

Managers Guide to Distribution Costs 2020



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Foreword

I am delighted to introduce the second edition of the Freight Transport Association of Ireland (FTAI) Manager's Guide to Distribution Costs, which will help the freight, transport and logistics sector to benchmark the costs of doing business.

The publication of this second guide is particularly timely given the unprecedented challenges that the sector has endured since the onset of the Covid 19 crisis – it should of course be borne in mind that much of the data and feedback provided by respondents in this Guide reflects a pre-Covid environment, and so next year's Guide will be of significant interest.

The Covid 19 pandemic saw the sector faced with delays at international borders, disruption to global supply chains, the temporary closure of businesses both here and abroad, with all of the associated knock-on impacts, on a scale that was unheard of.

It has been a difficult time for many road transport operators and indeed for the wider logistics sector. But the past six months have highlighted the resilience and interconnectedness of Ireland's transport, logistics and distribution sector, which has kept our supermarkets and retail sector stocked with essential goods and transported vital medicines and PPE throughout the country. This experience has made society cognisant and, perhaps most importantly, truly grateful to all of those working in this crucial sector, where many cannot, due to the very nature of their work, work from home, and where many drivers have continued to travel abroad in order to bring Irish goods to other markets, and to bring goods back home. I wish to thank everybody working in the sector for all their efforts and hard work.

While we continue in our collective efforts to suppress Covid 19 and as we strive to keep our families and loved ones safe, Brexit challenges and uncertainties persist. The transition period will come to an end on the 31st of December and as I write this, the EU-UK negotiations are ongoing. We don't yet know exactly what the future relationship between the EU and UK will look like, but change is certain. Ireland continues to support the closest possible future relationship between the EU and the UK, but businesses must be prepared for the end of the transition period and for a possible "no trade deal" scenario at the end of this year. All scenarios will bring substantial challenges for the sector.

We are intensifying our Brexit readiness work, including stakeholder communications and outreach. Advance preparations are particularly important given that the Guide outlines that the majority of survey respondents tend to experience their most acute cash flow challenges during January, and to a lesser extent, in December. This Guide and the wealth of information contained within will prove very valuable to companies of all sizes operating in this sector and will help them to better understand the costs of doing business.

The Programme for Government, "Our Shared Future", includes a commitment to publish and implement a 10-year strategy for the haulage sector focused on improving efficiencies and standards and helping the sector move to a low-carbon future, and my Department is beginning to undertake this important work. It is envisaged that we will carry out a public consultation, and I look forward to working with the road transport sector. I was most interested to read that there is significant interest on the part of respondents in exploring the potential of alternatively-fuelled vehicles. To support hauliers to transition to low-emission technologies, my Department is currently progressing a grant that will help to bridge the cost differential between conventional and alternatively-fuelled vehicles. This grant will be made available in 2021 and will complement Government-supported programmes for the roll-out of alternative fuel infrastructures.

The link between transport emissions and climate change necessitates a reduction in emissions and a significant decarbonisation of the road freight sector. Sustainable practices, such as eco-driving, will reduce both emissions and fuel costs, improve road safety and provide upskilling opportunities for HGV drivers, thus serving both the environment and society. Embracing innovation, technological change and advances in digitalisation and automation will also be essential for the transition to a low-carbon economy.

Ireland's freight transport, distribution and logistics sector is facing the challenge of skills shortages coupled with an ageing workforce and difficulties attracting new entrants, particularly HGV drivers. Additionally, the emergence of more complex and high-tech global supply chains is increasing the demand for higher-end, knowledge-intensive skills. The promotion of careers and sustainable employment in the sector, together with skills development and career progression for existing workers, highlighting the diversity of available roles, will be important in meeting the need for a substantial influx of entrants into logistics and supply chain careers in the next decade.

I wish to thank the FTAI and other organisations for their work on this guide, and to thank all of the survey respondents for their contributions, particularly at this difficult time when many are focused on the Covid 19 pandemic and Brexit preparations.



Hildegard Naughton T.D.
Minister of State at the
Department of Transport



An Roinn Iompair
Department of Transport



Introduction

FTA Ireland is delighted to introduce the second edition of the Managers Guide to Distribution costs 2020. At this time, it is pertinent to acknowledge the impact Covid 19 is not only having on the freight distribution and logistics but on society as a whole. With the virus taking hold on a global scale by March 2020, we have been hit with so much uncertainty and challenges. All our plans and aspirations for 2020 have been compromised and in some cases shattered. FTA Ireland published a Covid 19 impact survey in April 2020, the results of which shows how the pandemic impacted logistics businesses negatively in a variety of ways, including the ability to undertake business planning (reported by 90.0%), source supplies (reported by 85.0%) and the availability of staff (reported by 76.0%). In the first month of the pandemic, 17.0% of respondents saw customers go out of business, while more than 30.0% of respondents who work as commercial drivers reported being denied access to sanitation facilities while doing their jobs. The most striking point about the situation we now find ourselves in is the resilience of the supply chain and those working in it. We are learning of new ways of doing business and this change will be profound and long lasting.

Acknowledging front line workers and extending our deep appreciation to them is not only necessary but is also the right thing to do at this time. We are facing prolonged uncertainty, and there is no doubt that reports such as the 2020 Managers Guide to Distribution Costs become ever more relevant and important in aiding and supporting key decisions that need to be made to prolong resilience and strategic thinking within the supply chain.

Developing strategic competencies will aid adoption to the business environment. The speed of change in our industry is accelerating for a number of reasons including Covid 19, technological advancements, automation, Brexit and the changing dynamic of the supply chain. As we try and deal with the coronavirus, we in the freight distribution and logistics sector are acutely aware that the end of the Brexit transition period is just around the corner, adding to the significant challenges facing the industry.

At the time of writing, the threat of a 'No Deal' Brexit has grown in no small part due to the painfully slow progress during key negotiations. Irrespective of the outcome there will be barriers to trade between the UK and the EU from the 1st of January 2021. Industry preparation for this inevitability is critical. As critical, is the engagement and support by Government for industry to aid the transition. We know that to trade with 'third countries' particularly on the scale we are talking about between Ireland and the UK, and vice versa, will bring definite problems and delays to the supply chain, that there is no doubt. Time is needed to transition to the new trading, particularly in a 'No

Deal' situation of closed borders, tariff checks, sanitary and phytosanitary checks (SPS) for agri-foods and foods of animal origin, plants and timber. Upskilling enough personnel in both the public and private sectors to enable efficient movement through ports and borders will take time. Unfortunately, this scenario also has implications for the viability of businesses. The supply chain will have to change, how products are packed and transported in our trucks and ferries will no longer work in a 'No Deal' scenario.

In the context of the situation arising as a consequence of Covid 19, the analysis contained in this report relates to data gathered before the full impact of the pandemic has been felt by respondents in the freight distribution and logistics sector. Indeed, business continuity in the freight distribution and logistics sector, like all other sectors, has been sustained through Government intervention and support such as the temporary wage subsidy (TWS), grants available for business continuity through local enterprise centres and Covid 19 Working Capital Scheme and loans available through Strategic Banking Corporation Ireland and Microfinance Ireland respectively.

A new section in this year's report is 'Financial and Strategic Performance' where 57.0% of respondents highlight that January is the most crucial time of the year for fleet operators managing their cashflow and over 27.0% saying that delayed payments are the biggest challenge facing operators. Government needs to continue to prioritise banking and financial supports well into 2021 to protect and support the liquidity of businesses.

