

The impact of Australia's Fringe Benefits Tax for cars on petrol consumption and greenhouse emissions

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Petrol consumption has become one of the most important sustainability issues for Australia. The central contention in this article is whether Australia's current Fringe Benefits Tax (FBT) regime is promoting unnecessary mileage (and use of petrol) in salary packaged vehicles to obtain tax concessions under the FBT "statutory formula method" for cars. This article draws together the results of FBT survey data collected via a questionnaire and from respondents' websites, which has been analysed by the authors. The evidence assembled generally supports the central contention. We have also reviewed and included commentary on similar studies that support our key claim. The findings are important because the questionnaire responses represent a significant sample. The outcomes of our research provide further support for a call to amend the current FBT legislation and therefore foster more environmentally sustainable car salary packaging policies for Australian business.

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1. Introduction

Petrol consumption has become a sustainability issue in recent years both in terms of it being a costly resource and its negative effect on greenhouse gas emissions into the environment. In this article it is contended that the current Fringe Benefits Tax (FBT) provisions for cars is encouraging employees to drive unnecessary mileage in “salary packaged” vehicles to obtain tax concessions under the FBT “statutory formula method”.

To gather data to test the central contention an online questionnaire was designed requesting general information about the respondent organisation in the context of FBT, including queries about the application of the FBT “Statutory Formula Method”; the respondent organisation’s environmental concerns; and a request for opinions on the current FBT legislation on cars. In September 2006 and again in February 2007 our questionnaire was sent to 37 Australian universities, over 100 Victorian City and Shire Councils, and four Victorian Government departments. Survey organisations had the common attribute of not having significant numbers of executive sales staff. The cars packaged by the respondent organisations are for staff, who predominantly work in the confines of an office. From these organisations we received a total of 25 responses across metropolitan and regional Australia, which provided information on employee driving habits and vehicle data on 2,766 taxpayer/ratepayer funded cars. The response therefore represents a significant sample. A second set of data concerning environmental information was drawn from respondents’ websites.

Our analysis provides support for a call to reform of one section of the FBT legislation and therefore foster more environmentally sustainable car “salary packaging” polices for Australian government departments and business. Our recommendation, in terms of an easy method to facilitate the curbing of excessive greenhouse gas (CO₂) emissions and fostering petrol savings, is that the use of the log book be extended. It is the most accurate method for those genuinely claiming to have driven business kilometres. However, as this method is perceived as cumbersome by business, alternatively it is recommended that use of FBT “statutory rates” for cars be reformed by removing the tax concession at the 15,000 kilometre band and using the 26 per cent rate, or using just one statutory rate, possibly the 20 per cent rate.

Our paper is organised as follows. Section two provides the background to FBT legislation. Section three explains the methodology used in this study followed by a literature review in Section four. Sections five and six detail our FBT survey and environmental survey results and analysis. Section seven summarises the overall research findings. The final section presents our conclusion and recommendations.

2. Background to FBT legislation

The Fringe Benefits Tax Assessment Act was introduced into the Federal taxation system in 1986. It was designed to overcome problems with employees valuing their employer provided non-cash benefits under s 26(e) of the Income Tax Assessment Act (1936). Under the old section employees frequently valued their non-cash benefits at too low a value and the result for the Government was tax revenue leakage. The FBT legislation shifted the onus of calculating and paying the tax to the employer. Since 1986, the reform of FBT has been the subject of considerable debate, with particular attention given to its complex compliance requirements including administration, uncertainty and errors, inequalities and economic inefficiencies.¹

FBT and cars

The most popular form of non-cash benefit to employees is the car.² The FBT legislation provides for the calculation of a figure (taxable value) to which the FBT tax rate of 46.5 per cent is applied. There are two methods to derive taxable value; firstly the use of a logbook (called operating cost) and secondly, the use of pre-set (statutory) rates. The statutory formula method is the most popular and was adopted for its simplicity.³ The underlying assumption for this method is that if a high number of kilometres are driven, then the car usage is more likely to be for business purposes. It was also designed as an indirect method of providing support to the ailing Australian motor vehicle industry for it was developed out of a policy called the "Button Plan" named after the then Federal Minister for Industry and Commerce, John Button.⁴ In 1986 Australian built cars were approximately 85 per cent of the domestic sales. However, by 2004 the figure dropped to around 29 per cent and is one of our key reasons for considering the FBT "statutory formula method" as anachronistic.⁵

Some calculations

Table I. below shows that for a car worth \$30,000, the tax savings for driving further are considerable. For instance it shows that if a car is driven 15,000 per annum, then a tax discount of 6 per cent is obtained.

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- 1 Warren, N., 2006, *Fringe Benefit Tax Design: decision time*, Institute of Chartered Accountants in Australia, Sydney, p 8.
 - 2 The most recent comprehensive set of Australian Taxation Office data *Taxation Statistics 2005-2006* shows that in the 2007 FBT year cars were the most popular form of fringe benefit as 52,570 vehicles were provided. compared to 18,620 'expense benefits, the next most common benefit. See <http://www.ato.gov.au/corporate/content.asp?doc=/content/00117625.htm>.
 - 3 The FBT legislation on the statutory formula method for cars is at section 9; the operating cost method is at s 10.
 - 4 The Button Plan was implemented between 1984 and 1992. The aim was to promote and support the domestic car industry. For more detail see: www.aph.gov.au/library/pubs/CIB/1996-97/97cib22.htm.
 - 5 The Button Plan is acknowledged for its purpose of assisting the car industry through fringe benefits tax revenue, see Warren, N., 2006, *Fringe Benefit Tax Design: decision time*, p 19.

Table I. FBT liability using statutory formula method on a \$30,000 car⁶

Distance	Statutory	FBT
	Rate	Payable
Up to 14,999 km	26%	\$7,489
15,000 km to 24,999 km	20%	\$5,760
25,000 km to 39,999 km	11%	\$3,168
40,000+ km	7%	\$2,016

According to our survey, 22 out of 25 respondents internally manage their packaged cars for which they have a written policy and report acceptable compliance levels. Significantly, 15 out of 25 respondents routinely request employees to check odometer readings near the end of the FBT year and to increase kilometres if the next concessional tax level can be reasonably attained. It should be noted that although many executives receive a fully maintained car as a perquisite of office, many non-executive staff are also able to access salary packaging for a car and agree to undertake to pay the FBT because for some, arbitrage calculations show a tax saving.

Table II below provides a snapshot of savings for employees who choose to pay with after-tax monies (ie the “contribution method”). At the 15,000 kilometre band a tax saving (based on arbitrage) can be obtained. The incentive for employees to drive for a discount is considerable. The question might be asked about the incentive to the employer to ask their employees to drive further, given that salary and taxable fringe benefits have the same on-costs. Certainly for an organisation that pays the FBT for their executive staff, Table ii clearly shows the FBT saving for higher mileage.

For non-executive staff, who pay the FBT (or contribution) themselves, many routinely complain to their pay office if no indication is given of whether they have “their kilometres up” toward the end of the FBT year. Our example is anecdotal; however it could be interesting as the subject of a focus group if our research were to be extended.

Table 2. FBT and PAYG cost saving at 15,000 kilometres per annum

	Statutory Method			Contribution Method	
	Stat. Rate	FBT cost @46.5%	Saving	PAYG cost @31.5%	Saving
14,999kms	26%	7,488		2,457	
15,000-24,999kms	20%	5,760	1,728	1,890	567

6 The statutory formula for calculating FBT liability is: Value of car x Statutory Fraction x Gross-up rate x Days Held/Days in FBT year x FBT rate. For a \$30,000 car with 13,000 kms per annum and held for 365 days, the calculation is: \$30,000 x 26% x 2.0647 x 365/365 x 46.5% = \$7,489.

Table III below shows the greenhouse gas emission cost that comes with increased mileage. If an average car (with fuel economy of 11 litres/100kms) travels 15,000 kilometres per year, it emits 4.4 tonnes of carbon dioxide.⁷ If mileage is reduced, by say 3,700 kilometres/pa, then there could be a reduction of 1 tonne of CO₂ and petrol savings of \$525 (407 litres x \$1.29).

Table III. Estimated annual greenhouse emissions for an average car.

