

## **Tax Reform - Removing Barriers to Sustainable Transport**

### **Consultation Feedback**

Of the 15 agencies and councils contacted, 11 responded to Greater Wellington's request for comment and feedback. In general, the feedback received was positive and encouraging for some kind of reform to the current tax rules.

The Ministry of Transport in particular believes this to be an important initiative as the incentives and disincentives in the current tax rules have relevance and potential to impact on the success of travel plan implementation in New Zealand. Furthermore, the Minister of Transport has indicated that the Ministry is prepared to take an active role in further discussions on reforming fringe benefit tax rules as they relate to employee travel related benefits. The Minister is expected to respond to a briefing on the matter prepared by Ministry advisors.

Land Transport New Zealand has indicated that amending the current rules will ultimately result in fewer cars on the roads at peak commute times, which is an agency key objective.

Ministry for the Environment commended Greater Wellington's commitment to improving workplace sustainability. However, it stated that amending fringe benefit tax was not considered as effective as other actions that the government considered when looking at a wide range of options for reducing transport related emissions. This work was done during the development of the New Zealand Energy Efficiency and Conservation Strategies (NEECS).

Rodney District Council, Waitakere, North Shore and Manakau City Councils and Environment Canterbury all support FBT reform agreeing that the current tax regime acts as a barrier to employers offering incentives to employees in order to encourage the take up sustainable transport modes through travel plan programmes. Environment Canterbury supports an initial approach of exempting any employee incentive related to the commute to and from work through a workplace travel plan. They felt that taxing employer provided car parks would penalise those who chose to or had no other option than to drive. Although Manakau City Council supported the initiative, they felt the application of FBT to employer provided car parks should be looked into at a later date citing limited alternative options available such as inadequate public transport service levels.

Wellington Chamber of Commerce was not supportive of the proposal and "does not favour the use of the tax system to target or incentivise such initiatives." It was felt that "concessional tax treatment for selected activities erodes the tax base."

The Employers and Manufacturers Association (Central) sought comment from Business NZ jointly commenting that while increasing the miscellaneous FBT threshold was fully supported, they would rather support a broader review of FBT so that the wider policy issues can be properly evaluated.

Local Government New Zealand indicated they do not currently have a position on the matter, independent of any that LGNZ members might have. It was suggested that the proposal be brought forward to the Regional Affairs Committee of local Government New Zealand for their consideration and support.