

Moreton Bay Regional Council

Incorporating Caboolture, Pine Rivers and Redcliffe

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AFTS Secretariat
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Sir / Madam

Review - Australia's Future Tax System

The Moreton Bay Regional Council wishes your Committee to give consideration to reviewing the method of calculation of Fringe Benefit Tax in relation to vehicles, which is currently based on kilometers traveled.

In relation to this method, the more kilometers traveled results in a reduced tax rate for fringe benefits calculation. This has the effect of fleet managers reassigning vehicles to ensure that the maximum number of kilometers is achieved to ensure the least possible Fringe Benefits Tax.

With vehicles travelling this extra distance, extra fuel is consumed, resulting in increases to business costs as well as increased emissions which add to the Greenhouse Effect.

The following table depicts the cost of fuel for a large sedan under average driving conditions and normal operating conditions:

Kilometres	Cost	Greenhouse Gas Emissions
10,000	\$1,911	3.71 tonnes
15,000	\$2,864	5.56 tonnes
25,000	\$4,770	9.26 tonnes
40,000	\$7,629	14.8 tonnes

With current fuel costs being high, and there being a genuine effort to reduce greenhouse emissions, consideration should be given to amending the current Fringe Benefit Tax methodology.

Yours faithfully



John Rauber
Chief Executive Officer