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# Estimated costs of living

- the basis of decision making for reference budgets and budget advising in Sweden.

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# 1. Introduction

On an annual basis the Swedish Consumer Agency calculates reasonable costs for some of the most common household expense areas. The calculations show the costs required for different households to maintain a reasonable standard of living for these items. This is not a subsistence level – with expenses only for the most essential items – or a luxury existence, but a reasonable standard of consumption of products and services, which are generally needed to live in today's society. The costs cover both day-to-day expenses and savings to be able to compensate for rarely-bought commodities. The calculations apply to monthly costs for the following nine expense items:

- Food products
- Clothing/Footwear
- Hygiene (personal)
- Leisure/recreation (including mobile phones)
- Child insurance
- Home insurance
- Consumables;
- Home appliances (incl. computer)
- Media, fixed-line telephone, Internet etc.

These items make up around one-third of the total household consumption. For another item, household electricity, the Swedish Consumer Agency only presents consumption in kilowatts for various large households. As the price of electricity can vary considerably, due to the 1996 deregulation, the agency does not include electricity costs. The definition of reasonable consumption can vary considerably depending on the location of the household and the type of dwelling as well as being highly individually-induced. Therefore, the Swedish Consumer Agency does not make any calculations for e.g., housing expenses – which on average make up over a quarter of the total expenses – nor do they calculate for medical/dentist costs, car, commuting, child care, home-help, holidays, eating out etc.

The Swedish Consumer Agency started making household expense calculations in the middle of the 1970s after the agency had received several requests from the public, municipal consumer advisers, governmental authorities etc. At that time the home consultant for the County Administrative Board was also involved in compiling costs together with experts from a variety of fields. In 1978 the calculations were completed and published for the first time in the Swedish Consumer Agency's household finance brochure "Household expenses – an aid to your finances"<sup>1</sup>. Since then a number of adjustments have been made in the calculation data in order to adapt to the consumer changes in society and to the general standard development. Major revisions were carried out in 1984, 1995-1996, 2001-2002 and 2004-2006 with minor revisions in 1991 and 1998/1999. Due to the

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<sup>1</sup> The predecessor to the present brochure "Keeping tabs on your money".

increased use of the “reasonable costs” the agency has since the middle of the 1990s carried out frequent inspections to ensure the quality of the calculations. The latest inspection was carried out in 2007/2008 but did not include food products.

## 2. Purpose and use

One aim of the calculations when they were presented was to make it easier for households to handle their finances. The material was to operate as data for budget advising and for the financial planning of the household. Another aim was for the costs to be used by different authorities and organisations for household finance economy, cost calculation and analyses.

Cost calculation is also used to a great extent in this manner. Thus, it is included in the basis for the governmental decision for national standards within financial aid (social assistance) and for the municipal consumer adviser, budget and debt advisers, the social department and a number of banks. Moreover, they are included in the data program for e.g., budget advice.

The calculations are also used for various purposes by municipalities, the government and others, for example:

- assessment of assistance to family homes (foster homes)
- municipal decisions relating to special charges for elderly and disabled care
- assessment of social insurance pertaining to disability allowance and child care allowance
- assessment pertaining to additional expenditure for civil servants stationed abroad e.g., the Ministry for Foreign Affairs (UD), Sida and the Swedish Armed Forces (Försvarsmakten)
- various public investigations and household economy analyses<sup>2</sup>
- The Swedish Consumer Agency and various organisation analyses of the economic situation of different household types.
- credit rating from a number of credit institutes
- calculations from a number of estate agents in connection with the household's housing purchase
- school education and educational materials
- household economy information in the mass media.

The Swedish Consumer Agency publishes annual calculation of costs in the brochure “Keeping tabs on your money”. It is aimed at households and is distributed to consumer advisers, the social insurance office and schools. “Keeping tabs on your money” and the amount of the costs are also available at the agency's web site, [www.konsumentverket.se](http://www.konsumentverket.se).

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<sup>2</sup> Included for example in the Statistics Sweden's consumer units scale for the official statistics ”Swedish Consumer Unit Scale”, which is used to compare economic standards between households with different structures.

### 3. Bases and assumptions

The calculation of costs shall correspond to *reasonable consumption* in the household – i.e., not the minimum level or luxury standards - and cover costs for such products which are needed, as a rule, for a normal everyday live in Sweden today. This *fundamental reasonable requirement* of goods and services is not intended to differ substantially between households and supposed to be dependent on e.g., the household's income. The calculations are as such needs-based, not income-based. The requirement for adequacy not only applies to the choice of goods and services, but to the products' quantity, service life and choice of place of purchase.

The agency does not have any alternative calculations of reasonable costs that observe the differences in consumption due to, for example, cultural differences, illness and disability, but are based only on the most common consumption conditions in Sweden.

It should be observed that the choice of products etc. is not the only possible structure of reasonable consumption. Other choices of normal goods and services etc. which are neither minimum nor luxury consumption, can correspond with our assumptions in the calculations. The Swedish Consumer agency's calculations can be seen as an *example* of a reasonable consumption level.

#### Costs for households with different structures

Calculation of costs shall be able to be used for households of differing sizes and structures. It has been taken into account that the requirement of products can differ due to *gender, age and the number of persons in the household*. Regarding, Food products, Clothing and footwear; Hygiene (personal); Leisure & recreation there are different calculations for different age categories from 0 to adult. In the first three items mentioned the costs are assumed to start from around ten years of age and be dependent on gender (see appendix1).

In the items Consumables; Home insurance; Home appliances and Media, fixed-line telephone, Internet etc. the costs are dependent on the size of the household. For these items the calculations are made from one to seven persons. Large households are assumed to consist of two adults and between 0-5 children. In Sweden there are relatively few families which have more than five children, so costs are not formulated for larger households. For *calculations with more than seven persons* the amount can be increased for each additional child by the marginal cost (cost difference) between six and seven persons.

## Other bases and assumptions

The agency's calculation of costs shall show the costs for different households to *maintain* an adequate standard of living. Calculations are not made for costs relating to the first purchase of a type of product type, for example, housing (see section "No housing costs" in Chapter 6.6).

The amount of costs should be able to make it possible for the household to function in the short-term as well as the *long-term*. The costs, therefore, do not apply only to day-to-day expenses but also to savings, so that it is possible to be able to *replace* the worn-out/out-grown, rarely-bought goods which need to be repurchased. The calculation of costs shall be based on the bases and assumptions, such as *in general*, which applies to all items, and *special* for certain product areas (see chapter 6).

### ***For all items it is assumed that:***

- Family members are *healthy* and without any disabilities which would bring about extra expenses for special meals, clothes, equipment etc.

- *Normal* readily-available *products* are used in the country. The goods are *newly-manufactured*, but are *not* distinctive *fashion products*.

- The households take into consideration, to a reasonable extent, *the environment* with respect to product choice, purchasing amounts and service life and in that observes society's direction towards sustainable consumption.

- One observes *the safety aspects* with respect to the choice of product. Primarily, it applies to the choice of safe goods and safety products for children within the items Home appliances and Leisure and recreation.

- Goods and services are bought in *the stores and other places of purchase* which are *common* in the country – primarily in the retail chain stores. We do not include acquisitions through inheritance (e.g., games and children's clothes) or gifts.

- The households have *limited time* for housework. It is therefore assumed, for example, that certain food products are used which are finished or semi-finished products and there is no baking or sewing of clothes.

- There should be *no* need for *prior knowledge* and *equipment* in addition to the normal, to be able to, for example, cook the food which is included in the calculations.

For the budget items Home appliances, Home insurance, Household electricity and Consumables, in addition to the number of persons in the household, the *size of the dwelling* is significant for the calculations. In large households it is assumed that there are two adults and between 0-5 children.

The following housing sizes apply to the households:

*1 and 2 adults 2-bedroom flat*

*3 persons 3-bedroom flat.*



4 persons 4-bedroom flat.  
5 persons 4-bedroom flat.  
6 persons 5-bedroom flat.  
7 persons 5-bedroom flat.

