

## **Tax Working Group Public Submissions Information Release**

### **Release Document**

**September 2018**

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Key to sections of the Official Information Act 1982 under which information has been withheld.

Certain information in this document has been withheld under one or more of the following sections of the Official Information Act, as applicable:

- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people;
- [2] 9(2)(k) - to prevent the disclosure of official information for improper gain or improper advantage.

Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, a [1] appearing where information has been withheld in a release document refers to section 9(2)(a).

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  
By Waikato Environment Centre Trust, trading as Go Eco**

The Waikato Environment Centre Trust, trading as Go Eco, thinks it is time for an overhaul of the tax system so that it better enables a transition to a low carbon economy and greater equality.

We applaud the Treasury in its use of the Living Standards Framework to incorporate a more comprehensive range of factors into its analysis. The Living Standards Framework identifies four 'capital stocks' that are crucial to intergenerational wellbeing including financial and physical, human, social and natural capital.

Go Eco believes that there is there a case to make greater use of environmental taxation to improve environmental outcomes and diversify the tax base. Go Eco supports the introduction of a water levy on commercial use of all water used on a volume basis. This would not apply to households or stock drinking water.

Go Eco supports the government to introduce a phased process of ecological tax reform and consider levies on resources such as minerals mined, commercial fish caught, and various forms of pollution and waste.

Go Eco notes that the policies recommended by the Productivity Commission to mitigate Climate Change could increase the costs of household energy, food and transport. Go Eco supports the Commission's recommendation to reduce the adverse impact of such increases on the real incomes of vulnerable households through the tax and welfare system. We also support the Commissions' recommendation for the government to monitor energy, food and transport price trends to ensure that the benefits and tax credits adjustments are being appropriately adjusted over time.

The Productivity Commission notes that shifting from fossil-fuel vehicles to low-emission vehicles may be challenging for lower-income households. They note that while policies such as feebates may be sufficient to change the behaviour of wealthier households, it is unlikely they would be enough for those on lower incomes, especially since feebates would only apply when vehicles enter the fleet. The price premium for electric vehicles over fossil-fuel vehicles is currently large, effectively putting them beyond the reach of lower-income households, at least in the short run. We support targeted support for low-income households to replace an emissions-intensive vehicle.

As the Productivity Commission notes "New Zealand retains several policies that subsidise the ongoing use of fossil fuels, such as concessionary tax deductions for petroleum-mining" (p.10). "New Zealand provides approximately \$78-88 million per year worth of government support to fossil fuel production and consumption." (p. 114). We agree with the Productivity Commission that this tax policy run counter to the goal of reducing national GHG emissions and should be abandoned.

Go Eco supports the development of subsidies to incentivise emissions reductions through rewarding certain behaviours or activities. The Australian Emissions

Reduction Fund provides support to businesses and farmers to adopt new practices and technologies to reduce Australia's GHGs. Go Eco would like to see something similar developed in New Zealand.

The waste disposal levy rate of \$10 a tonne is too low and should be increased significantly (eg, up to \$150 a tonne) to drive further emissions reductions. We support the Ministry of Environment's recommendations to gradually increase the levy. We also support the investigation of a differential levy rating system. This is particularly relevant for the issue of organic waste and its emissions consequences.

Go Eco supports a more progressive tax system, and supports a tax and transfer system that reduces inequality to pre-1980 levels. Inequality is associated with poor environmental outcomes because it generates higher levels of consumption and waste. Inequality is also associated with less social cohesion, a key ingredient in collective efforts to protect the environment and the common good.<sup>1</sup>

We support Oxfam New Zealand's call for the government to crack down on tax avoidance. Data compiled by Oxfam showed that the top 10 per cent took more than half of the wealth. Just two men own more than the poorest 30 per cent of New Zealanders - about 1.4 million people. Those 1.4 million took just one per cent of the wealth created and about 90 per cent of Kiwis own less than half of New Zealand's wealth.

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<sup>1</sup> [http://www.un.org/esa/desa/papers/2015/wp145\\_2015.pdf](http://www.un.org/esa/desa/papers/2015/wp145_2015.pdf)