimum wages raises a number of complex issues and in the end requires a judgment to be made. The Joint Government Submission argued that the MBA standard is ‘highly inappropriate’ for identifying the generally prevailing living standard that exists in the community and that ‘data about median incomes and expenditures for various household types are what identifies general community living standards, not budget standards.’

While this is correct as a purely descriptive statement, it has no relevance to the use of a budget (or any other) standard for assessing adequacy, which is an explicitly normative exercise, as explained earlier.

The second criticism raised relates to regional variations in housing costs and the need to ensure that these are ‘carefully applied when assessing low wage adequacy’. Again, it is difficult to disagree with this statement – although it is interesting to observe that the Commonwealth appears to acknowledge that regional price variations are potentially important, yet is not prepared to address the implications of this in the setting of its social security (or for that matter, income tax) provisions.

The third criticism relates to the treatment of consumer durables, an issue that has already been discussed. Here, the issue raised in the Joint Governments Submission was that since those on low wages will generally move up the wage ladder in future years, it is the short-run budgets that should be used to assess their adequacy. But while there may be a case for not paying someone who becomes unemployed in later life a benefit that includes an allowance for the cost of the consumer durables that they already own, many

¹⁴ Several other practical criticisms were leveled at the ACTU submission, but these are not addressed here.

of those on low wages will be relatively young, new entrants to the labour market who by definition will *not* have had the time to acquire a full range of consumer durables. The logic of this argument thus implies that it is the long-run budgets that are relevant to the determination of minimum wages, not the short-run budgets. Further strengthening this conclusion is the fact that many of those who earn low wages do so for long periods of time and so need incomes set relative to the long-run budgets in order to buy the consumer durables they need.

The final criticism raises issues about the need to ensure that due account is taken of other provisions that affect disposable income when determining a role for budget standards. Although a budget standard refers to the amount that needs to be *spent* to achieve a particular standard of living, it is *income* that is generated by public and private actions and interactions in a market economy. It is thus necessary to take account of all the other provisions that affect income, including tax provisions, social security provisions for families, price subsidies, and so on. This is undeniably correct, and it implies that wage determination addresses only one aspect of income adequacy. The corollary is that wage adequacy will need to be revisited in the light of changes to tax and social security provisions.

A separate, though related issue raised by the Joint Governments concerns the choice of family (or household) unit to use when selecting which budget standard is appropriate for assessing the adequacy of low or minimum wages. The Commonwealth asserts that ‘the most appropriate household type with which to assess the adequacy of the minimum wage is a single adult household’. While there is merit in this position, it is one whose relevance and appropriateness is worthy of careful scrutiny and review. If it is accepted as legitimate, issues then arise about the ability of non-wage provisions, particularly in the tax and social security areas, to provide an adequate income to workers with families – and budget standards clearly has a role to play in the debate over these issues.

In summary, the Commonwealth’s criticisms of the past use of budget standards appear to rest less on a wish to ensure that the methods are applied appropriately, with all of the qualifications that this implies, and more on a desire to undermine the contribution of budget standards to the whole issue of wage adequacy. In the midst of some strong criticisms, the Joint Governments Submission introduces arguments that are irrelevant, at times contradictory.

4 Methodology

The central requirement of this study is to produce, for a limited range of working families (or households), a set of updated modest but adequate (MBA) and low cost (LC) budget standards. These updated budgets reflect increases in prices since 1997, but take no account of any changes in the items included in the original budgets, or of any changes in their quality.¹⁵ The following discussion briefly defines the household types for which updated budget standards have been derived, the problems involved in identifying base-year budgets for these households, and a discussion of the updating issue itself.

One important point to note at the outset is that updating the budgets in line with price movements makes no allowance for improvements in the type or quality of items included in the original budgets. Yet the period covered by the updating (1997 to 2003) was one in which a strongly growing Australian economy delivered rising incomes and improved living standards to many Australians – particularly those in employment. Updating the budget standards in line with price movements will thus maintain their real value in a situation where most other families have experienced rising real incomes. The relative position of the budget standards will thus decline, and this needs to be kept in mind.

4.1 Household (or Family) Types

The characteristics of the household types for which updated budget standards have been derived are shown in Table 2. The specified household types include single men and women employed full-time, as well as couples with one (male) full-time worker and (female) spouse not in the labour force with zero, one and two children.¹⁶ The final two columns of Table 2 indicate whether or not each household type was included in the original SPRC study and thus whether or not there is a budget standard available for the base period, from which the original budgets can be updated. Although a number of the household types were not included in the original study, there are closely corresponding households that have been modified to derive the base year estimates, as explained below.

4.2 Deriving the Base-Year Budgets

The first step in generating the updated budget standards involves deriving the appropriate estimate for each household type in the base period, February 1997 - taken to be the March Quarter of that year. The published SPRC estimates have been modified very slightly for this purpose, as they incorporated a number of minor errors in the original spreadsheets that underlie them. These errors were pointed out to SPRC by FaCS

¹⁵ Price updating was suggested in the SPRC study as being an appropriate method to use to revise the budgets for periods of up to ten years as a maximum (Saunders et al., 1998: Chapter 14).

¹⁶ In 1998-99, these household types represent a considerable proportion of all non-aged single-family households in Australia (where non-aged refers to males aged under 65 and females aged under 60), as is indicated later (see Table 6).

Table 2: Updated Budget Standards: Household Types

Adult members (gender and age in brackets)	Labour Force Status	Number (and age) of children	Included in original SPRC Study?	
			MBA	LC
Single female (F, 35)	Employed full-time (EFT)	None	Yes	Yes
Single male (M, 40)	EFT	None	No	No
Couple (M, 40+F, 35)	M=EFT; F=NILF	None	No	No
Couple, as above	As above	Girl (aged 6)	Yes	Yes
Couple, as above	As above	Girl (6) + Boy (14)	No	No

Notes: F = female, M = male, G = girl, B = boy; EFT = employed full-time, NILF = not in the labour force

shortly after publication and are described in detail by Henman (2001), who also indicates (in Appendix Tables A1 and A2) what difference this makes to the MBA and LC standards, respectively. The differences are generally very small - nearly always less than \$5 a week, often much less than this, but it is nonetheless worth using the corrected estimates since these errors have been acknowledged by SPRC.^{17 18}

Another issue that has to be resolved relates to housing tenure. The original SPRC study assumed a range of alternative housing tenures, including home purchase, outright ownership, private renter and public housing tenant. Of these, this study assumes that all households are renting privately, since this provides a more readily accessible and generalisable indication of the 'typical' housing costs that result from the interaction of supply and demand forces in the housing market. It needs to be remembered, however, that the market rents used refer to Sydney and consequently that the housing cost figures will not be typical of those in other locations in Australia (see Table 1).

The following adjustments made to derive the new household types from those included in the original study (revised as noted above):

Single male and single female (both employed full-time): The original SPRC study covered only single females, either employed full-time (MBA) or unemployed (LC). Henman (2001) has subsequently applied the same methodology and data to estimate a budget standard for a single 40 year-old male employed full-time (MBA) and either employed full-time or not in the labour force (LC). The base year estimate of the LC budget standard for a female employed full-time has been derived by applying the female-to-male budget ratio for unemployed females to Henman's estimate of the LC budget for a male in full-time employment.

¹⁷ For example, the original SPRC private renter MBA budgets for a single female and a couple with two children were \$383.4 and \$817.4, respectively (Saunders et al., 1998, Table 12.2). The corresponding corrected estimates are \$383.6 and \$818.8, respectively.

¹⁸ Tables A3 and A4 of Henman (2001) contain a 'corrected' set of budget standard estimates that use *different* (as opposed to *corrected*) methods to those applied by SPRC. These estimates were not accepted by SPRC and they have therefore not been used here

Couple without children, $M = EFT$, $F = NILF$: Neither the original SPRC study nor Henman covered a childless couple with this combination of husband and wife labour force states. However, both studies derived MBA budgets for a couple with a 6 year-old girl where the male partner is employed full-time and the female partner is not in the labour force. The *incremental* employment cost of wives at the MBA standard was estimated as the difference between the budgets for a couple with a 6 year-old girl when the wife moves from being employed full-time to not in the labour force. For the LC standard, the estimate is based on the budget for a couple with the required labour force states minus the incremental cost of the 6 year-old girl (which assume that the husband is unemployed and the wife is not in the labour force).

Couple, $M = EFT$, $f = NILF$ plus girl, aged 6: This household type was one of the original SPRC household types, has been corrected by Henman and his base-year estimates can be updated directly.

As above, plus a boy, aged 14: The budget for this household type has been estimated by adding the incremental cost of the 14 year-old boy to the budget derived for the couple with a 6 year-old girl. At the MBA level, this incremental cost estimate assumes that the wife is employed full-time, so an estimate of the marginal employment costs of the wife has also been deducted. At the LC level, the incremental cost of the 14 year-old boy assumes that neither husband nor wife is employed, and so no further adjustment reflecting the cost of employment is necessary.

Table 3 summarizes the methods used and shows the base-year estimates produced in each case. It should be emphasized that these figures incorporate estimates of the incremental costs of children and employment that do not always correspond exactly to the particular household type under consideration. Allowance has been made for these differences, but they are still likely to give rise to a small margin of error in some instances.

4.3 Updating the Base-Year Budgets

Ideally, the budget standard estimates should be updated to reflect changes in the prices of the specific goods that are included in the budgets, and to reflect any changes in the quantity or quality of the goods themselves. Unless both prices and quantities are regularly reviewed, there is the danger that the budget standards will become disconnected from prevailing judgments and patterns of behaviour, thus reducing their relevance to current living standards. However, the process of developing a budget standard is extremely time-consuming, implying that regular re-specification and re-pricing is unlikely to be cost effective in the short-run. This still leaves open the option of re-pricing the budgets without varying the items included, but even this approach is time intensive and expensive. A far simpler option is thus to simply adjust the existing budgets by movements in published price indices, either at the aggregate level or by the nine broad areas on which the budgets were originally developed.

Table 3: Methods used to derive the base-year budget standards, February 1997

Household type	Modest but Adequate (MBA)	Comments	Low Cost (LC)	Comments	Ratio, LC/MBA
SF (35)	\$383.6	SPRC study, corrected following Henman (2001)	\$300.2	Based on the cost for a male employed full-time, multiplied by the ratio of female to male budgets for single unemployed. <i>Source</i> : Henman (2001)	0.78
SM (40)	\$381.9	<i>Source</i> : Henman, 2001, Table A1	\$305.4	<i>Source</i> : Henman, 2001, Table A2	0.80
CP = M, EFT + F, NILF	\$479.9	Budget for couple both EFT (\$513.8), adjusted by the incremental employment costs of the wife (\$33.9)	\$393.4	Budget for M, EFT + F, NILF plus G(6) (\$482.4) minus the estimated incremental cost of the child (\$89.0)	0.82
As above, plus G(6)	\$614.3	<i>Source</i> : Henman, 2001, Table A1	\$482.4	<i>Source</i> : Henman, 2001, Table A2	0.79
As above, plus B(14)	\$736.1	Addition of incremental cost of B(14) (\$155.7) minus employment costs of the wife (\$33.9)	\$601.1	Addition of incremental cost of B(14) (\$118.7)	0.82

Notes: SF = single female; SM = single male; G = girl; B = boy; EFT = employed full-time; NILF = not in the labour force. All estimates have been rounded to the nearest 10 cents and apply to private renter households only. Further details are provided in the main text.

The original SPRC study argued that adjusting the component budgets in line with movements in the corresponding component areas of the Consumer Price Index (CPI) was reasonable for periods of up to five years. Beyond that, it was argued that the budgets would need to be re-priced directly using new shelf prices for each item because of the potential for individual prices to vary significantly from the broad average movements. Re-constructing the budgets will also ensure that they continue to reflect prevailing judgments, community standards and expenditure patterns.

It is now almost six years since the original SPRC study was conducted, implying that the limit for applying a simple price adjustment is close. Nevertheless, the aggregate price (CPI) updating method has been used, since this is the first time that an attempt has been

made to comprehensively adjust the standards and the most straightforward approach is the obvious place to start.¹⁹

Having decided that adjustment in line with price movements is a viable approach, the issue of which index to use is now addressed. Table 4 shows movements in the overall CPI, as well as in its main components between the March Quarter 1997 and the September Quarter 2003. It can be seen that the different areas have experienced very different price increases over the period, ranging from an increase in excess of 30 per cent in some areas (e.g. clothing and footwear; education; and miscellaneous) to less than 6 per cent in others (housing; and communication). Not surprisingly, the movement in the overall CPI lies between these extremes, at 17.9 per cent, equivalent to an annual rate of increase of just over 3 per cent.

Table 4: Movements in the Consumer Price Index and Its Components, March Quarter 1997 to September Quarter 2003

Component Area	Index value in March Quarter 1997	Index value in September 2003	Percentage Change
Food	120.2	149.3	24.2
Alcohol and tobacco	161.7	215.2	33.1
Clothing and footwear	107.0	113.3	5.9
Housing	100.2	118.9	18.7
Household furnishings, supplies and services	113.5	121.5	7.0
Health	161.8	189.1	16.9
Transportation	125.2	141.3	12.9
Communication	106.4	109.7	3.1
Recreation	115.8	130.0	12.3
Education	160.8	215.1	33.8
Miscellaneous	134.2	182.2	35.8
All groups	120.5	142.1	17.9

Source: ABS, *Consumer Price Index, Australia*, ABS Catalogue No. 6401.0.

The difference made by updating by the aggregate CPI or separately by each of its main components can be illustrated with the following example. The 'corrected' (see below) low cost budget for a single female is equal to \$293.20 in February 1997. Updating this by the movement in the CPI gives a figure of $\$293.2 \times 1.179 = \345.7 by the September Quarter 2003. If instead, each of the nine main budget areas are separately updated by the movements in the most closely corresponding CPI component and the resulting inflated

¹⁹ It is important to point out that the approach is, in some areas inconsistent with the methods used to derive the original budgets and this needs to be borne in mind. Thus, a number of areas in the original budgets, for example child care, utility bills and public transport costs attract subsidies for various groups of users which depend upon the circumstances of recipients, rather than on the overall level of prices, so that a simple price adjustment is likely to produce some inaccuracies. These will become of increasing concern as the time period of adjustment increases.

expenditures are added up, the aggregate figure that results is \$341.0 – just 1.4 per cent below the figure produced by the aggregate method.

This differential narrows for households with children whose budgets are more heavily weighted towards those items such as food and education that have experienced the greatest price increases since 1997 (Table 4). However, updating using the aggregate CPI still produces a slightly higher figure – mainly because areas such as education where prices have increased most do not correspond to one of the SPRC budget areas and thus do not affect the updating. Overall, use of the aggregate CPI is the preferred option because of its comprehensiveness and because of the difficulty of aligning the published CPI component data with the broad component categories used to construct the SPRC budget standards. The key point, however, is that it makes rather little difference (at least over relatively short periods) whether the component budgets are all adjusted in line with the overall CPI, or whether each budget area is adjusted separately in line with movements in the corresponding CPI component and the resulting figures are then added up.

