

28 April 2009

AFTS Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

email: AFTSubmissions@treasury.gov.au

Dear Sir/Madam

Re: Submission to the Australian Taxation Review

Willoughby City Council strongly urges the Review Panel and the Australian Government to abolish the Fringe Benefits Tax (FBT) relating to motor vehicles.

The current tax system encourages employees to drive unnecessarily to increase kilometres travelled resulting in a reduced tax rate for fringe benefits calculation. This increase in kilometres produces unwarranted greenhouse gas emissions. This tax contradicts current Australian greenhouse gas emission policies and strategies and contributes to climate change and an unsustainable future.

Encouraging higher consumption of petrol is a waste of natural resources and unnecessarily increases Australia's carbon footprint by burning fossil fuels. A further environmental issue negatively impacted by vehicle use is local air pollution which also has health implications. Promoting driving rather than sustainable transport modes such as walking and cycling directly impacts an individual's health. Weight related health problems are on the rise in Australia and these issues place a significant drain on our health system.

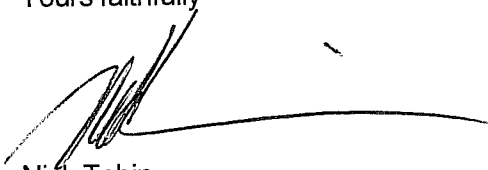
The implication of the tax is to contribute to localised issues such as traffic congestion and increasing the cost of maintenance on publicly owned roads. FBT further decreases the cost efficiency of public transport as it takes patronage away from existing services.

The current FBT system is outdated and works against all efforts being made by Local and State Government departments, non-government organisations and corporations to encourage the reduction of greenhouse gas emissions and uptake of sustainable transport and healthy lifestyles. FBT also creates an administration burden relating to maintaining vehicle usage records and reporting for Council which will be lifted, if the tax is abolished.

FBT encourages people to make economically and environmentally inefficient transport choices. For these reasons and arguments outlined above, Australia's FBT for motor vehicles must be abolished.

Council appreciates the opportunity to make this submission and would urge the Review Panel to adopt a more environmentally sustainable approach to Australia's legislation by removal of the Fringe Benefits Tax.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Nick Tobin', written over a horizontal line.

Nick Tobin
GENERAL MANAGER