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For Immediate Release



Tax changes will undermine efforts towards a low carbon economy

Further changes to the tax regime that target commercial property will undermine efforts to reduce carbon emissions through the built environment, according to the New Zealand Green Building Council.

The Government announced in the Budget 2010 it would disallow depreciation on commercial buildings and signalled further changes to come. A review of the definition of a building structure and what is able to be classed as 'fit-out' is in the early stages.

New Zealand Green Building Council (NZGBC) Board Chair Dean Riddell says tightening the rules on what businesses, building owners and developers are allowed to call fit-out and legally claim depreciation for would not be in line with international efforts to 'green' the built environment.

"Items of fit-out, including air conditioning systems, lifts, escalators, partitions and electrical systems wear out over time, particularly in a commercial building that suffers much more wear and tear than a residential building," he says.

The barriers to upgrading these items to newer, more energy efficient items need to be removed.

"The Government could be allowing accelerated depreciation for capital expenditure on energy efficient refurbishments to commercial buildings but instead it is removing a strong incentive for the property industry to play its part towards becoming a low carbon economy."

Even prior to the Budget 2010, New Zealand is well behind the rest of the world in terms of using depreciation to improve the efficiency of New Zealand's building stock, he says.

A New Zealand Green Building Council report in November last year found 17% of New Zealand's total emissions could be attributed to the built environment.¹ Independent studies suggest buildings certified by Green Building Councils can consume 85% less energy, 60% less potable water and send 69% less waste to landfill than non-certified buildings.²

¹'Climate Change and the Built Environment', New Zealand Green Building Council Discussion Paper, November 2010

²'Six Continents, One Mission: How green building is shaping the global shift to a low carbon economy,' World Green Building Council, November 2009.

The built environment is also one of the only sectors where reducing emissions actually saves money rather than costing the taxpayer, the report said.

New Zealand Green Building Council Chief Executive Alex Cutler says tightening the rules on depreciation is at the cost of energy efficiency. “Depreciation was an opportunity to allow the industry to upgrade the quality and performance of existing buildings,” she says.

“We would like depreciation to go further. Accelerated depreciation would incentivise the commercial property industry to upgrade buildings, focusing on improving the sustainability, or ‘greening’ of buildings.

“We spend 95% of our time inside our built environment. These tax changes will delay investment in the upgrading of the buildings we spend the most time in.”

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About the New Zealand Green Building Council

The New Zealand Green Building Council (NZGBC) is a not-for-profit, membership based, industry organisation dedicated to accelerating the development and adoption of market-based green building practices. The Council achieves these aims through:

- Setting standards of best practice with the development and use of the Green Star rating tool system
- Providing education and training to increase the industry’s capacity to deliver green buildings
- Providing access to networks, information and resources for our members to actively lead the market

Established in July 2005, the NZGBC has more than 420 member companies, with more than 40 building projects now certified by the Green Star rating scheme.