The first three above-mentioned items can also be affected by the *type of housing*. We have assumed that the households live in a *flat* in a block of flats with a communal laundry room. This means that costs do not cover a washing machine, for example. Neither are gardening tools, outdoor furniture etc. included in the calculations.

## **Newly-manufactured products**

We base our assumptions on *new products* in the calculations<sup>3</sup>. This is due to the fact that the product range, quality, remaining service life and price for used goods with all probability varies considerably throughout the country. A product with a particular function and quality must be able to be bought for approximately the same price in most parts of Sweden, in order for the calculations to be used as generally as possible. Furthermore, calculating the remaining service life of used goods would be problematic. The same applies to the actual obtaining of used products with a certain limited period of use. Moreover, we lack the requisite knowledge of trading in used goods. It applies to the frequency of the range and purchase of reasonable used goods within different consumer areas in different parts of the country.

## **Not gifts or inheritance**

In the calculations the Swedish Consumer Agency assumes that the households do *not inherit* or receive different products as *gifts*. Inheritance would primarily concern younger children with items such as clothing, games, books and sporting equipment. However, we lack the requisite knowledge of how usual inheritance/gifts are with regards to different products, but we know that not everyone has the possibility of inheriting. If the family has several children it is not certain that inheritance will come into play, for example the children could be of different genders. Besides the number of incoming clothing garments, games etc. are not so great in the calculations and the estimated service life for the goods in several cases is so long that it probably wouldn't be possible to count on reusing the items to any great extent.

## **Environmental aspects**

Bearing in mind the environmental impact of consumption, we try to observe, to a reasonable extent the choice of products in the calculations. This can be

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<sup>3</sup> Exception child bicycle see item Leisure and recreation in chapter 6.

done within the budget items where environmentally-certified products are more common, i.e., Hygiene, Consumables and to a lesser degree Clothing/Footwear. Regarding the question of other items, for example, Home appliances (Furniture, household utensils, TV etc.) it is a problem to find environmentally-friendly products that fulfil our assumptions of ease of availability and reasonable price. Either the environmentally-friendly products within these consumer areas are rare or – in cases where they exist – very expensive. In addition to our product choice, we try to take into consideration the environmental impact via our decision regarding moderate amounts and relatively long periods of use for goods.

## 4. Calculation method

For every expense item and person/household category the Swedish Consumer Agency assesses which products and services shall represent a reasonable consumption and calculates the costs. For *choice of products* we start from:

- the *starting points* stated in chapters three and six, that is, general and special assumptions for different product areas.
- different physical and psychological *needs* that must be satisfied within the respective person categories and size of the household,
- the *activities/behaviours* which are *common* within the different categories in order to fulfil the different needs.

In order to choose the products the following information is also used:

- the size of the *share* in different ages, genders, income groups, regions etc. who *own/use* the goods/service
- *expected development* for the product, i.e., that it is not a temporary fashion item
- different households' comprehension of *reasonability* in owning/using the product in families with and without children.

In addition to the choice of goods and services we even take into consideration, the products service life and amount that the need can differ between ages and gender and the number of persons in the household.

For the various budget items and person/household groups the Swedish Consumer Agency has drawn up a detailed list, known as the *consumption list* - with information about the products included in the calculations. Here there is, in addition to the service life and consumption amount (need) for each product and service, also a more detailed product description - with, for example, information about the model and material. The list also presents the product's place of purchase, size of package and purchase price per package. An example of the consumption list can be found in appendix 2. On the basis of the product's *price, size* and *service life* the monthly and annual product cost is calculated. The total costing covers around 190 food products and just over 1100 goods and services under other items.

For *everyday commodities* – food products, hygiene and Consumables - the ***estimated monthly cost*** primarily corresponds to the payments the household makes in a month. For *rarely-bought commodities*, i.e., products which have a longer service life and are bought with intervals of one year or more, the agency's monthly costs do not mean that a payment is made every month, but that *on a monthly basis, money is off-set* to at a later date *be able to replace the product* with a new one when it has run out, is worn out or out grown. Particularly in the two items Home appliances (Furniture, household utensils, TV etc.) and Clothes/footwear there are a large number of such products.

What is deemed as *normal and reasonable consumption changes* over time. The cost calculation must therefore be tailored to the change in the population's needs and activities as well as standard and consumption development in society. The agency must therefore be aware of changes concerning the use of time and way of living for households. Furthermore, we should follow the development and distribution of different products and services and observe the changes with respect to prices, environmental requirements, purchasing channels, purchase amounts and storage possibilities in the home etc. As previously mentioned the Swedish Consumer Agency's calculations can be regarded as an ***example of a reasonable consumption level***. Other normal products etc. which are neither minimum nor luxury consumption, can correspond to our assumption with regard to function, quality, the environment etc. and be the equivalent of a reasonable consumption. It should also be observed that the range of products etc. shall not be regarded as a recommendation from the agency as to what should be consumed.

## Sources

When the calculation of costs was first presented in the middle of the 1970s, the agency based its assessment and calculations on reasonable household consumption from what was known about *actual consumption*. The agency also drew on knowledge and information from *experts*, both internal and external, within different product areas.

The sources we used in our review of the calculation of costs are from 1996 within certain product areas the agency's own *experts* and *SCA's own research* (e.g., together with Statistics Sweden with regard to the households' possessions and reasonable assessment of different products). Moreover, we have procured *data* from *external experts*, *other authorities*, different *organisations* and *research institutes* with regard to household consumption, purchases, product ownership, leisure routines etc. and knowledge of child development, product tests etc. Below you can see examples of some of the different sources.

*Experts and research results and statistics etc.* from:  
- *Authorities and sector organisations* (e.g., The National Food Administration, Statistics Sweden, Swedish Arts Council, the Swedish National Board for Youth Affairs, the Swedish Post and Telecom Agency, the

Swedish Sports Confederation, the Child Ombudsman, the Swedish Life Saving Society)

- *The government's public investigation*
- *Trade journals*
- *Company* (e.g., Apoteket and other research institutes)
- *Tests* and test results presented in e.g., trade journals and on television consumer programmes ("Plus").

It should also be mentioned that we have even studied *the corresponding calculation of costs* in Denmark, Finland and Norway.

### **Estimated reasonable costs instead of actual household expenses**

The Swedish Consumer Agency's calculations shall show costs for *reasonable consumption*. For several reasons the calculations *can only* be based on statistics relating to the household's actual expenses.

Assessing whether the actual consumption corresponds to a reasonable standard is problematic. The expense statistics produced by Statistics Sweden (SCB) are *not sufficiently detailed*, for example, to give exact information about exactly which goods, services and product amounts are included for different persons and household categories. The research covers *all sorts of consumption* in the households irrespective of the budget item, both essential and reasonable as well as luxury. The actual consumption even includes hazardous, unhealthy and environmentally harmful products. Purchases in *all types of stores* are presented in this investigation, from discount to exclusive stores.

In Statistics Sweden's research, "Household expenses" it is the products' *actual prices* (i.e., even discounted prices) which are noted. The prices included in the SCA's calculations are *normal* except for food products and radio, TV, stereo etc., for which discounted prices are usual. The reason we chose the normal price for most products is, that we assume that many of the consumers (especially those with low incomes) do not have the possibility to take advantage of discounted prices when they appear.

One additional reason that we do not only use statistical data is that it is *not* always possible to obtain useable *information* for all ages, genders and household categories which we make calculations for. The research results are either deficient or doubtful. This does not particularly apply to certain common person and household groups (e.g., households with several children). Furthermore, the results from a number of investigations are published so long after they have been carried out that there is a *risk* that they have lost their *relevance*.

Another difference which is important for rarely-bought commodities is, that the Swedish Consumer Agency's calculations refer to costs while Statistics Sweden's studies apply to expenses (in the survey, "Household expenses"). Statistics Sweden's information therefore shows the value upon the purchase of the procured product. The agency's amount refers to that which is consumed during a month/year and that which needs to be saved to be able to replace a used product in the future.

