

## PAYING TO WORK: WHAT'S WORK COSTING YOU?

As the lines between work and personal life blur, many Australians are failing to factor in what it costs them to hold down a job.

A recent McCrindle Research study of over 560 respondents reveals that income doesn't just generate wealth, it also consumes it.

Australians are forking out more than ever on transport costs, clothing, and food while they are

working, significantly reducing their take-home pay. Incurring travel costs associated with work, work-related education expenses, child-care costs, and income tax all further reduce a full-time worker's take-home pay to less than two thirds of their gross salary.

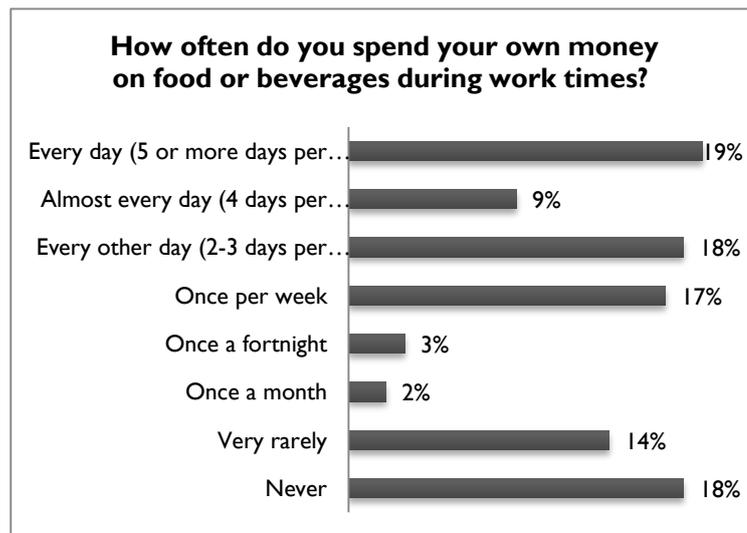


### GOING OUT, AND GOING OUT OFTEN

82% of Australians spend their own money on food and beverages during work times, with almost two thirds of Australians (63%) purchasing lunch, morning tea, or coffees at work or travelling to/from work at least once per week. One fifth of Australians (19%) spend their own money on consumable food items every single day while they are at work.

### GEN YS BUY LUNCH MOST

Males tend to eat out more often, with 23% of male employees purchasing food or beverages at least once per day (compared with 17% of females). The frequency of which employees purchase consumables while at work decreases with age. While 80% of Generation Ys spend their own money on food and beverages at least once per week, this reduces to 69% of Generation Xs and 49% for the Baby Boomer Generation.



## **\$700 OF LUNCHES PER YEAR**

The average Australian employee spends \$15.27 on lunches, snacks, and beverages during their workday every week. This takes into consideration the 18% of Australians who don't spend money on food while they are at work, and ranges to include those who go out more than once a day, some of whom spend over \$100 on food and beverages while at work each week. While many employees do not track this sort of spending, this average accumulates to \$733 per 48-week work-year.

“For young people, the lifestyle aspects of work and the social aspects of the workplace and lunch are key elements of the role of work in their lives,” says social researcher Mark McCrindle. “The organisation required in preparing and bringing lunch from home, the availability of the items, and even simple matters like transporting the lunch to work add complexity, leaving many Gen Ys prepared to trade money for time and convenience and buy lunch at work.”

## **KEEPING UP WITH WARDROBE CHANGES**

With cultural demands strong to keep up with the latest styles and fashions or simply to avoid wearing the same thing every day, employees spend hundreds of dollars on clothing per year. Australians report spending an average of \$300 each year on clothes they require directly for work. This includes employees across all industries and factors into account those who spend very little, having uniforms supplied, as well as those who might purchase corporate apparel.

## **GETTING TO WORK - ADDING UP TRANSPORT COSTS**

Transport is the single greatest expense when it comes to work, with the average Australian spending \$43.31 each week on work-related petrol costs, tolls, and/or public transport tickets. In a 48-week work-year this adds up to \$2,079 per year or \$173.24 each month.