Kms	Petrol	Carbon Dioxide (CO ₂)
	Litres	
15,000	1650	4.4 tonnes
3,700	407	1 tonne

3. Methodology

The complete FBT questionnaire can be seen at Appendix 1. The main analysis was divided between two sets of questionnaire data, firstly responses about the application of the FBT “Statutory Formula Method” and secondly, the respondent organisations’ environmental concerns. For the first part on the FBT statutory formula method, responses were collated (such as number of cars per location) and graphed for trends. The questionnaire had a range of questions about percentage of cars per price category and mileage driven. Tables were set up in an excel spreadsheet to derive the average number of cars per price category and mileage driven. These were also graphed for commentary on trends and to provide a profile on the different respondents’ car salary packages around Australia.

In the second part of the questionnaire, respondents were invited to provide details of their environmental concerns (greenhouse emissions, environmental policies and reports etc). Many respondents indicated the availability of environmental information on their organisational internet web sites. On visiting these sites we found that they were invaluable for additional information relevant to our investigation.

The special case study on “Car Kilometres” was undertaken as a direct means of testing the central contention. Six respondents offered further data (outside of the questionnaire) on car mileages for their salary packaged cars. The data were graphed to determine the percentage of car with mileages at or just over 15000, 25000 and 40000 kilometres, the points at which an FBT concession applies.

⁷ For a calculator to determine tonnes of greenhouse per kilometres driven, see <http://www.greenfleet.com.au/ssl/treetotaller/treetotaller.htm>.

The second set of data from the web was analysed using content analysis, which has been broadly used in studies on the areas of social and environmental accounting research (eg Abbott & Mosen, 1979;⁸ Ernst and Ernst, 1978;⁹ Ingram & Frazier, 1980;¹⁰ Guthrie & Mathews, 1985;¹¹ Guthrie & Parker, 1990;¹² Hackston & Milne, 1996;¹³ Tilt, 2001,¹⁴ Yapa et al., 2005¹⁵). The type of content analysis used in this study involved categorising the environmental information based on our research question found on the web. The materials/data were then measured using number of sentences contained in the reports. Consequently, a series of categories of environmental issues were developed and graphed.¹⁶

4. Literature review

Much has been written on problems associated with FBT including the manner in which this tax is implemented, timing issues associated with collection of the tax and particularly the negative environmental affects arising from the statutory formula method for cars.

Submissions for review of FBT have been regularly made ever since it was introduced in 1987. The Taxation Laws Amendment (Fringe Benefits Tax Measures) Act 1992 introduced the first major change in the scheme of calculation of FBT payable. Subsequently, there were substantial reforms in 1994 and 1995 containing recommendations concerning the redesign of FBT. In addition to fringe benefit grossing up introduced in April 1994 and FBT made deductible, the 1995 budget

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- 8 Abbott, W.F., Mosen, R.J. "On the measurement of corporate social responsibility: self reported disclosures as a method of measuring corporate social involvement," *Academy of Management Journal*, 22 (3) 1979, 501-15.
 - 9 Ernst & Ernst, *Social Responsibility Disclosure*, 1978 Survey, (Cleveland, Ohio: Ernst and Ernst, 1978).
 - 10 Ingram, R.W., Frazier, K.B., "Environmental Performance and corporate disclosure," *Journal of Accounting Research*, 18, (2) 1980, 614 -621.
 - 11 Guthrie, J., Mathews, M.R., "Corporate social accounting in Australasia," *Research in Corporate Social Performance and Policy*, 7, 1985, 251-77.
 - 12 Guthrie, J., Parker, L.D., "Corporate social disclosure practice: a comparative international analysis," *Advances in Public Interest Accounting*, 3, 1990, 159-75.
 - 13 Hackston, D., Milne, M.J., "Some determinants of social and environmental disclosures in New Zealand companies," *Accounting, Auditing & Accountability Journal*, 9 (1), 1996, 77-108.
 - 14 Tilt, C.A., "The content and disclosure of Australian corporate environmental policies," *Accounting, Auditing & Accountability Journal*, 14 (2), 2001, 190-211.
 - 15 Yapa. P.W.S, D. Harvey & G. Ellis (2005), *Disclosure of Environmental Policies in Annual Reports*, *Journal of Asia Pacific Business*, The Haworth Press Inc, NY, Vol. 6. Issue 1, pp 75-90.
 - 16 These categories are based on 'Company Environmental Reporting' which was produced by SustainAbility and published by the United Nations (there are 88 categories). However, we found the following categories as important: environmental policy, legal compliance, wastes, spills, noise, environmental management systems, risk management, environmental auditing, goals and targets, air emissions, environmental spending, environmental cost accounting, land contamination and remediation.

introduced two changes which directly impinge upon the calculation of fringe benefits. The first was the Medicare levy increase to 1.5 per cent with a consequential flow on to increase the FBT rate to 48.5 per cent. The new rate applied in full from 1996/97 fringe benefit year, with a proportionally increased rate of 48.475 per cent for the 1995/96 fringe benefits year. The second change which affected the cost of providing fringe benefits relates to the change in the rate of company tax (increase from 33 per cent to 36 per cent). While this did not directly impact on the FBT payable, it had an indirect effect on the tax cost to a corporate employer providing the fringe benefit, as the company tax rate would determine the value to the employer in terms of income tax saving from the deduction for FBT paid.¹⁷ In 1999, the Ralph Review of Business Taxation recommended major structural reforms to FBT. These recommendations included the transfer of tax liability for fringe benefits to employees [still being debated]; non deductibility of business entertainment expenses; on premises car parking and valuation of car benefit were presented as pivotal to reform FBT.¹⁸ Since then there have been numerous recommendations in this area by CPA Australia, The Institute of Chartered Accountants, the Law Council of Australia, to name a few.¹⁹

Warren's 2006 study considered the traditional criteria for good tax policy, including revenue neutrality, equity, efficiency and simplicity as relevant in determining whether in fact there is a need for reform in the area of FBT. Warren made calls for reform on issues including taxing fringe benefits in the hands of the employee; and valuing all benefits at cost, rather than concessionally – such as motor vehicles. Warren makes the point that “the hesitancy of the government in recent years to entertain alternative approaches to taxing fringe benefits has been ... influenced in part by the budgetary cost of such reforms and the already concessionary treatment of some fringe benefits”.²⁰ It is now 2008 and still the government of the day has made no gesture toward reform. Little did Warren realise (or anyone else) in 2006 about the problem of rising greenhouse gases. In 2008 budgetary cost of FBT change is now relegated to a minor issue; and outdated, FBT legislation promoting negative taxpayer behaviour at the expense of the environment is now a major issue.

The second category of literature concerns two public enquiries into resource sustainability and reinforces research such as ours, on how tax policy must take account of environmental issues. In February 2007 a Federal Senate inquiry published a report into Australia's future oil supplies entitled Australia's Future Oil Supply and Alternative Transport Fuels.²¹

17 Fisher, R. (1995) The changing face of FBT, *The CCH Journal of Australian Taxation*, Vol.7, Issue, 4 August/September.

18 FBT recommendations of the *Ralph Review of Business Taxation: a Tax System Redesigned* (1999), s 5.

19 Warren, N., 2006, *Fringe Benefit Tax Design: decision time*, p 8.

20 Ibid. p.8.

21 *Australia's Future Oil Supply and Alternative Transport Fuels* (Standing Committee on Rural and Regional Affairs and Transport, Canberra: 2007.)