This report will aid operators in the haulage sector, logistics and own account sector to understand, benchmark and assess the costs associated with doing business.

Inflation in Ireland rose by 0.45% in 2019 to 0.94%. When considering the increasing costs of operations, it is always prudent to benchmark against inflation. Increased costs of course should be matched by at least increased rates charged and we have seen in both reports that this does not necessarily ring true. We will see in this year's report that the increase in business overhead costs (defined as cost of running the business, admin, marketing and accounts, rent and rates) have seen a reduction of 0.6 percentage points on 2018 figures, with business overhead costs increasing by 5.9%. Annual transport overhead costs are increasing at 4.4% (reduction of 0.4 percentage points from 2018). A significant highlight in this year's report is the move by respondents to consider alternative fuelling technologies. 29.4% of respondents are considering electrification as an option and 41.0% are considering either LNG (liquid natural gas) or CNG (compressed natural gas).



FTA Ireland are continuing to work tirelessly on behalf of our diverse membership to provide constructive representation at Government and Stakeholder level to influence issues impacting you on a variety of issues including Covid 19; Brexit, alternative fuelling technologies, road safety and operational compliance, skills shortages and mobility package amongst other issues. This report and the information contained in it provides guidance and raises awareness for commercial fleet managers and consignors in understanding the cost of distribution. This is critical in developing strong robust resilient and sustainable supply chains.

Sincere thanks to our partners in this project, KPMG; ENPROVA; BWG supported by the Department of Transport. We would like to extend our appreciation to all that have participated with Analytiqa in the survey for their time.



A handwritten signature in black ink, appearing to read 'Aidan Flynn'.

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FTA Ireland

Online COVID-19 Induction Training – General

The Return to Work Safety Protocol requires that all staff must receive COVID-19 induction Training.

The aim of this Training is to provide the necessary training and information for employees in relation to employers COVID19 compliance requirements.

- Training content**
- ✓ Signs and Symptoms of COVID-19
 - ✓ How it Spreads
 - ✓ Cleaning Routines and Waste Disposal
 - ✓ Advice on Hand and Respiratory Hygiene
 - ✓ Physical Distancing
 - ✓ Use of Personal Protective Equipment (PPE)
 - ✓ Appointment of COVID-19 Representative

Course duration:
30 minutes

Cost:
€50.00 per delegate*

Coronavirus COVID-19



If you have fever and/or cough you should stay at home regardless of your travel or contact history.

If you have returned from an area that is subject to travel restrictions, stay at home for 14 days. Check the list of affected areas on www.hse.ie

All people are advised to:

- Reduce social interactions
- Keep a distance of 2m between you and other people
- Do not shake hands or make close contact where possible

If you have symptoms visit hse.ie (phone) or call 1850 24 1850

How to Prevent

- Wash** your hands well and often with soap and water for at least 20 seconds
- Cover** your mouth and nose with a tissue or elbow when coughing or sneezing and dispose of tissues correctly
- Avoid** touching your eyes, nose or mouth with your hands
- Clean** and disinfect frequently touched objects and surfaces
- Stop** coughing, sneezing, or talking without a tissue or covering your mouth
- Distance** yourself from others who are coughing or sneezing

Symptoms

• Fever (high temperature) • A Cough • Shortness of Breath • Breathing Difficulties

For daily updates visit

www.hse.ie/covid-19

Information is subject to change without notice. Please check for updates.



Minister for Health
Department of Health

**TO BOOK phone 01 8447516 • email info@ftai.ie
or visit www.ftai.ie <https://www.ftai.ie/public-courses>**

*for groups of more than 10 please contact 018447516 or email info@ftai.ie

Covid 19: Impact and Implications

The Covid 19 pandemic has posed challenges that none of us could have predicted at the start of 2020 and, while the freight distribution and logistics sector has reacted with resilience to keep Ireland trading, it is now time to focus on recovery and the next issue facing our sector, Brexit. The sharp shock to the economy was manifested by the shutting of restaurants and pubs, concern over the resilience of the supply chain (what would happen if Covid took hold in a distribution centre!), requirement to work from home and the closing of all retail, schools and businesses.

The tourism sector, and particularly international travel, is hugely important for our global supply chain connectivity where 75.0% of air freight comes into and out of Ireland in the underbelly of passenger aircraft. Very early in the pandemic we saw vital supplies of Personal Protective Equipment (PPE) sourced from China and beyond. Those working in the supply chain were deemed essential workers and the spotlight was on our industry like never before. As an island nation on the periphery of the EU Ireland is reliant on all modes of transport for an effective and efficient supply chain.

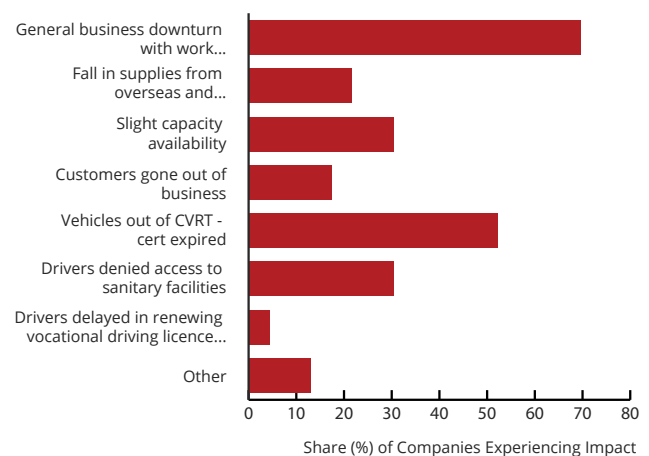
The implications of Covid 19 are far reaching and will take years to recover from. Our unemployment rate was 4.8% in February (effective full employment), three months later in May the unemployment rate was 26.1%. this is unprecedented and compounded by the fact that more than 464,000 (1) have had at least one pay check supported by the state salary subsidy. We need to rethink (quickly) how we operate and develop new innovative ideas and recalibrate to adjust to the new normal environment in which we find ourselves. The new normal will mean that we need to build on our resilience and double down on developing our relationships within the supply chain.

Aside from adapting to how we deal with Covid19 and the risk of getting the disease it seems we must now learn to work and live with it for the foreseeable future. Working from home, managed 'Pod' working, limited face to face meetings, increased virtual meetings are now becoming the new normal. The upheaval is redefining how we live and work! FTA Ireland carried out a survey of our members on the immediate impact Covid19 had on them. Over 70% had seen an immediate impact on their revenue generation. There were significant delays reported in receiving goods from abroad and customers went out of business.

Impact of Covid 19

Share of Companies Experiencing Impact	2020
General business downturn with work and orders cancelled	69.6%
Fall in supplies from overseas and restrictions at ports	21.7%
Slight capacity availability	30.4%
Customers gone out of business	17.4%
Vehicles out of CVRT - cert expired	52.2%
Drivers denied access to sanitary facilities	30.4%
Drivers delayed in renewing vocational driving licence due to lack of accessibility to medical/optician assessment	4.4%
Other	13.0%

Source: FTA Ireland Member COVID Impact Survey April 2020



The supports provided by Government have certainly ensured the retention in staff in those businesses badly affected by this pandemic. As we progress through 2020 the consideration moves towards whether or not we can stay in business. When we consider the peaks and troughs of declared cases each week will movement be curtailed. It adds continued uncertainty into an already volatile mix for all businesses. All we can do is continuously review our business plans, cashflow projections are critical, understanding the supports available through the Department of Business Enterprise and Innovation (2) and local enterprise centres. Availing of those support is recommended and keeping abreast of the ongoing advice and changes. The July Stimulus package (3) provides a lot of helpful supports for industry as we grapple with the continuing changing environment.

