

Tax Working Group Public Submissions Information Release

Release Document

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

Submission to the Tax Working Group on the Future of Tax

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Submission: On the Future of Tax

General remarks

I support the Tax Working Group's review seeking to identify a fairer tax system that positively impacts on the well-being of all New Zealanders, as I do not believe the current system which enables provision of publicly funded infrastructure establishment, maintenance, and/or services has been neutral, fair, or just.

Currently with almost a complete absence of tax on capital, the primary beneficiaries are the wealthy who own capital assets. If capital gains tax is unpalatable politically then consideration should be made to tax transactions (including shares etc).

There needs to be mechanism to support development of local and co-operative economies, by way of royalties from extraction/industry, tourism/infrastructure tax/ park fees etc.

Risks, challenges and opportunities.

Uberisation and 'block-task' work will further diminish collective and social consciousness. Sense of place and pace of change may fragment the sense of common good. While business, farming and industry benefit from infrastructure, they already do not appear to pay their fair share.

Civil Defence/Community resilience, was valued by 98% in GDC Resident Survey
Diversifying economy (visitor experience/venue, guest nights and other business), was 97% desired.
This includes making most of tourism/provide infrastructure.

Greymouth Port remains a tax burden on a tiny rating base. Just down the dock the 'privately owned' Westfleet Dock benefits from a thriving fishing industry (and non-unionised, seasonal workers on low wages and poor conditions).

We have the arts, culture and heritage During New Zealand's early Pakeha history, the Grey District was central to the economic and political development of the country. This rich heritage and the unique landscape provide a continuing source of inspiration to local artists. The heritage and the work of these artists should be accessible to both locals and visitors, and integrated into the urban landscape.

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The Resource Management Act requires government to have regard to the recognition and protection of the heritage values of sites, buildings, places or areas. The protection of heritage is important not only for the current generations and as an attraction to visitors, but also for future generations. Earthquakes and cyclones have shown us how vulnerable our heritage is.

Our tax system should support the retention of heritage.

Where significant parts of a region's landmass are locked up into public conservation lands (PCL) and protected for the benefit of all New Zealanders there must be some kind of benefit-transfer from government to that region to ensure the declining number of local ratepayers are not unduly burdened with infrastructure costs that also benefit the whole country (eg roads, water supply, communications, civil defence services) yet must meet needs over large distances where other economic and residential activities are not permitted, or are very limited.

Our tax system should enable mechanisms for social investment in the sustainability and strategic benefits of cycling and tourism and to support appropriate planning for safe cycleways wherever they are needed.

GDC 2017 Annual Plan adopted an increase to the Economic Development targeted rate (which applies to commercial properties and bed and breakfast/homestay operators) providing an additional \$50,000 per annum. This appears unfair given the upsurge in accommodation provided by airBnB operations who currently do not contribute. Additional revenues (from bed night tax) could be targeted back to community projects).

According to WCRC, water availability is coming under increased seasonal pressure due to extraction for irrigation in the upper Grey Valley. This may require further work to prioritise water allocation between water uses (such as pasture irrigation) and in-stream uses (such as fish habitat/aquatic ecology and other in-stream needs). We need to do the right thing to save the people from suffering. It's a failure of policy, a failure of not having sufficient regard for the future and looking only at the immediacy of the next business opportunity. 'User pays' would seem to oblige the polluters to pay for contributory negligence.

We must not let our natural resources (particularly water) be taken offshore without fair returns to New Zealand. The tax system is one tool that can more fairly support these wider social wellbeing measures, provided it is more universally and equitably applied.

A taonga tax on water may support the necessary policies, rules, guidelines or other information to avoid, remedy or mitigate the adverse effects of land use activities and management practices on water quality.

That the Tax Working Group consider the long-term proposition benefits of a degree of energy self-sufficiency for new buildings, residential or otherwise, perhaps 20%, alongside energy savings from smart design and materials. They may consider appropriate (tax) reductions in any consent/building permit fees for installation of energy efficient recycled materials.

I support purpose-driven collective businesses that grow the cooperative economy.

Our tax system should complement, facilitate and encourage the values of the Maori economy with focus on intergenerational sustainability, diversification, and tikanga Māori values such as manaakitanga (the care of land and each other), whanaungatanga (wider kinship ties) and kaitiakitanga (guardianship and sustainability) drive business, investment and distribution decisions.

I applaud the holistic approach taken to adopt The Living Standards Framework incorporating the four 'capital stocks' (financial and physical, human, social, and natural) and associated flows as a basis for public policy direction. This framework should be applied to all government decision-making. I support any reforms that drive more environmentally sustainable and accountable economic activity.

Other changes I wish to see

A review of all for-profit businesses that currently have Charitable Status. Many such multi-million dollar organisations (Sanitarium, Villa Maria etc) need to start contributing a fairer share of tax for the nation's wellbeing.

I support the revision of existing targeted tax rates on alcohol, and believe that rates of alcohol excise tax should more closely reflect the cost of alcohol-related harm to society.

That all wine should be taxed by alcohol content, not volume of beverage. If a producer is unable to determine the exact alcohol content in their product, then the level of excise tax should be raised from being based on 10% alcohol strength to 14%.

I suggest government extends the targeted tax model by introducing a tax on sugary drinks and other high-sugar content products to act as a behaviour modifier. Poverty, sugary diets, poor oral hygiene have their impact across children and adults. Management of the alarming rise of pre-diabetes and current diabetes incidence already imposes significant costs on our publicly-funded health system.

Future-focussed tax big system changes I want to see

(a) A universal basic income (UBI)

(b) A universal financial transactional tax (FTT) and thereby do away with income tax and the complex collection of GST; it would close existing taxation loopholes; and it would limit banks and financial traders who gain from the globalised economy but are still able to impose excessive costs on the New Zealand public who must use their services to transact their daily business.

Thank you for the opportunity to put forward my views.

I do not wish to appear before the committee in further support of my submission.

- I acknowledge that my submission will be publicly released (with my email address withheld) and that I have noted that the Official Information Act and privacy considerations apply.