## 5. Price measurement and prognosis

### Price measurement point

The prices of the products *are measured, i.e., collected*, for the most part in a medium-sized town (Örebro). This city was chosen in cooperation with the then SPK (Start Price and Competition Agency), as it was assessed to be average in Sweden in terms of price and product range. No actual official material which shows the existing price differences in Sweden for the expense items which are included in the SCA's calculations has been found.<sup>4</sup> In any case, to calculate the costs

they should be available in as many parts of the country as possible, we primarily measure the prices of nationwide retail chains which have the same range and price in their stores.

The places of purchase in the agency's calculations shall even reflect the households' actual store range and have a reasonable price level. Not exclusive stores or bargain discount stores, but instead primarily *larger common retail chains*. The choice of these is based on the information which the Swedish Consumer Agency receives with respect to the retail chains' turnover, the existence of same prices and range in the stores and number of stores and location in the country. We have also used material from the market research institute GfK about the household's division of purchases between the different retail chains with regard to, for example, Clothing/footwear, games etc.<sup>5</sup>. GfK's market research results have been partly reported by gender and age. In certain cases we have therefore been able to observe the different store choice for different person categories.

Regarding *the prices of products which cannot be measured in the stores* – such as hairdressing, shoe repairs, visits to the swimming baths, theatre etc. – the SCA carries out a price collection of approx. 10 locations which represent different location sizes and geographical locations in Sweden. The choice of price collection locations in the towns (if possible three per product and town) is done with the help of the local consumer adviser in the respective municipality. The result from this survey is used as comparative material in

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<sup>4</sup> The Swedish National Pensioners' Organisation (PRO) has since 1993 carried out limited price calculations regarding daily commodities in different counties. It was shown in 2001 that the price level in Örebro County for 40 goods was close to the average for the nation. (Swedish Consumer Agency report no. 2001:4.)

<sup>5</sup> The market research institute, GfK, has a consumer panel in Sweden with 5000 households who log their purchases of clothing/footwear, games, furniture, textiles etc.

connection with the production of the results from Örebro. In cases where the prices in Örebro greatly deviate from those in this study, we chose to use the average value in the town's survey for the respective product/service.

Most of the goods and services are measured at *one* place of purchase. The exceptions apply to the above-named products that are not found in the chains as well as food products, nappies and home insurance. Regarding food products, the prices are collected in Örebro in 10 shops which are of different sizes and from different chains. As nappies make up most of the hygiene expenses for the youngest child, the price measurement is carried out in two chain stores. The method even deviates for home insurance. With the help of the Swedish Consumers Insurance Bureau the amount is taken from three location sizes<sup>6</sup> and from the two largest insurance companies in Sweden.

### **Collection of prices**

The collected prices are, as previously mentioned, the *normal ones*. This is due to our basing assumptions on many consumers (in particular low-income earners) not being able to take advantage of the discounted prices when they appear. Exceptions apply to certain product areas e.g., *food products* and *radios, TVs, stereos etc.* We note these as *current prices* – i.e., whenever applicable the discounted amount such as Sale, campaign price, etc. For some product areas the Swedish Consumer Agency collects price information, primarily when it comes to food products and furniture. Most prices are collected in collaboration with the *Statistics Sweden (SCB) price interviewer* in Örebro.

### **Product changes**

The stores' product ranges change, for example, due to product development and swings in consumer demands. For *each price survey* there are *a number of replaced goods*, some are products that have been deleted from stock or have become less common and thus more difficult to find. They must be replaced with those which are more common and have corresponding functions and quality. This particularly applies to clothing and footwear as well as electronic products where the models change at a rapid pace.

### **When are the prices measured?**

*The frequency of the price measurements* depends on the development of the consumer price. *Between the price measurements* the actual price development is observed for the different consumer areas by calculating the

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<sup>6</sup> In collaboration with the Consumer's Agency's Insurance office the following location sizes have been selected: large city (over 200 000 inhabitants), medium-sized city (50 000 – 200 000 inhabit.) and smaller towns (under 50 000 inhabit.).

amount with *the sub-index within the consumer price index*. This is partly tailored to the contents in the SCA's budget items. For example, sailing boats, lottery/football pools/scratch cards (which are not included in the reasonable costs) from Statistics Sweden's sub-index when it comes to leisure items.

## Prognosis

*The amount of costs* which after the price measurement has been drawn up for the respective budget items and person/household category, is then recalculated with a *prognosis factor* for the average price development for goods and services during the coming year. These factors are produced in collaboration with the National Institute of Economic Research. The prognosis calculation excludes housing – which weighs heavily in the CPI<sup>7</sup> but is not included in the Swedish Consumer Agency's reasonable costs. Cost amount for the different budget items and person and household groups are rounded off in even ten-crown increments (see table in appendix 1).

## Show the method changes etc. in the Swedish Consumer Agency's calculations

For comparisons and other use of the Swedish Consumer Agency's cost calculations for different years it should be known that these could have changed in other respects to the cost amounts for the actual years. This can, for example, apply to the cost calculated products, the price measurement methods and prognosis calculations. In appendix 4 there is a summary of some important changes.

## 6. Description of budget items

### 6.1 Food products

The Swedish Consumer Agency's calculation of costs for food products shows how much *proper, nutritious and varied* food costs for persons of different ages and genders. The costs are based on a *food plan* for *four weeks* which fulfils the National Food Administration's nutrition recommendations for different categories of people. The included meals are usual for Swedish cuisine and are suitable for households with children. The Swedish Consumer Agency assumes that the households have limited time for housework and as such buy all bread and pastries and in addition to homemade food they use ready-made or partially-ready-made products. The food plan includes, for example, ready-made meatballs and fish fingers. Food product items cover around 190 *common food products* which are available nationwide.

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<sup>7</sup> CPI

The costs are calculated for persons in *different age groups* from 6 months old to 75 years old and from 10-13 years old also taking into consideration *gender*. With regard to the first year of life, the National Food Administration recommends that the child is breast-fed for the first 6 months. For groups with high energy needs (for example, men) the amount of food products has been increased primarily with bread, potatoes, pasta and rice. For groups with low-energy needs (primarily younger children) the portion sizes have been subject to reductions except in the cases of milk.

The calculation of costs applies to *breakfast, lunch, dinner and snacks between meals*. The average division of costs between the day's meals for an adult are<sup>8</sup>:

*breakfast 20 %*

*lunch 30 %*

*snacks 15 %*

*dinner 35 %*

As so many people eat lunch outside the home *two alternatives for food product costs have been* calculated:

- costs based on all meals being prepared at home,
- costs based on all meals, with the exception of lunch 5 days/week, being prepared at home.

In accordance with the National Food administration's nutrition calculations the cost amounts for adults have been based on energy levels for adults 19-60 years old, with mainly stationary jobs and limited physical leisure activities. New recommendations from the National Food Administration mean however that we should exercise more than we do at present. This leads to an increased energy need and by that the calculated costs need to be increased for those of normal weight with high physical activity. For *those living alone*, who to a much larger extent than other households use less and therefore often more expensive packages and maybe have more waste, the food product costs is estimated at *approx. 100 SEK higher* than the amount in appendix 1.

### **Costs not included**

Compared with the average household consumption the Agency's calculations include considerably less sugar, pastries, soft drinks and other food products, which are not required if only the only the nutrient requirements are to be fulfilled. The calculations often cover a smaller amount of sweets, snacks and juice. With respect to alcoholic drinks, it only includes a small amount of low-alcohol beer. On the other hand there are substantially more vegetables and fruit. Even several "keyhole marked"<sup>9</sup> food products are included, such

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<sup>8</sup> Average for men and women between 31-60 years old.

<sup>9</sup> The National Food Administration symbols make it easier for consumers to find food products which are leaner, contain less sugar and salt but more fibre than other food products of the same type not carrying the symbol.



as cured meat, muesli, cheese and bread. The aim of the calculations is not to reflect how people actually allocate their money but to show how much a nutrient-rich diet can cost.

The calculations do not include any possible additional costs for food products for holiday weekends and neither do they include meals out. The calculations have not taken into consideration entertaining guests or being invited out as a guest.