During 2020 all service providers have been impacted resulting in restrictions in maintenance and commercial vehicle inspections, renewal of driving licences and tachograph cards. As a consequence, the EU have had to align the process of recognising extension of certificates by member states as a result of Covid 19 – through the introduction of REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL (May 2020) laying down specific and temporary measures in view of the Covid 19 outbreak concerning the renewal or extension of certain certificates, licences and authorisations and the postponement of certain periodic checks and periodic training in certain areas of transport legislation.

Key extension dates:

1. Driver CPC (periodic Training) - time limit for completion - 7 months extension for periodic training that was due between 1 February and 31 August 2020
2. Driving licence - 7 months extension for Licences that were to expire between 1 February and 31 August 2020
3. Temporary relaxation of EU driving and resting time rules due to ongoing Covid 19 pandemic up and until the 31st of May.
4. Commercial Vehicle Roadworthiness tests – 7 months extension on Roadworthiness tests that would be due between 1 February and 31 August 2020 – 3-month extension for completion of CVRT once services opened – vehicles that had a test due date in July 2020 will now have a new test due date in October 2020, those vehicles that had a test due date in October 2020 will now have a new test due date in January 2021 and so on.

It is important to recognise that we collectively play a role in the risk management of Covid 19. As business owners and managers we must ensure all control measures are in place to mitigate the risk of the virus spreading in our workplace. Our employees must understand these controls measures and the reasons for them and must adhere to the requirements.

In turn, our customers and clients must protect our interests as we must ensure the safety and wellbeing of visitors to our workplace. The Department of Business, Enterprise and Innovation and the Department of Health published the Return to work protocol on Saturday the 9th of May 2020. This document details the measures that all businesses must take to ensure the safety and wellbeing of their staff, visitors and contractors. Given the impact that this virus is having it is important that a collaborative approach is taken by both the employer and the employee in ensuring the business can operate in a safe and controlled manner.

We in the freight distribution and logistics sector have been working hard to ensure the free flow of essential goods and services are uninterrupted during these extraordinary times. Ensuring that safety measures such as physical distancing and utilisation of Personal Protective Equipment (PPE) where necessary is nothing new to us. However, we must now all review our daily practices and obey these new guidelines. It is noted that this is a living document and subject to change. Employers must provide information and training on Covid 19 for their staff and include information on the signs and symptoms of Covid 19; how it spread; cleaning routines that need to be implemented; correct waste disposal; provide guidance and advice on hand and respiratory hygiene; physical distancing and correct use of PPE.

We all have a responsibility to create working environments that are fit for purpose, allow social distancing and are safe for staff and visitors alike.

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1. <https://www.irishtimes.com/business/economy/numbers-claiming-maximum-wage-subsidy-fall-as-total-paid-out-hits-936m-1.4253813>
2. <https://dbe.gov.ie/en/What-We-Do/Supports-for-SMEs/COVID-19-supports/>
3. <https://www.gov.ie/en/publication/7e4dd-backing-irelands-businesses-supporting-and-creating-jobs/>



Return to Work Safely Protocol

COVID-19 Specific National Protocol for Employers and Workers

Prepared by the Department of Business, Enterprise and Innovation and
the Department of Health



Methodology and Respondents

The 'Manager's Guide to Distribution Costs' is a unique report, established to benefit the operational, commercial and strategic plans for any organisation with an interest in logistics, supply chain and, more specifically, road transport across Ireland.

Research was undertaken by Analytiqa in the second quarter of 2020. The number of respondents recorded a single-digit percentage increase on the numbers achieved in our inaugural 2019 report. Once again, to ensure strict confidentiality and independence, only Analytiqa has access to individual company responses and the operational data they provided.

Companies that participated in our research manage and / or sub-contract transport fleets both domestically and internationally, encompassing own-account operators and third-party service providers.

Our respondents were broadly classified in three groups, as logistics operators, road hauliers or manufacturers and retailers.

The majority of our respondents (54.5%) provide haulage services to customers (including sub-contracted services to other logistics and transport companies). Just over one-quarter (27.3%) of respondents are described as logistics companies, with 18.2% managing fleets as own-account operators. The transport fleets operated by our research respondents support a significant share of Ireland's economy, across a wide variety of industries, including the automotive, construction, consumer goods, food and drinks, industrial manufacturing, pharmaceutical and healthcare, retail, technology, utilities, energy & waste sectors.

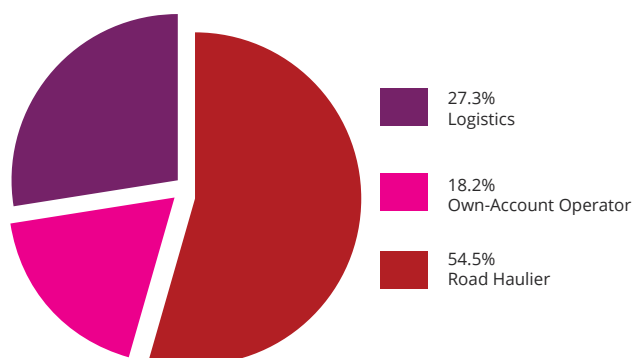
36.4% of our haulier respondents have undertaken cabotage in the previous 12 months.

Whilst lower than the first edition of our report, the fleet sizes of our respondents, and the distances they travel, remain higher than one might expect from the industry average. Understanding this will help provide context for the analysis included throughout this report. The market data appendix at the end of this report provides a series of data points to support our research findings. Included amongst these are average fleet sizes.

In the early stages of the lifecycle of this report, in just its second edition, there will be some disparities between 2018 and 2019 data, largely due to the differences in the number and composition of respondents in each of the two years. For this reason, we have largely avoided the calculation of growth rates between the two periods, instead focussing on a more holistic approach.

Research respondents by category

Research Respondents	2018	2019
Logistics	23.5%	27.3%
Own-Account Operator	17.6%	18.2%
Road Haulier	58.9%	54.5%
Total	100.0%	100.0%



Respondents' Operating Attributes	2018	2019
Respondents average fleet size (vehicles)	31.5	22.1
Respondents average distance travelled per vehicle (all truck types) per year	99,526 km	85,876 km
...equating to a distance per 'working day' of (excl. Sundays and Bank Holidays)	328.5 km	284.4 km



DELIVERING SAFE, EFFICIENT, SUSTAINABLE LOGISTICS

Achieving Best Practice in Fleet Operations

The definitions of supply chain management indicate that it is a complex undertaking that extends beyond the scope and capabilities of a single organization. Significant effort is needed to build and maintain a supply chain network. This involves a tremendous action list that requires expertise, time, and money, establishing strategies, building relationships and roles, aligning processes, developing people, implementing technology, and investing in capacity.

Given these requirements and challenges, it is logical to wonder whether the pursuit of supply chain management capabilities is worthwhile. The clear answer is yes because organisations need strong supply chain capabilities to profitably compete in the marketplace. Their key goals for supply chain management should be to achieve efficient fulfilment of demand, drive outstanding customer value, enhance organisational responsiveness, build network resiliency, and facilitate financial success. Understanding costs associated with the distribution is vital in ensuring supply chain efficiency. Understanding operational costs, continuously reviewing and updating route optimisation, delivery and collection times all aid the drive towards operational efficiency. This also create a culture within organisations of continual and sustained operational optimisation.