The CPI and its main sub-component indices is based on the cost of a representative basket of goods, determined on the basis of surveys of household spending patterns. The ABS has been developing living cost indexes for selected Australian households, differentiated on the basis of their age, main forms of economic activity and principal source of income (ABS, 2001; 2003). Separate living cost indexes have been produced for employee households, age pensioner households, other government transfer recipient households, and self-funded retiree households.²⁰ The new estimates indicate that the overall movements between the June Quarters of 1998 and 2003 in the living cost indexes are 15.8 per cent (employees), 17.2 per cent (age pensioners), 16.7 per cent (other transfer recipients) and 16.1 per cent (self-funded retirees). Over the same period, the CPI itself increased by 16.8 per cent. While these trends display some interesting differences, they need to be interpreted carefully. The increase for employee households, for example, covers households with a larger range of incomes than the figure for each of the other three identified household types.

Considerable caution would thus need to be applied before using these new figures to track movements in the living costs of low-wage earners in particular, and in any case this is not possible for the periods covered here. Furthermore, the fact that the aggregate CPI is used to index many social security payments suggests that it remains the most reliable and practical method for updating the budget standards in the short to medium-term.

²⁰ The new indexes are currently only available for the period since the June quarter 1998 and are thus not able to update the budget standards from the March quarter 1997.

5 Updated Budget Standards, September Quarter 2003

5.1 The Updated Estimates

When the SPRC budget standard estimates for February 1997 are adjusted in line with the 17.9 per cent movement in the CPI between the March Quarter 1997 and the September Quarter 2003 they produce the estimates shown in Table 5.

Table 5: Updated Budget Standards, September Quarter 2003

Household type	Modest but Adequate (MBA)		Low Cost (LC)	
	February 1997	September 2003	February 1997	September 2003
Single female	\$383.6	\$452.3	\$300.2	\$353.9
Single male	\$381.9	\$450.3	\$305.4	\$360.1
Couple, no children	\$479.9	\$565.8	\$393.4	\$463.8
Couple plus girl, 6	\$614.3	\$724.3	\$482.4	\$568.7
Couple plus girl, 6 and boy, 14	\$736.1	\$867.9	\$601.1	\$708.7

It is important to emphasize that the methods used to produce these updated estimates take no account of:

- Movements in the relative prices of different commodity areas over the period; or
- Movements in the real (CPI-adjusted) household incomes over the period.

The former issue has already been discussed and requires no further comment. However, the latter is an important qualification to the updated estimates because, as noted earlier, there has been a substantial increase in average real community incomes over the period covered.

Between the March Quarter 1997 and the June Quarter 2003 (data are not currently available through to the September Quarter), total disposable household income increased from \$90,986 million to \$125,874 million, or by 38.3 per cent. Over the same period, final household consumption expenditure increased from \$79,344 million to \$115,795 million, or by 45.9 per cent.²¹ In both cases, the growth in total income exceeds the growth in the number of households, implying that income and expenditure both increased substantially even when expressed on a per household basis.²² Both growth

²¹ Source: *Australian National Accounts. National Income, Expenditure and Product*, ABS Catalogue No. 5206.0, Table 34.

rates are well above the 17.9 per cent increase in the CPI shown in Table 3, implying that real incomes and consumption levels (and hence living standards) all increased.

5.2 Locating the Standards in the Distribution of Expenditure

Data from the *1998-99 Household Expenditure Survey* (HES) have been used to locate the updated budget standards in the observed distribution of Australian living standards (as recommended by the Joint Governments' Submission to the last Wage Safety Net Review – see earlier). A number of adjustments were made to the HES data before they could be used for this purpose. They include the following:

- All negative expenditures were set to zero. Negative expenditures reflect instances where goods were sold over the survey period. Since current interest focuses on how much is *spent* rather than in the net proceeds from purchases and sales, revenue from the latter should be excluded.
- The reported HES data refer to calendar year 1998-99, whereas the updated budget standards refer to the September Quarter 2003. To make the two more directly comparable, the HES data have been adjusted upwards to the September Quarter 2003 by the movement in the National Accounts measure of household final consumption expenditure, adjusted to a per household basis by deflating by the growth in the number of households.²³

Four separate sub-sets of the HES data were derived, corresponding broadly to the circumstances of the households for which updated budget standards have been derived (Table 3). They are:

- HES total (HES_T): This update of the HES expenditure data covers all single income unit households in the HES sample (and hence is closest in coverage to the whole in-scope population). It is used to provide an initial indication of where the updated budget standards fall in the total (population-wide) distribution of expenditure;
- HES working-age (HES_W): This distribution covers only those single income unit households where the reference person is below pension age, i.e. male-headed households with reference person aged under 65 and female-headed households with reference person aged under 60;
- HES employed (HES_E): This distribution covers the sub-set of HES_W households where the reference person is in employment at the time of the survey; and

²² In fact, the number of households has been growing faster than total population for some time (Saunders, 2001) and average household size has been declining. Between June 1998 and June 2003, for example, the number of households increased by around 9 per cent, whereas total household final consumption increased by 36.7 per cent - more than four times as much.

²³ The latest (June Quarter 2003) consumption figures were used to update the HES expenditure data, along with ABS data on the estimated number of households. The resulting inflator was equal to 1.252876, an increase of 25.3 per cent.

- HES employed full-time (HES_F): This distribution covers the sub-set of HES_E households where the reference person was employed on a full-time basis at the time of the survey.

In order to derive more meaningful comparisons, it is necessary to further restrict each of the broad sub-samples defined above to include only those households whose size and composition correspond to those to which the budget standards apply. If this replication is attempted at too fine a level of detail, there will be too few cases in each category to allow meaningful comparisons to be made. It is thus necessary to sacrifice a degree of precision in order to maintain a sample that is large enough to support the analysis.

With this objective in mind, the following specific household types have been defined:

- Single person households (male or female) (H_S);
- Couple households without children (H_C);
- Couple households with one child (of any age) (H_{C+1}); and
- Couple households with two children (of any age) (H_{C+2}).

Table 6 shows the number of cases in each of the sixteen sub-categories (four population groupings, by four household types defined above). The key point to note about these estimates is the extent to which the samples size declines, as the sample itself is restricted in coverage. Since each of the sample distributions will be split into expenditure quintiles (each containing one-fifth of the sample), this further restricts how detailed the distributions can be specified without undermining the practicality of using the HES data to benchmark the budget standard estimates.

**Table 6 Size of Household Expenditure Survey (HES) Validation Categories
(single income unit households only)**

Population coverage	Household type:				All households
	H_S	H_C	H_{C+1}	H_{C+2}	
HES_T	1540	1713	559	798	5519
HES_W	993	1126	556	798	4320
HES_E	678	969	516	744	3534
HES_F	507	748	412	598	2692

Source: 1998-99 Household Expenditure Survey, confidentialised unit record file.

Aside from the practical restrictions imposed by small sample size, there is an issue about which household types are conceptually most appropriate to use to compare with the updated budget standards. Given that the focus of this research is on the living standards of wage-earning families, a strong case can be made for excluding families who exceed the age limit (65 years) normally used to define working-age. Can a similar line of argument be applied to restrict the comparisons, to just those working-age families who are employed (HES_E) or employed on a full-time basis (HES_F)? If the ‘needs of the low paid’ are to be assessed relative to the circumstances of other workers only, then use of either the HES_E or HES_F distributions is indeed appropriate.

However, given that an increasing proportion of those in employment do not work on a full-time basis, the former distribution appears to provide the better yardstick – although this again is a matter of judgment. On balance the view adopted here is that the most appropriate distribution against which to compare the budget standards in the context of assessing the needs of the low paid is that which covers the entire employed population, i.e. the distribution described above as HES_E. This distribution will thus form the basis of the following comparisons, although for completeness the estimates for the other three distributions identified above are also presented.

Having defined the alternative distributions, differentiated by household type and age or labour force status, these are separated into quintiles and the expenditure quintile cut-offs and the mean expenditure in each quintile in each distribution. Of these two summary indicators, the quintile cut-offs allow the budget standard estimates for each household type to be allocated to the relevant quintile of the distribution. The mean quintile expenditures indicate the degree of inequality within the distribution as a whole and provide another benchmark with which the budget standards can be compared.

In presenting the HES results, the distribution across all households is presented first, although this primarily provides only background information. Locating the budget standards in the overall distribution of expenditure produces problematic results, because no account is taken of the fact that this distribution covers households that differ in size and composition (and age) and thus their incomes are not directly comparable with the budget standards, which are based on the identified needs of *specific* working households. The more relevant comparisons are thus those based on the distributions for specific household types, and more emphasis is placed on these results.

Table 7 summarizes the distributions for all (single income unit) households and can be used to illustrate how to interpret the more detailed results presented in Tables 8 to 11.²⁴ The different panels of Table 7 illustrate how changing the coverage of the distribution affects both the overall level of expenditure (as indicated by the median value) and its distribution – as reflected in the quintile cut-offs and means. As the coverage of the HES sample is restricted, median income increases (reflecting the fact that households with low levels of employment participation are removed from each successive distribution) from \$666.3 to \$918.1, an increase of almost 38 per cent. The median expenditure among employed households, at \$874 a week is almost one-third (31.2 per cent) higher than the median for all households, illustrating the point made earlier that the scope of the population has a great bearing on where the median falls, and thus on where the budget standards lie in relation to it.

²⁴ The distributions among employed households are shown in bold in Tables 7 to 11 to highlight the fact that this distribution is the most relevant with which to compare the updated budgets for working families.

Table 7: Quintile Cut-Offs and Mean Expenditures for Different Populations of Households (\$ per week, September Quarter 2003) ^(a)

Households	First	Second	Third	Fourth	Fifth
All households (median expenditure = \$666.3)					
Upper bound	351.1	555.5	791.9	1143.8	-
Mean expenditure	244.7	453.9	669.7	954.4	1630.5
All working-age households (median expenditure = \$785.5)					
Upper bound	468.7	676.8	909.5	1236.8	-
Mean expenditure	328.1	570.9	788.2	1065.1	1727.6
All employed working-age households (median expenditure = \$874.0)					
Upper bound	557.7	766.9	997.6	1321.3	-
Mean expenditure	417.6	661.4	875.1	1140.4	1804.7
All full-time employed working-age households (median expenditure = \$918.1)					
Upper bound	604.3	812.0	1035.8	1365.8	-
Mean expenditure	458.4	710.6	921.3	1184.3	1847.6

Note: (a) Single income unit households only.

Source: Household Expenditure Survey, 1998-99, confidentialised unit record file.

Table 7 illustrates vividly how sensitive the distribution of expenditure is to the scope of the distribution, specifically which households are included. This observation is important since it implies that *the results obtained by comparing a derived budget standard with the observed distribution of expenditure depend crucially on how that distribution is specified*. A budget standard that appears generous when compared with the distribution of expenditure among all households will look increasingly less so as the coverage of the distribution is restricted to those with greater labour force attachment – as can be seen by comparing the four distributions shown in Table 7. Judgments about the adequacy of a budget standard raise the question of adequate relative to what? and different responses to this question will produce different distributions with different medians and thus different responses to the adequacy question.

Tables 8-11 present the detailed distributional comparisons for the four specific household types – single people, and couples with no, one and two children.²⁵ The expenditure distributions for employed households of each specific type (shown in bold type) are used when comparing with the corresponding budget standards, as explained earlier.

²⁵ The comparisons for households with children need to be qualified by the fact that the budget standards refer to households with children of specific age(s), while the HES comparisons relate to *all* households with the specified number of children.

Table 8: Quintile Cut-Offs and Mean Expenditures, Lone Person Households (\$ per week, September Quarter 2003) ^(a)

Households	First	Second	Third	Fourth	Fifth
All households (median expenditure = \$368.9)					
Upper bound	218.4	310.4	449.9	644.6	-
Mean expenditure	163.8	262.7	375.6	536.2	1002.7
All working-age households (median expenditure = \$491.8)					
Upper bound	282.9	420.9	555.9	772.9	-
Mean expenditure	206.5	354.2	489.7	645.1	1132.3
All employed working-age households (median expenditure = \$555.7)					
Upper bound	381.2	500.2	617.8	870.6	-
Mean expenditure	281.3	447.6	555.2	716.4	1202.2
All full-time employed working-age households (median expenditure = \$588.3)					
Upper bound	412.3	523.4	653.0	914.2	-
Mean expenditure	323.2	473.9	589.5	766.9	1241.0

Note: (a) Single income unit households only.

Source: *Household Expenditure Survey, 1998-99*, confidentialised unit record file.

Table 9: Quintile Cut-Offs and Mean Expenditures, Couple Households without Children (\$ per week, September Quarter 2003) ^(a)

Households	First	Second	Third	Fourth	Fifth
All households (median expenditure = \$696.4)					
Upper bound	427.5	605.6	841.1	1143.8	-
Mean expenditure	322.9	513.8	710.9	983.3	1629.8
All working-age households (median expenditure = \$883.0)					
Upper bound	536.1	764.2	997.4	1278.5	-
Mean expenditure	406.6	652.3	878.5	1117.1	1736.1
All employed working-age households (median expenditure = \$916.4)					
Upper bound	615.6	819.1	1027.2	1310.2	-
Mean expenditure	474.5	713.2	923.9	1150.7	1775.4
All full-time employed working-age households (median expenditure = \$961.6)					
Upper bound	656.5	860.2	1065.9	1348.0	-
Mean expenditure	515.3	759.6	963.0	1191.5	1845.8

Note and Source: See Table 8.

Table 10: Quintile Cut-Offs and Mean Expenditures, Couple Households with One Child (\$ per week, September Quarter 2003) ^(a)

Households	First	Second	Third	Fourth	Fifth
All households (median expenditure = \$930.8)					
Upper bound	641.4	873.5	1035.8	1411.7	-
Mean expenditure	497.9	739.9	934.8	1208.9	1894.8
All working-age households (median expenditure = \$931.7)					
Upper bound	644.8	839.6	1042.2	1411.8	-
Mean expenditure	501.2	742.8	936.9	1211.1	1896.9
All employed working-age households (median expenditure = \$959.1)					
Upper bound	677.9	864.2	1068.8	1453.5	-
Mean expenditure	538.5	771.6	961.7	1244.4	1933.7
All full-time employed working-age households (median expenditure = \$968.9)					
Upper bound	706.3	889.2	1109.8	1453.5	-
Mean expenditure	569.5	795.5	987.2	1268.6	1891.3

Note and Source: See Table 8.

Table 11: Quintile Cut-Offs and Mean Expenditures, Couple Households with Two Children (\$ per week, September Quarter 2003) ^(a)

Households	First	Second	Third	Fourth	Fifth
All households (median expenditure = \$1009.5)					
Upper bound	703.8	894.1	1150.1	1525.4	-
Mean expenditure	567.2	799.5	1015.7	1312.9	2129.2
All working-age households (median expenditure = \$1009.5)					
Upper bound	703.8	894.1	1150.1	1525.4	-
Mean expenditure	567.2	799.5	1015.7	1312.9	2129.2
All employed working-age households (median expenditure = \$1039.5)					
Upper bound	744.6	939.9	1173.0	1547.6	-
Mean expenditure	597.6	833.8	1047.2	1338.1	2142.4
All full-time employed working-age households (median expenditure = \$1035.6)					
Upper bound	751.1	945.2	1181.3	1592.8	-
Mean expenditure	616.9	848.1	1050.3	1363.1	2137.3

Note and Source: See Table 8.

Figures 1 to 4 provide a visual summary of the information presented in Tables 8 to 11 by locating the updated low cost and modest but adequate budget standards in the expenditure distribution of employed households of each type.²⁶ In interpreting these comparisons, it needs to be remembered that the budget standards estimates are *gross, expenditure-based* figures and thus do not incorporate the effects of either income taxes paid or of any social benefits that may be received at the income levels they represent. Where such provisions exist, particularly family benefits for those with children, they

²⁶ Figure 1 shows the male budget standard only but the corresponding comparison based on the female budget standard is very similar.