### **Price collection**

The prices are collected in Örebro in 10 *shops*, which represent different large stores, store types (convenience stores, supermarkets, grocer's shop etc.) and supermarket chains (e.g., ICA, COOP-Konsum and Hemköp). For the cost calculation the prices were divided and balanced together after the respective category's share of the daily shop.

Prior to the price collection, the Swedish Consumer Agency has set the criteria (regarding quality and packaging etc.) for the different food products. The *cheapest* type of goods which meet the criteria are measured. We note the *actual price* for the product and take into consideration campaign prices and even discount coupons which are directly related to the product. On the other hand we do not pay regard to member discounts and such like.

For the choice of *package size* we start with how much of the product is calculated to be consumed by a 4 person household under the period of a month. The households are assumed to have a normal refrigerator, freezer and other storage space, as we do not calculate buying in bulk.

## **6.2 Clothing and footwear**

The costs in this budget item shall cover the need for normal clothes and footwear which are used throughout different *seasons*, different types of *weather*, with different *functions* during *the day* and for *daily wear* as well as for more *festive occasions* and for *leisure*.

In addition to clothing and footwear the item includes *shoe repairs* (heeling) for women and girls aged 15-18 and *dry cleaning* of one adult garment. Furthermore, some *accessories* have been added such as reflectors, purses, umbrellas, watches and bags. Also included are rucksacks for children and school pupils. The need and consumption of clothes and shoes differs for different ages and genders. The Swedish Consumer Agency's calculation of costs exists for different groups of children up to 17 years old and for adult men and women from 18 years old. For children up to 10 years old the price-measured clothes are the same for both genders. We have based this on the fact that the clothes are either the same or do not differ substantially between boys and girls at these ages or that the prices for certain different garments are the same.

## **Additional bases for calculations**

- *Need (number) of a respective product*

For the evaluation of the number of garments of different types that are needed for the respective person categories we have made assumptions of *how often one changes clothes and that the clothes are washed once a week.*

- *Quality*

Clothes that are included in the calculations shall be *easy to care for* and, for example, shall not require much work during or after washing. They shall be machine-washable and only in exceptional circumstances require dry cleaning – environmental aspects have been taken into consideration and also that dry cleaning brings about extra costs in both time and money.

- *Period of use*

For the calculation of service life for the products we have taken into account the amount and quality of the included clothes and footwear and that they have similar functions. We assume normal wear and tear. The issue of children's clothing and footwear also takes into account how fast the children grow.

- *No making of own clothes*

We assume that the households have neither the time nor the knowledge to sew or knit their own clothes but only carry out minor repairs and adjustments.

## **Costs not included**

*Distinctive fashion goods* are not included in the costs. The clothing and footwear that the calculations apply to should be on the market for a longer period than typical fashion products and should be available in stores throughout most of Sweden. Fashion clothing can bring about higher costs for the consumer and even have a negative impact on the environment (by, for example, shorter service life and environmentally harmful material) The agency does however take into account some changes in fashion. "Automatically" unfashionable clothes and shoes become harder to find in the stores and therefore do not fulfil the requirement of being "widely available".

The budget item does not cover costs for *special sporting and leisure clothing*. However it does cover swimwear, training shoes, tracksuits and gym wear and shoes for children and youths as well as adults. Ski boots are included in the skiing equipment item for leisure and recreation.

## **Environmental aspects**

The Swedish Consumer Agency has tried to include clothes which last for a relatively long time with quality and fashion considerations. Taking into

account the negative impact which the clothing industry has on the environment and the increased consumer demand, the stores have now started to include more and more organic clothing in their range. The prices are often higher than for normal clothing but in some cases within a reasonable level. The Swedish Consumer Agency has, therefore, at the last price collection chosen to replace some "normal t-shirts" with environmental labels from the age of 15, this also applies to jeans. In addition we have, as previously mentioned, also limited the number of clothes which require dry cleaning to just one garment per adult.

### **Price collection**

Clothing and footwear in the price measurement were divided so that clothes and footwear for the winter season were measured in November 2007 and spring/summer clothing and footwear were measured in April 2008. In the age group less than 1 year old no division was made, as the range of clothes for infants was available all-year round.

The chain stores included in the price survey pertaining to clothing are preferably Hennes & Mauritz, Lindex, KappAhl, JC, Stadium for men also Dressman. With regard to the prices for shoes and boots etc. these have primarily been obtained from Din Sko, Wedins and Stadium.

## **6.3 Leisure and recreation including mobile phones**

### **Leisure products**

Normal leisure activities are the bases for the decision of which products are included in this expense item. This applies to indoor as well as outdoor, exercise and culture, activities performed alone or together with family or friends. With regard to outdoor activities, products for both summer and winter are included.

The activities and by that the choice of product in the calculations differ in accordance with the person's age. The choice of activities has been made based on the knowledge of the children's needs and research and statistics<sup>10</sup> concerning how people of different ages spend their leisure time.

For *younger children* the costs apply to goods and services which are needed for their development and stimuli. In addition to toys, we have also accounted for things like games, jigsaw puzzles, crayons and other drawing material, books CDs and skis. With regard to cinema visits, swimming baths, zoos etc, we have assumed that children in the youngest age group are accompanied by an adult. Bicycles for children between the ages of 4 and 10 are assumed to have been bought second-hand. The reason we did not calculate new bicycles is due to the fact that bicycles are an expensive item for the calculation, and

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<sup>10</sup> Including material from the Swedish National Board for Youth Affairs, Statistics Sweden, Swedish Arts Council, the Swedish Sports Confederation, SIFO, Nordicom (University of Gothenburg).

also due to it being normal for households to buy second-hand bicycles for younger children.

For *older children and adults* costs are included for normal activities for different ages, such as reading books and magazines, listening to music, going to the cinema, disco/dance and exercise (included in this are bicycles, skiing and going swimming).

Even if the same activity and product has been presented for several age groups, we have naturally taken into account that there can be the need for different *varieties and numbers* of the product *depending on the age category*, for example, with regard to the number of cinema visits which for children/youths increases with age until they reach adult age when it decreases.

### **Same costs irrespective of gender**

Calculation of recreational costs *irrespective of gender*. We don't consider it reasonable to calculate different cost requirements for recreation on the basis of anything other than age. All children regardless of gender need exercise, relaxation and stimulation. The equivalent also applies to adults. How these needs are met can be different between and within the genders, the most common recreational activities are however the same for both women and men over the age of 16, namely listening to music. But differences for certain activities exist, for example, men read more periodicals and attending sporting events. Women read more books and weekly magazines. The costs for the activities/products when differences exist between the genders can however more or less cancel each other out so that the total amount for both genders is almost the same.

### **Recreational Products in Other Budget Items**

Due to the consumption in the recreational items being associated to individuals, there would be an *unreasonable amount of examples* of certain products in large households if all or several family members were calculated as having their own TV or stereo, for example. In such cases the products are included under *household associated* expense items, i.e., where the amount of products are primarily decided by the size of the family. In this way a camera, for example, would come under the sub-item "Other" under Home appliances. Other examples of products are the sub-item Radio & TV etc. which also goes under the item Home appliances. "Accessories" such as CDs, DVDs and such like can on the other hand often be regarded as more of a personal consumption and thus belong to recreation items.

### **Costs not included**

In the calculations we have not taken into account the costs for special recreational interests, pets, holidays etc. There are numerous different hobbies and recreational activities with considerable variations in cost. In a great deal

of cases they have such high costs that they are not able to be included under reasonable consumption /such as boats and more expensive musical instruments). In a normal budget context the need for such calculations is probably limited, as the household know how much they usually put aside for these expenses.

### **Mobil Telephone**

The costs for mobile telephones, i.e. conversation and telephone, has been moved from the common household budget item Newspapers, telephone, TV licence etc.<sup>11</sup> to the more personal item Leisure and recreation. This is due to the fact that it has become more common for adults and children to have their own mobile telephones. Included here are pay-as-you-go cards and compensation savings for mobile telephones.

