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INDUSTRY INSIGHT: DECLUTTERING

MOBILITY

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THE POWER OF **MANY** INTEGRATED TEAMS

DIVERSITY

OF RELOCATING EMPLOYEES

CULTURAL CHALLENGES IN

EMERGING ASIAN MARKETS

SPECIAL EDUCATIONAL NEEDS

AND ASIA-PACIFIC SCHOOLS





DESTINATION PROFILE: **AUSTRALIA**

Sunny skies, welcoming locals, and easygoing life
on the island continent

By Nick Woodhams, SGMS, and Jerry Funaro, CRP, GMS-T

Mention Australia to most Western outsiders, and the country summons up a pleasing mash-up of the familiar and the exotic: Britain meets the South Pacific. Vestiges of British culture and ritual remain, but in a more lighthearted, free-wheeling, and casual incarnation—and with far sunnier weather. Australia's secluded Southern

Hemisphere location—an eight-hour flight from Singapore, the closest international business center—virtually ensured that the Commonwealth would develop its own unique mojo.

Australia is about the same size as the continental U.S., yet it has a population of only 23 million, located mainly around its eastern seaboard. Most international assignees reside in Sydney (population 4.5 million), Melbourne (4.2 million), Brisbane (2.3 million), Perth (1.7 million), or Adelaide (1.2 million).

Most employers have little difficulty in attracting assignees to Australia. Australia is politically stable and safe, with a mild climate—Sydney's average winter high is 17° C/63° F—and locals who are friendly to newcomers. In fact, a quarter of Australians were born overseas, which may help to explain the welcoming attitude.

It sometimes surprises new arrivals that there are no expat living areas or communities, so the international assignee is likely to have locals as neighbors. This can make it harder to make friends, since many locals are part of dual-career families with busy lives. However, with so much mobility, including interstate relocation—Melbourne to Sydney, for example—getting involved in sport and social groups will foster contact with other new arrivals.

Doing Business

In Australia, punctuality is expected. The society is egalitarian and not a great respecter of titles. First names are generally used, and a handshake is the standard greeting. Business card etiquette is similar to that in the U.S. and U.K. A foreign national might be surprised at the volume of business meetings that take place in cafes.

Australia has no official language, but Australian English is spoken by virtually all Australians and is the language of business. With many immigrants from Asia, Europe, and elsewhere, many other languages are spoken at home, and a handful of Australian aboriginal languages survive.

Although Australians work hard, leisure time is highly valued. The climate lends itself to plenty of outdoor activity on the weekend. With such a short documented history of its own, it is not surprising that the much longer history of other parts of the world is a source of considerable interest—for example, exhibitions of Asian and European art and artifacts.

Work Permits and Residency Visas

In general, Australia welcomes temporary residents arriving for work purposes. However, employers are expected to train and/or locally source their workforce so that the need for foreign workers is reduced, and organizations seeking to sponsor temporary residents must document their expenditure on training.

Time frames for obtaining a temporary visa vary. The most common is the 457 visa, for which the employer must gain approval as a business sponsor before a specific visa application can be

made—often a concurrent process in practice.

Accompanying family members are included in the principal visa holder's approval.

The employer can sponsor for permanent residency applicants who are planning to live and work in Australia for an extended period. This visa category takes longer; however, there can be advantages, e.g., tax exemption of employer-paid/subsidized housing while seeking long-term housing and access to certain selective schools.

Spouse Employment

Accompanying spouses are free to work; however, that does not necessarily translate into an easy job search. Most jobs are not advertised; many employers prefer to employ someone known or recommended to them to improve the chances of a good fit. And new arrivals applying for advertised positions often are at a disadvantage, as they may be perceived as lacking local knowledge. Those planning to work when they come to Australia are well-advised to start tapping their network long before leaving their home country.



Housing Practices

The Australian real estate market is fragmented, with no multiple listing service and many small, local agencies. To view six properties might require contact with more than 20 agencies.

A typical lease term is between six and 24 months, with the most common lease term being 12 months with an option to extend. Security deposits are lodged with a government agency and are returned at the end of the tenancy. Rents are quoted per week, but generally the lease documentation refers to a monthly rent, which can lead to some strange amounts—for example, AU\$500 per week is equivalent to \$2,172.62 per month).

In most major cities there is a shortage of rental properties. As a result, real estate agents can readily let the property and do not have to try too hard to be helpful to potential tenants—for example, not returning phone calls, a frequent complaint of applicants who lack the support of a destination services company.

Therefore, decisions need to be made fast, as properties can get leased within days—sometimes hours. If a proposed property rental needs overseas approval, the assignee risks missing out on the accommodations. Another consequence is that the research for a day's homefinding needs to happen the day before, and despite this, cancellations on the day of the trip are frequent.

Until tax laws changed in 2012, it was unusual for temporary residents to purchase homes in Australia, as it jeopardized a significant tax break: "living away from home" status. It is too soon to assess the impact of the tax law change in this regard.

Once settled, expatriates will find Australia a shoppers' paradise, with everything from charming local shops to megamalls, offering goods from beachwear to haute couture. Groceries can be had from large supermarkets, smaller specialty markets, and numerous farmers' markets. Imported goods are readily available, though sometimes at a price.

Schooling

The standard of education in Australia is high. Children of expatriates attend the same schools as Australian children. A few schools describe themselves as “international schools,” however; these follow an Australian curriculum with an international flavor and maintain the Australian school terms. An increasing number of schools, mainly in Melbourne and Sydney, now offer the International Baccalaureate (IB) program. Choices for schooling are state or government schools, private schools, and Catholic schools.