Figure 1: Locating the Low Cost (LC) and Modest but Adequate (MBA) Budget Standards in the Actual Distribution of Expenditure Among Employed Households: Lone Person Households

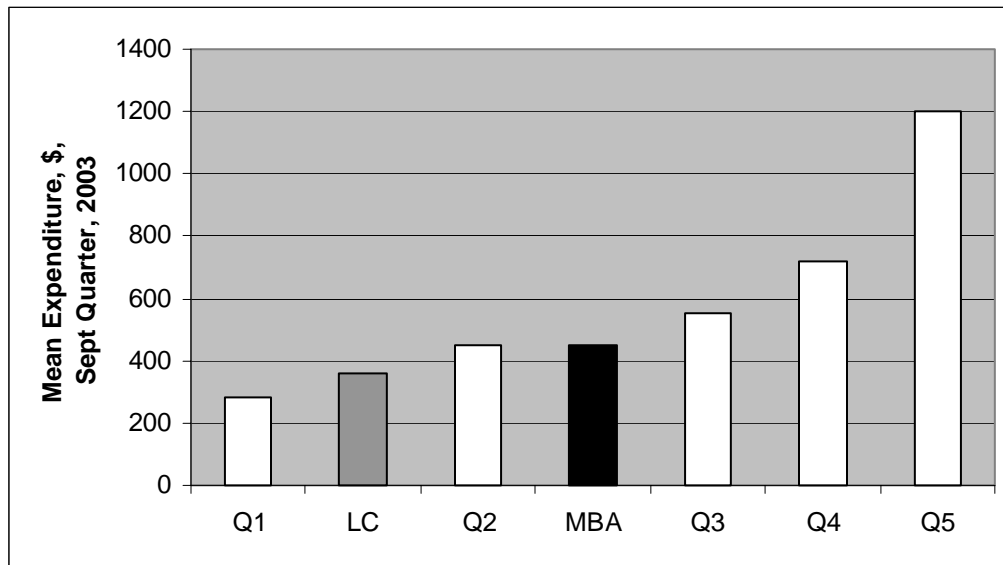


Figure 2: Locating the Low Cost (LC) and Modest but Adequate (MBA) Budget Standards in the Actual Distribution of Expenditure Among Employed Households: Married Couple Households with No Children

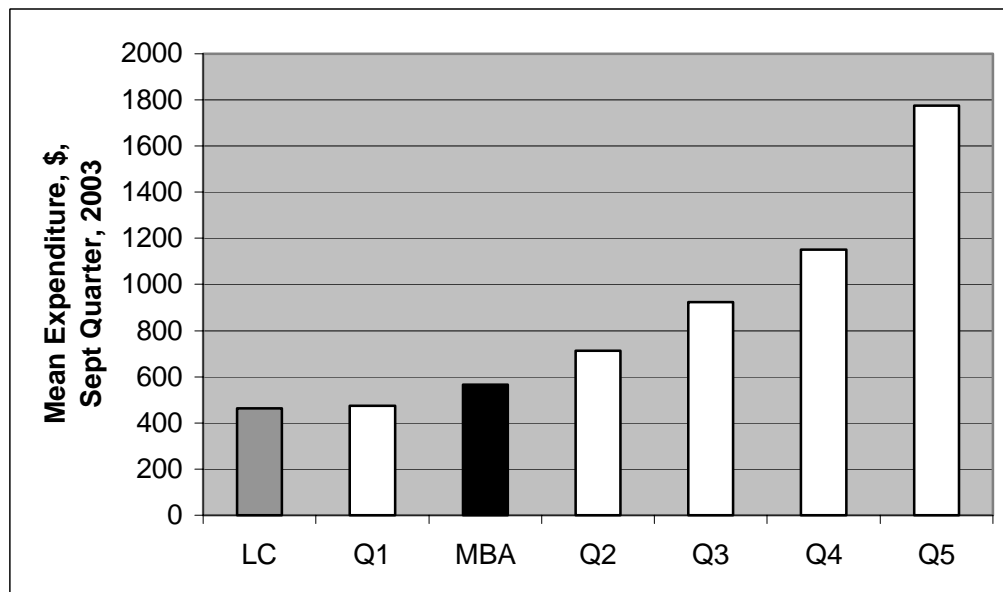


Figure 3: Locating the Low Cost (LC) and Modest but Adequate (MBA) Budget Standards in the Actual Distribution of Expenditure Among Employed Households: Married Couple Households with One Child

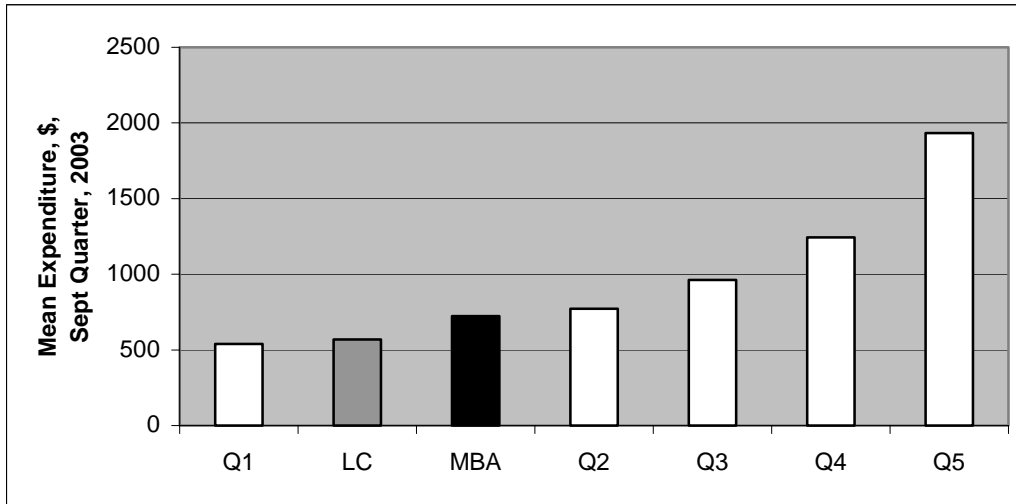
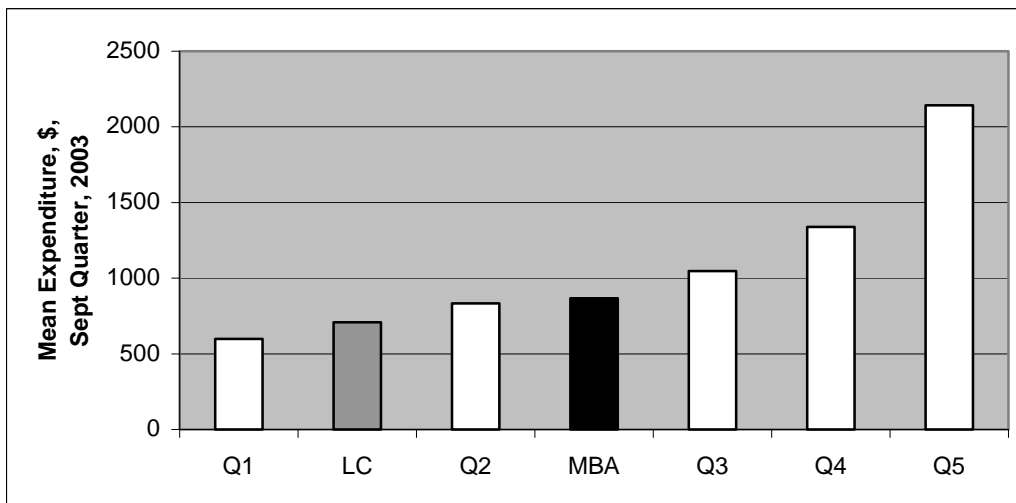


Figure 4: Locating the Low Cost (LC) and Modest but Adequate (MBA) Budget Standards in the Actual Distribution of Expenditure Among Employed Households: Married Couple Households with Two Children



will supplement the incomes of those who receive a budget standard income, thus increasing the level of expenditure, and hence the standard of living it can support.

Figure 1 together with Table 8, indicates that the low cost budget standard for a single man (at \$360 a week) lies just below the upper limit of the first quintile of the distribution of all employed single people. It lies about mid-way between the mean expenditures of the first and second quintiles, which are equal to \$281 and \$448 a week, respectively. The modest but adequate standard for a single man, at \$450 is very close to the mean expenditures of the second quintile (\$448). At \$360 a week, the low cost standard is just below the median expenditure of all single people (\$369), while the modest but adequate standard is more than 22 per cent above that median. Although this latter relativity is high, the comparison on which it is based covers single people who are not in paid work (including those over working-age who have retired) and, as argued earlier, is thus not relevant for assessing the needs of the low paid.

It also needs to be remembered that comparing the updated 2003 budget standards with the distribution of expenditure – however defined – produces a lower relativity than that existing when the original budget standards were estimated in 1997, reflecting the fact that the budget standards presented here have only been updated in line with movements in consumer prices, while real incomes and real expenditures have been growing strongly.²⁷

Figures 2, 3 and 4 indicate in a similar fashion where the updated low cost and modest but adequate budget standards for couples with no, one and two children fall in the overall distribution of expenditure for employed households of each type. In relative terms, the three low cost budget standards are equal to 50.6 per cent, 59.3 per cent and 68.2 per cent of the median expenditure of the corresponding household types, respectively. These relativities increase somewhat with the number of children, reflecting the relative generosity of the child-related elements of the budget standards compared with the adult components, even after accounting for the fact that median household expenditure itself increases with the number of children. The corresponding modest but adequate to median expenditure relativities are 61.7 per cent, 75.5 per cent and 83.5 per cent, respectively.²⁸

²⁷ This is clear from the fact that the increase in the CPI used to update the budget standards (17.9 per cent) is well below the increase in final household consumption expenditure per household of 25.3 per cent quoted in Footnote 18.

²⁸ As in the case of the original SPRC study, the ratio of the low cost to modest but adequate standards is higher than the targeted figure of 50 per cent because of the cost involved in ensuring that the low cost standards ‘allow social and economic participation consistent with community standards’. However, because both the low cost and modest but adequate standards are updated by movements in the CPI, the relativity between them is maintained.

6 Summary and Conclusions

This study has extended the path-breaking Commonwealth Government commissioned SPRC research on household budgets to derive estimates of updated budget standards for a range of Australian working families for the September Quarter of 2003. It has reviewed some of the main criticisms that have been directed at the earlier research and argued that many of these are either misguided or apply with equal force to any method for setting adequacy benchmarks. Those who regard any estimates containing normative element as ‘arbitrary’ fail to appreciate that this effectively precludes any kind of research that seeks to provide an informed, evidence-based guide to questions surrounding adequacy. Yet the adequacy of social benefits and wages play a crucial role in determining the living standards of many Australians and their families. The report is premised on the view that research can contribute to the assessment of adequacy, if only by highlighting the limitations of existing research and data.

The new budget standards estimates presented here have been derived from state of the art budget standards research that has built upon more than two decades of detailed research in an increasing number of countries. Although by no means perfect (an impossible ideal in this field) the estimates represent the best that can be achieved given existing knowledge in the field. Several examples have been used to illustrate how a derived budget standard can be manipulated in ways that shed new light on aspects of adequacy and provides new insights into its determinants in specific instances.

The main focus of the research has been to derive a set of updated budget standards that can guide decisions about where the minimum wage should be set in order to meet the needs of the low paid. Standards have been derived at two levels – a modest but adequate standard and a low cost standard: the former was originally conceived to approximate a standard of living lying around the median for the society as a whole, while the latter was designed to approximate a standard about half way lower. Since the main goal here has been to derive standards that are relevant to the needs of the low paid, the appropriate comparison is with the median (and half-median) standards of working families, rather than of the whole Australian population. This affects the median significantly and thus influences any standard that is conceptually linked to the median. The view adopted here has been that a low cost standard as originally conceived is not appropriate as a guide to setting the minimum wage and that something higher – falling somewhere between the low cost and modest but adequate standards is more appropriate.

The principal results of the research are summarized in Table 12, which presents the low cost and modest but adequate budgets for September 2003, compares them with the median income of each broad household type and locates them in the overall distribution of those family incomes (or expenditures) using data from the *1998-99 Household Expenditure Survey*. All of the low cost standards lie within the lowest quintile of the distribution of expenditure among working families while the majority of the modest but adequate standards fall within the second quintile.

Table 12: Updated Budget Standards Relative to the Distribution of Expenditure Among All Employed Households, September Quarter 2003

Household type	Low Cost (LC)			Modest but Adequate (MBA)		
	Level	Quintile	% of median	Level	Quintile	% of median
Single female	\$353.9	1 st	63.7	\$452.3	2 nd	81.4
Single male	\$360.1	1 st	64.8	\$450.3	2 nd	81.0
Couple, no children	\$463.8	1 st	50.6	\$565.8	1 st	61.7
Couple plus girl, 6	\$568.7	1 st	59.3	\$724.3	2 nd	75.5
Couple plus girl, 6 and boy, 14	\$708.7	1 st	68.2	\$867.9	2 nd	83.5

The comparisons between the budget standards and the actual HES data give an indication of how the budget standards compare with the living standards of employed Australian families. They also provide an indication of how many working families would be affected if income levels were raised to somewhere close to what the budget standard estimates indicate is required to meet the needs of working families. It is clear that relatively few would be affected if incomes were raised to the updated low cost budget standards, although it was argued earlier that somewhere between the low cost and modest but adequate standards is more appropriate for determining an increase in minimum wages, with the final decision depending on judgments about the precise meaning of wage adequacy in the context of the needs of the low paid.

It is important to remember that the budget standards are derived from normative principles and are not expected to bear any predetermined relation to the living standards actually experienced in society at any point in time. To attempt to equate the budget standards with the actual expenditures would undermine the role of the standards in providing a normative benchmark of income adequacy. Instead, the comparisons provide a basis for assessing the appropriateness of the budget standard estimates, and thus of the judgments and assumptions they embody.

In addition, there are a number of practical considerations surrounding the methods used to derive the estimates in Table 12 that have an important bearing on their interpretation. Chief among these is the fact that a series of assumptions have been made to produce the updated HES figures and that the HES data are broader in their coverage of family types than the very specific family circumstances to which the budget standards apply. These factors suggest that a degree of caution should be applied when drawing precise conclusions from the estimates shown in Table 12. Again, their role is to provide a broader perspective on how the normative budget standards compare with the descriptive HES data.

Not everyone will agree on the appropriateness of each and every detail of the methods and judgments used to develop the budget standards shown in Table 12. To expect otherwise is to misunderstand the diversity of views on what constitutes adequacy and the choices that have to be made when deriving a budget standard, as the earlier sections of

this report have demonstrated. As emphasized in the original SPRC study, the estimates are only (and can only be) indicative.

What can be claimed about the standards presented here, however, is that they combine a vast amount of information about both the normative and descriptive (behavioural) aspects of contemporary Australian living standards with state of the art research on these issues. As a basis for supporting informed debate on issues of income adequacy, the SPRC standards as updated here represent international best practice for research in this difficult area.