### **Price collection**

The price measurements of goods in this budget item have primarily been taken in the larger store, for example, BR Leksaker, Åhléns, Coop Forum, Team Sportia, Stadium and Akademibokhandeln. With regard to other items other than actual goods, for example, visits to the theatre and swimming baths, we have taken into consideration the prices in Örebro, as well as the results from chapter 5 the mentioned price survey in approx. 10 cities in Sweden.

## **6.4 Hygiene**

The expense item Hygiene covers goods for *personal hygiene*. Costs for hygiene and cleaning in relation to the home, clothes etc. are included in the item Consumables and in the sub-item Cleaning under Home appliances.

Within the consumer area of personal hygiene the needs for products vary in accordance with *age* and for older children and adults in accordance with gender. In contrast to the other personal budget items this item has a specific age category for children who are 3 years old<sup>12</sup>. This is due to the use of nappies and as such the total costs for the budget item is considerably lower than for 1 – 2 year olds.

Products under this item are ones that are required to be able to keep oneself clean and to take care of one's body in general. In addition to soap, toothbrushes, skin cream etc. costs for hairdressing, shaving equipment and certain cosmetics. Furthermore, the item includes some products for the treatment of small cuts etc.

### **Costs not included**

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<sup>11</sup> This budget item is now called, "Media, fixed-line telephone, Internet etc."

<sup>12</sup> The other personal associated items have an age group for children 1 – 3 years old.

The Hygiene item only includes personal consumption. The costs for goods is primarily *based on the number of people in the household* under the expense item and calculated on the basis of the size of the household. This applies, for example, to toilet paper which is included under Consumables and hair drying which is placed under the sub-item "Other" under Home appliances. The budget item does not include purely *health and medical care products* such as dentist/doctor's visits and medicine.

### **Environmental aspects**

In the cost calculations we have chosen eco-labelled products in cases where they were the most common product variant and where any extra cost was regarded as reasonable. In the cost calculation wash tissues (wet wipes) are not included as they contain chemicals which can cause allergies, eczema or hypersensitiveness among children. We have instead increased the number of eco-labelled paper tissues.

### **Price collection**

The price information is collected for the most part from Coop Konsum, Hemköp, Apotek and Åhléns. Due to nappies making up the greatest part of the hygiene costs for the younger children – around 75 per cent for children 0-2 years old and around 60 per cent for 3 year olds – the prices for these are measured with both supermarket chains. For the cost calculations of nappies a total appraisal is then made based on the chain's market share.

## **6.5 Consumables**

The item Consumables covers costs for a variety of *daily commodities* which are primarily used for care and maintenance of the home as well as clothes and shoes., such as certain handling of food products (including cling film and freezer bags), cleaning of the home (e.g., vacuum bags, soft soap), clothes washing and other textiles, shoe cleaning etc. For dishwashing there is dishwashing liquid - electronic dishwashers are not included in the SCA's calculations.

Rarely-bought commodities used in this connection, e.g., vacuum cleaners and irons, are not include here but under the item Home appliances. Consumables even cover the cost of several other products such as toilet paper, kitchen paper, batteries, light-bulbs, paper napkins, candles, tape etc.

The greatest part of the costs in this item are made up from toilet and kitchen paper and washing detergent.

### **Environmental Aspects**

We have wherever possible chosen products which are either eco-labelled or which do not have a negative impact on the environment– e.g., softener is not included and for a cleaning agent soft soap is used. Even for the calculated

consumption of goods we have observed the environmental impact stated as reasonable consumption. Toilet and kitchen paper are unbleached and eco-labelled recycled paper. Normal light bulbs have been swapped for low-energy light bulbs.

## Price collection

With regard to the products under this item the prices have primarily been collected for the supermarket chains COOP Konsum and Hemköp.

## 6.6 Home appliances

The budget item Home Appliances applies to costs for different types of products which are required for a large number of purposes, for example, cooking, eating, socialising, sleep, storage as well as cleaning and care of clothes, fixtures, housing etc.

The Swedish Consumer Agency has split the extensive budget items into several sub-items. Furniture and electrical fittings; Home textiles; Radio/TV, computers etc.; Cooking; Table setting; Cleaning; Maintenance and Other. The first three make up 74 per cent of the costs in the budget item with the greatest part being Radio/TV, computer etc. The fact that the sub-items share of the total costs, particularly for certain items, varies in accordance with the size of the household are presented in the following table. This applies primarily to Home textiles and Radio/TV, computers etc. In the table examples are given of households with one person and with seven persons (i.e., two adults and five children).

*The respective sub-items' share of the total costs for Home appliances in the household with 1 and 7 persons respectively (costs calculations year 2007/2008).*

	<i>Per cent: 1 pers.</i>	<i>household 7 pers.</i>
Furniture and electrical fittings	21	24
Cooking	6	6
Table setting	2	6
Home textiles	11	19
Cleaning	3	3
Maintenance	2	3
Radio, TV, computer etc.	52	32
Other	8	9

The products included in the budget item are in most cases *rarely-bought commodities* with a service life of over one year. *The period of use*, just like the *amounts*, can vary in accordance with the size of the household. For some products the need is dependent on the number of rooms in the dwelling, for example when it comes to ceiling lamps, curtains and carpets. In this item we have calculated that the household has *guests*, among other things in the number of plates, cutlery and chairs. A guest bed is also included in the costs.

As the household is assumed to live in a *flat* in a block of flats – with a communal laundry room – *there is no* washing machine, dryer etc included in the cost amount. Nor are, for example, gardening tools, outdoor furniture and large tools included.

### **No housing costs**

Swedish Consumer Agency's calculations refer to reasonable costs to *replace* worn-out products. Therefore objects are not calculated which are only purchased once in a lifetime, for example certain *housing equipment* (some domestic appliances, tools etc.). *Nor* are savings included to replace *certain goods for older youths still living at home*. This applies to products with a very long – approx. 20 years – service life (e.g. beds and certain equipment in their room). Renewal of such goods may instead be included in the housing costs when the adult children move out of the family home.

### **Environmental Aspects**

It is difficult to take into consideration the environmental aspects when choosing the products within the sub-items. With regard to, for example, *furniture* it is, according to the representatives for the industry not very common with eco-labelled furniture. In those cases where it does exist it is in such a small amount and at such a high price, that it does not meet the criteria for reasonable consumption. Environmental aspects have however been taken so that the service life for certain goods can be relatively long.

### **About sub-items within Home Appliances**

#### **Furniture and electrical fittings**

The costs apply to furniture, electrical fittings (and mirrors) which are required for various purposes in the dwelling, such as to sleep, eat, read, socialise and entertain guests etc. Furthermore, some furniture is included for storage. A large part of the monthly costs are made up of the sofa and beds. The *Price collection* is made from the larger chain stores, such as IKEA, MIO and Europamöbler.

#### **Cooking**

Cooking involves different types of activities. Equipment is needed for preparation, cooking and storage of food. This requires a great deal of products such as kitchenware, some domestic appliances – as well as cookery books. The costs include a coffee machine, toaster, electric whisk, microwave oven and for households with three or more persons a food processor. Those goods that are included in this sub-item are *price-measured* from e.g., Duka, Åhléns, Coop Forum and IKEA.

#### **Table setting**

Calculations for this sub-item cover the equipment needed to serve, eat and drink at the various mealtimes. *The Price collection* is made from the above-mentioned retail stores under Cooking.



### **Home Textiles**

This includes some products for personal hygiene (hand towels, bathing towels) as well as bed sheets, table cloths, curtains, roller blinds, carpets etc. A large part of the monthly costs are made up by the bed sheets. *Prices* for these goods are primarily collected from IKEA, Hemtex, Jysk, Ellos and Åhléns.

### **Cleaning and Maintenance**

In both these sub-items there are products which are required for care of clothes/shoe, fittings and the home. Included here are costs for cleaning equipment (vacuum cleaner etc.), iron, different tools etc. For families with children (i.e. households with at least three persons) we calculate that they have a sewing machine, so costs for the repair of a sewing machine are included. Dishwashers and washing machines are not included in the calculation. With regard to the sub-item Cleaning we collect the *prices* from, for example, Coop Forum, Åhléns and Onoff and for the sub-item Maintenance we collect primarily from the first two mentioned stores and Clas Ohlsson.