The Committee recommended “that the government review the [FBT] statutory formula...” It stated that “concessionary treatment of FBT encourages car use” and also “encourages car use for peak hour commuting.”²² (The chair of the Committee was Bill Heffernan, Senator for New South Wales.) The other recent environmental Federal inquiry resulted in the 2005 report *Sustainability Cities*, which recommended that the “Australian Government review the current FBT concessions for car use with a view to removing incentives for greater car use...”²³

The next available literature focuses on the environmental impact of high greenhouse gas emission products including fuel and the need to manage the impact of gases and other pollutants during a period of global climate change.²⁴ In 2007 *The Age* newspaper presented an editorial by Kenneth Davidson on the effects of extending freeways without providing any infrastructure for public transport to outlying suburban areas of Victoria. With the cost of fuel increasing and increased congestion in city areas, Davidson emphasised the need to reduce car use rather than encourage it with greater freeway access. He also recommended the “elimination of the Fringe Benefits Tax for motor vehicles that subsidises 40 per cent of peak-hour car travel.”²⁵ In the same year a report by William Birnbauer in *The Age* described the London experience where motorists pay a surcharge to travel in the city during peak periods. He claimed the surcharge together with penalties for breaking this law has led to a reduction in congestion and “reduced emissions by 13-15 per cent.”²⁶

Another *Age* article in 2006 by Brian Buckley, a public affairs consultant, concerned the manner in which FBT distorts the fuel market with tax breaks, subsidies and taxpayer-funded incentives. He claimed that FBT and the concessions it affords under the statutory formula method are “encouraging congestion, fuel use and road wear.”²⁷ He further described the situation where car holders subject to the rules of FBT lend their cars to neighbours and friends “to get the kilos up.”²⁸ A 2007 article in *The Age* by Kenneth Davidson targeted FBT claiming that it “exacerbates greenhouse gas emissions.”²⁹ This article also referred to our research and our results within this paper. It is in this category of the unintended environmental effects of FBT that we see our research as making a contribution.

22 Ibid. p.160. See paras 8.89 and 8.91.

23 *Sustainable Cities* (House of Representatives’ Standing Committee on Environment and Heritage, Canberra: 2005). See p 77, para 5.79.

24 See for example “Submission to the Emissions Trading Task Group”, Business Council of Australia, March 2007.

25 Davidson, K, “Our Petrol Problems are about Peak Oil, not Snake Oil,” *The Age*, June 14, 2007.

26 Birnbauer, W, “Congestion: there could be a price to pay,” *The Age*, February 11, 2007.

27 Buckley, B, “Federal and State Governments responsible for huge distortions in Transport market,” *The Age*, September 29, 2006.

28 Ibid.

29 Davidson, K, *Fringe Benefit that exacerbates greenhouse gas emissions is a march of folly*, *The Age*, October 15, 2007.

During the course of our research, we have written to various members of Federal Parliament in Australia seeking their views on the possibility of reform in the area of FBT for cars in the context of sustainability. Our initial communication was in response to an invitation from the then Treasurer, Peter Costello, to business groups and the general community for contributions to priorities for the 2007/08 Federal Budget. We offered a contribution in the area of FBT car statutory formula method taxation reform. The Hon. Peter Dutton MP (former Minister for Revenue and Assistant Treasurer) responded. However, his letter did not address the need to review FBT legislation to foster more environmentally sustainable car salary packaging policies for business but rather the response was negative to our request for reform stating “it is unreasonable to assume, other than at the margin, that employees will travel extra kilometres in order to reach a lower statutory percentage...as the cost of operating the vehicle and the time required by the individual to drive the extra kilometres may not make additional travel to reach a lower statutory percentage worthwhile.”³⁰ Dutton followed on with another letter in August 2007 that outlined the ways in which the (then) government was investigating alternative fuels and other means of sustainable transport.³¹ In our view, the former Howard Government inadequately addressed the on-going issue of sustainability, greenhouse gas emissions and the manner in which the current FBT legislation exacerbates these problems.

Our same letter to Dutton was also sent to the Kevin Rudd, the then Leader of the Opposition and Peter Garrett, the then Labour member for Kingsford Smith and Shadow Minister for Climate Change, Environment, Heritage and the Arts. We are currently awaiting a reply from these politicians.³² The next section analyses the detailed FBT survey results.

30 Letter to Diane Kraal from the Hon. Peter Dutton, Minister for Revenue and Assistant Treasurer, 10 May, 2007.

31 Letter to Diane Kraal from the Hon. Peter Dutton, Minister for Revenue and Assistant Treasurer, 13 August 2007.

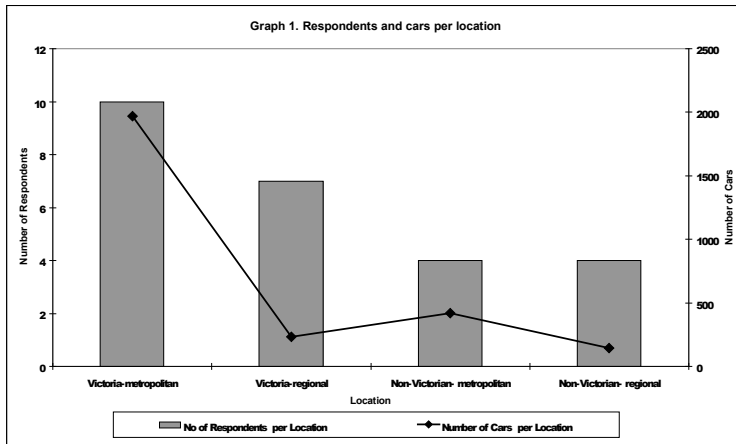
32 Diane Kraal letter to Peter Garrett, MP, Labour Member for Kingsford Smith, Shadow Minister for Climate Change, Environment, Heritage and the Arts.,4 September 2007; Diane Kraal letter to Kevin Rudd, MP, Leader of the Opposition, 31 July 2007.

5. Detailed FBT survey results and analysis

Graph 1 shows that we received a total of 25 responses across metropolitan and regional Australia, who provided information on employee driving habits and vehicle data on 2,766 taxpayer/ratepayer funded cars. The response therefore represents a statistically significant sample. Subsequent graphs show the trends from our survey data and the analysis commentary.

Data Table 1. Survey respondents by location

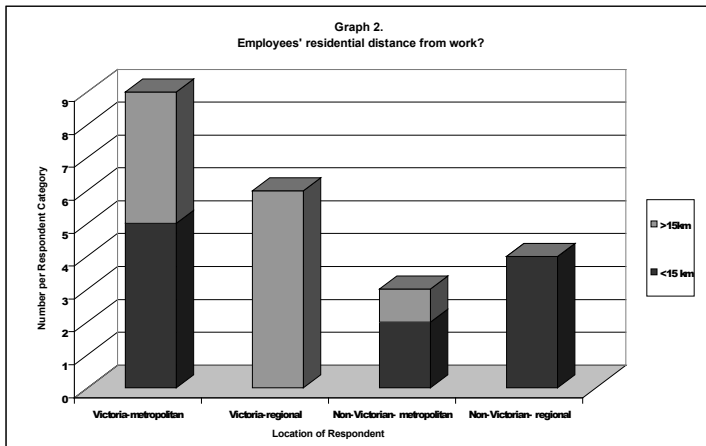
	No of Respondents <i>per Location</i>	Number of Cars <i>per Location</i>
Victoria-metropolitan	10	1967
Victoria-regional	7	235
Non-Victorian- metropolitan	4	420
Non-Victorian- regional	4	144
	25	2766



One of the survey questions asked for a “yes” or “no” response to the statement “Up to 80 per cent of our employees live within 15kms of their workplace.” Graph 2 shows half of all respondents’ responded “yes”. For benchmark purposes, for that majority of employees who live within 15kms of work, it is estimated that the annual mileage for their round trip between work and home is 7,200 kilometres (30km x 5 days x 48weeks= 7,200kms). Graph 2 depicts the results of this question.

Data Table 2. Employees' residential distance from work

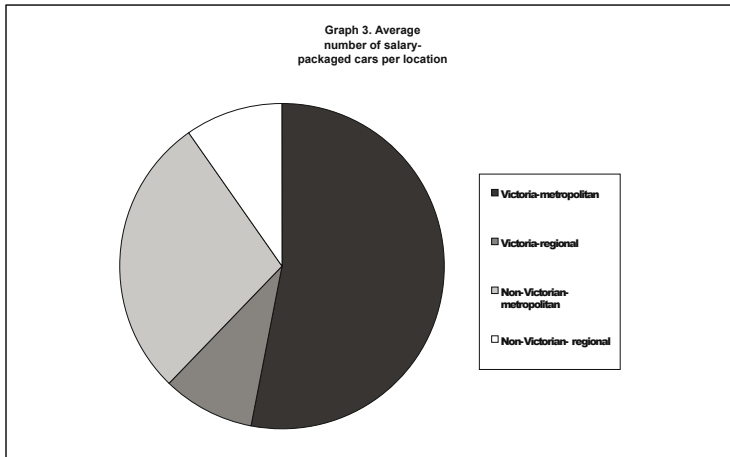
Location of Respondent	Do up to 80% of employees live within 15kms of workplace?	
	Yes	No
Victoria-metropolitan	5	4
Victoria-regional	0	6
Non-Victorian – metropolitan	2	1
Non-Victorian – regional	4	0
	11	11



Graph 3 shows that respondent employers in metropolitan areas have the largest number of packaged cars. This data is supported by the generally accepted fact that salary packages offered in metropolitan areas are more lucrative. The irony is that metropolitan locations have superior public transport, so despite the better infrastructure, packaged cars can be seen as an important benefit to urban employees.