Finally, it is extremely important to bear in mind that any implications of the expenditure-based budget standards for income adequacy are crucially dependent on a range of other factors. The low cost standard implies, for example, that a single male worker employed on a full-time (35 hours a week) basis, would need a *net* hourly wage rate of around \$10.30 an hour in order to achieve the low cost standard, or \$12.90 an hour to achieve the modest but adequate standard. The corresponding figures required for a single-income couple with one (or two) children to reach the low cost standard are \$16.25 an hour and \$20.25 an hour, respectively, and \$20.70 or \$24.80 an hour to reach the modest but adequate standard.

The ability of the wage system to support these payments depends in part on the structure of other incomes policies, including the role of taxes and benefits. To draw conclusions about the adequacy of alternative wage levels on the basis of the figures presented here raises questions about the role of tax and transfer policies in supplementing family incomes, and about the appropriate assumptions to make about the degree of dependence of family members (including spouses) on the wage incomes of their working partners. However, while it is clearly important for the tax and transfer systems to be set appropriately and functioning effectively, ultimately the needs of the low paid should be addressed principally through the wage determination system. But because the budget standards are based on the needs of the household as a whole, income from sources other than earnings will have implications for the ability of wage incomes to attain the standards.

These issues need to be given due consideration before any firm conclusions can be drawn about the adequacy implications of the updated budget standards presented in this report. The primary goal of the estimates is to encourage, but also inform, debate on important issues surrounding the adequacy of living standards and the equity of how they are distributed.

Appendix A Detailed Low Cost Budget Standard for a Private Renter Couple with Two Children, February 1997

The Tables presented in this Appendix present the detailed budgets for one of the 46 BSU household types for which a standard has been developed and costed. The standard describes a low cost budget for a couple with two children (a 6 year-old girl and a 14 year-old boy) and assumes that the husband (aged 40) is unemployed, the wife (aged 35) is not in the labour force and that the household is renting privately.

All monetary figures refer to weekly costs, although many of them have actually been derived from the corresponding annual amounts.

Low Cost Housing and Energy Budgets for Couple with Two Children (Renting Privately)

Housing	Cost (\$ per week)	Cost (\$ per year)
Rent for 3-bedroom unit	192.05	10,014
Contents insurance	3.93	205
Total Housing	195.98	10,219
Energy		
Electricity (for dwelling with no gas)	13.42	699.61
Total Energy	13.42	699.61

Low Cost Food Budget for Couple with Two Children

	Serving unit	Grams per serve	Girl aged 6 Serves per week	Cost (\$ per week)	Boy aged 14 Serves per week	Cost (\$ per week)	Woman aged 35 Serves per week	Cost (\$ per week)	Man aged 40 Serves per week	Cost (\$ per week)
Cereals										
Boiled rice	1/2 cup	80	1.3	0.11	1.6	0.13	1.9	0.15	1.7	0.14
Bread roll	1/2 roll	30					3.8	1.48	6.7	2.56
Bread sliced	1 slice	30	25.1	1.70	35.8	2.43	26.9	1.83	40.7	2.76
Breakfast cereal	2 bix	30	15.1	1.16	16.8	1.29	15.4	1.18	15.5	1.19
Crispbread-cracker	1	20					1.6	0.16	1.7	0.17
Crumpet	1	55	2.4	0.61	1.7	0.43	1.1	0.27	1.0	0.26
Fried rice	1/2 cup	80								
Noodles	1/2 cup	80			0.0	0.01	0.4	0.09	0.3	0.08
Pasta	1/2 cup	80	2.0	0.27	1.4	0.19	1.5	0.20	1.6	0.21
Plain biscuit	2 bisc	30	0.6	0.07	0.6	0.07	1.7	0.20	1.5	0.17
<i>Sub-Total</i>				3.92		4.55		5.57		7.54
Fruit										
Apple	1 small	130	4.0	1.68	8.8	3.70	4.2	1.76	5.1	2.16
Apricot	1	30					1.3	0.12	1.4	0.12
Apricot (dried)	5	30	0.6	0.11						
Banana	1	150	0.7	0.42	1.5	0.92	3.3	1.99	3.7	2.25
Fruit salad-canned	1/2 cup	125					0.7	0.17	0.7	0.16
Grapefruit	1/2 med	100			0.2	0.05				
Grapes	1 bunch	200					0.3	0.11	0.3	0.12
Mandarin	1 med	120	1.1	0.32	2.4	0.71				
Melon	1/2	75					0.6	0.12	0.5	0.10
Nectarine	1 small	60					0.7	0.17	0.5	0.13
Orange	1 med	230	1.3	1.20	3.0	2.65	1.8	1.65	2.2	1.98
Peach	1 med	115	0.4	0.19	0.8	0.42	1.0	0.49	1.6	0.81
Peach-canned	1/2 cup	125					0.9	0.21	1.5	0.36
Pear	1/2 cup	125	0.3	0.05	0.8	0.10				
Pineapple-canned	1/2 cup	125							0.2	0.03
Plum	1 med	100					1.3	0.56	1.1	0.47
Sultanas	handfull	20					1.6	0.14	2.0	0.18
Canned peach	1/2 cup	125	0.6	0.14						
Dried apricot	5	30	0.7	0.13						
<i>Sub-Total</i>				4.24		8.56		7.49		8.89
Vegetables										
Asparagus	3 spears	60					0.1	0.06	0.3	0.14
Beans	1/2 cup	60	0.9	0.09	1.9	0.20	1.8	0.18	1.2	0.13
Beetroot	2 slices	30					0.5	0.03	0.6	0.04
Broccoli	1 cluster	45					1.8	0.44	1.4	0.35
Brussel sprout	1 med	120					0.1	0.03	0.4	0.11
Cabbage	1/2 cup	40	1.3	0.06	2.9	0.15	0.9	0.05	1.2	0.06
Capsicum	1/2 cup	60					0.4	0.06	0.3	0.04
Carrot	1 med	140	0.8	0.24	1.7	0.53	1.2	0.36	1.1	0.34
Cauliflower	1/2 cup	100	0.6	0.26	1.3	0.59	0.8	0.37	0.7	0.33
Celery	1 pc	30	0.6	0.05	1.4	0.11	1.6	0.12	1.2	0.09

Food Budget (continued)

	Serving unit	Grams per serve	Girl aged 6 Serves per week	Cost (\$ per week)	Boy aged 14 Serves per week	Cost (\$ per week)	Woman aged 35 Serves per week	Cost (\$ per week)	Man aged 40 Serves per week	Cost (\$ per week)
Cucumber	4-5 slices	30			2.4	0.22	1.6	0.15	2.2	0.19
Egg plant	2 slices	60					0.6	0.12	0.7	0.14
Lettuce	3 leaves	30	0.6	0.05	1.4	0.12	3.3	0.27	3.4	0.28
Onion	5 rings	50	0.6	0.03	1.3	0.07	2.4	0.13	2.1	0.11
Peas	1/4 cup	35	3.7	0.21	8.3	0.47	3.7	0.21	1.2	0.07
Potato	1 med	150	3.6	0.48	8.1	1.09	3.5	0.46	4.1	0.55
Potato salad	1/2 cup	90					0.2	0.08		
Pumpkin		100	1.0	0.12	2.1	0.26	2.9	0.35	2.7	0.33
Spinach	1/2 cup	100	0.1	0.02	0.2	0.04	0.3	0.06	0.4	0.07
Sweet corn	1/2 cup	60	0.8	0.07	1.7	0.16	1.1	0.10	0.9	0.09
Tomato	1 med	150	0.3	0.21	0.8	0.47	3.2	1.96	3.4	2.05
Tomato-canned	1/2 cup	125					0.5	0.08	0.8	0.15
Zucchini	1/2 cup	75					1.4	0.65	1.1	0.53
<i>Sub-Total</i>				<i>1.89</i>		<i>4.46</i>		<i>6.37</i>		<i>6.19</i>
Meats, etc.										
Baked beans	1/2 cup	150					0.2	0.03	0.3	0.06
Burger patty	1 med	50					0.3	0.04	0.3	0.04
Canned fish		100	0.1	0.05			0.3	0.17	0.2	0.09
Egg	1 med	50	1.0	0.20	2.6	0.50	1.7	0.33	1.6	0.32
Fish fried		100			0.5	0.21	0.2	0.10	0.3	0.14
Fish steamed		100					0.5	0.34	0.3	0.22
Ham	2 slices	50	0.6	0.29	1.3	0.65	0.8	0.40	1.1	0.57
Lamb chop	1 chop	100	0.4	0.27	1.4	0.86	0.9	0.54	1.0	0.60
Mince		75	0.5	0.17	0.9	0.35	1.3	0.47	1.2	0.44
Pork chops	1 chop	100	0.1	0.07	0.1	0.15	0.4	0.51	0.5	0.65
Roast chicken		100	0.4	0.22	0.9	0.53	0.8	0.43	0.8	0.43
Roast meat	2 slices	100	0.3	0.16	0.5	0.30	0.5	0.32	0.8	0.50
Schnitzel		100	0.1	0.14	0.2	0.20	0.3	0.27	0.2	0.24
Steak		100	0.5	0.28	1.2	0.68	1.0	0.55	1.4	0.79
Stewing steak		100	0.2	0.11	0.5	0.24	1.0	0.48	1.1	0.52
<i>Sub-Total</i>				<i>2.10</i>		<i>4.97</i>		<i>4.99</i>		<i>5.62</i>
Dairy foods										
Cheese	3cm cube	30	1.6	0.30	6.8	1.28	4.5	0.85	5.4	1.00
Milk	1 glass	200	8.4	1.47	0.9	0.15	9.7	1.69	14.7	2.56
Yoghurt	1 ctn	200	0.4	0.17	2.7	1.26	2.6	1.19	0.7	0.31
<i>Sub-Total</i>				<i>2.56</i>		<i>5.36</i>		<i>3.73</i>		<i>3.87</i>
Other										
Apple juice	1 glass	200	0.6	0.16	0.7					
Bacon	mid rasher	50	1.2	0.48	1.9	0.77	0.5	0.20	1.0	0.39
Beer	can	375							2.3	2.63
Bran	1 tbsp	12					0.6	0.02		
Cake	1 slice	60	1.2	0.69	2.0	1.17	1.2	0.69	0.8	0.48
Canned soup	1 cup	250	0.5	0.14	0.6	0.16	0.2	0.04	0.1	0.02

Food Budget (continued)

	Serving unit	Grams per serve	Girl aged 6 Serves per week	Cost (\$ per week)	Boy aged 14 Serves per week	Cost (\$ per week)	Woman aged 35 Serves per week	Cost (\$ per week)	Man aged 40 Serves per week	Cost (\$ per week)
CC"s	1 pkt	50	0.3	0.09	0.6	0.18				
Chips		100	0.8	0.14	1.4	0.23	0.8	0.14	0.6	0.09
Chocolate	1 row	30	1.4	0.29	3.0	0.63	1.4	0.29	1.2	0.24
Chocolate bar	1 bar	60			0.1	0.10			0.4	0.29
Coffee	1 tspoon	5			1.2	0.09	4.2	0.30	4.2	0.30
Cafe latte	1 cup	200					1.0	1.60		
Coke	1 can	375			0.6	0.73	0.7	0.16	1.0	0.22
Cordial	1 tbspn	20	2.8	0.05	2.1	0.17				
Cream	1 tbspn	20			0.7	0.03	0.4	0.01	0.7	0.03
Crisps	1 pkt	50	1.0	0.35	1.0	0.10			0.4	0.15
Custard	1/2 cup	125				0.02	0.7	0.11	0.4	0.06
Doughnut	1	70							0.2	0.12
Dressing-polyunsat.	1 tbspn	20					0.7	0.12	0.4	0.06
Fancy biscuit	1 bisc	30			1.9	0.33	0.5	0.08	0.2	0.04
Flour	2 tbspn	25					0.3	0.01	0.3	0.01
Frankfurts	1	40								
Fritz	1 slice	30							0.7	0.04
Fruit drink	1 glass	200	2.6	1.68	2.1	1.34	0.8	0.19		
Fruit juice	1 glass	200	2.2	0.60	1.8	0.48	2.7	0.74	2.1	0.57
Fruit pie	1/8 pie	75					0.3	0.08	0.4	0.10
Garlic	pinch	5					1.4	0.08	1.4	0.08
Gravy	1/4 cup	60	0.8	0.13	1.2	0.18	0.4	0.05	0.5	0.07
Hamburgers	1 burger	205	0.0	0.09	0.1	0.18	0.3	0.71	0.3	0.71
Honey	1 tspn	5	7.0	0.12	9.8	0.17	7.0	0.12	8.4	0.14
Ice-cream	1 scoop	50	5.2	0.29	6.6	0.37	1.4	0.08	4.2	0.23
Jam	1 tspn	5					7.0	0.10	7.0	0.10
KFC/supermarket	1 pc	67	0.1	0.03	0.1	0.03			0.3	0.10
Lasagne		150			0.1	0.06	0.4	0.24	0.3	0.15
Lemonade	1 can	375	1.0	0.26	0.6	0.14	0.5	0.12	0.6	0.14
Lollies	1 lolly	8			5.3	0.20	4.4	0.17	3.5	0.13
Low alc beer	1 can	375							0.8	0.86
Margarine	1 tspn	5	21.0	0.29	21.0	0.29	21.0	0.29	21.0	0.29
Mayonnaise	1 tspn	5					2.8	0.03	2.8	0.03
Meat pie	1 pie	175			0.3	0.16	0.2	0.10	0.2	0.10
Mild Curry powder	1 tspn	5					1.4	0.10	1.4	0.10
Milk flav drink	1 glass	200	2.9	2.15	2.9	2.15				
Milo	1 tspn	5	2.8	0.05	4.2	0.08	4.2	0.08		
Muesli bar	1 bar	35	0.6	0.14	0.6	0.14				
Nuts		30							1.9	0.38
Packet soup	1 cup	200					0.6	0.66	0.5	0.57
Peanut butter	1 tspn	5	2.8	0.07	7.0	0.17	2.8	0.07	7.0	0.17
Pickled onion	1	10							1.4	0.04

Food Budget (continued)

	Serving unit	Grams per serve	Girl aged 6 Serves per week	Cost (\$ per week)	Boy aged 14 Serves per week	Cost (\$ per week)	Woman aged 35 Serves per week	Cost (\$ per week)	Man aged 40 Serves per week	Cost (\$ per week)
Pizza	1/6 pizza	100	0.1	0.03	0.1	0.05	0.4	0.16	0.4	0.14
Raisin bread	1 slice	30					0.5	0.03	0.7	0.05
Salami	2 slices	30							0.7	0.26
Sausage	1	40	1.3	0.17	2.6	0.34	1.8	0.24	2.6	0.34
Sausage rolls	1 small	40	0.5	0.06	0.7	0.08				
Savoury bisc	4 bisc	30	0.2	0.04	0.5	0.08			0.5	0.08
Seafood	1 cup	100							0.1	0.28
Spring rolls	1 roll	170			0.1	0.10				
Stirfry veg		100					0.4	0.05	0.3	0.04
Sugar	1 tspn	5	11.2	0.05	22.4	0.11	14.0	0.07	19.6	0.09
Tea	1t-bag	0.5			1.9	0.01	8.2	0.05	7.8	0.05
Tomato paste	1 tspn	5					1.4	0.02		
Tomato sauces	1 tspn	5	5.6	0.06	8.4	0.09	2.8	0.03	4.2	0.04
Vegetemite	1 tspn	5	2.8	0.16	2.8	0.16	1.4	0.08	1.4	0.08
Vegetable oil	1 tspn	5	1.4	0.02	7.0	0.08	7.0	0.08	7.0	0.08
Water	1 cup	250	42.0		42.0		42.0		42.0	
Wine	1 glass	120					1.4	0.42	2.0	0.61
<i>Sub-Total</i>				<i>8.94</i>		<i>12.10</i>		<i>9.04</i>		<i>12.43</i>
Total				23.65		40.01		37.18		44.53
add 5% for wastage				24.83		42.01		39.04		46.76
Total Food	152.64			24.83		42.01		39.04		46.76

