

# Living Streets Aotearoa



[www.livingstreets.org.nz](http://www.livingstreets.org.nz)

## *Implementation of the Carbon Tax*

7th July 2005

### SUBMISSION

Carbon Tax  
C/- The Deputy Commissioner  
Policy Advice Division  
Inland Revenue Department  
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## Introduction

Living Streets Aotearoa is pleased to present this submission on implementation of the carbon tax. We support the carbon tax as a mechanism to encourage more sustainable transportation. We believe that slower and less polluting vehicle traffic will contribute to reducing New Zealand's carbon emissions, with global benefits. Even if New Zealand's emission reductions are modest, we believe New Zealand needs to play its part in the solution to the global problem of climate change.

At a local level, reduced traffic will improve conditions for pedestrians and encourage more people to walk more often. Fewer emissions will also reduce the health costs of vehicle traffic. Reducing traffic volume, speed and emissions will also benefit public spaces such as inner city parks, outside café areas and city squares. These benefits are social, environmental and economic.

## Living Streets Aotearoa

Living Streets Aotearoa is an advocacy group committed to seeing more people walking more often, and enjoying public places.

# Support for Carbon Tax

Living Streets supports the introduction of the carbon tax. The IRD's discussion paper on implementing the carbon tax notes that: "Most New Zealand consumers and businesses will not pay the [carbon] tax directly. Rather, they will see changes in the relative prices of different sources of energy, transport options, and other products." The carbon tax is thus clearly relevant to pedestrians, as well as other street users.

At all levels of government, since adoption of the New Zealand Transport Strategy (2002) and enactment of the *Land Transport Management Act 2003*, New Zealand has been attempting to reduce its car dependence and increase travel choices for those who wish to use public transport, or to walk or cycle. Cyclists and pedestrians benefit from fewer and less-polluting cars by having cleaner air and safer streets.

We support the use of a variety of methods of managing the demand for motor vehicle travel, with a carbon tax being a useful and important tool alongside other measures. Given the expected future need for New Zealand to purchase carbon credits, due substantially to our increasing levels of greenhouse gas (GHG) emissions from the transport sector, introducing a carbon tax will help send correct pricing signals to energy consumers.

Greater use of smaller, more fuel-efficient cars, increased use of public transport and more travel by foot and by cycle (as intended under *Getting there on foot, by cycle*), would be expected outcomes of this measure.

In addition, we strongly support the introduction of carbon taxes for aviation fuel used domestically, as proposed in section 5 of the document, as air travel generates high levels of GHG emissions.

Although it is outside the scope of the document, we note that in our view New Zealand should actively contribute to international efforts, through the U.N. International Civil Aviation Organization (ICAO) or other means, to ensure that aviation fuel used for international flights is appropriately taxed. We note that the Kyoto Protocol contains a provision calling on industrialized countries to try to limit emissions from cross-border air traffic through ICAO.

## **Further IRD action**

We believe that the IRD has a further role to play.

The department could support sustainable transport further by ensuring that free car parks are treated as incurring fringe benefit tax whether they are leased or owned by the organisation. We believe that sustainable and active modes are heavily disadvantaged by current tax rules on mileage allowances. Updating mileage claim guidance to make a more even playing field between private car use, car sharing, walking, cycling and using public transport would be an important step forward.

In summary, we strongly support the initiative to implement a carbon tax as we consider it will encourage good transport decision-making at the individual, local and national levels. We applaud the Government's intention to demonstrate its commitment to the Kyoto Protocol and the UN Framework Convention on Climate Change.

For further clarification of the points raised in this submission, please contact the undersigned.

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