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Calculating the Cost of Setting Up in Australia



Written by Sarah Muxlow
Friday, 25 November 2005

Our first three months in Australia were bliss. We were living in between two worlds; Switzerland and all the long hours commuting, expenses and past stress was behind us and Australia with the reality of integrating here and setting up our new life somewhere 'out there' in front.

Top Tip: Set some spending limits and do a 'priority to buy' list. Arriving with large lump sums of cash after selling up overseas can leave an inflated sense of wealth, until the bills start rolling in.

During the 'honeymoon' or before, is a good time to start drawing up a preliminary budget. It is of course difficult to get an overall feel of the change of the day to day expenses all at once. Prices are different; some items cost more and others a lot less.

What we did notice, as soon as I started work, was the importance to adjust to the new cost of living straight away. My salary was half what I earned in Switzerland. Our

shopping bill was more or less the same. We needed to buy a car and looking at the prices, we were shocked.

In a World wide Survey carried out by www.finfacts.com, comparing the Cost of living in over 100 countries, at number 20 (listed as the most expensive city in Australia) is Sydney, at 68 Melbourne, at 84 Brisbane, at 89 Adelaide and Perth is at 93 (Darwin didn't feature in the top 144). Compare these results to your own city to get a general perspective.

During the time of planning the move and applying for visas, having an idea of the day to day living costs can suddenly become essential. With all the talk of Australia being great for life style, it is still important to consider whether you can afford to enjoy the life style you want and to start to build realistic expectations. Below is a general of things to consider with web-links to give you some idea of local costs.

The Move

When costing the move alone, do a ring round of all the different international movers or ask the agent you are applying with. It depends on where you're moving from as to the cost for transportation. From Switzerland a container of furniture would have cost us 16 000\$AU for a 30m3 container. Needless to say, Switzerland isn't near a port and that price was door to door delivery.

Average salaries

A typical salary for a teacher, government worker or nurse depending on experience and qualifications is roughly 50 000\$AU a year or more. This is considered a good salary by the

state. Management and senior positions are generally above 75 000\$AU and many senior positions go up to 120 000\$AU. Most Queenslanders will say that the salaries haven't grown at the same rate as the cost of living and real estate market. There is a rumour of a 4% increase in salaries in Queensland Government positions each year for the next three years, to pull Brisbane in line with Sydney and Melbourne. See [this link](#) for more details:

Tax rates for 2004-2005 for Australian residents

Tax year/tax rates see: www.ato.gov.au

Everyone living in Australia has to complete a self assessed tax declaration. An Accountant costs from 40\$AU an hour upwards. It is possible to complete a tax declaration form yourself if you are an employee with no investment portfolio, it is fairly straight forward. Tax kits are free from newsagents and the end of the financial year is July. It gets more complicated when one of the partner stays at home. You may want to make voluntary contributions to superannuation funds.

It is slightly different on your first tax year in Australia, but these are the rates for a general tax year. The first 6000\$ no Tax is charged. 6,001 - 21,600, \$0.17 for each \$1 in excess of \$6,000. 21,601 - 52,000, \$2,652 + 30c for each \$1 in excess of \$21,600. 52,001 - 62,500, \$13,572 + 42c for each \$1 in excess of \$58,000. Over 62,500, \$18,612 + 47c for each \$1 in excess of \$70,000.

It is worth looking up tax deductibles. Before the end of the financial year have a chat with your accountant and see what to put in whose name etc.

Houses & Rent see: [Setting Up Home Down Under](#)

Car

One of your first major purchases could well be a car. Either new or second hand, it goes without saying that it's important to shop around and be aware of the rules and regulations and get a rough idea of the prices you'd expect to pay here. Places to look for cars and prices are ads in the paper or online www.carsguide.news.com.au

It is important to compare not only prices, but warranties, guarantees and have a mechanic have very good look at the condition of the car (if second hand). Buying from a Licensed Motor Car Trader (LMCT) may be more expensive but there is a cooling-off period, any car over \$3000 will be covered by a Statutory Warranty, and you are guaranteed vehicle ownership (clear title).

Buying privately is often cheaper, but you have less legal protection, and the car is not covered by a warranty. Also, it is your responsibility to ensure that the vehicle has a clear title. You can do a check with the Registry of Recovered Vehicles, which is free for a query, or around \$12 for a certificate. Having a mechanic check is also a worthwhile investment.

It isn't compulsory for car owners to have their cars serviced every year in all states and some cars are nearly run to the ground. We were surprised by the price of second hand and cars compared to what we would pay in Europe – Australia has a smaller market and many cars are imported from Japan.