### **Radio, TV, computer etc.**

Besides radio and TV the costs include video, a small stereo and Mp3 player. Also included are a computer, printer, USB memory and an anti-virus program. The products under this item apply to large investments within the home electrical market. These goods often exist at discounted prices much lower than the recommended retail price. We have as such chosen to use *the actual price* in the stores for these products, i.e., even discounted price can be included. The *price collection locations* where we have gathered the information are ONOFF, El-Giganten, SIBA and Expert.

### **Other**

The calculations for the sub-item Other covers such goods which do not naturally belong to any other item. Here, for example, you can find thermometers, fire alarms, ladders, vases, extension leads and Christmas tree decorations.

In addition, we have placed goods, which could possibly have been placed under the item for individual consumption, e.g., hairdryer, camera, ski wax and suitcases. However, the number of these products would be too large to correspond to a reasonable consumption, if all the persons within the household would have their own product. *Price measurement* was for the most part carried out at Åhléns and Coop Forum.

## **6.7 Media, fixed-line telephone, Internet etc.**

This item covers expenses for communication such as using a fixed-line telephone <sup>13</sup> writing and sending e-mail and letters and postage. Postage charges are therefore included. With regard to daily newspapers, the price refers to a full annual subscription.

When it comes to the cost calculations for fixed-line telephone this covers call charges and standing monthly charges as well as savings for telephone equipment. The call charges apply to calls within Sweden. Internet with broadband connection is included, which is the most common form of connection.

### **Costs not included**

The budget item does not include any other charges for the TV other than the licence charge to Swedish Television. As such no costs are included for cable TV or a digital receiver, as the agency's cost calculation applies to people living in a flat in a block of flats.

### **Price Collection**

The prices relating to telephone and internet are obtained from Telia. Regarding daily newspapers the prices are for the largest newspaper in the price measurement location of Örebro, Nerikes Allehanda. This newspaper is even the largest of the countryside newspapers and represents the normal price for a newspaper in Sweden. Prices for other products, e.g., cards, envelopes and pens are obtained primarily from Åhléns.

## **6.8 Home insurance**

Several factors affect the cost calculation for home insurance, primarily the size of the dwelling, the value of the property and the location. Our costs pertain to households who live in rental flats and are based on the two largest insurance companies <sup>14</sup> premiums for insurance amounts, which have been produced in cooperation with the Swedish Consumers Insurance Bureau. These insurance amounts are primarily dependent on the size of the household. It has been assumed that the household does not have any special items of value. For example, authentic carpets, expensive art or jewellery.

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<sup>13</sup> Mobile telephones are included in the personal item Recreation and leisure.

<sup>14</sup> Folksam and Länsförsäkringar – together hold approx. 75 % of the market December 2007.

<i>Household</i>	<i>Estimated insurance amount 2009</i>
1 pers. living in 1-bedroomed flat	300 000 SEK
2 pers. living in 1-bedroomed flat	350 000 SEK
3 pers. living in 2-bedroomed flat	390 000 SEK
4 pers. living in 3-bedroomed flat	450 000 SEK
5 pers. living in 3-bedroomed flat	490 000 SEK
6 pers. living in 4-bedroomed flat	530 000 SEK
7 pers. living in 4-bedroomed flat	570 000 SEK

The insurance premium is set at different levels depending on where in the country the household is located. The highest premiums are in the large conurbations where the risks are greater for burglary and damage. On the other hand, in rural area the premiums are lower. With the aid of the Swedish Consumers Insurance Bureau's premium costs for the different household sizes for the following *three different location sizes*:

- large city: more than 200 000 inhabitants.
- medium-sized town: between 50 000 and 200 000 inhabitants.
- Smaller town: less than 50 000 inhabitants.

The premiums refer to normal home insurance, i.e., including legal cost protection, travel insurance and indemnity insurance. Comprehensive insurance is not included.

## **6.9 Children and youth insurance**

In collaboration with the Swedish Consumers Insurance Bureau the agency has produced cost amounts for sickness and accident insurance for children and youths.

All school age children have an *accident insurance* which is valid during school hours and for the journey to and from school. The extent of the insurance differs between municipalities. More often than not the insurance is not valid for leisure time. The Swedish Consumer Agency has therefore cost-calculated an insurance, which even covers accidents during leisure time as well as sickness. With regard to the need for *sickness insurance* it should be mentioned that it is much more common for children and youths to suffer from invalidity due to sickness rather than accidents. The costs calculation refers to a premium amount which can either apply to group insurance or individual insurance.

## **6.10 Consumption of household electricity**

After the deregulation of 1996 the Swedish Consumer Agency no longer calculates the monthly costs but instead calculates the consumption of household electricity for different sizes of households. The network costs vary considerably between the different parts of the country depending on who is the supplier. Even the price of electricity differs substantially due to the type of contract – fixed periods of different lengths or variable prices.

However, a calculation of reasonable electricity consumption is difficult to carry out, as consumption can differ to a great extent between the households. The structure of the household and socioeconomic factors (e.g., number of persons, age, income, use of laundry room etc.) are of great importance. Moreover, there are very limited adequate current research results pertaining to the electricity consumption of households. We have in our latest calculations used information from Statistics Sweden from 2007 which show the average consumption in kilowatts hours (kWh) for different households in flats. In connections with this it can be mentioned that **electrical equipment for measurements<sup>15</sup> usually makes up a large part of the energy consumption, approx. 40 % in a normal household in a flat according to the preliminary results from a survey by Swedish Energy Agency 2005-2007.** Lighting makes up approx. 20 % and almost the same amount is made up from entertainment electronic items (TV, stereo, radio, DVD, computer etc.).

*Note* that the consumption for households who live in their own house is as a rule higher even if they do not have electrical heating. They often have more apparatus that use electricity.

*The calculated monthly consumption in a flat in a block of flats for 2009*

1 person 180 kWh/month  
2 persons 240 kWh/month.  
3 persons 280 kWh/month.  
4 persons 340 kWh/month.  
5 persons 380 kWh/month.  
6 persons 430 kWh/month.  
7 persons 460 kWh/month.

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<sup>15</sup> Hob, fan, fridge, freezer, toaster, coffee maker etc.

# The Swedish Consumer Agency's calculations of reasonable costs per month

Prognosis for 2009

BASE: PRICE MEASUREMENT 2005 and 2007/2008

Individual costs

Food products

Children

Top row – refers to girls and women

Bottom row – refers to boys and men

6-11 mon	1 year	2 – 5 years	6 - 9 years	10 – 13	14-17	18-30	31-60	61 - 74	75 -
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Exception for lunch 5 days a week (day-care, school, work)

460	540	670	970
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women	1 090	1270	1220	1190	1110	1080
men	1230	1540	1590	1520	1380	1220

All meals are either eaten at home or a lunch box is prepared.

610	740	870	1260
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women	1430	1660	1580	1540	1420	1380
men	1630	2020	2050	1950	1760	1540

0 years	1 – 2	3	4-6	7-10	11-14	15-17	18-30	31-49	50-60	61 -
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2 Clothes and footwear

320	410	410	430	470
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women	510	520	530	530	530	530
men	500	520	520	520	520	520

3 Leisure and recreation (including mobile telephones)

60	150	150	320	500	590	590	530	530	530	530
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4 Personal hygiene

470	410	130	100	130
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women	250	310	360	360	340	340
men	180	210	300	300	300	300

5 Children and youth insurance

110	110	110	110	110	110	110
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Total individual costs, excluding food products, items 2 up to and including 5

960	1080	800	960	1210
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women	1460	1530	1420	1420	1400	1400
men	1380	1430	1350	1350	1350	1350

## Household costs

NB! For those living alone, add approx. 100 SEK for food, due to more expensive, smaller packaging and more waste.