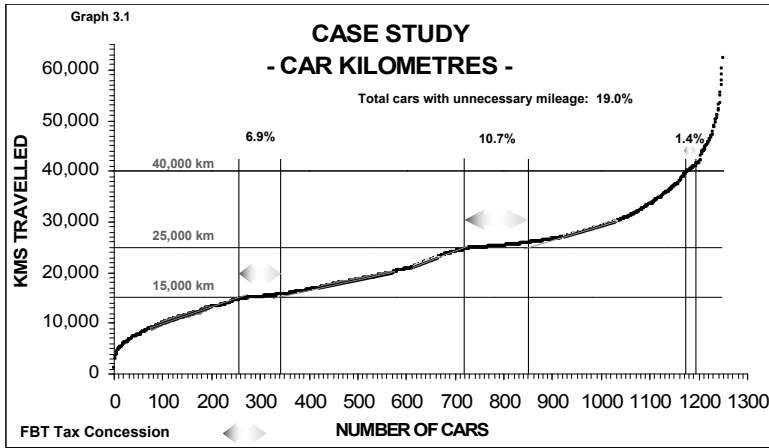
Data Table 3. Average number of salary packaged cars per location

Location of Respondent	Average Number of Cars per Location
Victoria-metropolitan	197
Victoria-regional	34
Non-Victorian- metropolitan	105
Non-Victorian- regional	36



A special Case Study for six respondents' salary-packaged cars was undertaken. The data represented mileage from 1,250 cars from across Australia, both metropolitan and regional areas.

Graph 3.1 shows the annual travel for each car plotted against number of cars in order of increasing distance (kilometres). Ordinarily one would expect that the data would be represented by a smooth upward curve. However, the data shows a flattening out at three distinct mileage points. The data plotted clearly shows that 20 per cent of the car drivers have aimed to reach the necessary kilometres to the FBT car concession points of 15,000km, 25,000 km and 40,000 km – and with no regard for petrol cost or CO2 emissions. Final mileage readings at the end of each FBT year are taken from signed Declarations by the drivers, or from the last available petrol voucher, and are thus quite reliable. Clearly the tax system is providing the incentive for this aberrant behaviour.



How Graph 3.1 was constructed

We listed all vehicles’ mileage from lowest to highest and graphed the data. To estimate the number of drivers increasing their travel to get to the 15,000km, 25,000km and 40,000km points, trend-line analyses were undertaken of the curve before and after each point where FBT concessions available. These trend-lines were extrapolated upwards and downwards to 15,000km, 25,000km and 40,000km. For example, at the 25,000km mark a trendline between 21,000km and 27,999 was calculated using the Microsoft Excel regression algorithm. This line was extrapolated to the 25,000 km mark.

The results of the trendline analysis are summarised on Table 3.1 below.

Table 3.1. Number and percentage of case study cars driven unnecessary kilometres

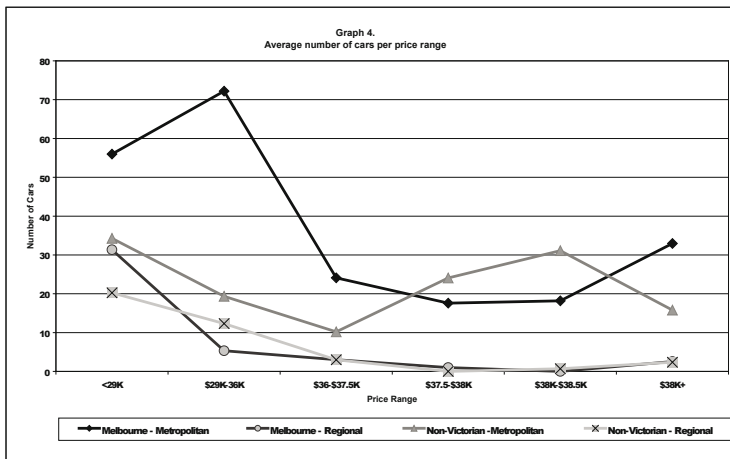
FBT Concession Points	Number of Vehicles	Percentage that Drive to get Tax Concessions
15,000 kilometres	86	6.9%
25,000 kilometres	134	10.7%
40,000 kilometres	17	1.4%
Total	1250	19.0%

Graphs 4 to 10 that follow provide a profile of respondents’ salary package cars in terms of price range and kilometres driven.

Graph 4 shows that for Melbourne metropolitan employees the most dominant priced car is the \$29,000 to \$36,000 range. This is likely to be a standard six cylinder car. For all other locations a car priced less than \$29,000 is preferred. The main aberration to this trend is the non-Victorian metropolitan employee, who packages a car in the \$38,000 to \$38,500 range. The car is likely to be a higher powered, four-wheel drive.

Data Table 4. Average no. Of cars per price range

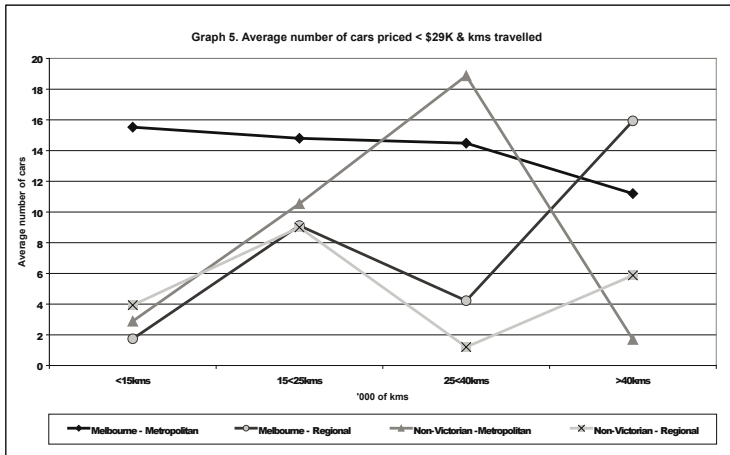
Location of Respondent	<29K	\$29K-36K	\$36-37.5K	\$37.5-\$38K	\$38K-38.5K	\$38.5K +
Melbourne – Metropolitan	56	72	24	18	18	33
Melbourne – Regional	31	5	3	1	0	3
Non-Victorian –Metropolitan	34	19	10	24	31	16
Non-Victorian – Regional	20	12	3	0	1	2



Graph 5 shows that in the <\$29,000 price range most salary packaged cars were driven more than 15,000 kilometres per annum. A typical car might be a Ford Focus Ghia with fuel economy of 9 litres/100 kms. In Graph 4 (previously discussed) all respondents with the exception of metropolitan Melbourne favour the cheaply priced <\$29,000 car. Graph 5 shows their travel of the dominant groups was spread between 15,000 < 40,000 kilometres per annum.

