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Fuel costs renew call for EV Salary Boost assessment after election

Drive Electric and Rewiring Aotearoa are asking parties that may form the next government to commit to assessing a New Zealand pre-tax EV leasing pathway within the first 100 days, with the fiscal and tax settings tested before any scheme is adopted.

Drive Electric and Rewiring Aotearoa want the next government to test whether a New Zealand version of an "EV Salary Boost" could help more workers access lower-running-cost electric vehicles without creating an open-ended cost to the Crown.

The proposed scheme would allow eligible employees to lease an electric vehicle using pre-tax salary, similar to Australian novated leasing. The organisations are not asking for the Australian model to be copied directly, but want New Zealand to test how a scheme could work within existing PAYE, FBT and GST settings, with clear limits on fiscal exposure.

"High fuel prices show how exposed households and businesses are to costs set offshore. The question we are asking parties to examine is whether New Zealand's tax settings can give more workers access to lower-running-cost vehicles without creating an open-ended cost to the Crown," says Kirsten Corson, Chair of Drive Electric.

Fuel prices have renewed attention on transport costs, with the national average price of 91 petrol reaching $3.25 a litre, its highest level since late May. Automobile Association New Zealand's principal policy adviser and fuel spokesperson, Terry Collins, has warned prices could remain elevated through to Christmas. New Zealand's reliance on imported refined petrol, diesel and jet fuel leaves households and businesses exposed to global fuel markets, with Stats NZ reporting that petroleum and petroleum product imports were worth $12.1 billion in the year ended July 2026, up 23% on the previous year.

According to the Ministry for Business, Innovation and Employment (MBIE), New Zealand relies on imported refined liquid fuels. By contrast, 88.5% of electricity generated in 2025 came from renewable sources, making electrification a practical way to reduce exposure to imported fuel costs. Energy Efficiency and Conservation Authority (EECA) says an EV charged at home off-peak can have an energy running cost equivalent to about $1.60 per litre of petrol, including road user charges.

Drive Electric and Rewiring Aotearoa say the proposed EV Salary Boost is intended as one possible access pathway for workers who may not have the upfront capital to buy a new or late-model EV. It would sit alongside, rather than replace, wider transport, vehicle and charging policy.

"Last year, New Zealand spent $12.1 billion importing petroleum and petroleum products. Every time conflict flares on the other side of the world, that bill can climb, and Kiwi households pay for it at the pump. An EV Salary Boost would put a cleaner, cheaper-to-run vehicle within reach of more working New Zealanders. Every car that switches makes us a little less exposed to the next global fuel shock. Australia is already using this kind of model; New Zealand should assess how it could be adapted here," says Corson.

Australia provides evidence, and a caution on cost

Financing a vehicle through pre-tax salary - known in Australia as novated leasing - is not new or experimental. It has been part of the Australian remuneration landscape for close to 40 years, growing out of the Fringe Benefits Tax framework introduced in the 1980s. According to the National Automotive Leasing and Salary Packaging Association, it is now used by more than an estimated 500,000 Australians for vehicles of every kind.

What is comparatively new is the EV-specific setting layered on top of that model. From 1 July 2022, the Australian Government exempted eligible electric cars from FBT when provided through a novated lease or by an employer.

The Australian Government's statutory review of the policy, published in May 2026, found it had been successful. It estimated the discount generated around 64,000 additional battery EV sales in its first three years, or up to 78,000 including plug-in hybrids - about a quarter of all EV sales over the period. The results since the policy started in July 2022 have been substantial:

- Battery EVs and plug-in hybrids rose from 1.8% of new car sales in May 2022 to 22.9% in March 2026. Battery EVs alone reached a record 24.9% of new vehicle sales in August 2026.
- The number of EV models on sale grew from 56 to more than 160 by late 2025, including around ten priced below A$40,000, up from just two.
- More than 100,000 Australians have now used the exemption, and NALSPA estimates around half of all EV sales go through a novated lease.
- The review valued the benefits at around A$1.1 billion in fuel savings and A$430 million in health benefits from reduced air pollution.

Australia's experience shows both the appeal of the policy and the importance of designing it carefully, including through vehicle price caps and by continuing to collect GST from EV purchases.

However, the review also cautioned that there was significant uncertainty around its estimates, and that the EV market was influenced by other factors, including easing supply constraints, global market growth, falling technology costs, charging infrastructure and other policy settings.

Australia's Treasury originally forecast the EV FBT exemption would cost about A$90 million in 2025–26. More than 100,000 Australians have since used it, and the cost is now expected to reach A$1.35 billion in the 2025–26 financial year.

In May 2026, the Australian Government responded not by scrapping the scheme, but by recalibrating it. From April 2027, EVs priced above A$75,000 will move to 75% of the standard FBT rate, extending to all eligible EVs by April 2029. The adjustment is expected to save around A$1.7 billion over five years, while keeping the full exemption for EVs under A$75,000 until April 2029.