The TruckSafe™ standard was developed by FTA Ireland Members for commercial fleet operator provide independent verification of operational compliance of Driver and Vehicle Roadworthiness compliance. TruckSafe™ Standards represent the current minimum best practice standards required to ensure the safe and sustainable operation of commercial fleets. Members undertake an annual audit of their compliance. This process demonstrates members commitment to compliance and safety standards and also affords recognition for the company and team for the work being done to attain the highest possible compliance standards.



The Standard has 3 levels:

Bronze Standard – The company has systems in place to meet the standards in fatigue, roadworthiness, driver competence, road traffic rules, safe and legal loads, dangerous goods, road haulage operator licensing, professional competence, sustainable operations, contractor and agency management.



Silver standard – all of the above Plus monitoring of sustainable operations, vehicle and driver encounters.



Gold Standard – all of the above plus KPI and quality monitoring with continuous improvement for fatigue, driver competence load safety and sustainable operations.



The FTA Ireland TruckSafe™ standard focus at Silver & Gold level is on how commercial fleet operators are managing their fuel burn. It audits operational compliance in the areas of road safety, haulage operations, roadworthiness, working time and environmental efficiencies.

The TruckSafe™ audit is encouraging members to have sustainable and pro-active management systems in place. This has the added benefit for members by helping them reduce their carbon emission, reduce costs associated with fuel purchasing and aid their transition to alternative fuelling technologies whilst staying safe on the road.

Members are required to submit a 3-year fuel efficiency and management plan as part of the annual audit. Litres used, and Kilometres driven are collected from members to the scheme each quarter. FTA Ireland members have saved over 2.5million litres of diesel fuel on this programme (This is the equivalent of over 7.0 million Kg of CO₂e (1)

(1) <http://aems.ie/services/conversions/> - 1 Litre of diesel = 2.6769 kg of Co₂ (Source DEFRA)

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Headline Costs

In this section, we provide an overview of a commercial vehicle fleet operator's costs in Ireland, with a focus on business overheads, transport overheads, maintenance and fuel costs.

Business Overhead Costs

Over one-third of companies (35.3%) responding to our survey reported increases of more than 5.0% in the total business overhead costs in the last year.

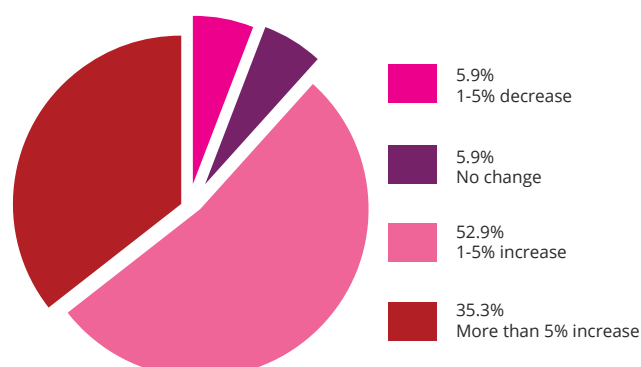
Annual business overheads were defined as those involved in running the business, distinct from the costs involved in running the transport operation itself, and included, for example, the cost of renting office space, salaries of administration, sales, marketing and accounting personnel, and utilities bills such as water, electricity and gas etc.

The cost increase experience by our respondents compare unfavourably with published rates of inflation in Ireland, which in 2018, were 0.5% and in 2019 was 0.9%. More details on inflation rates can be viewed in the market data appendix at the end of the report.

Change in business overhead costs

Change in Business Overhead Costs	2018	2019
More than 5% decrease	0.0%	0.0%
1-5% decrease	0.0%	5.9%
No change	0.0%	5.9%
1-5% increase	50.0%	52.9%
More than 5% increase	50.0%	35.3%
Total	100.0%	100.0%

Average change in annual business overhead costs:	2018	2019
	6.5%	5.9%



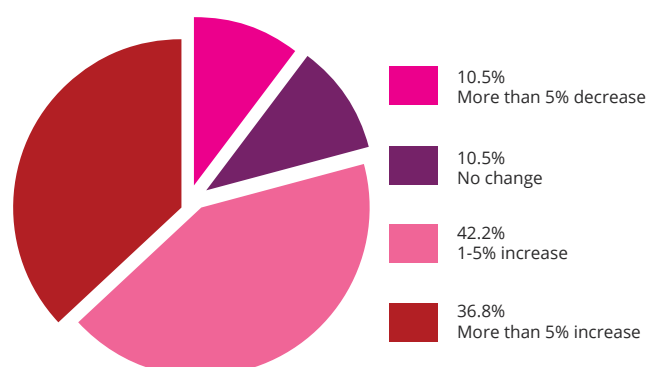
Overhead Costs

Annual transport overhead costs are once again increasing at a slower/ rate than wider business overhead costs, though still at 4.4% per year. Transport overheads are those associated with the day-to-day running of the transport operation and include, for example, the transport manager's salary, despatch office running costs, tachograph analysis costs, maintenance of fuel storage tanks etc.

Change in transport overhead costs

Change in Transport Costs	2018	2019
More than 5% decrease	8.3%	10.5%
1-5% decrease	0.0%	0.0%
No change	0.0%	10.5%
1-5% increase	50.0%	42.2%
More than 5% increase	41.7%	36.8%
Total	100.0%	100.0%

Average change in annual transport overhead costs:	2018	2019
	4.8%	4.4%



Haulage Rates

The increase in business and transport overhead costs should be placed in context with any increase in prices (rates) that service providers are able to achieve with customers. The average percentage change in domestic haulage rates achieved by our respondents decreased in 2019. It remains below the increases they are reporting in operating costs.

Average change in domestic haulage rates:	2018	2019
	3.0%	1.6%

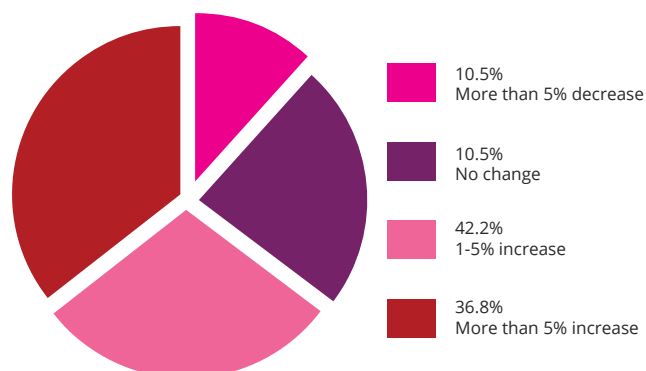
Maintenance Costs

Over one-third of companies (35.3%) saw their commercial vehicle fleet maintenance costs increase by more than 5.0% in the last year. Almost one-quarter (23.5%) saw no change in their costs.

Change in maintenance costs

Change in maintenance costs	2018	2019
More than 5% decrease	0.0%	11.8%
1-5% decrease	0.0%	0.0%
No change	30.8%	23.5%
1-5% increase	46.2%	29.4%
More than 5% increase	23.1%	35.3%
Total	100.0%	100.0%

Average change in annual maintenance costs for all commercial vehicle fleet:	2018	2019
	3.8%	3.3%
Average annual maintenance costs per vehicle for all commercial vehicle fleet:	€7,499	€ 7,746



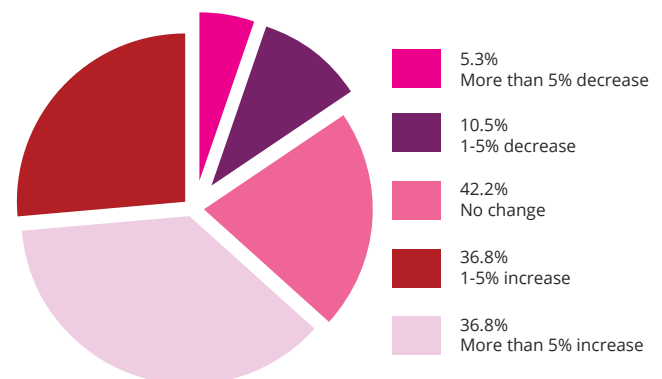
Fuel Costs

Almost two-thirds of companies (63.1%) reported an increase in commercial vehicle fleet fuel costs in the last year, with average annual growth amongst our respondents of 3.3%. At €0.33, average fuel costs per kilometre across commercial vehicle fleet operations was consistent with our findings last year, as were this year's average fuel consumption figures, at 25.1 litres per 100 kilometres.

