

Moving across the Ditch - without tears

By [Diana Clement](#) NZ Herald
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Without a Medicare card Kiwis need to pay all out-of-hospital costs ... which can be stratospheric. Planning any move requires a lot of thought. Photo / Mark Mitchell

Kiwis are returning home from Australia disillusioned and sometimes financially destitute, according to an article that appeared in the [Herald](#).

Moving overseas to Australia, Singapore, Dubai or other countries is a good financial move for some people. It can be hard yakka, however.

And the cost of doing so - especially without a job lined up - shouldn't be underestimated.

Plenty of Kiwis still turn up in Oz with a backpack and \$1000 in their pockets, doss down with friends or family, and make a success of their new life. Families, home owners, and those established in their careers have many more financial issues to consider.

Costs aren't always the same as they are here. In New Zealand bond on a rental property is limited by law to four weeks' rent. In Australia you could be paying a bond of up to six weeks' rent.

Likewise anyone looking to buy property has more expenses than they might back in New Zealand. One is that you pay stamp duty on the purchase price of a property and capital gains on the sale.

Even cars come with all sorts of additional costs, including stamp duty, vehicle registration duty, compulsory third-party insurance and luxury car tax - if you can afford a luxury car.

New migrants in any country find themselves having to pay upfront for everything from an electricity bond, a car, mobile phone, memberships and their insurances all at once. Migrants need to learn new ways to perform old tricks - such as getting a job or a credit card, which can prove challenging.

If you plan to make the move permanent, the question of how to move your savings arises. Taking cash or travellers cheques or using a telegraphic transfer is a very expensive way to move money. Specialist foreign exchange companies such as HiFX or Latitude GT can save

migrants on commissions, get them better rates and give advice on the best time to move the money.

Spencer Wilcox, managing director of HiFX Australia, went through the process himself, which involved transferring money to Australia in tranches.

Only when they are sure they will stay do many people sell their house and move the equity to Australia. The final step may be moving KiwiSaver to an Australian superannuation scheme.

Taxation is a fact of life in every country and Kiwis need to understand their tax position in Australia. It's a good idea to find out what tax threshold you will fall into before leaving, says David Jenkins, New Zealand manager at accountants CPA Australia.

The top tax rate in New Zealand is 33 per cent. "For the Australian tax year ending June 30, 2011, an Australian tax resident earning between A\$80,000 and A\$180,000 is taxed at 37 per cent and on income above A\$180,000 is liable to a 45 per cent tax rate," says Jenkins.

Joanne McCrae, tax partner at Deloitte, says providing Kiwis meet temporary Australian resident criteria, they won't need to pay tax in Australia on income from investments in New Zealand or elsewhere.

"New Zealanders moving to Australia will generally meet these criteria if they have not lived in Australia previously, do not apply for a permanent resident visa and are not married or in a de facto relationship with an Australian permanent resident or citizen."

If you get the paperwork right at this end, you may be able to pay as little as 2 per cent tax on interest-bearing investments left in New Zealand, and "no effective tax" on stock market-based investments such as shares and funds where the returns are fully imputed in New Zealand.

If, however, you are a trustee of a New Zealand trust, it becomes Australian tax-resident, even if you're a temporary resident for tax yourself, says McCrae. New Zealand property within that trust would then become liable for Australian income and capital gains tax.

Any residential rental property in New Zealand will probably escape Australian tax if it's held in a partnership, a qualifying company or look-through company. If, however, you're seen as carrying out the business of property investment in New Zealand from Australia, your properties could then become subject to Australian tax.

The residency issue is a bit of a double-edged sword. If you're a temporary resident, you can escape paying some tax, but you're not entitled to benefits and Medicare (public health care) beyond emergency hospital treatment.

Without a Medicare card Kiwis need to pay all out-of-hospital costs such as doctors' visits, ambulances, dental care, maternity care and the full cost of all pharmaceuticals, which can be stratospheric. Buying expatriate medical insurance adds significantly to the cost of living.

The rules around welfare benefits are complex, but most New Zealanders who have been in Australia fewer than 10 years do not qualify for the local equivalent of the unemployment, single-parent or sickness benefits.

It's no use looking back across the ditch for this assistance, either: "New Zealand Government offices in Australia have no funds to assist New Zealanders in financial difficulty," says the High Commission. "New Zealand agencies such as Work and Income New Zealand are unable to pay emergency benefits to assist people outside New Zealand."

Kiwis do, however, qualify for Australian Superannuation - a compulsory (and arguably better) equivalent to KiwiSaver, and may qualify for the Australian Old Age Pension.

People born after January 1, 1957, won't qualify for a pension until age 67, says Jeff Matthews, senior financial adviser at Spicers Wealth Management.

Anyone with a student loan needs to think twice before skipping the Ditch. Once you've left the country for more than six months you are charged interest on your student loan, although it may be easier to pay off on an Australian salary.

Jobs don't grow on trees in Australia. Nicola Pohlen, chief executive of recruitment company Pohlen Kean, says there may be more jobs in Australia, but there are many more people competing for them.

She adds that qualified New Zealanders with 15-20 years' experience will find it difficult to be considered for Australian jobs unless they have worked somewhere outside New Zealand before. It may be easier for someone with three to eight years' experience.

"You will have a much better chance of getting a role if there is an ex-New Zealander somewhere in the interview process. Similarly prospects are enhanced if you target companies that have a presence in New Zealand - either head office, or a branch of an Australian company."

The job-search process can be different across the ditch. Herald reader Keith Reed, who emailed me from Brisbane following an earlier article, says the first port of call for anyone looking for work in the construction industry, for example, is the union, not a recruitment consultant. "Union members who work on union jobs enjoy far better wages and conditions than those who do not. The union can be very helpful in obtaining employment."

When negotiating salaries, Kiwis need to be aware that the 9 per cent compulsory superannuation payment by employers is seen as part of the overall package, says Pohlen.

If you're planning anything other than a short working holiday in Australia, you're going to need to put some thought into your worldly goods. They cost money to ship, but also to replace if you leave them behind.

Athol Clarke, Crown Relocations' international manager, says the contents of an average three-bedroom home shipped door-to-door in a 6m container would cost \$8500 to \$9000, excluding insurance, which you would need.

At the other end of the scale, up to seven average-size cartons costs about \$1100 from Auckland to one of the main centres on the east coast of Australia.

Planning any move requires a lot of thought, not just about what's going to happen in Australia.

There's an awful lot to do here, such as cancelling contracts, handing in notice to landlords if you're renting, getting your bond back, letting the Inland Revenue Department know of your departure, selling goods you don't need to take with you and more.

Thousands of people succeed as migrants every year. This information isn't intended to put anyone off. The aim is to highlight just some of the financial considerations that go into making such a move.

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