Low Cost Clothing and Footwear Budget for Couple with Two Children

				Price	Quantity	Lifetime (years)	Yearly Cost	Weekly Cost
Woman Aged 35 (not in workforce)				(\$)			(\$)	(\$)
Outerwear								
parka	3/4 length, zippered front, pockets lining, hood,	polyester cotton	Target	39.00	1	6.0	6.50	0.12
rain jacket	3/4 length, hood, pockets, buttoned front	cotton lining plastic	Target	12.00	1	8.0	1.50	0.03
winter slacks	fitted waist, pockets, straight leg	polyester	Target	20.00	3	5.0	12.00	0.23
jeans	fitted waist, pockets	denim	Target	29.00	3	1.5	58.00	1.11
winter skirt	fitted waist, pleated	polyester viscose	Target	32.00	1	5.0	6.40	0.12
winter skirt	fitted waist, straight	acrylic knit	Target	32.00	1	4.0	8.00	0.15
winter jumper, warm	long sleeve crew neck	angora blend	Target	59.00	1	5.0	11.80	0.23
winter jumper, light	long sleeve, short front zip	acrylic	Target	39.00	1	4.0	9.75	0.19
winter cardigan	crew neck, buttoned front	angora blend	Target	59.00	1	5.0	11.80	0.23
skivvy	long sleeve roll neck	cotton	Target	10.00	4	5.0	8.00	0.15
long sleeve blouse	long sleeves, collar, buttoned front	winter weight cotton/poly	Target					
tracksuit bottoms	elasticised waist and hems,	poly/cotton	Target	14.00	3	1.5	28.00	0.54
tracksuit tops	sweatshirt style, long slv.	poly/cotton	Target	14.00	3	1.5	28.00	0.54
smart suit	long sleeve, classic style, no collar, long line jacket, straight skirt	polyester/viscose	Target	78.00	1	6.0	13.00	0.25
special occasion dress	short slv, round neck, waisted/belt	viscose	Target	55.00	1	6.0	9.17	0.18
smart blouse	long slv, round neck, padded shoulder	polyester	Target	35.00	1	6.0	5.83	0.11
waistcoat/vest	patterned front, plain back, 3 buttons	polyester	Target	29.00	1	7.0	4.14	0.08
summer jacket	lightweight, short sleeve, rever collar	poly/cotton	Target	49.00	1	5.0	9.80	0.19
sun dress	sleeveless, knee length	cotton	Target	32.00	1	6.0	5.33	0.10
summer dress, casual	short sleeves, fitted top, flared skirt	cotton knit	Target	20.00	1	5.0	4.00	0.08
summer dress, smart	shrt slv, high waist, gathered skirt	cotton	Target	39.00	1	5.0	7.80	0.15
summer skirt	full, elasticised waist	poly/cotton	Target	30.00	1	5.0	6.00	0.12
summer skirt	straight, unlined, fitted	poly/viscose	Target	26.00	1	5.0	5.20	0.10
summer slacks, smart	fitted waist, straight leg	poly/viscose	Target	39.00	1	6.0	6.50	0.12
summer slacks, casual	part fitted/part elasticised waist	polyester	Target	29.00	2	4.0	14.50	0.28

Clothing and Footwear Budget (continued)

				Price	Quantity	Lifetime (years)	Yearly Cost	Weekly Cost
shorts, smart	fitted waist, zippered front, pockets	poly/viscose	Target	20.00	2	4.0	10.00	0.19
shorts, casual	elasticised waist, pockets	cotton knit	Target	14.00	2	1.5	18.67	0.36
summer sweater	long sleeve, crew neck	acrylic	Target	24.00	1	5.0	4.80	0.09
summer sweater	short sleeve, crew neck	cotton/acrylic	Target	22.00	1	4.0	5.50	0.11
summer cardigan	v-neck, buttoned front, long sleeve	cotton/acrylic	K-mart	29.00	1	4.0	7.25	0.14
summer blouse	short sleeve, buttoned front, collar	cotton	Target	29.00	1	7.0	4.14	0.08
smart summer blouse	sh. slv, round neck, padded shoulders	polyester	Target	39.00	1	6.0	6.50	0.12
t-shirt	short sleeve, crew neck	cotton	Target	8.00	2	1.5	10.67	0.20
tank top	sleeveless, ribbed, scoop neck	cotton	Target	10.00	1	3.0	3.33	0.06
polo t-shirt	short sleeve rever collar, 3 buttons	cotton	Target	12.00	1	3.0	4.00	0.08
leggings	footless	poly/cotton elastin	Target	20.00	1	2.0	10.00	0.19
exercise shorts	fitted, knee length	lycra	Target	12.00	1	2.0	6.00	0.12
swim suit	one piece	poly/cotton elastin	Target	29.00	1	2.0	14.50	0.28
Underwear & Nightwear								
briefs		cotton	Target	4.50	6	2.0	13.50	0.26
briefs	full, plain	cotton	Target	2.50	4	2.0	5.00	0.10
singlets	sleeveless	cotton	Target	4.50	2	1.0	9.00	0.17
bra	medium control	cotton/elastin	Target	12.00	3	1.0	36.00	0.69
bra	sports style	cotton/elastin	Target	13.00	2	1.0	26.00	0.50
waist slip	elasticised waist	nylon	Target	9.00	1	2.0	4.50	0.09
winter nightie	long sleeve, 3/4 length, pull-on	poly cotton	Target	24.00	1	2.0	12.00	0.23
winter pyjamas	long sleeves, long legs	cotton	Target	16.00	1	2.0	8.00	0.15
summer nightie	sleeveless, scoop neck, 3/4 length	cotton knit	Target	14.00	1	2.0	7.00	0.13
summer pyjamas	short sleeve top, short leg	cotton knit	Target	19.00	1	2.0	9.50	0.18
winter dressing gown	full length, long slv, buttoned through	cotton	Target	29.00	1	6.0	4.83	0.09
stockings	knee-highs (2 prs)	nylon	Target	2.50	2	1.0	5.00	0.10
stockings	Hilton 'Razza Matazz' pantyhose	nylon/lycra cotton	Target	3.35	5	1.0	16.75	0.32
tights	winter weight, soft	acry/nylon/lycra	Target	9.00	2	2.0	9.00	0.17
socks	ankle length	cotton	Target	3.33	6	1.0	19.98	0.38
sport socks	mid shin length, cushioned foot	cotton blend	Target	2.00	2	1.0	4.00	0.08

Clothing and Footwear Budget (continued)

				Price	Quantity	Lifetime (years)	Yearly Cost	Weekly Cost
Accessories								
sun hat		straw	Target	5.00	1	2.0	2.50	0.05
sun hat	sun visor	cotton/poly	Target	6.00	1	5.0	1.20	0.02
scarf, smart	patterned, long, rectangular	poly	Target		1	7.0		
belt, casual	medium width, buckle	leather	Target	15.00	1	5.0	3.00	0.06
handkerchiefs	plain	cotton	Target	0.74	10	2.0	3.70	0.07
swim goggles		plastic/rubber	Target	8.00	1	1.0	8.00	0.15
swim cap	pull-on	rubber	Target	5.00	1	1.0	5.00	0.10
hand bag	small	leather	Target	25.00	1	4.0	6.25	0.12
casual bag	medium/large size	canvas or straw	Target	17.00	1	2.0	8.50	0.16
wallet	multi compartments	leather	Target	17.00	1	5.0	3.40	0.07
umbrella	fold up	nylon	Target	10.00	1	5.0	2.00	0.04
Shoes								
shoes, court		leather uppers	Mathers	69.00	1	5.0	13.80	0.26
shoes, court	'Hush Puppy' medium heel, plain	leather uppers	Mathers	79.00	2	6.0	26.33	0.51
sandals	'Sandler' low heel, straps	leather uppers	Mathers	65.00	1	4.0	16.25	0.31
loafers	'Diane Ferrari' flat heel, slip-on	leather uppers	Mathers	69.00	1	2.0	34.50	0.66
joggers/trainers	lace-up, raised soles, padded	synthetic	Target	18.00	1	2.0	9.00	0.17
slippers, winter	slip-on, moccasin style	man-made fabric	Target	15.00	1	3.0	5.00	0.10
							726.88	13.94
<i>5% Reduction for Sale and Specials</i>							-36.34	-0.70
shoe repairs	heel replacement	resin	East-gardens	11.95	2	1.0	1.00	23.90
dry cleaning	suit jacket	polyester/viscose	East-gardens	7.80	2	1.0	15.60	0.30
Total							730.04	14.00
Man aged 40 (unemployed)								
sports jacket/blazer, smart	buttoned front	poly/viscose, viscose lining	Target	89	1	5	17.80	0.34
parka	3/4 length, buttoned front, roll up hood, pockets, shower resistant	polyester cotton shell, cotton lining	Target	79	1	5	15.80	0.30
rain coat	full length, fold-up, pockets, buttoned front	plastic	Target	15	1	6	2.50	0.05
suit	single breasted jacket, fitted pants	poly/wool, polyester lining	Target	138	1	6	23.00	0.44
trousers /slacks - smart	pleated, belt, no cuffs	polyester	Target	29	2	4	14.50	0.28
jeans	fitted waist, pockets	denim	Target	25	2	1.5	33.33	0.64

Clothing and Footwear Budget (continued)

				Price	Quantity	Lifetime (years)	Yearly Cost	Weekly Cost
tracksuit bottoms	elasticised waist and ribbed hems	cotton/polyester	Target	20	3	1	60.00	1.15
tracksuit tops	crew neck, long sleeve	cotton/poly	Target	20	2	1	40.00	0.77
winter long sleeve shirt	buttoned, front, collar	flannelette	Target	9.95	1	2	4.98	0.10
long sleeve shirt, business	buttoned, front, collar	poly/cotton	Target	12	6	3	24.00	0.46
long sleeve shirt, casual	buttoned front, casual neckline	cotton knit	Target	29	2	3	19.33	0.37
rugby shirt	long sleeve, collar, 3 buttons	cotton knit	Target	39	2	2	39.00	0.75
sweat shirt	sweatshirt style, long sleeve, collar,	poly/cotton	Target	32	1	2	16.00	0.31
winter jumper, chunky	long sleeve crew neck	acrylic	Target	15	2	3	10.00	0.19
winter jumper, lightweight	long sleeve crew neck	acrylic	Target	25	2	4	12.50	0.24
summer trousers, smart	pleated waist, straight leg, belt	poly/viscose	Target	35	1	4	8.75	0.17
summer trousers casual	elasticised waist, straight leg	cotton	Target	35	2	3	23.33	0.45
shorts, smart	fitted waist, zippered front, pockets, belt	poly/viscose	Target	35	1	4	8.75	0.17
shorts, casual	elasticised waist	drill cotton	Target	15	1	1.5	10.00	0.19
board short	elasticised waist	nylon	Target	15	1	3	5.00	0.10
bike shorts	elasticised waist	lycra	Target	15	1	4	3.75	0.07
work shorts (home wear)	fitted waist,	cotton drill	Target	22.5	1	3	7.50	0.14
short sleeve shirt, smart	buttoned front, collar	cotton	Target	15	2	4	7.50	0.14
short sleeve shirt, casual	buttoned up/'grandpa' style	cotton	Target	29	2	4	14.50	0.28
t-shirt	short sleeve, crew neck, pocket	cotton	Target	10	4	1.5	26.67	0.51
tank top	sleeveless, ribbed, scoop neck	cotton	Target	12	2	3	8.00	0.15
polo t-shirt	short sleeve rever collar, 3 buttons	cotton	Target	9.5	1	3	3.17	0.06
swim suit	'speedo' type,	nylon/lycra	Target	15	1	2	7.50	0.14
Underwear/nightwear								
briefs	briefs, hipsters, cotton	cotton	Target	0.79	8	2	3.16	0.06
briefs	boxer style	cotton/poly	Target	5	2	2	5.00	0.10
winter pyjamas	long. sl. top, drawstring long pants	flannelette	Target	16	1	2	8.00	0.15
summer pyjamas	short sleeve top, short leg pants	cotton	Target	18	1	2	9.00	0.17
winter dressing gown	3/4 length, long sleeve, rever collar	towelling	Target	59	1	8	7.38	0.14

Clothing and Footwear Budget (continued)

				Price	Quantity	Lifetime (years)	Yearly Cost	Weekly Cost
socks, business	ankle length	cotton blend	Target	4	8	2	16.00	0.31
socks, walking	3/4 length	cotton blend	Target	8	2	4	4.00	0.08
sport socks	mid shin length, cushioned foot	cotton/lycra	Target	2.33	2	2	2.33	0.04
Accessories								
sun hat	medium brim	straw	Target	5	1	3	1.67	0.03
sun hat	sports' cap with sun visor	cotton/poly	Target	8	1	3	2.67	0.05
belt, smart	narrow width, buckle	leather	Target	12	3	6	6.00	0.12
belt, casual	medium width, buckle	leather	Target	25	3	5	15.00	0.29
tie	plain	synthetic fabric	Target	15	2	7	4.29	0.08
tie	patterned	synthetic fabric	Target	17	2	7	4.86	0.09
wallet	money/card compartments	pigskin	Target	15	1	6	2.50	0.05
bag	back pack	poly/pvc	Target	20	1	5	4.00	0.08
umbrella	fold up	nylon	Target	15	1	6	2.50	0.05
handkerchiefs	plain	cotton	Target	0.64	9	2	2.88	0.06
swim cap	pull-on	rubber	Target	5	1	1	4.00	0.08
swim goggles		plastic\rubber	Target	8	1	2	4.00	0.08
Shoes								
shoes	lace ups	leather uppers	Target	60	4	4	60.00	1.15
shoes, casual	soft, slip-on, trim	synthetic	Target	35	1	3	11.67	0.22
sandals	scuff type	synthetic	Target	20	1	3	6.67	0.13
joggers/trainers	lace-up, raised soles, padded	synthetic	Target	18	2	1	36.00	0.69
slippers	slip-on, mule style	synthetic	Target	18	1	3	6.00	0.12
Sales/specials	deduction					less 5%	-34.84	-0.67
shoe repairs	heel replacement	resin	East- gardens	13.95	2	1	27.90	0.54
dry cleaning	suit and sports jacket	polyester/viscose	East- gardens	7.8	3	1	23.40	0.45
Total							713.18	13.71
Girl Aged 6								
winter jacket/parka	zipped front, hood, fully lined	cotton/polyester, cotton lining	Target	28	1	2	14.00	0.27
winter dress	back buttoned, full skirt	acrylic	Target	30	2	2	30.00	0.58
winter skirt	elasticised waist	cotton/polyester	Target	20	1	2	10.00	0.19
jeans	elasticised waist, pockets	denim	Target	18	1	1	18.00	0.35
leggings	tight fitting, elasticised waist	cotton/elastin	Target	10	2	2	10.00	0.19
winter jumper	long sleeve, crew neck	wool blend	Target	30	1	2	15.00	0.29
winter cardigan	long sleeve	acrylic	Target	22	1	2	11.00	0.21
blouse	long sleeves, bubble top	cotton/polyester	Target	16	2	2	16.00	0.31
long sleeved top	'skivvy' type	cotton	Target	5.5	1	2	2.75	0.05

