

Tax Working Group Public Submissions Information Release

Release Document

September 2018

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- [1] 9(2)(a) - to protect the privacy of natural persons, including deceased people;
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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.



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Z Energy submission to the Tax Working Group on “The Purpose of Tax”

Z Energy's submission is in response to the question of:

Should New Zealand use the tax system to encourage better choices and discourage harmful ones?

Z believes that the tax system can be an effective tool to encourage better choices, and there is precedent in the transport energy sector.

Tobacco and alcohol excise tax are not the only cases of taxes being used to incentivise or discourage particular behaviour. Ethanol is, and has been exempt from excise duties applied to other liquid fuels for a number of years. When bioethanol is blended with petrol, currently excise of 59.5cpl is only paid on the mineral petrol portion of the fuel, not on the bioethanol portion. This doesn't exist for biodiesel or other renewable fuel products.

In addition, electric vehicles also currently enjoy a RUC exemption until the electric vehicle fleet hits 2%, a deliberate effort to incentivise EV uptake.

Z believes electric vehicles have a key role in reducing emissions from transport and therefore supports incentivising uptake, however, EV uptake will take time and be limited with the heavy vehicle fleet. Low carbon transport solutions are also needed for the likes of aviation and maritime industries, so a tax system which incentivises solutions across all transport modes is important. Z believes that biofuels have a complementary role in reducing emissions in the short and long term, across a range of transport modes.

Using the tax system to encourage better choices should be applied fairly and consistently, and be careful to avoid unintended consequences. Z believes that to incentivise the production or marketing of biofuels in New Zealand, disparities in the taxation of the various fuels needs to be removed, and that incentives should have sustainability criteria applied which could favour local manufacturing and use of local feedstock. A blanket incentive could encourage market participants to simply import biofuels, which would incur associated emissions and decrease revenue received by the government.

There is an opportunity here for the Government to level the playing field for lower-carbon alternatives, and therefore accelerate the uptake of biofuels, alongside other lower-carbon alternatives, using incentives or road user charge exemptions.

Thank you for the opportunity to submit to the Group, and please let us know if you have any questions.

Ngā mihi nui.

Yours faithfully,

[1]

Sheena Thomas

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