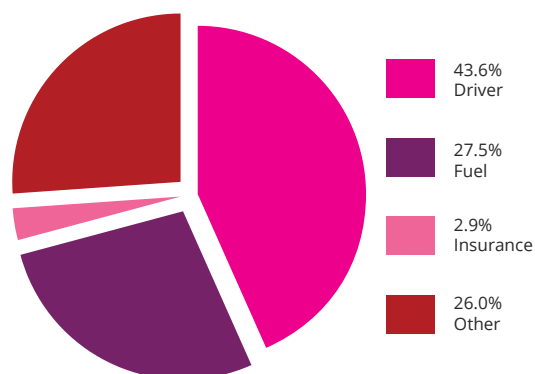
For further context, changes in retail fuel prices are provided in the market data appendix at the end of this report.

Change in fuel costs

Change in Fuel Costs	2018	2019
More than 5% decrease	0.0%	5.3%
1-5% decrease	0.0%	10.5%
No change	7.1%	21.1%
1-5% increase	42.9%	36.8%
More than 5% increase	50.0%	26.3%
Total	100.0%	100.0%



	2018	2019
Average change in annual fuel costs for commercial vehicle fleet	6.1%	3.3%
Average annual fuel costs per vehicle for commercial vehicle fleet	€32,185	€34,483
Average fuel costs per km for commercial vehicle fleet	€0.33	€0.33
Average Fuel Consumption (Litres per 100 KM)	25.0	25.1
	2019	2020
Average Annual Fuel (Price per Litre in March)	€1.33	€1.32



46 Tonnes Articulated Vehicles

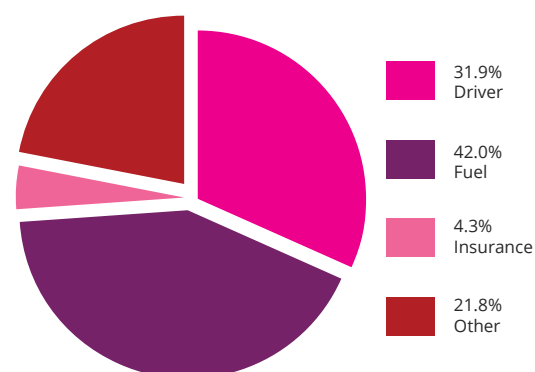
Breakdown of Costs by Vehicle Type

The following tables and charts segment the annual operating costs of two types of commercial vehicle, identifying the share of costs allocated to drivers, fuel and insurance. The 'other' category covers additional vehicle (and trailer where relevant) costs associated including tyres, maintenance and depreciation.

Rigid Vehicles 3.5 - 18.0 Tonnes GVW

Costs Breakdown: Rigid Vehicles 3.5 - 18.0 Tonnes GVW	2018	2019
Driver	42.6%	43.6%
Fuel	29.1%	27.5%
Insurance	5.8%	2.9%
Other	22.5%	26.0%
Total	100.0%	100.0%

Costs Breakdown: 46 Tonnes Artic	2018	2019
Driver	34.5%	31.9%
Fuel	38.9%	42.0%
Insurance	3.7%	4.3%
Other	22.9%	21.8%
Total	100.0%	100.0%





Finance

Managing Cashflow in the Face of a Crisis

On the 11th March 2020, the World Health Organisation declared Covid 19 a pandemic. Since then, the virus has caused devastation to human life and disruption to governments and businesses like no other seen in our lifetime. Complete and partial shutdown of factories, supply chain disruption and labour restrictions have adversely impacted companies on a global scale. Treasurers and finance managers have been working harder than ever to ensure their companies are well equipped to weather the storm. Gaining visibility and control of cashflow and optimising working capital are essential components to uphold effective cash management through a time of economic uncertainty. In this article we have outlined some key practical considerations for companies to consider when managing cashflow:

Cash Management

Liquidity is a company's ability to pay its obligations when they fall due and its ability to source additional funds to meet its obligations. Cash management is a tool of liquidity management, it being the physical day-to-day management of cash, so that those obligations can be met.

- It is important to have clear visibility of cash across the company. A company should utilise systems (e.g. bank technology) and prioritise process improvements so that there is timely, accurate and complete visibility over cash and liquidity
- Cash should be easily accessible. Where permissible, balances should be consolidated centrally so that excess cash can be utilised more efficiently
- There should be a good understanding as to how quickly the cash can be accessed and utilised either using internal or external sources
- Establish a supplier payment timetable (e.g. weekly or biweekly) for greater control and certainty over the timing of cash outflows. Communicate this timetable to suppliers so they can also plan effectively

Cashflow Forecasting

Cashflow forecasting is a key component of a company's liquidity strategy. The impact on future cashflows is of primary interest to determine the extent and timing of any cash shortfalls so that suitable responses can be planned.

- Establish cashflow forecasts for short, medium and long-range time periods. The short-term forecast (3 month) will be more granular and should be prepared on an expected receipts and disbursements basis
- Introduce scenario and sensitivity analysis which will help create a picture that will prepare a company for any further adverse impact

- Consider the impact of seasonality and political instability (global or country specific)
- Consider remedies such as working capital optimisation, adequate credit facilities/loans and alternative sources of funding
- Conduct regular variance analysis of cash flows, understanding the reasons for variation, whether timing or permanent. Such reporting will aid discussions with stakeholders so that issues can be addressed in a timely manner. It is also important to understand the company's cash performance against forecast, which can ultimately help drive subsequent forecasts

Working Capital Optimisation

Working capital is, broadly, inventory and work in progress plus debtors less creditors. It and the cash conversion cycle can be controlled by adjusting the levels of inventory, creditor payment days and the speed of collection from debtors.

- Focus on receivable management by ensuring the person(s) responsible for collections is engaged in the right tasks, and that the appropriate processes are in place e.g. ensure customers are invoiced in a timely manner, in accordance with contract terms, and there are robust credit controls in place.
- Current and accurate reporting is key to managing a company's receivable portfolio. Cash should be applied to the invoices accurately and on time. Use analytics to understand customers' payment behaviours and take proactive measures to align behaviours with contractual terms (i.e. continuous focus on aged receivables)
- Consider alternative mechanisms to expediate the collection of cash e.g. early cash discount, receivable financing etc
- Discuss payment term options with suppliers whilst being mindful of their own financial circumstances i.e. an impact to the financial strength of a supplier could have a detrimental impact on a company and the quality of service to that company's own customers.

Andrew O'Leary

Working Capital Optimisation, KPMG

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In this section of the Manager's Guide to Distribution costs we analyse truck purchase and leasing costs and also take an in-depth look at insurance, how and when commercial vehicle operators insure their assets, alongside the changing costs of doing so. For the first time, we also take an in-depth look at how fleet operators manage their cashflow and organise their management planning processes.

