

THE COST OF WORK: WHAT WE PAY TO WORK IN 2015

Friday 17th July, 2015 – The unemployment rate is rising, but so are the costs of work. And while living costs and house prices have been rising faster than wages, the costs associated with work are also on the way up. From toll roads to public transport costs, a simple cup of coffee to updating work clothes. From childcare costs to tax increases, Australians are paying to work.



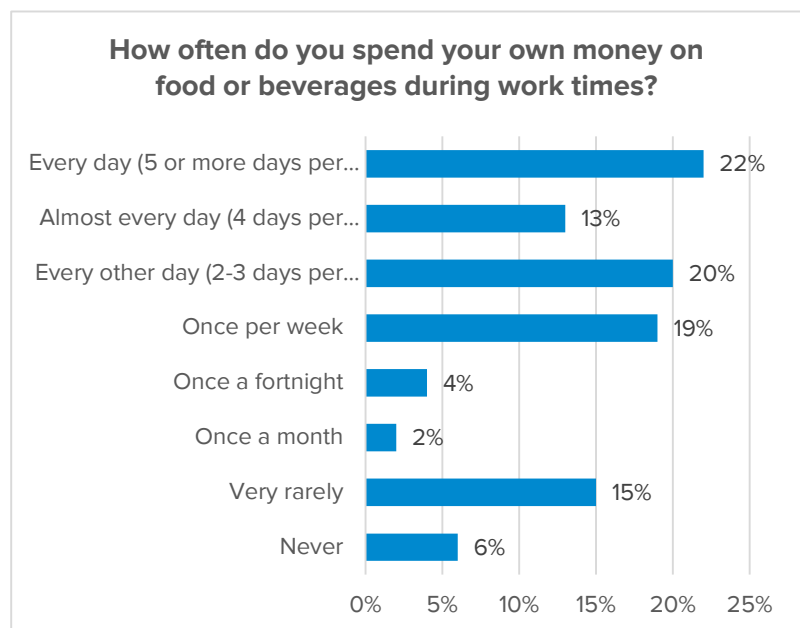
A recent 2015 McCrindle Research study of over 540 working Australians reveals that income doesn't just generate wealth, it also consumes it. Australians are forking out more than ever on transport costs, clothing and food while they are working, significantly reducing their take-home pay. Incurring 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.

THE LIFESTYLE COSTS OF WORK

95% of working Australians spend their own money on food and beverages during work times, with almost 3 in 4 Australians (74%) purchasing lunch, morning tea, or coffees when at work or when travelling to/from work at least once per week. More than one fifth of Australians (22%) spend their own money on consumable food items every single day while they are at work.

YOUNGER MALES BUY LUNCH MOST

Males tend to eat out more often, with 27% of male employees purchasing food or beverages at least once per day (compared with 16% of females). The frequency at which employees purchase consumables while at work decreases with age. While 78% of Generation Ys and 77% of Generation Xs spend their own money on food and beverages at least once per week, this reduces to 60% for the Baby Boomer Generation.



ALMOST \$900 ON LUNCHES PER YEAR

The average Australian employee spends \$18.52 on lunches, snacks, and beverages during their workday every week. This takes into consideration the 6% 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. Over a 48-week work year, this average weekly spend accumulates to \$889 per year.

THE COST OF FASHION

In an effort 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 \$320 each year of their own money 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 purchase corporate apparel.

GETTING TO WORK: THE RISING COST OF CARS

After childcare and tax costs, transport is the greatest expense when it comes to work, with the average Australian spending \$99.88 each week on work-related petrol costs, tolls, and/or public transport tickets. While public transport cost increases have been modest, the big challenge for workers has been the rising cost of petrol, tolls and car ownership, and this is particularly relevant for the 2 in 3 Australians (65.5%) who travel to work by private vehicle. The average full time worker spends almost \$4,800 per year just on getting to and from work.

UPSKILLING, RETRAINING AND KNOWLEDGE-GAINING

30% of working Australians spent their own money last year on education and training directly associated with their line of work, averaging to \$1,936. Overall (accounting for the 70% who didn't spend any of their own money on employment-related learning), the average Australian worker spends \$588.60 per annum of their own money on training, and much of this, where it is retraining for a new career or role, is not tax deductible.

THE CHILDCARE COST CHALLENGE

The Productivity Commission Study into childcare shows the median childcare costs are \$7.40 per hour (\$74 for a 10 hour day). For those requiring full time childcare for 50 hours per week, this would cost them \$370 per week which equates to 22% of the average full time weekly earnings.

A TAXING PROBLEM

The current average full time weekly earnings is \$1539.40 per week (\$80,049 per annum) which brings this average wage into the third tax bracket (a tax rate of 37 cents per dollar). Based on the 2015-2016 tax schedule this average annual earnings package would attract a tax bill of \$16,768.

FOR MANY, IT IS MORE THAN HALF

The average full-time Australian worker who earns \$80,049 per annum (current full time adult weekly earnings) is spending \$889 of that on lunches, \$320 on wardrobe changes, \$4,794 on transport costs, \$587 on education, \$17,760 on child-care (based on 70 hours at average costs) and \$16,768 on tax (not including tax deductions). These total work costs add up to \$41,118, which is 51% of the average annual gross.

AVERAGE FULLTIME EARNINGS	\$80,049
Expense	Cost per year
Lunches and beverages	\$889
Clothes for work	\$320
Transport	\$4,794
Education Expenses	\$587
Child-care	\$17,760
Tax	\$16,768
TOTAL WORK-COSTS	\$41,118

*These calculations are based on a 48-week working year.

STUDY DEMOGRAPHICS

Sources: McCrindle Research, ABS, Productivity Commission, ATO

About this Study: This research was conducted by McCrindle Research in May 2015 based on a nationwide study of 543 respondents that indicated they are employed on either a full-time, part-time, casual or self-employed basis. **For more information or media comment contact Ashley McKenzie ashley@mccrindle.com.au or via 02 8824 3422.**

	This survey #	This survey %	National % of population aged 18+
GENDER			
<i>Male</i>	282	52%	50%
<i>Female</i>	261	48%	50%
TOTAL	543	100%	100%
AGE			
18-20	7	1%	GEN Z 5%
21-35	206	38%	GEN Y 28%
36-50	196	36%	GEN X 26%
51-69	124	23%	BOOMERS 28%
70+	10	2%	BUILDERS 13%
TOTAL	543	100%	100%
STATE			
NSW	174	32%	32%
VIC	144	27%	25%
QLD	100	18%	20%
SA	37	7%	7%
WA	57	10%	11%
TAS	13	2%	2%
NT	4	1%	1%
ACT	14	3%	2%
TOTAL	543	100%	100%