



**National Council of
Women of New Zealand**

Te Kaunihera
Wahine O Aotearoa

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**Submission to the Finance and Expenditure Select Committee on the
Customs & Excise (Motor Spirits) Amendment Bill**

The National Council of Women of New Zealand (NCWNZ) is an umbrella organisation representing 42 nationally organised societies, some 150 other affiliated societies and a number of individual women. NCWNZ has 33 branches throughout the country. The Council's function is to serve women, the family and the community at local, national and international levels through research, study, discussion and action.

This submission has been prepared by the Economics Standing Committee based on the current experiences of its members and referring to existing policy as agreed at national meetings.

Some of that policy dates from 1989.

NCWNZ has mixed reactions to the first paragraph in the Bill's explanatory note, on the one hand supportive but with concerns on the other.

NCWNZ members perceive from amongst the general public a certain degree of cynicism regarding the amount of taxes on motor spirits and roads currently subtracted from their overt purpose and added to unspecified general funding. There is scepticism of the assurance in the explanatory note and in Part 1 (4) of the Bill where it says that "**the national land transport fund will benefit from increased percentages of the proposed tax**".

Members would like to know whether these benefits will flow on to the travelling public. While such issues could be seen as unrelated to this particular Bill, it is felt that the effects of these decisions should be reflected in increased public safety measures, for instance, and maybe the promotion of the advantages of public transport.

The imposition of the proposed excise³ duty can be viewed in two ways:

- (1) This duty could serve as a rationing device given the predicted shortages of petroleum, thus encouraging people to conserve fuels and consider alternatives.
- (2) The stated aim of the Bill however is to secure "**additional revenue for the Crown Bank Account**" (**General Policy Statement**). With demand for motor spirits being relatively inelastic, this additional revenue is guaranteed, but NCWNZ members are concerned that no account appears in the Bill on the effects on cost-push inflation. Members maintain that transport costs are impossible to absorb in total. Therefore further rises in price levels should be expected, with further pressure being put on the Governor of the Reserve Bank of New Zealand to raise the Official Cash Rate (OCR). This would add a further cost to the production of goods and services which causes concern to NCWNZ.





An example of one immediate effect could be the likely changes to the formulae for the provision of school transport. This could be seen as predominately a rural issue but given the recent round of school closures particularly in provincial cities, with children having to travel further to get to and from school each day, there could be a wider urban impact as well.

NCWNZ again appreciates the opportunity to comment on this proposed legislation.

Christine Low
National President

Heather Smith
Convenor, Economics Standing Committee