Truck Purchase Costs

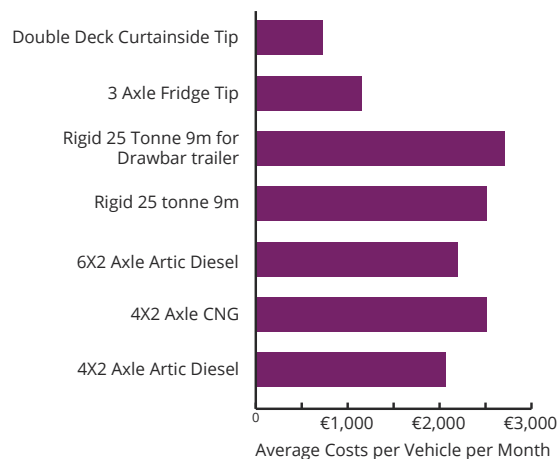
The following average purchase prices by types of vehicle were identified, based upon operators' most recent purchases after any discounts were applied.

Purchase Costs	2018	2019
3.5 Tonnes Vans GVW	€28,903	€27,018
Rigid Vehicles 3.5 - 18.0 Tonnes GVW	€76,836	€81,600
46 Tonnes Articulated Vehicles (3 Axle Tractor Unit)	€98,203	€100,667

Truck Leasing Costs

The truck leasing costs outlined below are calculated upon 100,000 km per year, with additional distance charged at rates of between 6.0% and 8.0%. Lease costs are inclusive of maintenance costs such as tyres, service, tax, CVRT testing and all repairs, but are exclusive of insurance and driver costs.

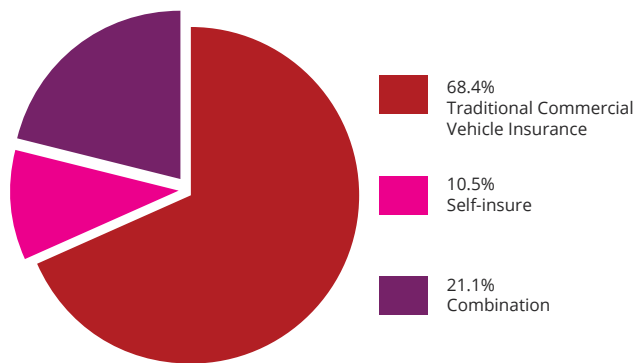
Average Costs per Vehicle per Month	2018	2019
4X2 Axle Artic Diesel	€2,040	€2,075
4X2 Axle CNG	€2,490	€2,530
6X2 Axle Artic Diesel	€2,180	€2,215
Rigid 25 tonne 9m	€2,495	€2,530
Rigid 25 Tonne 9m for Drawbar trailer	€2,680	€2,720
3 Axle Fridge	€1,150	€1,170
Double Deck Curtainside	€720	€730



Type of Motor Insurance

Over two-thirds of commercial vehicle fleet operators (68.4%) rely solely on traditional forms of insurance to safeguard their assets.

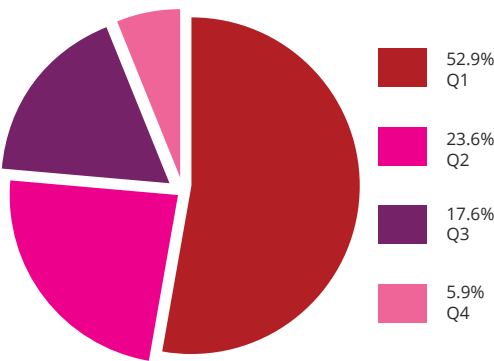
Type of Motor Insurance	2018	2019
Traditional Commercial Vehicle Insurance	57.2%	68.4%
Self-insure	7.1%	10.5%
Combination	35.7%	21.1%
Total	100.0%	100.0%



Timing of Insurance Renewals

Just over one-half of commercial vehicle fleet operators (52.9%) insure their vehicles in the first quarter of a calendar year. A further quarter of operators (23.6%) renew their motor insurance in the Q2 period.

Timing of Motor Insurance Renewals	2018	2019
Q1	46.2%	52.9%
Q2	23.1%	23.6%
Q3	23.1%	17.6%
Q4	7.6%	5.9%
Total	100.0%	100.0%



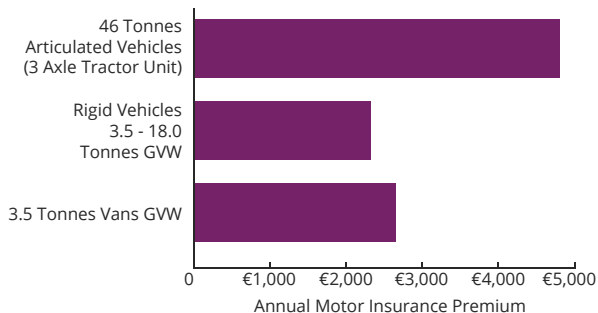
Motor Insurance Premiums

Commercial vehicle fleet operators were asked to provide details of their current annual insurance premium, or, if they self-insure, the amount that is set aside for their commercial vehicle fleet. Note that across two vehicle categories and impacting the overall average, costs are significantly down on the figures reported for 2018. This is explained by a different mix of vehicle types amongst respondents providing this data in 2019, that more accurately reflects overall fleet segmentations.

Average annual motor insurance premium per vehicle across all truck types:	2018	2019
	€4,410	€3,586

Average annual motor insurance premium per year per vehicle by vehicle type

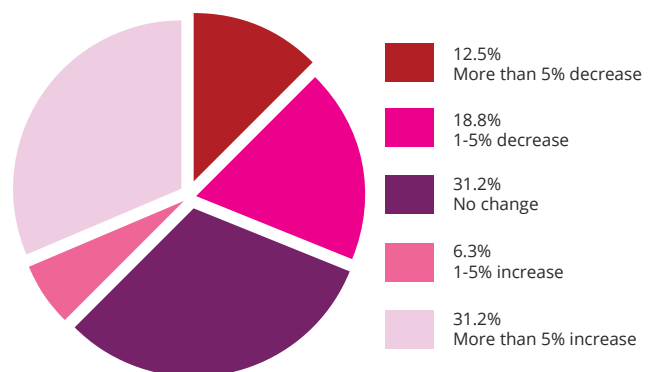
Annual Motor Insurance Premium	2018	2019
3.5 Tonnes Vans GWW	€ 1,897	€ 2,667
Rigid Vehicles 3.5 - 18.0 Tonnes GWW	€ 4,456	€ 2,344
46 Tonnes Articulated Vehicles (3 Axle Tractor Unit)	€ 4,363	€ 4,827



Over one-third of commercial vehicle fleet operators (37.5%) reported an increase of more than 5.0% in their annual insurance premium at the time of their most recent renewal, whilst just under one-third (30.3%) reported a fall in costs.

Change in Motor Insurance Premiums	2018	2019
More than 5% decrease	7.7%	12.5%
1-5% decrease	15.4%	18.8%
No change	15.4%	31.2%
1-5% increase	7.7%	6.3%
More than 5% increase	53.8%	31.2%
Total	100.0%	100.0%

Average annual change in insurance premiums:	2018	2019
	3.9%	3.3%

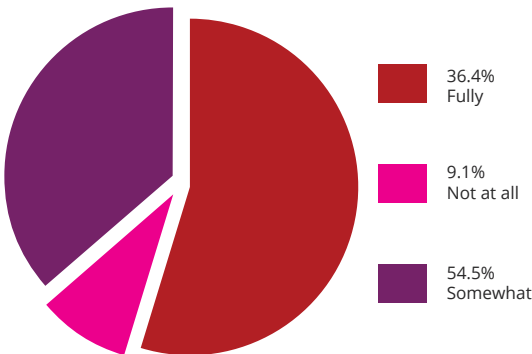


Financial and Strategic Performance

For the first time in our report series, our research takes an in-depth look at the financial and strategic performance of fleet operators across Ireland. There appears good reason for doing so, as our analysis highlights significant room for improvement.