Clothing and Footwear Budget (continued)

				Price	Quantity	Lifetime (years)	Yearly Cost	Weekly Cost
track pants	elasticised waist, ribbed hem	cotton/polyester	Target	11	2	1	22.00	0.42
tracksuit top	crew neck, ribbed hem	cotton/polyester	Target	11	3	1	33.00	0.63
rain coat	button through, hood	plastic, safety yellow	Target	8	1	2	4.00	0.08
sun dress	sleeveless	cotton	Target	16	1	2	8.00	0.15
summer dress	back buttoned, sleeveless	cotton	Target	25	1	2	12.50	0.24
summer skirt	elasticised waist	cotton/polyester	Target	16	1	2	8.00	0.15
blouse	short puff sleeves	cotton/polyester	Target	12	3	2	18.00	0.35
summer cardigan	short sleeves	ramie/cotton	Target	16	1	2	8.00	0.15
shorts	elasticised waist	cotton/polyester	Target	9	4	2	18.00	0.35
summer slacks	elasticised waist	visc/rayon/poly	Target	14	1	2	7.00	0.13
T-shirt	short sleeves crew neck	cotton	Target	6	3	2	9.00	0.17
swimming costume	all-in-one, hip frill	lycra/elast.	Target	14	1	2	7.00	0.13
sun protection shirt	short sleeve, high neck	lycra/elast.	Target	22	1	2	11.00	0.21
sun hat	legionnaire style	cotton/polyester	Target	6	1	2	3.00	0.06
sun hat	straw, full brim	cotton/polyester	Target	12	1	1	12.00	0.23
belt		leather	Target	12	1	2	6.00	0.12
Underwear/nightwear								
briefs	full brief	cotton	Target	1.4	8	2	5.60	0.11
singlets	sleeveless	cotton	Target	4	2	2	4.00	0.08
socks	ankle length	cotton blend	Target	3.25	6	1	19.50	0.37
tights	soft, winter weight	acrylic/nylon	Target	10	1	2	5.00	0.10
summer pyjamas	sleeveless top, short pants	cotton	Target	14	2	2	14.00	0.27
summer nightie	short sleeve, short length	cotton	Target	16	1	2	8.00	0.15
winter pyjamas	track suit style	brushed cotton	Target	18	1	2	9.00	0.17
winter nightie	long sleeve. ¾ length	cotton knit	Target	20	1	2	10.00	0.19
winter dressing gown	long sleeve. ¾ length, button front	polyester	Target	20	1	2	10.00	0.19
Shoes								
shoes	smart, buckle fastened	patent leather	Target	12	1	1	12.00	0.23
joggers	lace up, raised sole	synthetic	Target	16	1	1	16.00	0.31
thongs		synthetic	Target	2	1	1	2.00	0.04
slippers		man made fibre	Target	14.95	1	1	14.95	0.29
School clothes								
pinafore (worn with shirt)	school design	poly/cotton	school	33	1	1	33.00	0.63
shirt	short sleeve, polo style	poly/cotton	school	14	5	1	70.00	1.34

Clothing and Footwear Budget (continued)

				Price	Quantity	Lifetime (years)	Yearly Cost	Weekly Cost
jumper	sweat top style	poly/cotton	school	16.75	1	1	16.75	0.32
track suit	top and bottom	poly/cotton	school	31	1	1	31.00	0.59
skirt	pleated, adjustable waist	poly/cotton	school	16	2	1	32.00	0.61
skirt sports	pleated front, wrap around	poly/cotton	Target	16	1	2	8.00	0.15
t-shirt sports	short sleeves	cotton	Target	6	1	1	6.00	0.12
shoes	lace ups	leather uppers	Target	20	2	1	40.00	0.77
apron (for crafts)	full wrap around	poly/cotton	Target	12	1	2	6.00	0.12
bag	back pack	polyester	Target	14.95	1	3	4.98	0.10
umbrella	'Disney'	lycra	Target	12	1	2	6.00	0.12
							697.03	13.37
Sales/specials deduction						less 5%	34.85	0.67
Total							662.18	12.70
Boy aged 14								
winter jacket/parka	3/4 length, buttoned front, roll up hood pockets, shower resistant	cotton/polyester cotton lining	Target	79	1	2	39.50	0.76
trousers, smart	fitted waist, belt, pockets	polyester/viscose	Target	29	1	2	14.50	0.28
winter shirt, casual	long sleeves	flannelette	Target	9.95	1	2	4.98	0.10
jeans	fitted waist, pockets	denim	Target	25	1	1	25.00	0.48
winter jumper	long sleeve, crew neck	wool	Target	49	1	3	16.33	0.31
winter jumper	long sleeve, crew neck	acrylic	Target	15	1	1	15.00	0.29
track pants	elasticised waist, ribbed hem	cotton/polyester	Target	20	2	1	40.00	0.77
tracksuit top	crew neck, ribbed hem	poly/cotton	Target	20	1	1	20.00	0.38
sweat shirt	long sleeve, crew neck	poly/cotton	Target	20	1	1	20.00	0.38
School clothes								
pants	short leg, fitted waist, 'longer' leg style	cotton drill	Target	15	3	1	45.00	0.86
pants	long leg, elastic waist, 'Stubbies'	winter weight	Target	24	2	1	48.00	0.92
shirt	short sleeve, collar	poly/cotton	Target	9	5	1	45.00	0.86
school jumper	sweat shirt style	poly/cotton	school	20	1	1	20.00	0.38
sports uniform	elasticised shorts & T-shirt	cotton	Target	24	1	1	24.00	0.46
socks, school	ankle length	cotton	Target	3.25	5	1	16.25	0.31
Other Casual Wear								
summer trousers, casual	fitted waist	cotton/polyester	Target	20	2	2	20.00	0.38
summer shirt, casual	short sleeves, grandpa neck	cotton/ramie	Target	20	2	2	20.00	0.38
shorts, smart	fitted waist	cotton/linen	Target	24	1	2	12.00	0.23

Clothing and Footwear Budget (continued)

				Price	Quantity	Lifetime (years)	Yearly Cost	Weekly Cost
shorts, board	'surf label'	canvas	Target	16	2	1	32.00	0.61
shorts, board	'surf label',	nylon	Target	20	1	1	20.00	0.38
T-shirt	short sleeves crew neck	cotton	Target	8	2	2	8.00	0.15
T-shirt	'surf label' short sleeves, crew neck	cotton	Target	22	1	1	22.00	0.42
swimming costume	'speedo' type	lycra/elast.	Target	15	1	1	15.00	0.29
'rash vest'	short sleeve, high neck	lycra	Target	29	1	2	14.50	0.28
sun hat	'surf' cap with sun visor	poly/cotton	Target	12	1	2	6.00	0.12
sun hat	full brim	straw	Target	5	1	1	5.00	0.10
Underwear/Nightwear								
underpants	hipster style	cotton	Target	1.45	5	2	3.63	0.07
underpants	boxer style	cotton	Target	5	2	2	5.00	0.10
socks	ankle length, 'sports'	cotton	Target	2.2	3	2	3.30	0.06
summer pyjamas	short sleeve top, short pants	cotton	Target	18	2	2	18.00	0.35
winter pyjamas	long sleeve, long leg	flannelette	Target	16	1	2	8.00	0.15
Shoes								
shoes, school	Rollers' style	leather uppers	Target	35	2	1	70.00	1.34
joggers	new Balance'	all synthetic	Rebel	70	1	1	70.00	1.34
sandals	surf sandals	all synthetic	Target	4.95	1	1	4.95	0.09
Accessories								
belt, casual	wide	leather	Target	25	1	4	6.25	0.12
wallet	soft style	synthetic	Target	10	1	2	5.00	0.10
school bag	back pack	polyester	Target	20	1	2	10.00	0.19
swim cap	pull on	rubber	Target	5	1	1	5.00	0.10
swim goggles		rubber/plastic	Target	8	1	1	8.00	0.15
Sales/specials deduction						less 5%	-39.26	-0.75
Total							745.92	14.31
Total Clothing and Footwear							2853.06	54.72

Low Cost Household Goods and Services Budget for Couple with Two Children

		Unit Price (\$)	Quantity purchased	Lifetime in years	Weekly Cost (\$)
Lounge/Dining Furniture					
TV/video/stereo trolley	Freedom-'Ark'-3-tier-w74xd37xh71	80.00	1	15	0.10
storage/display unit-1	Ikea 'Tvar' w80xd30xh179 (x2) wood	500.00	1	15	0.64
bookcase	Freedom -'Alpine' w75xd24xh177-wood	110.00	1	15	0.14
2-seater settee	Ikea-'Nicolina'-w163xh83	449.00	2	15	1.15
lounge chair	Freedom-'Bahama Tub chair, cane	66.00	2	17	0.15
3 coffee/end tables	Freedom-'Clair'-timber veneer	200.00	1	15	0.26
dining table	Freedom 'Milan' ext. table 160/198x90-oak	339.00	1	15	0.43
dining chair	Ikea-'Hepola' lacq. wood	59.00	4	15	0.30
single bed (king)	Capt'n Snooze-'Sleepmaker'	499.00	1	12	0.80
single bed (standard)	Capt'n Snooze-'Sleepmaker'	399.00	1	12	0.64
queen size	Capt'n Snooze-'Sleepmaker'	699.00	1	12	1.12
chest of drawers (lg.)	Ikea-'Kurs'-white lamin.-w81xd39xh123-6-draw.	299.00	3	17	1.01
chest of drawers (sm.)	Ikea-'Kurs'-white lamin.-w81d39h78-3-draw.	199.00	1	15	0.25
bedside table	Ikea-'Bialitt', wood-w43xd38xh48	49.00	2	17	0.11
bedside table-child	Ikea-'Bialitt', wood-w43xd38xh48	49.00	2	15	0.13
foam mattress (single)	K-mart	56.00	1	17	0.06
sleeping bag	K-mart/Jackaroo Swagman 215x80cm	70.00	1	12	0.11
cotton blanket (sing.)	Target	30.00	1	17	0.03
flat sheet (single)	K-mart-'Dreamtex'	18.00	1	20	0.02
pillow	K-mart-'The Price Brand'-polyester fill	5.00	1	17	0.01
folding chair	K-mart-PVC/steel frame	20.00	4	15	0.10
desk (child)	Ikea-'Erik/Einar'-lamin.-L118xW58xH72	69.00	1	12	0.11
desk chair	Freed.Furn.-'Pyrmont'	130.00	1	12	0.21
bookcase (sm.)	Ikea-'Billy'-w80xd28xh106	99.00	2	12	0.32
bathroom mirror	K-mart-'Garmond'-vanity mirror-plastic frame	19.98	1	17	0.02
carpet cleaning	2 & 3 bed unit	35.00	1	1	0.67
cleaning of furnishings	two seater lounge	20.00.	1	4	0.10
tablecloth (lg.)	K-mart-'Table Manners'-150x270cm	28.00	1	5	0.11
tea towels-set of 4	K-mart-'The Price Brand'	3.30	2	5	0.03
hand towel	K-mart-'Cottage Kitchen'	2.45	4	5	0.04
apron	K-mart-'popover'-cotton/polyester	9.35	1	6	0.03
oven mitt	K-mart-'Cottage Kitchen'-double mitt	4.75	1	4	0.02
ironing board cover	Woolworths-46cm wide	2.12	1	1	0.04
peg bag	K-mart-fabric	2.98	1	6	0.01
laundry bag	K-mart-(for washing delicates)	2.95	1	2	0.03
pillow	K-mart-'The Price Brand'-polyester fill	4.75	8	6	0.12
doona (single)	K-mart-'Dreamtex'-polyester fill	29.95	2	12	0.10
doona (queen)	K-mart-'Dreamtex'-polyester fill	42.00	1	12	0.07
doona cover (single)	K-mart-'Country Living'+pillow case	49.00	4	10	0.38
doona cover (queen)	K-mart-'Country Living'+2 pillow cases	69.00	2	10	0.26
pair sheets (king single)	Target flat/fitted + 1 pillow case	45.00	2	10	0.17
pair sheets (single)	K-mart-'Dreamtex'-flat/fitted+1 pillow case	24.95	2	10	0.10
pair sheets (queen)	K-mart-'Dreamtex'-flat/fitted+2 pillow cases	41.00	2	10	0.16
thermal blanket	Target-cotton-double bed	40.00	1	13	0.06
thermal blanket	Target-cotton-single bed	30.00	2	17	0.07
cushion	K-mart-'Good Living'-41cmx41cm	11.25	4	6	0.14
bath towel	K-mart-'Dickies Gold'	15.95	8	4	0.61
hand towel	K-mart-'Dickies Gold'	7.45	8	4	0.29

Household Goods and Services Budget (continued)

		Unit Price (\$)	Quantity purchased	Lifetime in years	Weekly Cost (\$)
beach towel	K-mart-'Waves'	19.95	6	6	0.38
bath mat	K-mart-'Dreamtex'-rubber-backed	24.95	2	4	0.24
washer	K-mart-'Dickies Gold'	3.95	8	1	0.61
shower curtain	Target-nylon	17.50	1	5	0.07
Other Furnishings & Ornaments					
waste paper basket	Woolworths-plastic	1.59	1	3	0.01
lamp base	K-mart-'Silkhands'-ceramic	19.95	5	15	0.13
lamp shade (table)	K-mart-'Silkhands'	7.95	5	10	0.08
standard lamp	Target-'Mood'-metal	59.00	1	15	0.08
desk lamp	K-mart-'Horizon'-flexible neck-plast.shade	21.98	1	5	0.08
mirror (wall)	K-mart-'Garmond'-36cmx46cm	19.98	1	15	0.03
vase	K-mart-'Vinciana'-glass-23cm	9.98	2	7	0.05
doormat	K-mart-coir	5.99	1	12	0.01
Tableware					
dinner service	K-mart-20pc-setting for 4	23.95	2	6	0.15
mug	Woolworths	0.99	8	2	0.08
egg cups (4)	K-mart-plastic-set	1.98	1	6	0.01
large glasses (4)	K-mart-'Metro Tavern'-set	5.98	2	4	0.06
small glasses (6)	K-mart-'Metro'-tumblers-set	4.98	2	3	0.06
wine glasses (6)	K-mart-'Crown Classic'-set	14.95	2	4	0.14
glass water jug	K-mart	4.95	1	12	0.01
milk jug (sm)	Target-earthenware	4.95	1	12	0.01
sugar bowl	Target-earthenware	4.95	1	12	0.01
dessert/cereal bowl	Woolworths-ceramic	1.99	8	6	0.05
set of cutlery	K-mart-'BIPA'-24pc+stand-setting for 6	14.98	2	19	0.03
salad bowl	K-mart-wooden-30cm	3.95	1	4	0.02
salad servers	K-mart-plastic	3.25	1	17	0.00
teapot (sm.)	K-mart-ceramic-460ml	4.98	1	9	0.01
coffee plunger (sm.)	Woolworths-6 cup	8.99	1	7	0.02
table mat	K-mart-'Cottage Kitchen'-oval-fabric	3.75	4	5	0.06
table mat (child)	K-mart-pvc	1.15	2	3	0.01
cork mats	K-mart-set of 3 - round	8.98	1	6	0.03
meat serving dish	K-mart-ceramic-oval platter-44cm	16.95	1	10	0.03
serving dish	K-mart-ceramic	18.00	1	10	0.03
Cookware					
saucepans:-	K-mart-6 pc. cookware set-'Chef'-st.steel:- 1x14cm saucepan-1lt 1x16cm saucepan-1.3lt 1x18cm saucepan-2lt 1x24cm stockpot-4.5lt 1x24cm frypan 1x18cm steamer insert	129.00	1	15	0.16
frying pan	K-mart-30cm-non-stick	26.95	1	8	0.06
large stockpot	K-mart-7.6lt-aluminium	17.98	1	15	0.02
small saucepan	K-mart-st.steel	11.98	1	15	0.02
baking dish	K-mart-'Country Bake'-non-stick	7.48	2	12	0.02