Data Table 5. Average no. Of cars priced <\$29,000 & '000 kilometres travelled

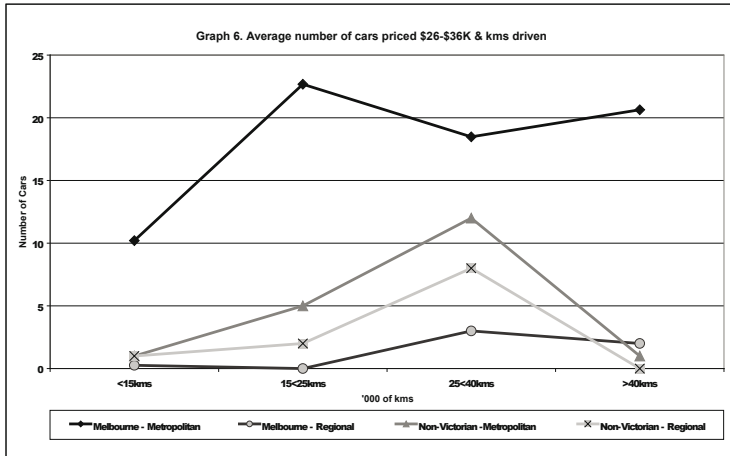
Location of Respondent	<15kms	15<25kms	25<40kms	>40kms
Melbourne – Metropolitan	16	15	14	11
Melbourne – Regional	2	9	4	16
Non-Victorian -Metropolitan	3	11	19	2
Non-Victorian – Regional	4	9	1	6



Graph 6 shows that for cars in this price range Victorian metropolitan employees predominantly travelled 15 to 25,000 kilometres per annum. A typical car might be a Ford Falcon XT with fuel economy of 10.7 litres/100 kms. Previously Graph 4 showed that this price range is the most favoured for this cohort of employees. In this price range, non-Victorian metropolitan and regional employees mostly travelled between 25 to 40,000 kilometres per annum.

Data Table 6. Average number of cars priced \$26001-\$36K & '000 kilometres travelled

Location of Respondent	<15 kms	15 – 25kms	25 – 40kms	>40kms
Melbourne – Metropolitan	10	23	18	21
Melbourne – Regional	0	0	3	2
Non-Victorian -Metropolitan	1	5	12	1
Non-Victorian – Regional	1	2	8	0



Within this sample, any changes to FBT statutory fraction would have a considerable effect on the cost of car travel for Victorian metropolitan employees. The current FBT statutory fractions are shown in Data Table 6.1:

Data Table 6.1

Kilometres	Statutory Fraction
<15kms	0.26
15-25kms	0.20
25-40kms	0.11
>40kms	0.07

An FBT tax concession of 6 per cent is given to employees who travel 15,000 kilometres but less than 25,000 kilometres per annum. An example of the FBT cost savings on a \$34,000 car with two differing “statutory fractions” is:

\$34,000 car x 0.26 statutory fraction x 2.0647 gross -up x 46.5% tax	=	8,488
\$34,000 car x 0.20 statutory fraction x 2.0647 gross -up x 46.5% tax	=	6,528
FBT savings for higher mileage		1,960

Simply put, the sampled Victorian metropolitan employers save \$1,960 per car in tax by allowing extra kilometres of travel. It is recommended that use of FBT “statutory rates” for cars be reformed by removing the tax concession at the 15,000 kilometre band and using the 26 per cent rate, or using just one statutory rate, possibly the 20 per cent rate.

The best solution, in terms of curbing excessive CO2 emissions and fostering petrol savings, would be that for a log book method, being the most accurate method for those genuinely claiming business kilometres.

Data Table 6.2 below shows that for an extra 3,700 kilometres driven the FBT savings for say a Ford Falcon XT is \$1,960 but the extra petrol cost is only \$525.³³ The Greenhouse emission is an extra 1 tonne. What this example shows is that the extra petrol is covered by the FBT saving of \$1,435. The current tax system overwhelmingly rewards higher mileage to the cost of the environment.

Data Table 6.2. Saving/cost of driving additional 3,700 kilometres

FBT savings	\$1,960
Extra Cost of Petrol	\$525
Net Gain	1,435
Extra Greenhouse Gases (CO ₂)	1 tonne

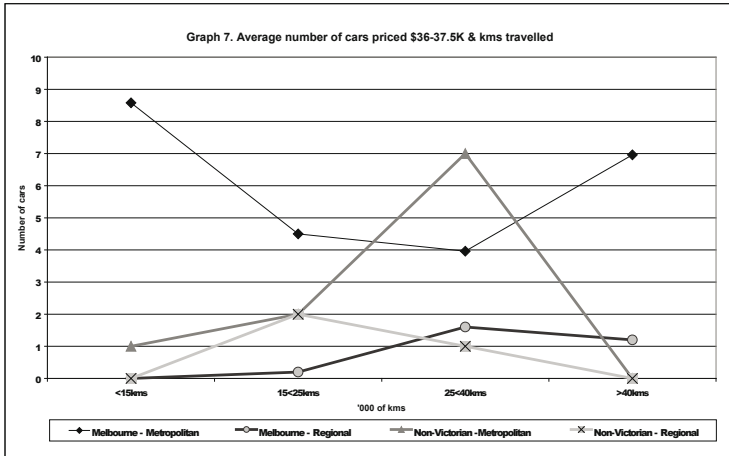
Graph 7 shows that the \$36K-\$37.5K price range represents more powerful six cylinder cars. A typical car might be a Ford Futura Wagon with fuel economy of 13 litres/100 kms. Melbourne metropolitan employees' travel is spread between <15,000 kilometres to <40,000 kilometres per annum. The noticeable variation is that of non-Victorian metropolitan travel, predominantly between 25-40,000 kilometres.

Graph 2 (previously discussed) showed 66 per cent of non-Victorian metropolitan employees (representing 420 cars) as living less than 15 kilometres from the office. This finding indicates that FBT tax concessions for cars should be capped (or removed) or just one statutory fraction used as excessive private travel is not only being underwritten by taxpayers/ratepayers but is impacting the environment.

Data Table 7. Average number of cars priced \$36k-\$37.5K & '000 kilometres travelled

Location of Respondent	<15kms	15-25kms	25-40kms	>40kms
Melbourne – Metropolitan	9	5	4	7
Melbourne – Regional	0	0	2	1
Non-Victorian -Metropolitan	1	2	7	0
Non-Victorian – Regional	0	2	1	0

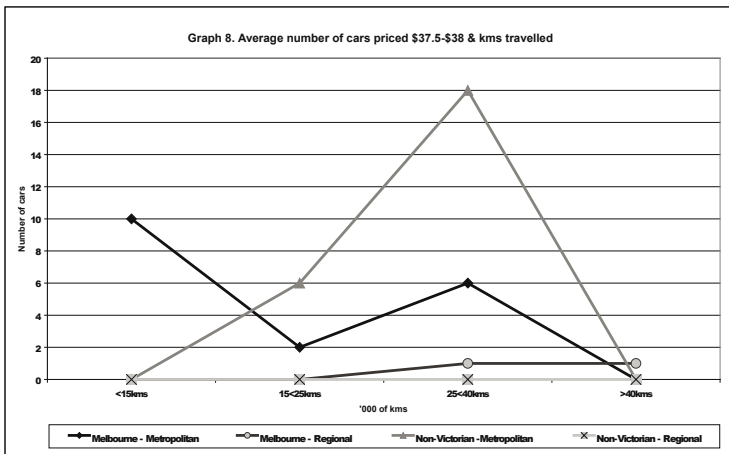
33 A Ford Falcon XT has fuel economy of 10.7litres /100kms. For 37,00kms 407 litres of fuel is required (at \$1.29/ltr) costing \$525.



Graph 8 shows that for the \$37.5K - \$38K price bracket of cars, similar trends are observed as in Graph 7. A typical car might be a Mitsubishi Pajero RV6 with fuel economy of 14.5 litres/100 kms.

Data Table 8. Average number of cars priced \$37.5-\$38K & '000 kilometres travelled

Location of Respondent	<15kms	15-25kms	25-40kms	>40kms
Melbourne – Metropolitan	10	2	6	0
Melbourne – Regional	0	0	1	1
Non-Victorian -Metropolitan	0	6	18	0
Non-Victorian – Regional	0	0	0	0

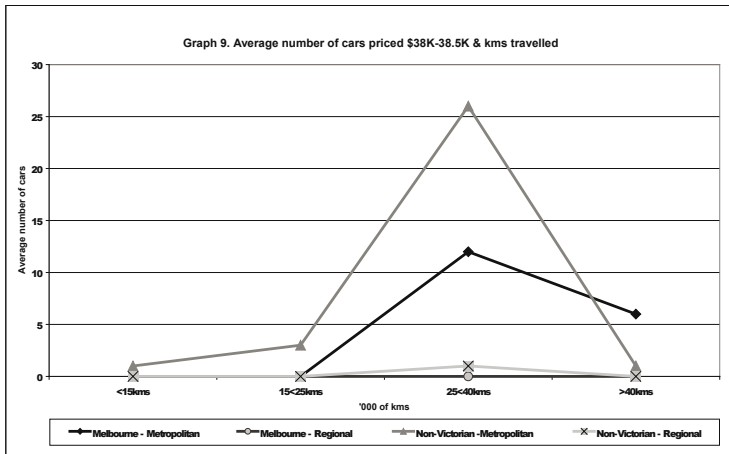


Graph 9 shows that the higher price-bracket car is dominated by (statistically) well paid metropolitan employees, who travel between 25-40,000 kilometres. It is also the most popular price range for non-Victorian metropolitan employees. A typical car might be a Mazda6 Hatch DSL with fuel economy of 9.5 litres/100kms. More than half this cohort of respondents lives less than 15 kilometres from their workplace. As previously mentioned, a round trip between work and home is 7,200 kilometres annually (30km x 5 days x 48weeks). The question is whether these ratepayer/taxpayer-funded employees are actually driving the extra kilometres for work purposes.

