Smart

2026 Smart Cost of Living Report

Why Australian workers are looking to stretch their salary

SEPTEMBER 2026

Higher everyday costs are changing how working Australians manage their household budget, their driving habits and which employee benefits they prioritise.

The 2026 Smart Cost of Living Report was developed by Smart™, Australia's leading salary packaging and novated leasing provider. Drawing on a nationally representative survey of more than 2,000 working Australians, the report explores how pressure on household budgets is influencing spending decisions, car ownership, driving habits and the value employees place on benefits that can help stretch their salary further.

Key findings

Spending

9 out of 10 working Australians surveyed said they have cut back spending in the past six months.

Car ownership

95% of drivers surveyed said they are concerned about the cost of owning a car in the current climate.

Maximising take-home pay

98% of workers surveyed said maximising take-home pay and reducing tax are important considerations in remuneration.

Cost-of-living pressure is changing spending behaviour

Nine out of 10 working Australians we surveyed have cut back spending in the past six months. Dining out, takeaway meals and holidays are the leading areas where respondents have already reduced spending, with many planning further cuts over the next six months.

Workers are also bracing for higher everyday costs by the end of 2026. Almost two thirds (62%) of those surveyed are very or extremely concerned about grocery prices - electricity prices (59%) and petrol prices (52%) are not far behind.

Petrol prices are reshaping driving habits

Eight out of 10 respondents in our survey have changed how they use their car in the past six months, because of higher fuel prices.

Driving less	**45%**	are avoiding longer drives or road trips
Lifestyle changes	**36%**	are spending more time at home on weekends
Changing modes of transport	**17%**	are taking public transport more often
Vehicle running costs	**12%**	are cutting back on car maintenance

Running costs are influencing car ownership decisions

Cost is increasingly shaping car ownership decisions for participants in our research. Among those surveyed, one in three workers who had sold a car in the past year said they needed the money from the sale, while one in four said they could not afford the ongoing costs.

More than half of the Australians surveyed are planning to buy a new car within the next year and they are looking for ways to protect themselves from high fuel prices:

22% are considering an EV

20% are considering a more fuel efficient or hybrid vehicle

8% are considering a smaller car

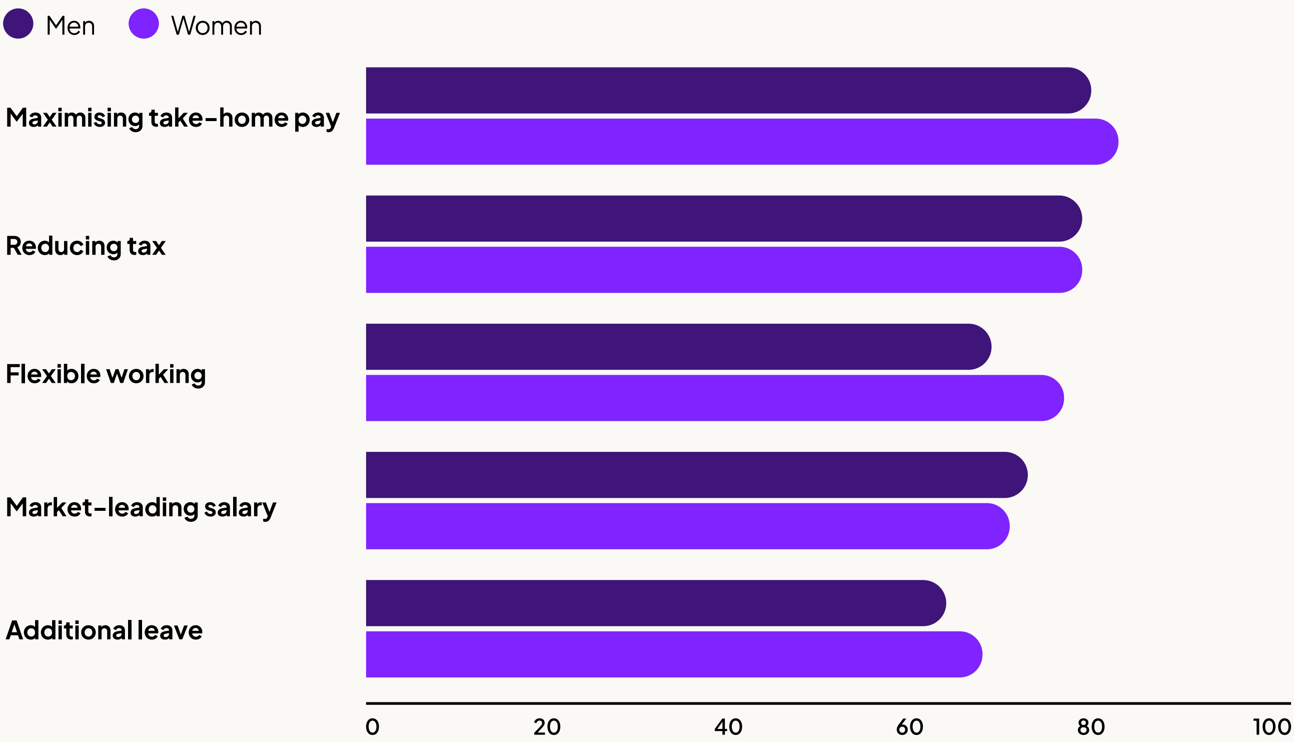
Take-home pay is the top priority

With household budgets under pressure, employees are placing the greatest value on benefits that help them increase take-home pay and reduce tax.

Almost all workers surveyed said maximising take-home pay and reducing tax are important remuneration considerations, with around eight in 10 rating them very important or non-negotiable.

The findings highlight why benefits such as salary packaging and novated leasing are becoming particularly relevant, as employees look to manage rising living costs and stretch their salary further.

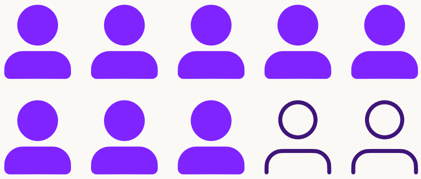
Benefits employees won't compromise on



How salary packaging can help stretch your salary further

Salary packaging, also known as salary sacrificing, is an ATO-approved way for eligible employees to pay for certain expenses from pre-tax income. By lowering taxable income, it can help employees reduce the tax they pay and increase take-home pay.

The research found many workers may not be making use of available benefits to stretch their salary further. While eight out of 10 workers we surveyed were familiar with salary packaging and 59% said their employer offered it, 23% of eligible workers surveyed had not used it in the past 12 months.



8 out of 10
workers were familiar with salary packaging

What can salary packaging cover?

Everyone can salary package if their employer facilitates it, normally through a provider. Benefits change depending on the industry you work in and cover all sorts of costs, including:

- ✔ Car
- ✔ Groceries
- ✔ Clothing
- ✔ Furniture
- ✔ External car-parking
- ✔ Airpods
- ✔ iPhone
- ✔ Laptop
- ✔ Utility bills
- ✔ Life insurance
- ✔ Fuel
- ✔ Car rego and maintenance
- ✔ Gym membership
- ✔ Dining and entertainment

Getting started with salary packaging

1. Check if your employer offers salary packaging.
2. Check your provider. You can access salary packaging through your employer's chosen provider.
3. Select your benefits. Depending on your employer and eligibility, you may be able to choose from a range of eligible expenses like car leasing, childcare fees, living expenses or credit card repayments.
4. Enjoy the savings. With a lower taxable income, you'll pay less tax and enjoy more take-home pay. Nice!

About Smart

Smart is Australia's leading salary packaging and novated leasing provider, helping employees maximise their take-home pay through salary packaging, novated leasing and employee benefits solutions.

About the research

The Smart Cost of Living Survey was conducted by Pureprofile, surveying 2,033 working Australians aged 18–65 who are nationally representative of the Australian population by age, gender and location. The research was conducted from 27 June 2026 to 9 July 2026.

Get in touch, visit **smart.com.au** Speak to us **1300 476 278**