

## Australia's 10 biggest money wasters are costing households over \$5,000 a year

*Vices, avoidable banking charges and thrown out food are the nation's biggest money wasters*

- Australians households are losing \$10.4 billion annually on avoidable bank fees, ATM charges and credit card interest
- Tobacco ranked as the country's biggest money drainer
- Changing a few simple spending habits could lead to big savings

**Monday 23 October, 2017:** Australians households are losing over \$5000 per year on avoidable spending habits including bank fees, credit card interest charges, ATM charges, wasted food and vices like gambling and smoking.

Tobacco is killing Australians financially, with over \$16.3 billion wasted every year. With cigarettes prices increasing by 76% in the past five years, it spells bad news for Australian bank accounts, not to mention the long-term health effects.

One of the nation's biggest avoidable cost was bank charges – households are losing \$1,200 per year on ATM fees, credit card debt and bank fees, with literally nothing to show for their evaporated money. Staying on top of personal finances and reviewing bank account terms and conditions could result in simple savings for Australians.

Australia's 10 biggest money wasters			
Item	Total annual spend (billions)	Total spend per household	Total spend per person
Tobacco	\$16.3B	\$1,734	\$667
Food waste	\$8B	\$950	\$328
Gambling	\$6.7B	\$796	\$275
Credit card interest	\$5.5B	\$653	\$226
Bank fees	\$4.3B	\$511	\$176
Household energy waste	\$3.3B	\$389	\$135
Traffic fines	\$1.3B	\$154	\$53
ATM fees	\$0.64B	\$76	\$26
Clothing	\$0.5B	\$59	\$21
Unused gift cards	\$0.36B	\$43	\$15
<b>TOTAL</b>	<b>\$46.9B</b>	<b>\$5,365</b>	<b>\$1,922</b>

source: [Mozo.com.au](http://Mozo.com.au), September 2017

The nation's second biggest money waster was food, with Australians throwing out \$8 billion worth of edible food every year – this equates to an average of \$950 every year per home.

Our penchant for gambling set us back \$6.7 billion per year, with those in the 50+ age bracket more likely to try their luck with lotto tickets, scratchies or a flutter on the horses.

Australian households waste a whopping \$3.3 billion on electricity every year, an alarming amount given that energy prices continue to be the number one household financial concern. The average household has the potential to save over \$380 every year.

Bad choices came back to haunt us financially – not paying attention behind the wheel racked up \$1.3 billion in charges and fickle fast fashion purchases in the past year saw Australians ranked as the second largest consumer of textiles in the world, throwing out a whopping \$500 million worth of clothing.

“Australians are hurting financially due to avoidable spending habits. With stagnant income growth and many households feeling the strain of mounting debt, the good news is there are simple ways to make positive changes to your bank balance,” says Kirsty Lamont, Mozo Director.

“Credit card interest is one of the most expensive forms of debt, that can sting even the savviest spender. It always pays to compare credit cards to ensure you've got the best card for your spending habits, and if you can't pay it off, refinance and pay your debts. A little bit of forward planning can ensure you avoid ATM fees and bank fees.”

The cost of household food waste has a major impact of Australian household budgets. Fruit and vegetables costs rose by approximately 16% each year and meat increased by approximately 10% resulting in skyrocketing grocery bills.

“To avoid unnecessary financial waste, take a good look at where your money is going. Review your purchasing habits, take note of food or clothing that you might discard and study your household bills. A few small changes can result in major savings.”

#### **Mozo's tips and tricks to reducing financial waste:**

- To combat bank fees, review your bank account terms and conditions to assess where you could be charged unnecessary fees, compare credit cards to ensure you've got the best card for your spending habits, and keep extra cash in your wallet to avoid foreign ATM fees.
- Take note of expiration dates in your fridge and move older food to the front of your fridge. If you do throw food out keep a list to avoid making the same mistake twice.

- Review your energy bill and consider where you can lower cost. Turn off appliances at the outlet when they're not in use, check appliance energy ratings and only heat/cool rooms that you are inhabiting.
- Take note of when gift cards expire and set a reminder in your calendar weeks prior to expiration

**-ENDS**

### Notes on calculations

Tobacco: ABS 2015-16 Household Expenditure Survey (HES) - <http://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6530.02015-16?OpenDocument>

Food waste: Original figure sourced from Foodwise - <http://www.foodwise.com.au/foodwaste/food-waste-fast-facts/> with the figure verified by ABC Fact check - <http://www.abc.net.au/news/factcheck/2013-10-08/food-waste-value-australia/4993930>

Gambling: Mozo 2017 lifestyle survey of 1002 Australians aged 18 years and above conducted by Pureprofile between 6 – 12 June 2017. Respondents were asked about spending habits for 30 common lifestyle expenses. Note: Numbers have been rounded.

Credit card debt: Source RBA and Mozo, calculation based on average credit card balances accruing interest for 12 months to July 2017 at average credit card interest rate of 17.20%

Bank fees: Australian Bankers Association Inc, fees for banking services 2017 report. [https://www.bankers.asn.au/images/uploads/ArticleDocuments/134/Report\\_Fees\\_for\\_Banking\\_Services\\_2017.pdf](https://www.bankers.asn.au/images/uploads/ArticleDocuments/134/Report_Fees_for_Banking_Services_2017.pdf)

Energy: ABS 2015-16 Household Energy Consumption Survey 2012

<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/4670.0main+features132012> plus CPI data shows 5 year growth of electricity and gas by 27.90% from 2012 – 2017.

and Energy Efficiency company Ecocentric's Australian energy waste estimate of 10-20 percent.

Household energy concerns: <https://www.choice.com.au/money/budget/consumer-pulse/articles/electricity-costs-biggest-concern-july-2016>

Clothing: Australian clothing consumption <http://www.abc.net.au/news/2017-01-12/australias-obsession-with-new-clothes-hurting-the-environment/8177624> Council of Textile and Fashion <http://www.counciloftextileandfashion.com/council-of-textile-fashion-blog/2016/04/04/the-value-of-clothes-paul-castro> and Well Made Clothing commentary on Australian clothing waste <https://wellmadeclothes.com.au/>

ATM fees: RBA Statistical Tables C04 ATM Cash Withdrawals, 13 February 2017.

Gift cards: CHOICE Omnibus Gift survey and Choice Member Gift Card Survey, 2014

Australian household calculations - <http://www.abs.gov.au/ausstats/abs@.nsf/Latestproducts/3236.0Main%20Features42011%20to%202036>

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