Both employers and employees can purchase carbon off-sets for their carbon emissions through schemes such as tree planting. However these types of off-set schemes only go part of the way in addressing greenhouse emissions.

Data Table 9. Average number of cars priced \$38-38.5K & '000 kilometres travelled

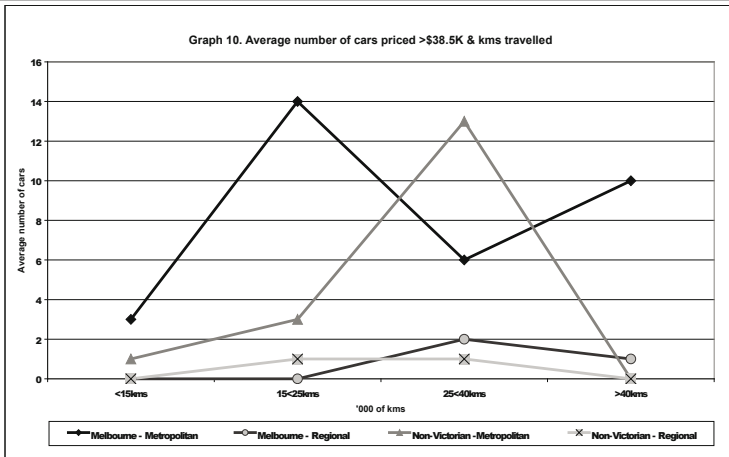
Location of Respondent	<15kms	15-25kms	25-40kms	>40kms
Melbourne – Metropolitan	0	0	12	6
Melbourne – Regional	0	0	0	0
Non-Victorian -Metropolitan	1	3	26	1
Non-Victorian – Regional	0	0	1	0



Graph 10 shows that for those employees with vehicles costing more than \$38,500 Melbourne metropolitan employees annually travel between 15< 25,000 kilometres and non-Victorian metropolitan employees travel 25<40,000 kilometres. A typical car might be a Jeep Cherokee Sport with highway fuel economy of 11.8 litres/100 kms.

Data Table 10. Average number of cars priced >\$38.5K & '000 kilometres travelled

Location of Respondent	<15kms	15-25kms	25-40kms	>40kms
Melbourne – Metropolitan	3	14	6	10
Melbourne – Regional	0	0	2	1
Non-Victorian -Metropolitan	1	3	13	0
Non-Victorian – Regional	0	1	1	0



Metropolitan employees are dominant in this price range of powerful, petrol inefficient cars. The current FBT statutory fractions are shown in Data Table 10.1:

Data Table 10.1

Kilometres	Statutory Fraction
<15kms	0.26
15<25kms	0.20
25<40kms	0.11
>40kms	0.07

An FBT tax concession of 9 per cent is given to employees who travel more than 25,000 kilometres but less than 40,000 kilometres per annum. An example of the FBT cost savings for a \$45,000 car with two differing “statutory fractions” is:

\$45,000 car x 0.20 statutory fraction x 2.0647 gross -up x 46.5% ta	=	8,641
\$45,000 car x 0.11 statutory fraction x 2.0647 gross -up x 46.5% tax	=	4,752
FBT savings for higher mileage		3,888

In this sample it can be seen that metropolitan employers save almost \$4,000 per car in tax by allowing extra kilometres of travel.

Data Table 10.2 below shows that for an extra 3,700 kilometres driven the FBT savings for say a Jeep Cherokee is \$3,888 but the extra petrol cost is only \$564.³⁴ The Greenhouse gas emissions however are an extra 1 tonne. What this example shows is that it is worth paying for the extra petrol for a net gain of \$3,324. The current tax system overwhelmingly rewards higher mileage to the cost of the environment.

Data Table 10.2. Saving/cost of driving additional 3,700 kilometres

FBT savings	\$3,888
Extra Cost of Petrol	\$564
Net Gain	\$3,324
Extra Greenhouse Gases (CO2)	1 tonne

6. Detailed environmental survey results and analysis

This section explains the results of our analysis of environmental concerns by Australian universities, local councils and Victorian government departments based on web information published by these respective organisations. This information was gathered to identify how sensitive the Australian organisations are to greenhouse emissions. The analysis has been performed using a “content analysis” technique to identify the frequency of reference to environmental phrases on the respective websites. The data on Table 1 has been graphed in Figure 1, which shows environmental characteristics of our survey respondents’ websites. Further, it illustrates a comparison of environmental disclosures and shows the differing hierarchies of the importance about certain environmental information, which perhaps underpins the process of decision making in an organisation.

Our analysis also draws attention to the impact of important environmental developments and initiatives which have taken place during the latter part of the 1990s and early 2000s. One of the important initiatives is the Global Reporting Initiative (GRI) Sustainability Guidelines,³⁵ which has attracted much media and industry attention. These expanded reporting developments assist organisations in making adjustments to their decision making policies, including FBT. As revealed in our analysis, it is observed that environmentally sensitive reporting is diverse as well as shared across a range of organisations. This can be interpreted as providing support for changes to the FBT statutory formula method because of this legislations adverse environmental impact.

34 A Jeep Cherokee has highway fuel economy of 11.8 litres /100kms. For 3,700 kms 437 litres of fuel is required (at \$1.29/ltr) costing \$564.

35 Sustainability Ltd, *Company Environmental Reporting: a measure of the progress of business and industry towards sustainable development* (Paris: United Nations Environmental Program, Industry and Environment Office, 1994). See also: <http://www.globalreporting.org/Home>.

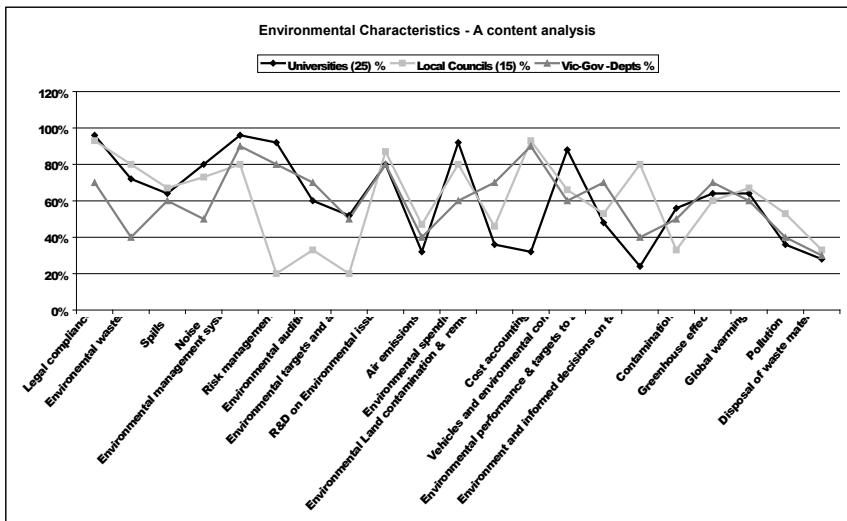
Table 1: Environmental characteristics – a content analysis