One person	Two persons	Three persons	Four persons	Five persons	Six persons	Seven persons
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## 6. Consumables and certain medical articles

100	130	210	240	300	350	390
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## 7 Home appliances (furniture, home textiles, household utensils, TV, radio, computer etc.)

560	650	780	870	1010	1100	1180
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## 8 Media, fixed-line telephone, Internet etc.

810	840	870	890	910	920	940
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## 9 Home insurance

140	150	160	170	180	190	200	Large city
90	100	110	110	120	130	140	Medium city
70	70	80	80	90	90	100	Smaller town

## Total household costs, items 6 up to and including 9

1610	1770	2020	2170	2400	2560	2710	Large city
1560	1720	1970	2110	2340	2500	2650	Medium city
1540	1690	1940	2080	2310	2460	2610	Smaller town

## 10 Household electricity in kWh/month

180 kWh	240 kWh	280 kWh	340 kWh	380 kWh	430 kWh	460 kWh
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## Personal hygiene

## CONSUMABLES LIST EXTERNAL

Children 7 – 10 years-old		The Swedish Consumer Agency's price measurements 2007-2008							
NUMBER OF PRODUCTS		17			TOTAL		1677.47	1592.82	132.73
GOODS/SERVICE	DESCRIPTION	STORE	PER. OF USE	NEED	PACKAGE	PRICE/PKG	INVESTMENT	COST PER YEAR	COST PER MONTH
Cotton	Packed	Apotek	1	50	100	21.00	10.50	10.50	0.88
Lipsalve	(ACO skin) price (5ml)	Apotek	3	1	1	16.00	16.00	5.33	0.44
Skin cream	For body and face. Without carbamide. Non-perfumed	Apotek	1	50	500	60.00	6.00	6.00	0.50
Hair brush	Plastic	AH	4	1	1	15.00	15.00	3.75	0.31
Hair Cut	Children 7 – 10 years including shampoo	Hair salon	1	4	1	265.00	1060.00	1060.00	88.33
Shampoo	Shampoo, eco- labeled, non- perfumed (Ånglamark Sensible)	COOP konsum	1	800	200	21.90	87.60	87.60	7.30
Comb	1 plastic comb	HM cosmetic	1	1	1	19.50	19.50	19.50	1.63
nasal paper tissues	100 pack eco-labeled	Hemköp	1	100	100	19.90	19.90	19.90	1.66
Plasters	Metre, 6mm wide, 1 m long	Apotek	1	50	100	25.00	12.50	12.50	1.04
Plasters	Plastic, 4 sizes 40 pcs (Hansaplast Universal strips)	Apotek	1	20	40	26.00	13.00	13.00	1.08
Sun protection - children	Sun protection with sun protection factor 25+ (ACO)	Apotek	1	200	125	98.00	156.80	156.80	13.07
Toothbrush	Soft, 6 pack (TePe select)	Apotek	1	4	6	45.00	30.00	30.00	2.50
Toothbrush - protection	Plastic	Kick's	6	1	1	20.00	20.00	3.33	0.28
Toothpaste	With fluor (Pepsodent Super)	Apotek	1	600	75	14.50	116.00	116.00	9.67
Soap	Children's soap, eco- labeled, hard, approx. 85g x 2 (Ånglamark Sensitive)	COOP Konsu m	1	600	170	11.90	42.00	42.00	3.50
Soap dish	Standard plastic	AH	6	1	1	20.00	20.00	3.33	0.28
Flannels	Terry cloth, washable at 60 C approx. 30 x 30cm	Baby	10	2	3	49.00	32.67	3.27	0.27

## Menu 2005

**Breakfast:** Oat porridge with mashed apples or soured milk with cereals or a milk drink, sandwich with topping, juice or fruit and/or vegetables.

**Snacks between meals 2-3 per day:** Beverage (coffee/tea, milk), sandwich (or crisp bread sandwich) with and without topping, and/or fruit. A couple of times a month, pastries or a smaller amount of candy and crisps.

**Table beverages:** Water. For adults approx. 2 times per week other energy-providing drink such as low-alcohol beer, cider or soda. For children, soda on a few occasions during the four-week period.

### Week 1

	Lunch	Evening meal
<b>Monday</b>	Fish with cream sauce, boiled potatoes, grated carrots.  Bread and margarine	Spaghetti Bolognese, grated parmesan, tomatoes  Bread and margarine
<b>Tuesday</b>	Omelet with potatoes, cheese and broccoli, tomatoes, salad, vinaigrette  Bread and margarine	Pork chops, pressed potatoes, stir-fry vegetables  Bread and margarine
<b>Wednesday</b>	Sausage stew, rice, broccoli  Bread and margarine	<u>Fish balls, lobster sauce</u> , boiled potatoes, green peas  Bread and margarine Fruit
<b>Thursday</b>	Fish casserole with potatoes, saffron sour cream, lettuce, cucumber, tomatoes, vinaigrette  Bread and margarine	<u>Pea soup with pork</u> , carrots Pancakes and jam  Bread and margarine
<b>Friday</b>	Pasta, tomato and sweet pepper sauce, feta cheese, black olives, salad, vinaigrette  Bread and margarine	Oven-baked chicken, root vegetable hash, mustard, salad, vinaigrette
<b>Saturday</b>	Smoked ham, potato salad, green beans and vinaigrette  Bread and margarine Fruit	Tacos with mince meat, beans and vegetables, rice
<b>Sunday</b>	Rösti with melted cheese, Green salad with kidney beans, red onion and vinaigrette  Bread and margarine	Beef Bourguignon, couscous Green salad vinaigrette  Bread and margarine  Fruit salad



## Specific method changes etc, in the Swedish Consumer Agency calculations of reasonable living costs

When using the Swedish Consumer Agency (KOV) cost calculations for different years it should be taken into consideration that changes have been made in different respects, with regards to cost calculated products and price measurement methods, for example. Below, you can find a specification of some important changes. Note that a change in, for example, price measurement methods during a certain year can mean that the published cost amount is not changed until the following year, i.e., that a method adjustment 1999 can affect the amount for 2000 but not for 1999.

### Price measurement times

The prices for the products were collected during the month of October up until the price measurement carried out in 1996. For years 1999 and 2002 the price collection was carried out in April. Special CPI revisions<sup>1</sup> from Statistics Sweden showed, that during the 1990s April was one of the months where prices for certain budget items (e.g., food products) were close to the annual average for the respective budget items CPI. Furthermore, a time for the price measurements must be chosen where the price information for winter as well as summer products could be collected.

Due to, among other things, the bringing forward of the Swedish Consumer Agency delivery date of supporting data to the government with regard to social contribution norms, the *price measurements* had to be split so that the survey of prices for certain budget items (e.g., Leisure and recreation) were conducted during the autumn and other items during the spring (e.g. Food products). This was implemented for the price measurements 2004/2005.

### Prices

Price measurements applied to original ordinary prices for all products. Subsequently, food product prices have changed so that the actual price is reported – i.e., whenever applicable discounted prices. The same applies from 1996 for products within the item Radio/TV etc. For other items ordinary prices are collected.

### Price measurement

The prices of Food products and other daily commodities within the items Hygiene and Consumables were previously collected from the approximate

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<sup>1</sup> CPI= Consumer Price Index.

price list. With regard to other products the prices were collected from department stores and also smaller special goods stores (e.g., children's clothing stores, shoe shops) in Örebro. During the last five measurements – i.e., years 1996, 1999, 2002, 2004/2005 and 2007/2008 – we have wherever possible measured prices in the nationwide retail chains. The prices for most products are measured at one measurement point. Exceptions currently include products that cannot be found in retail chains and food products, nappies and home insurance. Considering food products the prices are collected from 1992 in 10 stores in Örebro, which represent different sizes of stores and retail chains. Regarding nappies – which make up a large part of the costs for small children – the prices are, from the price measurements 1999, taken from two retail chains. When it comes to products that cannot be found in the chains – primarily different services within Recreation and leisure, Clothing and footwear, Hygiene (personal)<sup>2</sup> from 1999 the price collection is for the most part conducted at three measurement points in approx. 10 locations in the country.