Drive Electric and Rewiring Aotearoa say that is the type of discipline New Zealand should apply from day one, with fiscal caps and eligibility limits built into the design from the start.

Building a second-hand EV market, not just a new-car one

Australia's experience points to a second, less-discussed benefit: a growing supply of affordable, late-model used EVs. Novated leases typically run for two to four years. According to vehicle remarketer Pickles, when a novated lease ends, roughly a third of vehicles are sold, a third are re-leased for a further six to 24 months, and a third are retained by the employee for one to three years before eventually re-entering the market. Used EV sales in Australia were already up 54.6% year-on-year in the first half of 2026. A scheme designed to get new EVs into driveways today is, after a lag of a few years, also one of the most direct ways to build the supply of affordable used EVs tomorrow.

"The main purpose of this scheme is to help those who could most use the savings to access EVs," says Mike Casey, Chief Executive of Rewiring Aotearoa. "Australia got a lot right by taking a tool it already had, salary packaging, and pointing it at EVs. But some settings added to the cost, including allowing novated-lease buyers to avoid GST on the vehicle and including very expensive vehicles. New Zealand has the chance to tailor a scheme to our own tax settings from the start."

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Why this matters now for the average Kiwi

The case for New Zealand looks, if anything, more urgent. Drive Electric's State of the Nation Report 2026 shows that electric vehicles make up just 3.3% of the national light-vehicle fleet, 138,626 of 4.3 million vehicles, and that new-EV sales fell from 20% of the new-car market in 2023 to less than 10% in 2024 after the Clean Car Discount was removed. The report also shows that model choice has improved, with 260 EV models now sold in New Zealand, up from 152 three years ago. Prices have fallen as battery costs have reduced, with new EVs now starting at $29,990, but they remain out of reach for many households, which typically shop below $15,000 for a car.

A well-designed EV Salary Boost scheme, using pre-tax income in a similar way to Australia's novated leasing model, could open a realistic path to a newer, better EV for a much broader range of working New Zealanders, including essential workers, tradespeople and middle-income families currently priced out of both the new and used electric markets. On Australia's evidence, it could also help build the larger second-hand EV market that would eventually make electric vehicles the cheaper choice for more households.

At a time when the cost of living remains front of mind for New Zealand households, the running-cost case adds to the argument. According to EECA, charging an EV in New Zealand costs substantially less than petrol on a per-kilometre basis. Thanks to an electricity system dominated by low-cost hydro, geothermal and other renewables, that cost is set largely at home rather than on a global market. Rooftop solar can reduce it further.

The call

The organisations are asking parties that may form the next government to commit, ahead of the 7 November election, to a formal assessment of an EV Salary Boost scheme within the first 100 days of government. They want that work to cover:

- the full fiscal cost and options for a clear fiscal cap;
- treatment under PAYE, fringe benefit tax and GST;
- employee and employer eligibility, including whether new and used EVs should qualify;
- vehicle price caps, lease terms and consumer protections;
- what happens when an employee changes jobs; and
- impacts on access, equity and the future second-hand EV market.

Drive Electric says an initial Deloitte paper on tax considerations has already been completed and shared with political parties. The paper is available to media on request.

-ENDS-

NOTES TO EDITORS

What is the EV Salary Boost?

EV Salary Boost is a working policy concept for an employment-based EV lease paid from pre-tax salary. A New Zealand model has not been finalised and would require detailed tax, fiscal and consumer-policy design. Australia is a reference point, not a proposed copy-and-paste model.

Key sources and background

- Fuel imports, year ended July 2026 - Stats NZ.
- About New Zealand's fuel system - MBIE.
- Statutory Review of the Electric Car Discount - Australian Treasury, May 2026.
- Fairer tax treatment to encourage affordable EVs - Australian Government, May 2026.
- EV running costs - EECA.

- [Energy in New Zealand 2026](#) - MBIE.
- [2026 General Election key dates](#) - Electoral Commission.
- **Deloitte, "EV Salary Boost – Tax considerations", 16 September 2026** - available on request.

About Drive Electric

Drive Electric is New Zealand's peak body for electric vehicle adoption and transport decarbonisation, representing more than 70 member organisations across the vehicle, fleet, charging, energy and finance sectors.

About Rewiring Aotearoa

Rewiring Aotearoa is an independent, non-partisan, non-profit organisation combining research, communication and demonstration to advocate for a fair, low-cost, electrified energy system.

MEDIA CONTACTS | Kirsten Corson, Chair, Drive Electric | kirsten@driveelectric.org.nz | 021 356 874
Ben Fahy, Head of Communications, Rewiring Aotearoa | ben@rewiring.nz | 021 245 4894