		Universities (25)		Local Councils (15)		Vic-Gov -Depts (10)	
		Freq	%	Freq	%	Freq	%
1	Legal compliance	24	96%	14	93%	7	70%
2	Environmental wasters	18	72%	12	80%	4	40%
3	Spills	16	64%	10	67%	6	60%
4	Noise	20	80%	11	73%	5	50%
5	Environmental management systems	24	96%	12	80%	9	90%
6	Risk management	23	92%	3	20%	8	80%
7	Environmental auditing	15	60%	5	33%	7	70%
8	Environmental targets and aims	13	52%	3	20%	5	50%
9	R&D on Environmental issues	20	80%	13	87%	8	80%
10	Air emissions	8	32%	7	47%	4	40%
11	Environmental spending	23	92%	12	80%	6	60%
12	Environmental Land contamination & remediation	9	36%	7	46%	7	70%
13	Cost accounting	8	32%	14	93%	9	90%
14	Vehicles and environmental concern	22	88%	10	66%	6	60%
15	Environmental performance & targets to achieve	12	48%	8	53%	7	70%
16	Environment and informed decisions on taxation	6	24%	12	80%	4	40%
17	Contamination	14	56%	5	33%	5	50%
18	Greenhouse effect	16	64%	9	60%	7	70%
19	Global warming	16	64%	10	67%	6	60%
20	Pollution	9	36%	8	53%	4	40%
21	Disposal of waste material	7	28%	5	33%	3	30%

Central to the analysis is our claim of a nexus of content and disclosure of environmental information by organisations and likely support for changes to Fringe Benefits Tax in Australia. As depicted in Figure 1 below, it was found that local councils with universities increased their level of environmental disclosure with regards to environmental policy and legal compliance. There is a slight difference of

frequency of legal compliance associated sentences on environmental issues between universities, local councils and Victorian government departments. The frequency of environmental statements by Australian universities and local councils with regard to legal compliance differs in terms of their magnitude. The frequency of sentences on environmental management systems is 24 for universities (96 per cent), 14 for local councils (93 per cent) and 7 for Victorian Government Departments (VGDs) (70 per cent). It seems that VGDs have taken this matter less seriously than other categories of organisations. The frequency of sentences on vehicle and environmental concern is 22 for universities (88 per cent), 10 for local councils (LCs) (66 per cent) and 6 for VGDs (60 per cent). It suggests that universities are more interested in this area of environmental concern than VGDs and LCs.

Figure 1. Environmental characteristics – a content analysis



7. Summary of findings

The first part of our inquiry was a survey, which is summarised below:

- i. A total of 25 responses across metropolitan and regional Australia provided information on employee driving habits and vehicle data on 2,766 taxpayer/ratepayer funded salary-packaged cars. The response therefore represents a significant sample.
- ii. One of the survey questions asked for a “yes” or “no” response to the statement “Up to 80 per cent of our employees live within 15kms of their workplace” to which half of all respondents’ responded “yes”.

This response rate indicates low private usage, but does not correlate with other survey data, which shows that in every price range cars are predominantly driven over 15,000 kilometres per annum. Given that the majority of survey employees live within 15kms of work, for benchmark purposes it is estimated that the annual mileage for their round trip between work and home is 7,200 kilometres (30km x 5 day week x 48 weeks= 7,200kms). If it is accepted that salary packaging in this survey is a perquisite generally offered to desk-bound employees, then the gap between the benchmark private mileage of 7,200 kilometres and percentage of employees who are declaring over 15,000 kilometres per annum should be of concern to policy makers for reasons of CO₂ emissions and tax equity.

- iii. A special case study for six respondents' salary-packaged cars was undertaken. The data represented 1,250 cars from across Australia, both metropolitan and regional areas. The annual travel for each car was graphed against number of cars in order of increasing distance (kilometres). The data graphed clearly suggests that 20 per cent of the case study car drivers have travelled the kilometres necessary to reach the FBT concessional tax points of 15,000 km, 25,000 km and 40,000 km, despite increased petrol costs and CO₂ emissions.
- iv. Respondent organisations' employers in metropolitan areas have the largest number of packaged cars.
- v. For Melbourne metropolitan employees the most dominant priced car is in the \$29,000 to \$36,000 range and most cars travel less than 15,000 kilometres per annum. The main aberration to this trend is the non-Victorian metropolitan employer, who mainly packages cars in the \$38,000 to \$38,500 range with mileage between 25<40,000 kilometres per annum. For regional employees a car priced less than \$29,000 is preferred but a mileage trend is not apparent for it is randomly spread between 15,000 < 40,000 kilometres per annum.
- vi. The current tax system overwhelmingly rewards higher mileage at the expense of the environment. It is generally accepted that if an average car's mileage is reduced, by 3,700 kilometres per annum, then there is a reduction of one tonne of CO₂. Our analysis puts up the common scenario of a car being driven an additional 3,700 kilometres to get to the "15,000 kilometre band" for a tax break. In this instance the extra petrol cost is \$525, but the FBT savings is \$1,960.

The second part of our research concerned a "content analysis" of our survey respondents' websites, which is summarised below:

- vii. It was found that environmental policy and legal compliance organisational concerns has led to heightened levels of reporting on environmental issues. As indicated in our analysis, the frequency of legal compliance disclosure is 24 for universities (96 per cent), 14 for

local councils (LCs) (93 per cent) and 7 for Victorian government departments (VGDs) (70 per cent). It might be concluded that if there were a change in legislation about the FBT car statutory formula method (because of environmental gains) that there would be a reasonable level of compliance.

- viii. Motor vehicle issues were the next main area of environmental concern. The frequency of disclosure on vehicle impact on environmental is 22 for universities (88 per cent), 10 for local councils (66 per cent) and 6 for VGDs (60 per cent). It suggests that universities are more interested in this area of environmental concern than VGDs and LCs, so further education is needed in this area.
- ix. Environmental spending is another area of interest by the organisations investigated. The frequency of sentences on environmental spending is 23 for universities (92 per cent), 12 for LCs (80 per cent) and 6 for VGDs (60 per cent). It suggests that universities are more inclined to spend more on environmental protection associated matters than VGDs and LCs.
- x. Noise pollution and associated issues has been assessed at 20 for universities (80 per cent), 11 for LCs (73 per cent) and 5 for VGDs (50 per cent). It seems that VGDs are not impacted or overly concerned with this matter.

8. Conclusion and recommendations

The incentive for employers to encourage their employees to drive unnecessary mileage in “salary packaged” vehicles to obtain tax concessions under the FBT car “statutory formula method” and the resultant wastage of petrol and unsustainable levels of greenhouse emissions are unintended consequences of the 20 year old FBT legislation.

Our analysis of FBT survey data provides support for a call to reform of one section of the FBT legislation to foster more environmentally sustainable car “salary packaging” polices for Australian business. According to our second survey sample, organisations have clearly defined environmental policies. One of the observations was that some of the organisations report environmental issues on their websites, albeit thinly. Nonetheless, our “content analysis” can be interpreted businesses providing support for changes to the FBT statutory formula method to combat adverse environmental impacts.

The best solution, in terms of an easy method to facilitate the curbing of excessive motor vehicle greenhouse gas emissions and fostering petrol savings, is that the use of the log book be extended. It is the most accurate method for those genuinely claiming to have driven business kilometres. However, as this method is perceived as cumbersome by business, alternatively it is recommended that use of FBT “statutory rates” for cars be reformed by removing the tax concession at the 15,000 kilometre band and using the 26 per cent rate, or using just one statutory rate, possibly the 20 per cent rate.

Areas affected by this change would be as follows:

- The Australian car industry is highly subsidised by FBT revenue. It would be a matter for Government policy to either increase or decrease the amount of subsidy.
- Businesses and their salary packaging employees would be affected, but based on our case study data, only to the extent of 20 per cent of vehicles.
- If reform is carried out, Australia overall will benefit in terms of the lowering of CO₂ gases, a diminution in the demand for oil, reducing peak hour congestion, and wear and tear of roads.

In conclusion, we request that FBT reform in relation to cars be a Federal Government priority.

On a final note, the implications of our analysis include the possibility that competitive strategies (particularly for tax planning) for successful sustainability be further developed. Clearly, additional investigation into the relationship between corporate reporting on environmental concern and the negative effect of certain tax policies appears warranted. In particular, case studies would be useful in determining whether the tax policies (such as FBT) and negative environmental outcomes are interrelated.