Household Goods and Services Budget (continued)

		Unit Price (\$)	Quantity purchased	Lifetime in years	Weekly Cost (\$)
baking tray	K-mart-'Country Bake-non-stick	5.48	1	12	0.01
casserole (oval)	K-mart-with lid-2.9lt-glass	12.78	1	15	0.02
" (round)	K-mart-with lid-1.9lt-glass	7.75	1	15	0.01
cake pan (round)	K-mart-non-stick-20cm	4.68	1	12	0.01
* " " (square)	K-mart-non-stick	2.48	1	12	0.00
* " " (loaf)	K-mart-non-stick-22cmx11cm	2.48	1	12	0.00
spring-form cake pans	K-mart-set of 3	7.98	1	12	0.01
quiche dish	K-mart-ceramic	8.78	1	15	0.01
cooling rack	K-mart-st.steel	2.95	1	12	0.00
egg rings	K-mart-set of 3	2.45	1	15	0.00
Kitchenware N.E.C.					
cake decorating set	K-mart-6pc-plastic	2.35	1	15	0.00
pastry brush	K-mart	1.98	1	2	0.02
pastry/cookie cutters	K-mart-3 shapes-st.steel-plastic handles	3.25	1	15	0.00
rolling pin	K-mart-wooden	5.28	1	12	0.01
egg beater	K-mart-st.steel	7.45	1	15	0.01
flour sifter	K-mart-st.steel	5.95	1	15	0.01
scrapers	K-mart-set of 2-plastic	1.98	1	10	0.00
egg slice	W'worths-Chef Craft-st steel/plastic	0.99	1	15	0.00
draining spoon	W'worths-Chef Craft-st steel/plastic	0.99	1	15	0.00
soup ladle	W'worths-Chef Craft-st steel/plastic	0.99	1	15	0.00
potato masher	W'worths-Chef Craft-st steel/plastic	0.99	1	15	0.00
serving spoon	W'worths-Chef Craft-st steel/plastic	0.99	1	15	0.00
wooden spoons	Woolworths-pkt 3	0.79	1	5	0.00
mixing bowls	K-mart-set of 3-plastic	2.45	1	5	0.01
chopping board (sm.)	K-mart-polythene	4.98	1	5	0.02
" " (lg.)	K-mart-polythene	5.98	1	5	0.02
measuring set	K-mart-plastic-9pc:- 4 spoons, 4 cups, 1lt jug	7.95	1	10	0.02
tray	K-mart-wooden-rectangular	4.95	2	10	0.02
knives & knife block	K-mart-set of 6	29.98	1	25	0.02
carving knife	Messermeister5025-8-(Dec 96)	38.00	1	25	0.03
carving fork	K-mart-'Metalex'-st.steel-plastic handle	3.95	1	15	0.01
can opener	K-mart-metal	1.28	1	6	0.00
garlic crusher	K-mart-st.steel	2.95	1	15	0.00
potato peelers	K-mart-set of 3	1.45	1	6	0.00
corkscrew	K-mart	6.95	1	14	0.01
tea strainer	K-mart-sm. sieve-metal mesh	1.35	1	6	0.00
tongs	K-mart-metal	1.28	2	6	0.01
kitchen scissors	K-mart-plastic handles	2.95	1	14	0.00
lemon squeezer	K-mart-plastic + jug	3.45	1	6	0.01
pepper & salt	K-mart-pepper mill/salt shaker set-plastic	7.95	1	12	0.01
grater	K-mart-metal-conical-non-stick	3.68	1	8	0.01
sieve (lg.)	K-mart-metal mesh	4.65	1	8	0.01
" (sm.)	K-mart-metal mesh	3.98	1	8	0.01
colander/strainer	K-mart-metal mesh	6.98	1	8	0.02

Household Goods and Services Budget (continued)

		Unit Price (\$)	Quantity purchased	Lifetime in years	Weekly Cost (\$)
plate drainer	K-mart-plastic-coated wire	3.98	1	6	0.01
cutlery drainer	K-mart-plastic	1.78	1	6	0.01
cutlery tray	K-mart-plastic	4.85	1	12	0.01
kitchen scales	K-mart-lg.-10kg	19.98	1	17	0.02
thermos flask	K-mart-1lt	19.98	1	9	0.04
Esky	Hardwarehouse-27lt	49.95	1	15	0.06
storage set	K-mart-'Willow'-plastic-10pc:- 2x200ml-round 3x700ml-rectangular 2x1.5lt-rectangular 2x1.9lt-rectangular 1x10lt-rectangular	24.95	1	12	0.04
lunch box	K-mart-1.25lt-plastic-rectangular	3.98	4	10	0.03
vegetable rack	K-mart-plastic-stackable	2.95	2	10	0.01
plastic tumbler	Coles-Lion King	3.49	2	4	0.03
Cleaning Utensils					
squeegee mop	K-mart-Sabco	14.95	1	5	0.06
mop refill	K-mart-Oates-2 & 4 hole multi-fit	5.75	4	1	0.44
soft broom head	K-mart-'The Price Brand'-vinyl	4.95	1	3	0.03
broom handle	K-mart-Sabco	3.95	1	12	0.01
hard broom	K-mart-'Queen'-5-tie	9.95	1	8	0.02
dust pan & brush	K-mart-Oates	4.75	1	4	0.02
lambswool duster	Woolworths	2.51	1	4	0.01
lg. scrubbing brush	K-mart-Oates	2.75	1	4	0.01
shoe brush	K-mart-Oates	1.40	2	7	0.01
bottle brush	K-mart-Sabco	2.15	1	7	0.01
washing-up brush	K-mart-Sabco	2.75	3	1	0.16
toilet brush & holder	K-mart-Oates	4.25	1	7	0.01
plastic sponges	Coles-'Savings'-pkt 5	1.39	5	1	0.12
Chux wipers	Coles-'Savings'-pkt 10	0.93	5	1	0.08
pot scourers	Coles-'Savings'-pkt 5	0.35	3	1	0.02
steel wool	Coles-'Savings'-pkt 10	0.60	2	1	0.02
Household Durables					
kitchen tidy bin	K-mart-Nylex-33lt-plastic-flaptop	13.98	1	5	0.05
garbage bin	K-mart-Willow-75lt-plastic	14.98	1	3	0.10
bucket	K-mart-10lt-plastic	0.98	1	3	0.01
laundry basket	K-mart-Sabco-linen tidy-plastic	19.98	1	12	0.03
wash basket	K-mart-cane-oval	6.98	1	5	0.03
clothes horse	K-mart-Greer airer-20 rails-plastic-coated	25.75	1	12	0.04
coat hangers (10)	K-mart-The Price Brand-plastic-coated	2.98	8	12	0.04
pegs (48)	K-mart-Reva-spring-plastic	3.95	4	3	0.10
sink plug	K-mart-Chef multi-fit-rubber	2.25	2	20	0.00
bath plug	K-mart-Chef multi-fit-rubber	2.25	1	20	0.00
light bulb	K-mart-all wattage	0.89	17	1	0.29
ironing board	K-mart-The Price Brand-122cmx37cm	33.95	1	20	0.03
bathroom scales	K-mart-Soehnle	46.95	1	12	0.08

Household Goods and Services Budget (continued)

		Unit Price (\$)	Quantity purchased	Lifetime in years	Weekly Cost (\$)
extension lead	K-mart-7m	5.98	1	12	0.01
double adaptor	K-mart	2.88	4	12	0.02
power board	K-mart-4-outlet-1.8m	10.18	1	12	0.02
torch	Woolworths-+2 Eveready batteries	5.88	1	5	0.02
Miscellaneous Commodities					
hot water bottle	K-mart - Astra	2.95	1	5	0.01
suitcase	K-mart - Viscount, Astra, 60 cm, PVC vinyl/poly	29.95	2	12	0.10
duffle bag	K-mart - Tosca, large, crinkle nylon	34.95	2	12	0.11
Household Non-Durables					
<i>festive items</i>					
patty pans (paper)	Coles-'Deeko'-pkt 100 (patterned)	2.45	1	2	0.02
paper napkins	Coles-'Deeko'-pkt 50 (coloured)	3.71	1	1	0.07
paper plates (lg.)	Coles-'Deeko'-pkt 8 (patterned)	2.36	1	2	0.02
paper plates (sm.)	Coles-'Deeko'-pkt 20 (patterned)	2.52	1	1	0.05
paper bowls	Coles-'Deeko'-pkt 10 (patterned)	1.88	1	2	0.02
plastic glasses	Coles-'Lily'-pkt 20 (clear)	1.75	1	2	0.02
plastic tablecloth	Coles - 'Starlight' 150 cmx230 cm	23.95	1	5	0.09
plastic forks	Woolworths-pkt 24	0.78	1	2	0.01
plastic spoons	Woolworths-'Home Brand'-pkt 10		1	1	0.01
birthday candles	Coles-'Unique'-pkt 12	0.59	1	1	0.01
balloons	Coles-'Alpen'-pkt100	4.10	1	2	0.04
greeting cards	Coles-pack 10 (no message)	4.50	1	1	0.09
greeting paper	Coles-pack 2x5 metre roll	4.95	2	1	0.19
Christmas decorations					
tree and stand	Coles - 182 cm artificial	20.00	1	10	0.04
tree decorations	Coles -bells, garlands, tinsel	14.00	1	10	0.03
bon-bons	Coles -pack of 12	9.99	1	1	0.19
Christmas cards	Coles -pack of 10	3.95	2	1	0.15
Christmas tags	Coles -pack of 20	3.00	1	1	0.06
Christmas paper	Coles -pack (4 rolls x 5 metres)	3.50	1	1	0.07
balloons	Coles -pack of 25	3.40	1	1	0.07
Other Household Non-Durables					
dishwashing detergent	Coles-'Savings'-500ml	0.80	14	1	0.21
washing powder	Coles-'Savings'-4kg	4.60	8	1	0.71
laundry soap	Coles-'Savings'-500g	0.86	1	1	0.02
powder cleanser	Coles-'Savings'-500g	0.99	4	1	0.08
cream cleanser	Coles-'Savings'-500ml	0.83	3	1	0.05
floor cleaner	Coles-'Selleys'	2.69	2	1	0.10
oven cleaner	Coles-'Savings'-300g	1.83	1	1	0.04
disinfectant	ASI/Coles-Pine O'Clean-500ml (sale price)	1.79	4	1	0.14
glass cleaner	ASI/Coles-Windex-500ml (refill-sale price)	2.34	2	1	0.09
bleach	Coles-'Savings'-2lt	1.19	2	1	0.03
wool wash	Woolworths-'Home Brand'-1.25lt	1.79	8	1	0.27
fabric softener	Woolworths-'Home Brand'-2lt	0.76	8	1	0.12
soaker	Coles-'Preen'-750g	4.24	8	1	0.65
spray -on stain remover	Coles - Savings' - 350 gms	2.10	24	1	0.97
lavatory cleaner	Coles-'Harpic'-500ml	2.67	4	1	0.20

Household Goods and Services Budget (continued)

		Unit Price (\$)	Quantity purchased	Lifetime in years	Weekly Cost (\$)
carpet shampoo	ASI/Coles-Karpet carpet powder-500g	6.75	2	1	0.26
furniture polish	Coles-'Savings'-400g	1.60	2	1	0.06
shoe polish	Coles-'Kiwi'-50g	1.53	6	1	0.18
greaseproof paper	Coles-'Farmland'-30m	1.69	16	1	0.52
paper towels	Coles-'Savings'-pkt 2	1.50	7	1	0.20
paper napkins	Coles-'Savings'-pkt 100 (white, plain)	0.96	1	1	0.02
toilet paper	Coles-'Safe'-pkt 6	2.97	26	1	1.48
clingwrap	ASI/Coles-Gladwrap-60m	3.08	3	1	0.18
foil	Coles-'Savings'-10m	1.20	4	1	0.09
garbage bags	ASI/Coles-'Glad Tuff Stuff'-pkt 20	3.99	6	1	0.46
kitchen tidy bin liners	Coles-'Farmland'-pkt 20	1.89	8	1	0.27
matches	Woolworths-'Redheads'	0.85	1	1	0.02
candles	Woolworths - pkt 6 plain white	0.74	1	1	0.01
batteries- DD	Woolsworth - 'Eveready', pkt 2	2.68	1	1	0.05
batteries - AA	Woolsworth - 'Duracell pkt 4	6.14	1	1	0.12
rubber gloves	Coles-'Savings'-1 pair		12	1	0.09
insecticide	Coles-'Savings'-300g	1.76	2	1	0.07
insect repellent	ASI/Coles-Aerogard-150g	4.09	4	1	0.31
cockroach baits	Coles-'Mortein Superbaits'-pkt 12	6.88	1	1	0.13
turps	Coles-'Glendale'-1lt	1.96	1	1	0.04
methylated spirit	Coles-'Glendale'-1lt	2.45	1	1	0.05
ball of string	Woolworths - 'Tapex', 60 metres	0.99	1	1	0.02
Appliances	<i>Retravisison (RT)</i>				
fridge-520L	RT/Sharp SJ51GWH	1,429.00	1	15	1.83
food processor	RT/Philips HR2830-P	89.00	1	15	0.11
blender	RT/Breville BLR3G	59.00	1	15	0.08
microwave oven-28L	RT/Sharp R3C59	269.00	1	15	0.34
electric kettle	K-mart-'Tiffany'-1.7lt	24.99	1	5	0.10
toaster	RT/Black & Decker ET50	39.00	1	10	0.07
kitchen clock (electric)	K-mart-'The Price Brand'	12.95	1	17	0.01
bedroom clock/alarm	K-mart-'The Price Brand'	16.95	1	17	0.02
washing machine - 7.5 kg	RT/Hoover Commander	829.00	1	15	1.06
elec. blanket - queen	K-mart Sleepwarm	79.00	1	12	0.13
heater-elec.convec.-lg.	Vulcan Diablo 486001	279.00	1	15	0.36
heat.-elec.convec.-sm.	Goldair Turbo Convector 571	149.00	1	15	0.19
steam/dry iron	Philips Comfort Plus 210HD 1512	65.00	1	8	0.16
vacuum cleaner	Panasonic MC-4500	148.00	1	17	0.17
pedestal fan	40cm-Airmaster TPA-4093-	69.00	1	17	0.08
sewing machine	Hurstville Sewing Centre Janome -'Mystyle' 20	449.00	1	27	0.32
sewing 'box'	Woolworths 'Decor' Oblong 1.5 litre container	2.20	1	12	0.00
cotton	Woolsworth 'Coates' polyester - 500 mtrs	0.98	1	12	0.00
sewing needles	Woolworths 'Newey Craft' - 16	0.98	1	4	0.00
sewing machine needles	Woolworths 'Stich & Sew' - 10 (pkt)	1.58	1	4	0.01
scissors	Woolworths 'Stich & Sew' 10	1.89	1	7	0.01
pins	Woolsworth 'Stich & Sew' 90	2.57	1	6	0.01
buttons	Woolworths 'Beutron' 30 (shirt/blouse buttons)	1.25	1	4	0.01

