Electric Vehicles Programme Overview

New Zealand is well placed to benefit from electric vehicles and the Government is committed to supporting the uptake of them.

That’s because electric vehicles have the potential to make a meaningful contribution to the transition to a low-carbon economy, without compromising individual mobility or economic growth. New Zealand has about three million light vehicles on the roads, and transport produces around 17 percent of New Zealand’s greenhouse gas emissions. By starting to replace our fleet with electric vehicles now, we begin the journey to reduce emissions.

New Zealand is one of the most electric vehicle-ready and friendly countries in the world. That’s because just over 80 percent of the country’s electricity is generated from renewable sources.

By making the most of our renewable advantage, the emission reduction benefits of electric vehicles in New Zealand are greater than in other countries. That makes the move from petrol and diesel to low emission vehicles a natural evolution, where vehicles are powered by clean, green, locally produced energy.

The Government wants to encourage the switch sooner, rather than later.

That’s why in partnership with the private sector and local government a substantive package of measures has been jointly developed to increase the uptake of electric vehicles in New Zealand.

The Government’s Electric Vehicles Programme

The Government, together with industry and local government, has set a target of doubling the number of electric vehicles in New Zealand every year, to reach approximately 64,000 by 2021. This is about two percent of New Zealand’s current light vehicle fleet.

To help achieve these goals, the Government has launched its Electric Vehicle Programme. The Ministry of Transport has responsibility for the coordination and delivery of the Electric Vehicles Programme, with support from the NZ Transport Agency, Energy Efficiency and Conservation Authority, Ministry of Business, Innovation and Employment, Inland Revenue Department and the Accident Compensation Corporation.

The Government’s Electric Vehicles Programme has several key elements:
Extending the Road User Charges exemption for light electric vehicles

Providing an exemption from Road User Charges (RUC) is a way to encourage the switch to electric vehicles.

That’s why the Government is extending the exemption from RUC for light electric vehicles until 2021 to align with the target of doubling the number of electric vehicles registered each year. The value of the exemption to the typical vehicle owner is about $600 per year.

Operators of light electric vehicles - such as cars and SUVs - are estimated to receive road user charges exemptions valued at approximately $36 million by 2021.

Introducing a new Road User Charges exemption for heavy electric vehicles

The Government will introduce a new RUC exemption for heavy electric vehicles, such as buses and trucks.

The value of this exemption varies depending on the weight of the vehicle, and distance travelled per year, but will be higher than for light electric vehicles. The new exemption will remove barriers for heavy vehicle owners, making it easier to transition to electric powered heavy vehicles.

The new exemption will be in place until two percent of the heavy vehicle fleet is electric or 31 December 2025, whichever is reached first.

Work across Government and the private sector to investigate bulk purchasing

Electric vehicle availability in New Zealand is currently limited.

The Government has directed the Ministry of Business, Innovation and employment to investigate coordinated bulk purchase of electric vehicles across public and private sector fleets.

The main aim of partnering with the private sector is to increase the supply of electric vehicles, by combining purchasing orders for government and corporate fleets. Bulk buying can also reduce electric vehicle costs, making electric vehicles even more cost competitive.

Working together will encourage vehicle manufacturers, importers and traders to bring more electric vehicles to our shores. This will help meet – and grow – the demand from government and business corporate buyers.

The Government will draw on existing relationships with vehicle manufacturers nationally and internationally to make this happen.

Support the development and roll-out of public charging infrastructure

New Zealand does not need major upfront investment in new infrastructure to support electric vehicles at this time. That’s because the domestic 230 volt power supply is suitable for charging electric vehicles at home, with 85 percent of New Zealand homes having off-street parking. This is high by international standards.
But there is still a need for public charging infrastructure. The private sector is already investing in the installation of public infrastructure, with several companies installing charging facilities at public and private locations. The Government’s role in supporting the development and roll-out of public charging infrastructure moves to be one that:

- ensures public charging infrastructure is safe, reliable and developed in a cohesive manner
- clarifies the regulatory framework for charging infrastructure
- promotes the availability and use of the public charging infrastructure, such as the development of standards for signage to indicate on-street charging infrastructure is reserved for electric vehicles.

**A nation-wide electric vehicle information and promotion campaign**

The Energy Efficiency and Conservation Authority will lead an information and promotion campaign over the next five years. $1 million per year will be spent on the campaign.

Putting better quality information about electric vehicles and their benefits in the hands of people, households and businesses will address knowledge barriers, such as lack of awareness, uncertainty about the total costs of vehicle ownership, expectancy of battery life, charging opportunities and requirements, and other misconceptions about low emissions vehicles.

**A contestable fund of up to $6 million per year to support innovation**

To help drive changes in New Zealand’s approach to electric vehicles, a contestable fund will be established to encourage innovation in promoting, enabling and accelerating the uptake of low emission vehicles.

The fund will provide up to $6 million a year to help innovative businesses, non-profit organisations, individuals and local governments to encourage low emissions vehicle use. To be funded, projects will be required to commit co-funding.

A set of standard criteria will be applied to assess all initiatives on a fair basis to ensure core objectives under the fund are achieved.

The fund will be administered by the Energy Efficiency and Conservation Authority.

Funding will be available later in 2016. Further details about the fund will be released in due course.

**Enabling electric vehicles to access bus and high occupancy vehicle lanes**

Access by electric vehicles to bus and high occupancy vehicle lanes (lanes where a vehicle must have more than a certain number of occupants) will be of value to households and businesses. Access to such lanes will mean electric vehicles will be able to travel more quickly than vehicles otherwise held up in traffic.
At the same time, the changes will also empower road controlling authorities to allow electric vehicles into special vehicle lanes (such as bus lanes) on their local roading networks.

Review of tax depreciation rates and the method for calculating fringe benefit tax for electric vehicles

The Government wants to remove any financial disincentives for the uptake of electric vehicle uptake, and ensure that electric vehicles are able to compete on an equal footing as petrol and diesel vehicles and are not being unfairly disadvantaged.

The Government has therefore directed the Inland Revenue Department to review, in consultation with industry groups, the depreciation rate and the method used for calculating fringe benefit tax as they relate to electric vehicles.

If the reviews demonstrate that electric vehicles are being disadvantaged, it could result in changes to put electric vehicles on a level playing field with petrol and diesel vehicles.

The results of the review are expected to be reported back to Ministers in early 2017.

Review ACC levies for plug-in hybrid electric vehicles

ACC currently has different approaches to collecting levies for petrol and non-petrol powered vehicles.

The Government has directed the Ministry of Business, Innovation and Employment to investigate and report back to Ministers by the end of 2016 on how hybrid petrol-electric vehicles are levied to ensure owners of these vehicles pay fair ACC levies.

Establishment of an Electric Vehicles Leadership Group

The Government’s Electric Vehicles Programme has been developed with co-operation and support from the private sector and local government to ensure it delivers measures that will have the greatest impact to increase the uptake of electric vehicles in New Zealand.

To reflect the partnership, and to provide ongoing leadership and coordination, the Government will establish an Electric Vehicles Leadership Group.

Up to eight representatives from business, local and central government will be represented on the Leadership Group.

Further details about the Leadership Group will be released in due course.

More information

More information about the Electric Vehicles Programme is at www.transport.govt.nz/ev