A state or government school is run by the Department of Education of each state and funded through the state government. In some states, temporary residents—i.e., most expatriates—must pay fees of about AU\$5,000 per year. Junior schools are coeducational and usually are on separate sites from senior schools, which can be coeducational or single-sex. To gain admission to government schools, one needs to live within the area served by that school. Parents can apply to schools outside their area, which might accept the child if there is a vacancy.

Private schools are run by an independent board of managers. Teachers at these schools have qualifications similar to those of teachers at government schools. These schools are well-appointed, with a favorable student-teacher ratio, but fees generally range from AU\$10,000 to AU\$30,000 annually. Private schools require an application, a deposit, and sometimes an examination/assessment; they are heavily booked but usually make allowances for transferees.

Catholic schools are administered by the Catholic Education Office in each diocese. These schools are designed to serve the Catholic community, though a percentage of non-Catholics are accepted. Catholic junior schools are coeducational and serve local areas. Senior schools are either coeducational or single-sex, and students may attend the senior Catholic school in their immediate area or elsewhere. Fees are charged to attend Catholic schools, although they are not usually as high as private-school fees.



Security

Australian cities are predominantly safe, although normal precautions are sensible to prevent theft, and it is wise to avoid some areas late at night. Many people use public transport—bus, train, or ferry—for commuting to work, although the private car dominates other journeys. Most vehicles are imported, and they are generally more costly than in North America and Europe. Fuel is significantly cheaper than in Europe, however.

Health Care

The Australian government operates a health care plan called Medicare. All permanent residents are covered, and a levy of 2 percent is deducted from income. In addition, visitors from the following countries that have a reciprocal agreement with Australia are covered by Medicare: the U.K., Sweden, Malta, Italy, Finland, Ireland, New Zealand, Norway, Belgium, Slovenia, and the Netherlands.

Medicare pays for 85 percent of the scheduled fee for doctors, specialists, and eye tests, and it provides

full coverage in a public hospital. In hospitals, if you wish to choose your own doctor, you must pay as a private patient. Medicare does not cover dentists, chiropractors, home nursing, podiatry, or physiotherapy. New arrivals holding a temporary residency visa will need to ensure that they have private medical insurance for themselves and their families. The cost of visiting a doctor is approximately AU\$60.



Shipping / Customs

Goods owned and used for at least 12 months can be brought into Australia without payment of duty and sales tax. A goods and services tax applies to imported wines and spirits. Australian Customs and the Australian Quarantine and Inspection Service will subject imported household goods to an inspection. Because of Australia's island situation, many restrictions are in place to protect native flora and fauna. Household goods may be subject to pest treatment and fumigation at the owner's expense.

As Australia is a rabies-free country, dogs and cats may be imported directly only from other approved rabies-free countries and from approved countries where urban rabies is absent or well-controlled. Animals from rabies-free countries must have been continuously resident in the country of export for six months prior to export or since birth. Animals in advanced pregnancy are ineligible for shipment. Permission prior to importation is required. A variety of vaccinations are required 12–14 months before export, and other tests or treatments are required during the 30 days before export.

Financial Matters

The recent slowdown in China's economy and the consequent reduction in demand for Australia's minerals have had significant implications for the Australian economy. The Australian dollar has lost about 20 percent of its value against the U.S. dollar over the past two years, so an Australian dollar is currently worth about 80 U.S. cents. Unemployment is rising—now above the U.S. and U.K. rates at more than 6 percent—as the labor being shed from the resources sectors of the economy has not yet been offset by hiring in other sectors that will benefit from the lower exchange rate.

Like most desirable locations, Australia is not an inexpensive place to live. Numbeo's 2015

global cost of living index ranks Australia's cost of living sixth out of 119 countries, just after the Scandinavian countries, Switzerland, and Venezuela. The Numbeo survey uses New York City as a benchmark, with a base consumer price index (CPI) of 100. Sydney's CPI was 116, so the cost of daily goods was 16 percent higher in Sydney than in New York. Many imported goods, from Gillette razors to Nike running shoes to automobiles, command a premium. Rents in Sydney are somewhat lower than in New York but still higher than almost anywhere else in the world.



Taxes

Taxes are imposed principally by the Commonwealth (national) government, and personal income tax is deducted from employees' paychecks. A two-percent Medicare tax is also withheld (as previously noted), but is refundable retroactively for employees ineligible to participate in the system. The tax year for income tax purposes is July 1 to June 30, and personal income tax returns are usually prepared on the basis of that year. Employees might also be subject to pay-as-you-go taxes on investment and other non-wage income, and capital gains taxes on the sale of some assets. Employers are liable for a fringe

benefits tax on items such as vehicle allowances and low-interest loans. State governments also levy taxes such as stamp duty tax and land tax.

A resident of Australia—defined as someone who resides in Australia more than half of the year—must generally include all foreign income in his Australian taxation return even if tax has already been paid overseas. Nevertheless, credit can be claimed against the Australian tax for the tax paid overseas. An individual who is a resident of Australia for only part of the year is taxable as a resident for that part year. Current personal income tax rates range from 19 to 45 percent.

Unexpected Australia

Australia is one of those countries that plays cricket—a sport that lends itself to endless statistics and a tortured vocabulary that can totally baffle the uninitiated. How about, “Smith has bowled another maiden,” or “Smith dives at extra cover”?

In fact, some observers comment that sport in general seems to be a national obsession. There is even a business by the name of Know the Game that educates new arrivals about Australian sports, with the promise to teach them “enough about the game

to position them to confidently engage in discussions with senior executives, colleagues, and friends.” *M*

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