

Hon. Simeon Brown  
Minister of Transport  
By email: [s.brown@ministers.govt.nz](mailto:s.brown@ministers.govt.nz)

13 February 2024

**RE: Shared industry concern at the RUC rate being applied to electric vehicles**

Dear Minister

We are writing to you on behalf of Drive Electric, the Motor Industry Association (MIA), New Zealand Automobile Association (AA), Motor Trade Association (MTA), the Imported Motor Vehicle Industry Association (VIA), and the Better New Zealand Trust regarding the announced RUC rate to be applied to Electric Vehicles (BEVs and PHEVs) from 1 April 2024.

Our memberships each have slightly different positions regarding the timing of the end of this exemption, but we all fundamentally accept that EVs should ultimately pay Road User Charges (RUC) so that they contribute fairly and equitably to the costs of New Zealand's roads. We recognise that equity and fairness were important considerations for the Government in bringing electric vehicles into the RUC scheme.

As such, we are jointly concerned at the rate of the RUC that will be applied to EVs from 1 April 2024, relative to Fuel Excise Duty (FED) being applied on comparable petrol vehicles. Our concern is that RUC for EVs has been linked to the RUC rate for diesel vehicles which has the unintended outcome that EVs will contribute more to the National Land Transport Fund (NLTF) than petrol power vehicles.

The MIA has prepared a comparison (included in Table 2 below) based on eight popular new vehicle models, to illustrate the impact and extent of inequity by motive power between RUC rates and FED.

To summarise, the comparison (in Table 2 below) highlights:

- BEVs will pay approximately 95% more road tax in RUC compared to the rate of FED collected on petrol hybrid vehicles (HEVs).
- PHEVs will pay approximately 70% more road tax collected from RUC and FED combined than that collected on petrol hybrid vehicles (HEVs).
- BEVs will pay approximately 23% more road tax in RUC compared to a similar petrol vehicle contributing road tax through the FED.

Electric vehicle uptake can play a critical role in achieving our climate target; reducing the health impacts on New Zealand from air pollution; and contributing to a more productive economy built on domestic renewable energy which will ultimately bring down household energy costs.

We have seen your comments in [AutoTalk](#) on 23 January, suggesting that you are aware of the "distortion" and this should be seen as temporary in the context of moving all light vehicles to RUCs. We are concerned that moving all light vehicles to RUCs could take some time (we are not

currently aware of the timeline for this), and that this distortion will considerably impact uptake BEV and PHEV vehicles until that unknown point. We expect the transition for all light vehicles to RUCs to take years not months, so the temporary inequity may not actually be temporary and consumer perception may shift toward 'penalty on a plug'. It is for this reason we ask that you reduce the rate of RUCs on electric vehicles from 1 April 2024.

As outlined further in tables 1 and 3 below, we suggest that reducing RUC on BEVs from \$76/1000 km to \$60/1000 km and PHEV's from \$53/1000 km to \$42/1000 km as a more equitable temporary solution.

We would welcome further discussion and constructive collaboration with yourself and your officials toward a more equitable outcome.

Yours sincerely,



Kirsten Corson  
Chair, Drive Electric




Aimee Wiley  
CEO, Motor Industry Association



Simon Douglas  
Chief Policy and Advocacy Advisor, NZAA



Lee Marshall, Chief Executive, Motor Trade Association



Kathryn Trounson  
Chair, Better NZ Trust



Greig Epps  
Chief Executive, VIA - Imported Motor Vehicle Industry Association

**Table 1**

**Weighted Average Roothing Tax Costs per 1000 km by Motive Power**

	<b>Current 1 April EV RUC Rates</b>	<b>Proposed 1 April EV RUC Rates</b>
	Road Tax (FED/RUC) per 1,000 km	Road Tax (FED/RUC) per 1,000 km
Electric - BEV	\$ 76.0	\$ 60.0
Electric - Plug-in Petrol Hybrid	\$ 66.6	\$ 55.6
Petrol Hybrid	\$ 39.0	\$ 39.0
Petrol	\$ 61.7	\$ 61.7
Diesel	\$ 76.0	\$ 76.0

**Average Annual Impact of Roothing Tax Costs for Motorists by Motive Power**

	<b>Current 1 April EV RUC Rates</b>	<b>Proposed 1 April EV RUC Rates</b>
	Annual Road Tax FED/RUC (14,000 km)	Annual Road Tax FED/RUC (14,000 km)
Electric - BEV	\$ 1,064.0	\$ 840.0
Electric - Plug-in Petrol Hybrid	\$ 933.0	\$ 779.0
Petrol Hybrid	\$ 545.9	\$ 545.9
Petrol	\$ 863.8	\$ 863.8
Diesel	\$ 1,064.0	\$ 1,064.0

**Assumptions:**

1. RUC Rates @ \$76/1000 km and \$53/1000 km include GST
1. Fuel Excise Duty @ \$0.8052 per Litre Petrol includes GST
2. Regional fuel taxes excluded
3. Annual vehicle kilometres travelled 14,000 km
3. Proposed RUC Rate is calculated based on the weighted average 3 phase WLTP Fuel Consumption of all New Petrol and Petrol Hybrid vehicles registered in NZ in prior 24 months @ 7.58 L/100 km.
5. Average fuel consumption of 7.58L/100 km, translates to \$61.04 FED/1,000 Km (Incl. GST)
6. New reduced BEV RUC rate proposed is \$60/1000 km
7. New PHEV partial RUC rate proposed, assumes the same relativity as current (70% of full rate) \$42/1000 km
8. Other components of NFT (ACC, Petroleum/Engine Fuel Monitoring Levy and Local Authorities Fuel Tax) have been excluded to ensure a direct financial comparison to RUC.

**Table 2****Fuel Excise Duty and Road User Charges cost comparison from 1 April 2024 - by make, model and motive power**

Cost per 1,000 km	MG ZS	KIA NIRO	HYUNDAI KONA	KIA SORENTO	FORD ESCAPE	HYUNDAI TUCSON	mitsubishi OUTLANDER	MITSUBISHI ECLIPSE CROSS
Electric - BEV	\$ 76.0	\$ 76.0	\$ 76.0					
Electric - Plug-in Petrol Hybrid		\$ 59.4		\$ 61.1	\$ 65.9	\$ 63.5	\$ 65.9	\$ 69.9
Petrol Hybrid		\$ 35.4	\$ 35.4	\$ 47.5	\$ 44.3	\$ 41.9		
Petrol	\$ 62.8		\$ 57.2		\$ 77.3	\$ 59.6	\$ 70.1	\$ 66.8
Diesel				\$ 76.0		\$ 76.0		

**Table 3****IMPACT OF PROPOSED EV RUC RATE REDUCTIONS**

Cost per 1,000 km	MG ZS	KIA NIRO	HYUNDAI KONA	KIA SORENTO	FORD ESCAPE	HYUNDAI TUCSON	mitsubishi OUTLANDER	MITSUBISHI ECLIPSE CROSS
Electric - BEV	\$ 60.0	\$ 60.0	\$ 60.0					
Electric - Plug-in Petrol Hybrid		\$ 48.4		\$ 50.1	\$ 54.9	\$ 52.5	\$ 54.9	\$ 58.9
Petrol Hybrid		\$ 35.4	\$ 35.4	\$ 47.5	\$ 44.3	\$ 41.9		
Petrol	\$ 62.8		\$ 57.2		\$ 77.3	\$ 59.6	\$ 70.1	\$ 66.8
Diesel				\$ 76.0		\$ 76.0		