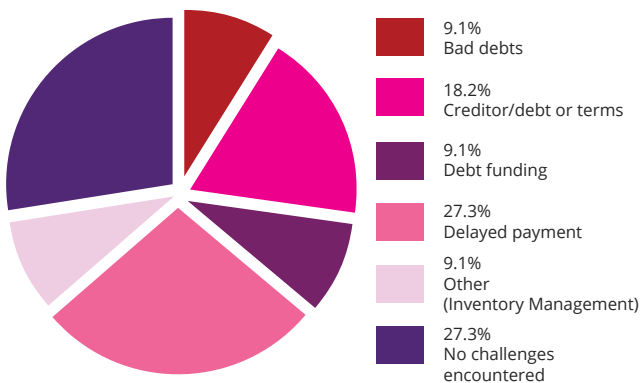
Only one-third (36.4%) of respondents believe they fully optimise their working capital, with over one-half (54.5%) admitting they only partly achieve this.

Optimisation of Working Capital	2019
Fully	36.4%
Not at all	9.1%
Somewhat	54.5%
Total	100.0%



Fleet operators face numerous cashflow challenges, with the biggest of these identified as managing delayed payments from customers. Managing creditor / debtor terms is the second most important challenge facing fleet operators. Pleasingly, over one-quarter of our respondents (27.3%) believe that they do not face any significant cashflow challenges.

Cashflow Challenges	2019
Bad debts	9.1%
Creditor/debtor terms	18.2%
Debt funding	9.1%
Delayed payment	27.3%
Other (Inventory Management)	9.1%
No challenges encountered	27.3%
Total	100.0%



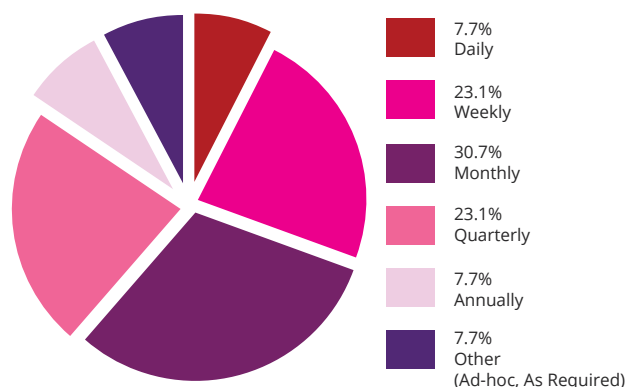
January is the most crucial time of the year for fleet operators managing their cashflow, with 57.1% reporting this as their most challenging time of the year. A further 28.6% of respondents face their biggest challenges in December.

Monthly Cashflow Challenges	2019
December	28.6%
January	57.1%
February	14.3%
Other	0.0%
Total	100.0%

Whilst it is pleasing to see that over 80.0% of fleet operators undertake staff scenario planning, over one-third (38.5%) undertake this on a quarterly, annual or ad-hoc basis. 30.7% of companies manage staff scenario planning on a monthly basis.

Staff Scenario Planning	2019
Yes	81.8%
No	8.2%
Total	100.0%

Frequency of Staff Scenario Planning	2019
Daily	7.7%
Weekly	23.1%
Monthly	30.7%
Quarterly	23.1%
Annually	7.7%
Other (Ad-hoc, As Required)	7.7%
Total	100.0%



Over one-half of our respondents report that they manage capital expenditure from their existing reserves, with 14.3% looking to achieve 100.0% funding from external asset lenders.

Average planned capital expenditure amongst our respondents in 2020 is close to €400,000, though this is expected to be, on average, 3.3% lower than levels seen in 2019. The main priority for investment in 2020 is new equipment to facilitate business expansion, with over one-fifth (22.2%) of respondents specifically looking to invest in their fleet operations.

Capex Funding	2019
Reserves	57.1%
Combination of reserves and debt	28.6%
Asset lender debt	14.3%
Total	100.0%

Capex Growth	2020
Average Change in Expenditure over 2019	-3.3%
Average Planned Expenditure in 2020	€384,375

Areas of Investment	2020
New equipment to facilitate expansion	66.7%
Fleet investment	22.2%
Refurbishment of machinery	11.1%
Total	100.0%



For what's next
for your business.

Together, we'll help you adapt for today and plan for tomorrow.



Your Partner For What's Next

Fleet and Transport Costs



Joanne Mellon
Logistics Director
BWG Foods

BWG Foods

BWG Foods is a leading retail and wholesale business. It owns and operates the SPAR, EUROSPAR, MACE, Londis and XL brands in the Republic of Ireland, working in partnership with independent retailers with more than 1,000 stores serving local communities right across the country. The wholesale division of BWG Foods also includes BWG Foodservice, Corrib Food Products and Heaney Meats and a nationwide network of 22 Value Centre and Cash and Carry branches. BWG Foods has relationships with more than 650 suppliers, dealing directly with approximately 14,000 B2B customers in the retail, foodservice and licensed sectors. Over 1,600 people are directly employed by BWG Foods, with a further 23,000 people employed in local communities across the country through BWG's partnership with independent SPAR, EUROSPAR, MACE, Londis and XL retailers. The stores serve in excess of one million shoppers every single day.

Our role as a community-based food wholesaler and retailer has never been more important in our 60-year history and thanks to our forward-thinking, contingency planning and the commitment of our devoted workforce; BWG Foods can be relied upon to deliver when it counts most as it undoubtedly does now.

Covid 19 Response

BWG are not unaccustomed to unforeseen circumstance and the challenges they present and through our previous experience with disruptors in the supply chain, we were well positioned to face one of the biggest challenges of all in Covid 19.

From the outset, BWG has been working closely with our suppliers and retailers to ensure that the supply chain runs smoothly and we are very confident that it will. We have invested significantly in our warehouse and distribution facilities in recent years and our large and highly sophisticated distribution operations, which includes our 240,000 sq. ft. National Distribution Centre in Dublin along with 22 Cash and

Carry Branches across the country. Our nationwide presence means we are positioned strongly to continue meeting consumer demands into the future by ensuring consistent deliveries to our community retailers.

As well as protecting the health and safety of our customers, staff and wider communities, BWG Foods is also committed to employing more sustainable and environmentally friendly practices in our day-to-day operations to better care for our environment. We are passionate about identifying the future strategy in decarbonisation of the supply chain in Ireland. This includes significant investment and embracing a holistic suite of technologies to progress with the carbon reduction in transport such as Bio Fuels, electric and green hydrogen vehicles with diesel and natural gas playing a major part in the transition.

Alternative Fuels

For example, BWG Foods recently became the first FMCG group in Ireland to launch an initial fleet of two Heavy Goods Delivery Vehicles (HGV's) fuelled with biogas in place of traditional diesel fuel, with ambitions to further increase the use of biogas as part of their increasingly environmentally-friendly fuel mix.

The vehicles will deliver a 90.0% reduction in transport related carbon emissions.

