

Budgeting: How much is renting going to cost?

Before you make the decision to rent it is important that you consider the costs - and be realistic. It will help you decide what type of housing you can afford. Fill in the table below with your estimated costs. Any figures below should be used as a guide only, it is worth checking figures yourself.. Obviously in a group house these costs would be shared between tenants.

At the beginning of a tenancy

		Example of cost for 3 bedroom house Canberra inner north - \$430/week
Bond	A maximum of 4 weeks rent	\$1,720
Rent in advance	A maximum of 4 weeks	\$1,720
Connection fees	Gas Electricity check details - www.actewagl.com.au Phone	\$32.50 attached to first bill \$32.50 attached to first bill Various, check with your provider
Moving	Hiring truck/ute/trailer Removalists	From \$130 for one day
Insurance	Contents (coverage against fire, theft etc) This is very important, phone around to find coverage that suits you.	\$10,000 coverage, \$100 excess - \$190 plus per year
Furniture	Basics - bed, table/desk, chairs	
Whitegoods	Fridge, washing machine	
House needs	Food staples Cooking equipment, crockery, cutlery Cleaning equipment - broom etc Bedding, towels etc	

During a tenancy (ongoing living costs, weekly household costs)

Rent		\$430
Food	Fresh food plus maintaining staples, and cleaning products	\$170
Bills - it's a good idea to put aside a few dollars every week for bills, that way you won't be stuck with a big bill you can't afford Check previous bills to give idea of average costs Make allowance for extra costs such as heating in winter	Gas Electricity Phone Internet Water consumption Insurance (payments can be made in instalments)	
Transport	Bus fares, car maintenance and petrol costs	
Repaying debts		
Entertainment		
Other		

NOTE: Figures accurate at May 2011. You should check details as costs increase

Rent payment calculation

Tenants are often confused about the calculation of rent payments; this is because it is not as straight forward as might be first thought.

Agents and landlords may use any number of different methods to calculate your rent. Insist on written verification. Check their calculations, ask questions. If there are problems with their calculations challenge them.

It is important to always remember that while rent may be quoted at the weekly rate in the first instance, the calculation for monthly payments is **not** simply to multiply by four. This is because the disparity in the length of months must be taken into account. Remember there are not an equal number of days and weeks in each month, and not exactly 52 weeks in a year.

AVOID CONFUSION BY ESTABLISHING HOW RENT IS CALCULATED BEFORE YOU SIGN YOUR TENANCY AGREEMENT.

At the most simple level your monthly rent can be calculated in the following way:

Rent is advertised as \$200 per week:

Annual rent - $\$200 \times 52 = \$10\,400$

Monthly rent payment

(Annual rent divided by months per year)

$\$10\,400/12 = \mathbf{\$866.67}$

(If the weekly amount is only multiplied by 4 the result is \$800)

However, this formula does not reflect that 365 days divided by 7 is not 52 but 52.14.

So a more accurate calculation is as follows

Annual rent -

$\$200 \times 52.14 = \$10\,428$

Monthly rent payment

(Annual rent divided by months per year)

$\$10\,428/12 = \mathbf{\$869.00}$

Another way to accurately calculate rent amounts is to determine the **daily rate** based on how rent is quoted or paid:

- weekly: divide by 7 (eg $\$200pw \div 7 = \28.57);
- fortnightly: divide by 14 (eg $\$400pfn \div 14 = \28.57);
- monthly : multiply by 12 and divide by 365 (eg $\$869\,pcm \times 12(\text{divide by } 365) = \28.57)