The method for home insurance deviates as of 1997's amount (i.e., 1996's measurement). Previously we only measured the premiums in Örebro, now with the help from the Swedish Consumers Insurance Bureau we compile the amount for three location sizes<sup>3</sup> based on the information from the two largest companies in the country with regard to home insurance.

## Prognosis calculation

The cost amounts for the different years are based on the information from the latest price measurement for the respective budget item. As the calculations shall even refer to a future period of time the amount is recalculated with a prognosis factor, produced in collaboration with the National Institute of Economic Research. From 1980 to 1992 the prognoses referred to the cost situation in January of the forthcoming year, from 1993 the prognoses applied to the average price development for the entire forthcoming year.

Up until 2006, the National Institute of Economic Research (KI) calculated the future general development of the consumer price index (the total CPI) excluding e.g., housing, energy, and fuel. The institute does not calculate changes for the respective budget items, but has from the 2007 prognosis calculated the development of products and services.

Price changes between the latest price measurements and the month which the prognosis is calculated from are observed by recalculating the amount for the budget item with Statistics Sweden's consumer price index sub-group for the

<sup>2</sup> For example, visits to swimming baths, heeling of shoes and visits to the hairdresser.

<sup>3</sup> In collaboration with the Swedish Consumers Insurance Bureau the following location sizes have been chosen: large city (over 200 000 inhabitants), medium-sized town (50 000 – 200 000 inhabitants) and smaller town (under 50 000 inhabitants).

respective item. In this connection, from 1999 the index has been used wherever possible to match the product choice in the SCA's reasonable costs.

## **Age Categories**

Even when it comes to group division of persons more changes have occurred and examples are given in the following. In 1985 different adjustments were made to the age categories, i.e., the age of an adult person was changed from 18 to 19 years old. That same year, more age categories were introduced for adult food products. In the item hygiene, a specific age group was implemented for 3 year old children – with respect to the use of nappies etc. differing substantially from that of 1-2 year olds.

The adjustments have been made based on the information from various sources. For example, changes to the age categories for food products 1992 and 2006 (which is presently applicable) were based on the changed nutrition recommendation from the National Food Administration. As a result of this the age of an adult was changed back to 18 years old.

## **Major changes within some budget items**

In general it can be stated that, from the price measurements of 1996 and 1999 we have paid greater heed to environmental aspects in our choice of products and in the amounts needed for the periods of use relating to these. With regard to the individual budget items a new assessment is carried out at every review and price measurement of the cost-calculated products as well as the amount, service life and purchasing location. Therewith, adjustments are made, for example, new observations regarding the general standard development of society, the households' service life and living standard, nutrition requirements of different ages/genders and different consumption aspects. Below you can see major changes which have been made over the years to some of the budget items.

### **Food products**

Between 1978-1984 the *contents of the food product items* were unchanged. The costs were calculated for these years for the same food products and amounts. Ahead of the 1985 price measurement the background material was reworked in accordance with the new recommendations for nutrition and energy consumption.

Up until 1994 *two different shopping baskets* were calculated, a convenience basket and a primary produce basket. The convenience basket which contained both ready-made and partially-ready-made produce, was used as a basis for the reasonable costs. Since 1995 the costs have only been calculated for *one shopping basket*. In addition to primary produce, this basket contains ready-made products to a lesser extent than in the previous convenience basket. The menus refer to four weeks as opposed to the previous two. As the menus have

changed so radically *the food costs in the calculations before and after 1995 are not directly comparable. The same applies to cost calculations after the revision of 2005, see below.*

In 2000 the weighting of the store prices changed due to the retail chain which was used, type of store (e.g., general store, minimarket, and supermarket) and size. This was done to observe the changes in purchasing patterns.

The review carried out in 2005 meant that many food products were exchanged for products carrying the keyhole label, i.e. cured meats and provisions and cheese. Even cooking fat was changed to fulfil the recommendations pertaining to the composition of food fats. In the new menu the amount and variety of fruit was increased and the number of meat meals decreased. This also included a lower amount of energy food products which fulfilled other needs than the purely nutritional requirements, for example candy, crisps, soda and pastries. With regards to children under a year old the agency now bases its calculation on the national Food Administration's recommendation that the child should be breast-fed for the first 6 months.

For a number of years we have assumed that the households *bake bread*, whereupon the costs for food products become lower. In the calculations up until 1984 it was assumed that all bread was purchased and for the years 1985 – 1988 that some bread was home baked. From 1989 the calculations have reverted to all bread being purchased.

### **Hygiene**

This item was originally called, "Health and hygiene". Until 1983 the costs included one dentist visit per year per adult. For children and youths up to the age of 17 one annual visit to the doctor was included. From 1997, when pain relievers were also excluded and the item became solely made up of hygiene products, the budget item became known as Hygiene.

### **Leisure/recreation including mobile telephones**

A number of major product changes have been made over the years. For example from the 1997 cost amount more culture and exercise activities and cycles have been included for adults. With regard to costs for children in the age groups 4-6 years old, 7-10 years old and 11-14 years old from the 2000 cost amount, an admission charge with an accompanying adult has even been included for visits to swimming baths museums etc. As mobile telephones are no longer a joint household product but a personal one, the costs for mobile telephones were transferred in 2005 from the item Newspapers, telephone, TV licence etc. to this budget item.

**Home appliances (previously Furniture/house utensils/home textiles/TV etc.)**

From the 1997 cost amount the costs for goods that one does not formally need to repurchase in a household, are no longer included. The agency's calculation refers to costs to *replace* consumed products. For this reason products which are only bought once in a lifetime are not cost-calculated, e.g., certain housing equipment (including household utensils and tools. As of this year the costs no longer cover savings to replace certain goods with very long service life for youngsters still living at home (see page 19). In compliance with the survey results, the standard increase within the sub-item Radio, TV, computer etc. has in several cases first occurred in households with children (3-7 persons) and in later years for one-person households. For example, this applies to stereo equipment and VCRs which were placed on single persons in 1984 and 2001/2002 reviews of the cost calculations. For the 2005 review computers were included for all household sizes. The review for the years 2007/2008 changed the VCR to a DVD player.

**Media, fixed-line telephone, Internet etc. (previously called Newspapers/telephone/TV licence etc)**

A cost-related product addition was made ahead of the 2002 price measurement (i.e., from the 2004 cost amount) where mobile telephones and calls from and to such telephones were included in the cost calculations. As mobile telephones are now a personal product they have been transferred as of 2005 to the item leisure and recreation. At the 2005 review, the Internet was included. TV repair costs were excluded 2007/2008 – and they no longer appear in the Statistics Sweden's calculation for CPI.

**Insurance**

This item was intended in 1984, excluding home insurance and group accident insurance at the workplace, for adults and in school for children. With regard to insurance for children and youths the cost calculations from 2002 once again include accident insurance which also covers leisure time and is supplemented with sickness insurance. When it comes to home insurance, from 1996 the calculations are made with the same cost amounts irrespective of town size. From 1997 the cost were reworked for three different town sizes, large city, medium-sized town and smaller town. Large cities are assumed to have more than 200 000 inhabitants, medium-sized cities between 50 000 and 200 000 and smaller towns less than 50 000 inhabitants.

### **Household electricity**

The costs for electricity were calculated up until 1996. Due the deregulation made this year – with great variation of prices throughout the country as a consequence – thereafter only the average consumption in kilowatts per hour for different household sizes was calculated.

### **Transfer of certain products between budget items**

Certain products which are usually used by several persons in a household have been transferred from an item with household associated consumption. For example, toilet paper<sup>4</sup>, camera<sup>5</sup> and suitcases<sup>6</sup>. This has been done to avoid the number of goods becoming too large in households with several persons to correspond to reasonable consumption.

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<sup>4</sup> From 1984 moved from Hygiene to Consumables.

<sup>5</sup> From 2003 moved from Leisure and recreation to the sub-item Other under Home appliances

<sup>6</sup> From 1997 moved from Clothing and footwear to the sub-item Other under Home appliances.

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