Household Goods and Services Budget (continued)

		Unit Price (\$)	Quantity purchased	Lifetime in years	Weekly Cost (\$)
electric drill	Mitre 10-Ryobi	79.95	1	22	0.07
set of drill bits	Thrifty-Link - Sutton - 21pc	32.95	1	22	0.03
Gardening and Other Tools	(not for households in units)				
retractable knife	BBC-Stanley trim 99E	12.00	1	27	0.01
hacksaw	BBC-Sandvik 225S	38.00	1	27	0.03
pliers	BBC-Orbi 150mm-long nose	31.00	1	27	0.02
adjustable wrench	BBC-Toledo 150mm	29.00	1	27	0.02
hammer	BBC-Plumb 20oz-fibreglass handle	76.00	1	27	0.05
screwdriver set	Mitre 10-Stanley-13 pc	39.95	1	27	0.03
tape measure	Thrifty-Link-retractable-8m	7.95	1	17	0.01
step ladder (sm.)	Thrifty-Link-aluminium-2-step household	15.95	1	27	0.01
School - fees/charges	14 year old				
P&C contributions	secondary schools (not for low-cost)	21.00	-	0	0.00
text books	secondary schools	51.00	1	1	0.98
paper/photocopying	secondary schools	15.00	1	1	0.29
computer disks	secondary schools	19.00	1	1	0.36
assignment material	secondary schools	27.00	1	1	0.52
elective subjects	secondary schools	44.00	1	1	0.84
elective subjects	secondary schools	42.00	1	1	0.81
fundraising	secondary schools (not for low-cost)	19.00	1	1	0.00
school photos	secondary schools	21.00	1	1	0.40
school camps	secondary schools	116.00	1	1	2.22
school excursions	secondary schools	49.00	1	1	0.94
sport (summer)	secondary schools	39.00	1	1	0.75
sport (summer)	secondary schools	41.00	1	1	0.79
school entertainment	secondary schools	33.00	1	1	0.63
Infants school	6 year old				
entertainment/excursions	infants school	15.00	1	1	0.29
school photos	infants school	19.00	1	1	0.36
assignment material	infants school	27.00	1	1	0.52
ruler	Woolworths-plastic	0.28	2	1	0.01
pencil case	Woolworths-plastic-31cm	1.87	2	1	0.07
lead pencil	Woolworths-'Staedtler'-pkt 3	0.75	8	1	0.12
sharpener	Woolworths-'Staedtler'-metal	1.08	2	1	0.04
rubber	Woolworths-pkt 5	0.49	2	1	0.02
biros	Woolworths-pkt 6-blue, black, red	0.99	4	1	0.08
exercise book	Woolworths-96pp	0.42	12	1	0.10
ring-binder folder	Woolworths	1.82	2	1	0.07
hole-punched paper	Woolworths-foolscap-70pp	1.00	4		0.11
Telephone					
Telephone set	Retravisision -' Slim Line 15'	50.00	1	15	0.06
Installation cost	Telstra (private renter)	50.00	1	2	0.48
Line rental	Telstra - (11.65 per month)	139.00	1	1	2.67
2 adults + 14 y.o. boy	calls (15% discount applied)	465.35	1	1	8.93

Household Goods and Services Budget (continued)

		Unit Price (\$)	Quantity purchased	Lifetime in years	Weekly Cost (\$)
Postage	all households - stamps	25.20	1	1	0.48
	parcels (250gms to 500gms)	2.80	2	2	0.05
	parcels (501gms to 1 kg)	5.00	1	2	0.05
Repair & maintenance of household appliances	1993 HES figures for repair & maintenance of household appliances (updated by the CPI to February 1997)	0	1	1	2.19
Total Household Goods and Services					58.92

Low Cost Health Budget for Couple with Two Children

	Expenditure (\$ per annum)				
	Girl Aged 6	Boy Aged 14	Woman Aged 35	Man Aged 40	Household
	(\$)	(\$)	(\$)	(\$)	(\$)
Dental Care					
Examination	50.00	50.00	50.00	50.00	
Filling	-	-	26.25	26.25	
Scale	26.25	26.25	26.25	26.25	
<i>Total Dental</i>	<i>76.25</i>	<i>76.25</i>	<i>102.50</i>	<i>102.50</i>	
Medication					
Prescription	12.80	9.60	19.20	12.80	
Non-prescription	18.90	12.10	13.85	13.85	
Vaccination	-	-	-	-	
<i>Total Medication</i>	<i>31.70</i>	<i>21.70</i>	<i>33.05</i>	<i>26.65</i>	
Other					
Contraception	-	-	23.16	23.16	
Glasses	-	-	-	64.00	
Vaccination	-	-	-	-	
First Aid Kit (1 kit per 10 yrs)					8.20
Total Other	-	-	23.16	87.16	8.20
<i>Total per annum</i>	<i>107.95</i>	<i>97.95</i>	<i>158.71</i>	<i>216.31</i>	<i>8.20</i>
Total per week	2.07	1.88	3.04	4.15	0.16
Total Health (all Household members)					11.30

Low Cost Transport Budget for Couple with Two Children

	Cost per annum (\$)	Cost Per Week (\$)	
Depreciation (12 year old Corolla)	202.50	3.88	850
Car accessories	31.23	0.60	65
Pink Slip	23.00	0.44	23
Licence	43.20	0.83	43
Transfer of rego (spread over period of ownership)	11.07	0.21	23
Registration	213.00	4.09	213
3rd party person insurance	366.00	7.02	366
Comprehensive insurance	317.85	6.10	464
NRMA membership	44.00	0.84	44
Child seat	42.57	0.82	43
Tyre costs	141.97	2.72	195
Repair costs	813.10	15.59	1,118
Tolls	5.16	0.10	7
Petrol	784.62	15.05	1,092
Oil	3.34	0.06	5
Parking	6.00	0.12	36
Taxis	54.80	1.05	55
Other public transport	92.50	1.77	143
Total Transport	3,195.93	61.30	4,785

Low Cost Leisure Budget for Couple with Two Children

		Cost per week (\$)	Cost per annum (\$)
Home & Social (all)	Books-paperbacks (LC)	0.74	38.80
	Teenage paperback	1.04	54.00
	Books for 6 year old	1.15	60.00
	Newspaper	3.95	205.73
	Magazine (LC)	1.52	79.06
	Television (LC)	0.51	26.60
	Video (LC)	0.50	25.90
	One week rental video (MBA & LC)	1.58	82.20
	Blank video tapes (twin pack) (LC)	0.74	38.36
	Radio/tape/CD player (LC)	0.32	16.90
	Other radio/tape/CD players	0.19	9.90
	Blank cassette tapes (10 pack)	0.39	20.55
	Compact Discs (music) (LC)	0.78	40.89
	Pack of cards	0.01	0.39
	Monopoly	0.04	2.20
	Scrabble	0.04	2.19
	Chess/Draughts/Backgammon	0.02	0.80
	Camera	0.13	6.90
	Photo album (large)	0.17	8.90
	Film	0.19	9.91
	Film processing	0.45	23.35
Toys for 6 year old	Washable poster paint	0.37	19.20
	Paint brushes	0.09	4.84
	Sponge painting pack	0.08	4.20
	Paint palette	0.03	1.32
	Craft glue (500 ml)	0.07	3.80
	Coloured pencils)	0.06	3.14
	Crayons	0.06	3.16
	Pastels	0.06	3.12
	Chalk	0.12	6.00
	Chalk board	0.37	19.20
	Funtime Play Dough	0.05	2.72
	Cutters for dough play	0.01	0.77
	Rolling Pin	0.02	1.05
	Balls	0.06	3.07
	Stacking bin, 'toy box'	0.08	3.98
	Doll	0.07	3.40
	Doll's bassinette	0.15	8.00
	Soft toy	0.06	3.00
	Bicycle (girl)	0.51	26.40
	Bicycle tube	0.03	1.33
	Repair tool kit	0.02	1.07
	Helmet child	0.12	6.00
	Plastic bead set	0.07	3.59
	Hand puppets	0.14	7.10
	Blow bubble pack	0.12	6.00
	Card games	0.03	1.60

Leisure Budget (continued)

		Cost per week (\$)	Cost per annum (\$)
	Jigsaw puzzles	0.06	3.20
	Fun and Games Book	0.04	2.00
	Colouring in book	0.12	6.40
	Scissors	0.05	2.36
	Coloured paper	0.09	4.76
	Mosaic gummed paper shapes	0.06	3.16
	Recorder	0.03	1.31
	Swing	0.15	7.73
	Bucket and spade	0.03	1.78
	Roller skates	0.13	7.00
Leisure goods for 14 year old	Soccer ball	0.09	4.53
	Foot ball	0.08	4.00
	Board game	0.14	7.20
	Model Kits - Star Wars	0.12	6.00
	Pack of cards	0.01	0.62
	Bicycle	0.55	28.64
	Bicycle helmet	0.15	8.00
	Inner tube	0.14	7.20
	Bike pump	0.01	0.70
	Puncture repair kit	0.02	1.20
	Skateboard	0.36	18.67
	Protective pads (elbows)	0.08	4.00
	Protective pads (knees)	0.05	2.67
Arts, entertainment and outings (all)	Cinema (children)	1.68	87.45
	Animal/marine park	0.67	34.90
	Day trip - Blue Mountains	1.49	77.44
Sports (all)	Swimming entrance	8.65	451.12
	Swimming other	-	0.00
	Soccer for boy, 14 years	1.36	71.00
	Little athletics for girl, 6 yrs	1.02	53.00
Holidays (all)	Holidays	1.89	98.33
	Holiday food loading	1.53	80.00
Total Leisure		38.11	1986.95

Low Cost Personal Care Budget for Couple With Two Children

Items	Cost per year (\$)	Cost per week (\$)
Household Items		
Soap, 100g, 5 pack	14.20	0.27
Nail brush	0.44	0.01
Toothpaste, 120g	36.00	0.69
Shampoo, 1 litre	2.50	0.05
Conditioner, 1 litre	3.33	0.06
Nail scissors	0.82	0.02
Cotton wool balls, 150 balls	8.80	0.17
Tissues, 200	8.61	0.17
Hair comb 4 pack (males only)	0.55	0.01
Sun screen	42.85	0.82
Insect repellent	4.47	0.09
Talcum powder	2.94	0.06
Hair dryer	4.99	0.10
Hair cut kit (3, 6 and 10 year old)	9.99	0.19
<i>Sub-total</i>	<i>140.50</i>	<i>2.69</i>
35 year-old Female		
Deodorant, 175g	3.26	0.06
Toothbrush	7.40	0.14
Dental Floss	3.94	0.08
Facial cleanser, 100ml	14.48	0.28
Razors, 8 pk	8.13	0.16
Hair cut	117.00	2.24
Lipstick	3.97	0.08
Foundation, compact	10.45	0.20
Mascara	4.65	0.09
Nail file, 20 boards	0.69	0.01
Tampons, 20 per pk	40.46	0.78
Sanitary napkins, 20 per pk	6.11	0.12
Sunglasses	12.48	0.24
Watch	3.90	0.07
Watch band	2.98	0.06
Watch Battery	5.00	0.10
Ear rings	12.95	0.25
Hair bands, 6 pk	1.69	0.03
Cosmetic purse	0.40	0.01
Cosmetic bag	0.90	0.02
Hair comb	1.08	0.02
Hair brush	1.90	0.04
Perfume	15.30	0.29
Moisturising cream	18.62	0.36
<i>Sub-total</i>	<i>297.69</i>	<i>5.71</i>

Personal Care Budget (continued)

Items	Cost per year (\$)	Cost per week (\$)
40 year-old Male		
Deodorant, 175g	3.26	0.06
Toothbrush	7.40	0.14
Dental Floss	3.94	0.08
Hair cut	58.50	1.12
Sunglasses	12.48	0.24
Watch	3.90	0.07
Watch band	2.98	0.06
Watch battery	5.00	0.10
Hair brush	1.90	0.04
After shave	9.21	0.18
Moisturising cream	9.31	0.18
Toiletry bag	0.60	0.01
Razor	0.42	0.01
Razor blades	71.65	1.37
Shaving cream	53.84	1.03
<i>Sub-total</i>	<i>244.36</i>	<i>4.69</i>
6 year-old Girl		
Toothbrush	7.40	0.14
Dental Floss	3.94	0.08
Sunglasses	8.98	0.17
Hair bands	1.69	0.03
Hair comb	0.70	0.01
Hair brush	1.90	0.04
Haircut	free - use of haircut kit	
<i>Sub-total</i>	<i>24.60</i>	<i>0.47</i>
14 year-old Boy		
Toothbrush	7.40	0.14
Dental Floss	3.94	0.08
Hair cut	39.00	0.75
Sunglasses	12.48	0.24
Watch	2.90	0.06
Watch band	2.98	0.06
Watch battery	5.00	0.10
Hair Brush	1.90	0.04
Medicated face wash	19.31	0.37
Pimple cream	8.12	0.16
Deodorant 175g	3.26	0.06
Mouthguard	5.00	0.10
<i>Sub-total</i>	<i>111.27</i>	<i>2.13</i>
Total Health (all household members)	818.41	15.70

Appendix B Updated Low Cost and Modest but Adequate Budget Standards, September 2003

Table B.1 presents the breakdown of the updated budgets for the September Quarter 2003 into the nine main budget areas. As explained in the text, these figures incorporate all of the corrections to the originally published SPRC estimates that are set out in Appendix Tables A1 and A2 of Henman (2001). The estimates have been derived from the corrected budgets by applying the incremental adjustments set out in Table 3 of this report.

Table B.1: Detailed Updated Budgets for the September Quarter 2003 (\$ per week)

	Family/ household type:				
	Single female	Single male	Couple, without children	Couple plus girl, aged 6 (G6)	Couple plus G6 and b14
<i>Modest but Adequate</i>					
Housing	165.3	165.3	165.3	200.5	235.8
Energy	9.2	9.2	12.0	15.4	18.3
Food	59.8	71.9	130.9	168.1	230.5
Clothing & footwear	28.3	21.5	42.6	58.8	70.4
Household goods & services	35.6	35.6	3.5	57.5	48.7
Health	5.2	7.7	12.7	16.2	18.9
Transport	89.4	89.1	100.3	103.5	106.7
Leisure	33.1	38.3	64.6	68.6	102.0
Personal care	26.5	11.7	33.2	35.6	36.8
Total	452.3	450.3	565.8	724.3	867.9
<i>Low Cost</i>					
Housing	143.8	145.8	145.8	183.8	221.8
Energy	8.5	8.6	11.4	13.7	15.9
Food	56.4	57.3	103.3	132.5	182.0
Clothing & footwear	16.7	17.0	38.3	48.6	61.3
Household goods & services	27.9	28.4	35.5	45.5	69.6
Health	4.8	5.0	8.6	11.1	13.3
Transport	66.8	68.0	77.0	82.8	82.8
Leisure	23.1	23.5	29.4	35.5	44.0
Personal care	6.4	6.5	14.4	15.2	18.0
Total	353.9	360.1	463.8	568.7	708.7

Note: All figures have been rounded to the nearest 10 cents and may not add exactly due to rounding.

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