Acknowledgements

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Appendix 1. Questionnaire: Fringe Benefits Tax for Cars

Kingsbury Drive
Bundoora 3086

QUESTIONNAIRE

Fringe Benefits Tax and Cars: fuel consumption and greenhouse emissions

Information sheet

The aim of this questionnaire is to determine whether the current Fringe Benefits Tax (FBT) legislation for cars under the “statutory formula method” is encouraging Australian employees to drive unnecessary mileage in their salary packaged vehicles to gain tax concessions.

This survey will ask questions in relation to your organisation’s salary packaged vehicles, FBT and environmental policies. You might need to have your organisation’s “packaged cars” data beside you to answer some questions.

The questionnaire information gathered will be analysed and might support a submission to government for change to the FBT legislation concerning tax liability on cars under the “statutory formula method”. Any suggested change would be equitable for both regional and metropolitan employees.

The data collected could also be used in an article for publication in an academic journal or for presentation at an academic conference.

The questionnaire will take about 10 minutes to complete and participation is completely voluntary.

This questionnaire is on-line and should you wish to participate you will complete it anonymously. There is no way participants can be identified. Your participation in this research will be implied from completion and submission of the on-line questionnaire. Your responses will be reported only in aggregate. Project documentation will be stored in secure, lockable locations at La Trobe University. Our computer files are password protected.

Some of the benefits from this research might include gaining a clearer understanding on the current FBT implications in relation to cars. We would consider urging changes to the FBT legislation aimed at generating resource savings to business. By reviewing,

questioning and generating debate on a tax system that gives drivers advantageous tax treatment the further they drive, this project will ideally bring about a more sustainable environment for all Australians.

If you have any complaints or queries that the researchers have not been able to answer to your satisfaction, you may contact the Secretary, Ms Mrinali Clarke, Faculty Human Ethics Committee, Faculty of Law and Management La Trobe University, Victoria, 3086 (Ph. 03 9479 1603, e-mail : mrinali.clarke@latrobe.edu.au).

If you have any questions at any time about the questionnaire or the procedures you may contact one of the following researchers :

Ms Dianne Harvey
Faculty of Law and Management, La Trobe University
03 5444 7352, d.harvey@latrobe.edu.au

Dr Prem Yapa
Faculty of Law and Management, La Trobe University
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Finance Division, La Trobe University
03 9479 2068, d.kraal@latrobe.edu.au

Thankyou in advance for your time and support, you may print this questionnaire in advance or commence it now.

SECTION 1: GENERAL INFORMATION

Please tick boxes

1. What is the location of your organisation? [tick one]
 Victoria (metropolitan)
 Victoria (regional)
 State other than Victoria (metropolitan)
 State other than Victoria (regional)
2. Does your organisation provide salary-packaged cars that are internally managed?
 Yes No
3. How many cars does your organisation/ "external salary package provider" salary package?
[indicate the number of cars].....
4. Does your organisation have an "in-house" policy on salary packaged vehicles?
 Yes No
5. Does your organisation/"external salary package provider" use the FBT Statutory Method for cars?
 Yes No
6. If you use the "FBT statutory method", what is the number of cars in this category?
 less than 50
 between 50 and 200
 between 201 and 300
 between 301 and 500
 More than 501

Proceed to the next question if 10 per cent or more of your packaged cars have FBT calculated under the Statutory Method. Otherwise, you have finished this questionnaire.

SECTION 2 USE OF FBT STATUTORY METHOD

7. Does your organisation/external salary package provider give any “tips” to your staff on accessing concessional FBT tax breaks for cars?
 Yes No

8. Does your organisation/external salary package provider normally get 96 per cent or more compliance from employees regarding FBT Car Mileage Declarations?
 Yes No

9. What is the percentage of packaged cars in the price ranges listed below?

- a. Up to \$29,000
- b. from \$29,000 to \$36,000 incl.
- c. from \$36,001 to \$37,500 incl.
- d. from \$37,501 to \$38,000 incl.
- e. from 38,0001 to \$38,500 incl.
- f. more than \$38,501

The above percentages should equal 100 per cent

10. What is the mileage for your packaged vehicles in the 2005 FBT year?

- a. For cars valued up to \$29,000
 - Less than 15,000 kilometres [insert percentage of cars in this category]
 - 15,000 – 24,999 kms [insert percentage of cars in this category]
 - 25,000 – 40,000 kms [insert percentage of cars in this category]
 - Over 40,000 kms [insert percentage of cars in this category]
 - The above percentages should equal 100 per cent
- b. For cars valued from \$29,001 to \$36,000 incl.
 - Less than 15,000 kilometres [insert percentage of cars in this category]
 - 15,000 – 24,999 kms [insert percentage of cars in this category]
 - 25,000 – 40,000 kms [insert percentage of cars in this category]
 - Over 40,000 kms [insert percentage of cars in this category]

The above percentages should equal 100 per cent

c. For cars valued from \$36,001 to \$37,500 incl.

- Less than 15,000 kilometres [insert percentage of cars in this category]
- 15,000 – 24,999 kms [insert percentage of cars in this category]
- 25,000 – 40,000 kms [insert percentage of cars in this category]
- Over 40,000 kms [insert percentage of cars in this category]

The above percentages should equal 100 per cent

d. For cars valued from \$37,501 to \$38,000 incl.

- Less than 15,000 kilometres [insert percentage of cars in this category]
- 15,000 – 24,999 kms [insert percentage of cars in this category]
- 25,000 – 40,000 kms [insert percentage of cars in this category]
- Over 40,000 kms [insert percentage of cars in this category]

The above percentages should equal 100 per cent

e. or cars valued from \$38,0001 to \$38,500 incl.

- Less than 15,000 kilometres [insert percentage of cars in this category]
- 15,000 – 24,999 kms [insert percentage of cars in this category]
- 25,000 – 40,000 kms [insert percentage of cars in this category]
- Over 40,000 kms [insert percentage of cars in this category]

The above percentages should equal 100 per cent

f. For cars valued more than \$38,501.

- Less than 15,000 kilometres [insert percentage of cars in this category]
- 15,000 – 24,999 kms [insert percentage of cars in this category]
- 25,000 – 40,000 kms [insert percentage of cars in this category]
- Over 40,000 kms [insert percentage of cars in this category]

The above percentages should equal 100 per cent

SECTION 3: ENVIRONMENTAL POLICY INFORMATION

- 11. Does your organisation have a formal published international environmental policy or programme
 Yes No
- 12. Does your organisation have a green procurement policy?
 Yes No
- 13. Have you been the recipient of an award which recognises your interest in environmental
 Yes No

**Please indicate the extent to which the following influence your organisation where
 1: not at all, 2: very little, 3: often; 4:very often; 5: only if legislation/audit requires.**

Corporate environmental information					
14. How often does your organisation publish a separate environmental or a report that contains a section on the environment?	1	2	3	4	5
15. Does your organisation publish an environmental bulletin or newsletter for managers throughout the company?	1	2	3	4	5
16. Does your organisation provide public briefings/brochures on its environmental performance?	1	2	3	4	5
17. How often would management assess the importance of environmental issues to your organization	1	2	3	4	5
18. Does your organisation carry out research and development into environmental issues related to your organisation?	1	2	3	4	5
19. Does your organisation undertake a periodic internal environmental audit?	1	2	3	4	5

- 20. Are you a member of an environmental organisation(s)?
 Yes No

21. **If you answered YES to Question 21, what is the name of the environmental organisation(s) your organisation subscribes to?**

22. If you answered YES to **Question 12** how long has your organisation had its environmental policy in place?

less than 1 year

1-3 years

between 3 and 5 years

between 5 and 10 years

greater than 10 years

NOTE: If convenient please attach an electronic copy of your Environmental Policy.

SECTION 4: YOUR ASSESSMENT OF THE EFFECTS OF THE CURRENT F.B.T. REGIME

“Petrol consumption has become a sustainability issue in recent years. It is likely that the current Fringe Benefits Tax (FBT) regime is promoting unnecessary mileage (and use of petrol) in salary packaged vehicles to obtain tax concessions under the FBT statutory method for cars”

23. Do you agree with the above statement in the context of your organisation?

Yes

No

24. Have you any suggestions about changes you would like to make to the current FBT regime for cars? (Please type your response below).

.....

Thank You

You have completed answering the questions in this survey.

Click on [submit] now to complete the process and your answers will be saved.

submit