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MEDIA RELEASE – FOR IMMEDIATE USE

Health industry supports call to scrap FBT

The health industry says 250,000 more New Zealanders could benefit from health insurance cover if a Government advisory group's recommendation to abolish fringe benefit tax (FBT) is adopted.

Health Funds Association of New Zealand (HFANZ) executive director Roger Styles said today FBT was a "significant barrier" to greater numbers of employers providing employee benefits, such as workplace health insurance schemes.

He was commenting after the release yesterday of a report by the Government's Small Business Advisory Group, which made 16 recommendations including abolishing fringe benefit tax. Minister for Small Business Clayton Cosgrove said he would give a considered response once the report had been fully analysed.

Mr Styles said since FBT had been in place, the number of employees covered by workplace-based health insurance had significantly reduced.

"With the public health system unable to cope with escalating elective surgery need, such a boost in employee health cover would be timely," he said.

"An extra 250,000 employees covered translates to up to 20,000 elective surgical discharges a year being insurance funded."

Mr Styles said currently an estimated \$116 million was saved from the public health budget annually as a result of workplace-based health insurance. About \$275 million is

spent each year on group health insurance schemes, providing coverage for around 620,000 people.

ENDS.

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