You can't shop around for registration - you have to register it at your state or territory's Roads and Traffic Authority (RTA). Shop around for car insurance though. In Queensland RAUQ has some interesting services and offers competitive prices. www.racq.com.au

Gas/Petrol

Petrol, possibly like everywhere at the moment, is expensive here. It was 80c/L AU when we first arrived two years ago and is now between 90c/L and 1.40c/L AU for leaded and unleaded.

Retail Shopping

For the cost of local food, probably the quickest way to research is to go to www.shopsafe.com.au for a full selection of food and retail goods or www.homeshop.com.au and select Woolworths – a large supermarket chain and browse their aisles. (postcode for Sydney=2145 if you need to enter one to search)

Insurances

Typical insurances Australians will take out are: life insurance, car insurance, house and content insurance, private health cover. Banks and independent organizations offer a range of products and prices.

Hospital Care

If you choose to go through the public hospital health system, it is free. I had my

son in a public hospital and found good care. There are birthing centres but home births are rare. If you choose private healthcare to have a baby, or other treatment, you'll need to take into account the cost of an obstetrician/doctor, extra costs like ultrasounds and blood tests, parenting classes, birthing classes, hospital stays - the list goes on and not all fees are covered by insurance.

Cost of a Family

For every child born after July 2004, there is a one-off \$3000 'baby bonus' payment.

Like Australians, new immigrants are entitled to a family allowance which is calculated according to the number of dependant children and household salary. The allowance paid per fortnight just about covers the cost of nappies! Social security is means tested and some rebates are in place for child care.

Vaccinations for children are free and there is a small financial reward for completing the first year vaccination programme- Australia is keen to stamp-out childhood diseases/ get everyone vaccinated – but it is still a choice.

All employers must provide parental leave, although there are some eligibility criteria particularly related to the length of time you have worked for them.

State school is free and varies in quality depending on area and suburb. Private school can be by religious denomination or international or of a specific philosophy. Fees range from 2000\$AU per year to over 10 000 \$AU. Scholarship exams do exist and the value and conditions vary.

Working Mothers

If you arrive as we did with a baby on the way, there is the inevitable period where there is one salary coming in. It's fine to plan to work right up to the birth, but sometimes it's just not physically possible, or desirable. We've found it possible to live on one salary and many families do. Part-time work is sometimes difficult to find to fit in with day-care days and the job share concept is slow to take off – but it is doable.

Given that Australians are known for their large families, 3 children per couple can be normal, the need for assistance outside the immediate family is high and kindergarten attendance whilst not mandatory, is also becoming increasingly popular. Waiting lists for child care places can be long and it's best to sign up on all the lists in the area you are or well in advance, if you have strong preference for a place at one.

The child care centres and carers I've met are registered, strict with their safety standards and accommodating. Whether I would like one, two or three days a week is fine and the price is roughly 50\$AU per full day. Both family day care and childcare centres have a set ratio of carers to children. The facilities are often fantastic and many centres are modern and specifically designed with car parking space and are positioned off main roads.

A childcare rebate has also been introduced recently, which allows you to either claim a rebate as you pay the fees, or to claim part of the fees as a tax deduction.

Future Retirement

The amount of money you need when you

retire will depend on the kind of lifestyle you want to maintain.

The Commonwealth Government provides a range of payments and benefits as a financial safety net, including the age pension. Age pensioners qualify for the pensioner concession card that gives discounts on all sorts of things like prescriptions, vehicle and boat registrations, phone and electricity bills, rates and other utilities.

Talking to a financial planner will help you aim to flatten out the spending and emotional curve of the first few months here. Some steps that a Financial consultant can help you with is reviewing all of your new expenses, give advice on the best interest rates and bank fees and generally help set a realistic family expenses breakdown from the minute you arrive.

Like all areas of finance, planning information and talking to an expert can help you to make informed choices. There are many ways to save for your retirement, manage your financial transition here, build assets and invest.

Information is available on a range of topics, including: financial planning, superannuation funds, accountants and solicitors, banks, credit unions and building societies, stockbrokers and many more financial services specifically aimed at helping new immigrants at Aussie Migrant.

For more information about the writer: www.writeup.com.au

For more information about The buyers Agent Aussie Migrant: www.aussiemigrant.com or email rebecca@aussiemigrant.com

For current property prices to buy or rent given by suburb: www.realestate.com

For details/reviews of suburbs in Queensland:

www.ourbrisbane.com

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