“Australians are attached to their cars,” says McCrindle. “Even though there are cheaper transport options, the convenience, flexibility, and efficiency of using a car to get to work overrides the increased costs. For many, however, there are no viable public transport options, either because of where they live or the timings of their work, or because of the use of their car to drop or pick children up, or working from multiple locations – the car is, for them, essential. However, with good planning and improving public transport nationally, many workers who currently rely on their car could cut back on the use of it by catching public transport, carpooling and sharing costs, or even teleworking from home a day or two per week, thereby producing significant savings over a year.”

## **PAYING TO UPGRADE SKILLS AND KNOWLEDGE**

Two fifths of Australians report spending money on education and training directly associated with their line of work, whether through attendance to conferences, university, or further tertiary qualifications. These Australians spend an average of \$2,105 each year to access skills and remain current in their areas of expertise.

### THE HEFTY CHILD-CARE BILL

The typical out-of-pocket costs of putting one child into long day child care for 50 hours each week is anywhere between 8.2% to 9.4% of a family’s gross annual income. For the average income earner, this equates to \$6,084 each year.

### AND THEN OF COURSE THERE’S TAX

The average full-time worker in Australia earns \$72,426 per annum (gross), which falls into a marginal tax rate of 32.5%. With \$15,088 of income tax to be paid each year, this average full-time salary leads to a net income of \$57,348. Tax rates for many individuals are even higher than this, many paying marginal tax rates of 37% or 45% for their additional earnings.

### IT ALL ADDS UP TO OVER A THIRD

The average full-time Australian worker who earns \$72,426 per annum is spending \$733 of that on lunches, \$300 on wardrobe changes, \$2,079 on transport costs, \$2,105 on education (for the two fifths who are also studying), \$6,084 on child-care, and \$15,088 on tax.

Expense	Cost per year
Lunches and beverages	\$733
Clothes for work	\$300
Transport	\$2,079
Education Expenses	\$2,105
Child-care	\$6,084
Tax	\$15,088
<b>TOTAL WORK-COSTS</b>	<b>\$26,389</b>

The average Australian is spending over a third of their gross salary (36%) on work-related costs, but for many Australians this is even more:

“This research shows that holding down a job can be an expensive business,” says McCrindle. “While generally Australians think about their earnings in terms of the headline salary figure, most full-time earners are on a marginal tax rate of more than one third, and with almost 10% going on child-care expenses, and another 5% on work-related, travel, lunches, and work clothes, it’s not unusual for almost half of someone’s salary to be consumed in these costs which wouldn’t apply if they were not working, and for the average worker, none of these areas are tax-deductible.”

“While work-related costs are significant, many are lifestyle additions that aren’t totally necessary, and, as we have found, in most cases the primary motivator for working is not earnings alone, but a sense of contribution, development, and social interaction that comes from work.”

“For those looking to watch their expenses, teleworking holds some answers, with even one day per week working from home on average saving 20% of the food, travel, and childcare costs.”

## STUDY DEMOGRAPHICS

**Sources:** McCrindle Research, ABS

**About this Study:** This research was conducted by McCrindle Research in June 2013 based on a nationwide study of 586 respondents. **For more information or media comment contact Eliane Miles [eliane@mccrindle.com.au](mailto:eliane@mccrindle.com.au) or via 02 8824 3422.**

DEMOGRAPHICS	This survey #	This survey %	National % of population aged 18-100
<b>AGE</b>			
18	3	1%	GEN Z 1.7%
19-33	149	26%	GEN Y 27.9%
34-48	180	32%	GEN X 26.8%
49-67	194	34%	BOOMERS 29.0%
68+	41	7%	BUILDERS 14.6%
TOTAL:	568	100%	100%
<b>STATE</b>			
NT	0	0%	1.0%
ACT	11	2%	1.6%
TAS	15	3%	2.3%
WA	32	6%	10.4%
SA	37	7%	7.3%
QLD	78	14%	20.3%
VIC	155	27%	24.9%
NSW	240	42%	32.2%
TOTAL	568	100%	100%
<b>GENDER</b>			
Male	185	33%	50%
Female	384	67%	50%
TOTAL	569	100%	100%