

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.

30 April 2018

Tax Working Group

Email: submissions@taxworkinggroup.govt.nz

Dear Tax Working Group members

SUBMISSION TO THE TAX WORKING GROUP

Goodman (NZ) Limited (“GNZ”) and Goodman Property Services (NZ) Limited (“GPS”) (together “Goodman”) support the intention of the Tax Working Group (“TWG”) to review New Zealand’s current tax regime and appreciate the opportunity to submit our views for the TWG’s consideration.

Background

Goodman Group (ASX listed, ticker GMG), operates in New Zealand through its wholly owned subsidiaries GNZ, GPS and various other investment and property development entities.

GNZ is the manager of the NZX listed Goodman Property Trust (“GMT”). GPS provides property management and development management services to GMT. GPS is also manager of Wynyard Precinct Holdings Limited, a joint venture between GMT and GIC, the government of Singapore’s investment arm. Through a New Zealand based subsidiary, Goodman Group also owns approximately 21.5% of GMT.

In total, Goodman manages almost \$3.0 billion of commercial real estate in New Zealand with a predominant focus on Auckland industrial property. GMT owns a majority of this real estate, and provides a listed PIE investment vehicle to retail and institutional investors seeking exposure to an industrial property asset class.

Our submission

Goodman has worked closely with the Property Council New Zealand (“PCNZ”) to help develop PCNZ’s detailed submission to the TWG and fully supports the comments made therein.

We comment briefly below in addition to our support for PCNZ’s detailed submission.

- + We support the ‘broad-based, low-rate’ approach, recognising that all economic activities are broadly taxed on a similar basis and providing for fairness in the tax system;
- + We support the continuation of a tax system which is, in general, relatively straightforward in its implementation. Such a tax system helps mitigate the cost of compliance, and provides confidence to international investors who provide a significant amount of capital to New Zealand businesses.
- + Commercial and residential property differ from each other. The tax system should properly recognise commercial property as a business asset and it should be treated as such by reinstating depreciation on commercial property. By not recognising that commercial building structures become obsolete and depreciate, our current tax law is acting as a disincentive to continuous improvement of New Zealand’s building stock, particularly in relation to seismic performance and the provision of green buildings;



- + We conditionally support a capital gains tax if it were to account for capital losses without ring fencing and was introduced contemporaneously with a reinstatement of depreciation of commercial property;
- + We strongly support the current PIE taxation regime;
- + We do not support transactional taxes such as typical stamp duty implementations as they are inefficient and insufficient funds are likely to be collected to make them viable; and
- + Land taxes, if introduced, would be a blunt instrument likely to have many negative unintended consequences, including a significant drop in property values.

If you have any queries regarding Goodman's submission, please do not hesitate to contact me by email [1] or by phone [1]

Yours faithfully

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Andy Eakin
Chief Financial Officer
Goodman (NZ) Limited