



Background

Anglican Financial Care produces mileage rates annually for the diocese and these have been distributed for the 2026 / 2027 year. They are as below:

Rates Update August 2026

The AA reports show the following changes in overall vehicle operating costs compared with last year:

- Petrol vehicles increased by 1.3%
- Diesel vehicles increased by 2.9%
- Petrol hybrid vehicles increased by 2.9%
- Battery electric vehicles increased by 13.4%

Some of the key factors affecting the 2026 calculations were:

- **Interest rates:** The average interest rate used by AA reduced from 5.45% to 3.77%.
- **Vehicle prices:** Average petrol vehicle prices increased by 14%, while diesel vehicle prices increased by 4%.
- **Maintenance costs:** Petrol vehicle servicing and repair costs increased by approximately 26%, and diesel vehicle costs increased by 31%.
- **Licensing costs:** Annual licensing costs for diesel and electric vehicles increased significantly.
- **Electric vehicle costs:** The increase for electric vehicles was mainly driven by higher fixed ownership costs, particularly for medium to large vehicles.

The suggested maximum reimbursement rates per kilometre are set out below. The previous year's rates are shown in brackets.

The suggested (maximum) reimbursement rates per kilometre are as follows
(previous year's rates in brackets):

Band	Petrol	Hybrid	Electric	Diesel
Up to 14,000 km	\$1.12 (\$1.08)	\$0.92 (\$0.79)	\$1.39 (\$0.99)	\$1.10
Up to 20,000 km	\$0.90 (\$0.87)	\$0.72 (\$0.61)	\$1.05 (\$0.75)	\$0.88
Up to 26,000 km	\$0.79 (\$0.76)	\$0.62 (\$0.52)	\$0.86 (\$0.62)	\$0.76
Beyond chosen band	\$0.40 (\$0.39)	\$0.27 (\$0.21)	\$0.25 (\$0.19)	\$0.37
Flat rate *	\$0.60 (\$0.58)	\$0.45 (\$0.37)	\$0.57 (\$0.41)	\$0.57

* The flat rate can be paid for unlimited running, without the need to record the vehicle's total annual mileage or monitor whether it has exceeded the selected band.

The reimbursement rates take into account fixed annual costs, including registration, WOF, insurance, interest and depreciation, as well as running costs such as fuel or electricity, tyres and maintenance.

For comparison, Inland Revenue's Tier 1 kilometre rates for the 2025–2026 income year are:

Vehicle type	IRD Tier 1 rate
Petrol	\$1.20 per km
Diesel	\$1.30 per km
Petrol hybrid	\$0.90 per km
Electric	\$1.22 per km

The IRD rates are not directly comparable with the Church's banded rates. IRD Tier 1 includes fixed and running costs and applies to the business portion of the first 14,000 kilometres travelled by the vehicle in the income year, including private travel. Once the vehicle's total travel exceeds 14,000 kilometres, IRD's lower Tier 2 running-cost rate applies.

The AA-based method provides a range of rates based on the vehicle's total annual running and continues the approach previously used by the Church.



The *Anglican* Church

in Aotearoa, New Zealand and Polynesia

Te Hāhi Mihinare ki Aotearoa, ki Niu Tirenī, ki Ngā Moutere o te Moana Nui a Kiwa