The launch of the biogas rigid 26 tonne fuelled trucks with electric fridge units, which each cost in the region of €180,000, follows a partnership between BWG and two Irish start-ups – VisionGreen and Generation Green – and represents the most significant development in terms of green transport in Ireland this year.

The trucks are the most efficient transport vehicles across the sector and are the quietest, meaning less noise pollution across towns and city centres. The first two of BWG Foods' biogas fuelled trucks will lead to a reduction of 200 tonnes of carbon emissions annually by the business.

In addition to the launch of its fleet, BWG will also contribute food waste from their 240,000 sq ft National Distribution Centre at Kilcarbery to the biogas production site at Nurney, County Kildare, making this a circular solution.

In the last 12 months, the Group has invested heavily in sustainability measures to lower the carbon footprint of its delivery operations and currently has the largest fleet of CNG (compressed natural gas) powered trucks in operation in Ireland, with plans to increase this from 18 to 50 by 2025.

Each of BWG Foods' CNG trucks complete approximately 120,000 kilometres annually, saving 100 tonnes of Co2 emissions in the process, an average of 15 tonnes per truck. As part of its ambitious investment programme, BWG has plans to increase the use of biogas fuel across its entire fleet of CNG trucks as production of the fuel increases.

To align with our sustainability mission, in 2018, BWG Foods analysed options to introduce alternative environmentally friendly fuels into the operation. Discussions took place with the various manufacturers to examine what options were available in the market to reduce our carbon footprint, contribute to improved air quality and deliver a return on investment. After consideration, BWG Foods decided on CNG as the preferable option at that time and teamed up with Scania adding 20 CNG vehicles to the fleet between 2018 and 2020 and with further CNG vehicles on order. The vehicles varied in type from Artic, rigid and draw bar variations.

Innovation

Furthermore, in 2016, as part of its wider supply chain sustainability programme, BWG Foods has also implemented a number of operational efficiency projects that have already led to collective Co2 emission savings of 3,200 metric tonnes per year for the last four years. This included a re-routing programme, which led to the reduction of more than 2.3 million kilometres travelled annually and an increase of individual delivery vehicle capacity by 15.0%. The business also introduced double deck trailers to reduce the number of journeys being made.

BWG Foods' award-winning logistics division is amongst the largest in the country with operations in 25 locations with

collective distribution space of over 1,000,000 sq ft and 280 vehicles in operation.

The division supplies over 1,000 stores nationwide which together serve over one million people per day, along with a further 14,000 additional professional customers across the retail, foodservice and licensed sectors. The Group has achieved Gold Standard in the FTA Trucksafe programme that audits, reviews and documents fuel efficiencies within the commercial sector, providing data that facilitates a reduction in fuel consumption.

BWG Foods completed a full consolidation delivery project within our supply chain, which resulted in customers receiving ambient, alcohol and chill products on the one vehicle. This initiative resulted in a reduction of 2.3 million kms annually by merging both the chilled and ambient fleets and yielded significant saving both commercially and environmentally.

In addition to these initiatives, BWG Foods has also established a number of other sustainable practices that reduce the environmental impact of the business and our retail partners in recent times including, for example, a strategic partnership with ESB to increase energy efficiency across our network of more than 1,000 stores and at the 240,000 sq. ft. National Distribution Centre at Kilcarbery in County Dublin through the use of LED lighting, which has the potential to significantly reduce energy waste.

BWG's commitment to continuous improvement is one that drives every facet of the business and is one embraced by everyone within the Company.

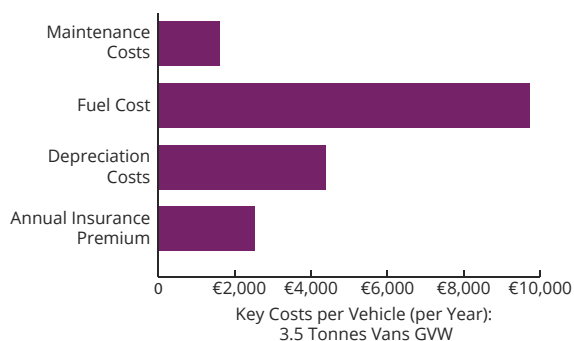


Truck Operating Analysis

The following section analyses a number of important operating metrics for truck operators, by vehicle type, including vehicle purchase prices and depreciation, distances travelled (including 'double running' where operators achieve this), vehicle ages and life spans, fuel costs and consumption, tyre costs and life spans and maintenance costs and attributes.

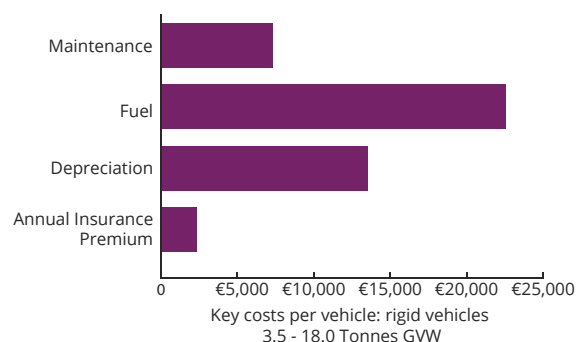
Key Metrics: 3.5 Tonnes Vans GVW	2018	2019
Purchase Price (per Vehicle)	€28,903	€27,018
Depreciation Rate	18.4%	16.4%
Annual Distance (km per Vehicle)	63,033	65,708
Average Age (per Vehicle) (Years)	3.9	3.2
Anticipated Vehicle Life Span (Years)	5.2	6.2
Fuel Consumption (L/100km)	9.0	11.2
Tyre Costs (New Tyres, per Tyre)	n/a	€110
Anticipated Tyre Life Span (km)	37,500	30,000
Share of Maintenance Costs on Parts	21.9%	24.8%

Key Costs per Vehicle (per Year): 3.5 Tonnes Vans GVW	2018	2019
Annual Insurance Premium	€1,897	€2,667
Depreciation Costs	€5,318	€4,431
Fuel Cost	€7,488	€9,788
Maintenance Costs	€2,679	€1,614



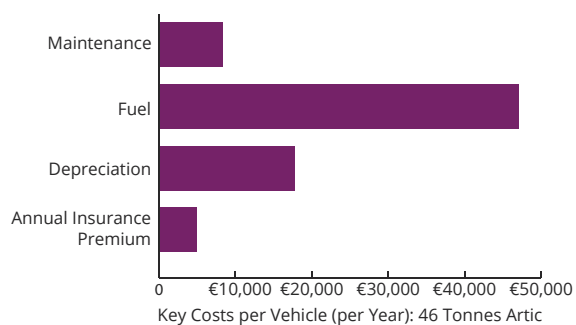
Key Metrics: Rigid Vehicles 3.5 - 18.0 Tonnes GVW	2018	2019
Purchase Price (per Vehicle)	€76,836	€81,600
Depreciation Rate	14.3%	16.6%
Annual Distance (km per Vehicle)	59,169	71,071
Average Age (per Vehicle) (Years)	5.6	7.0
Anticipated Vehicle Life Span (Years)	8.1	9.3
Fuel Consumption (L/100km)	19.2	24.1
Tyre Costs (New Tyres per Tyre)	n/a	€366
Anticipated Tyre Life Span (km)	37,217	29,250
Share of Maintenance Costs on Parts	42.80%	35.0%

Key Costs per Vehicle (per Year): Rigid Vehicles 3.5 - 18.0 T	2018	2019
Annual Insurance Premium	€4,456	€2,344
Depreciation	€10,988	€13,545
Fuel	€15,098	€22,609
Maintenance	€6,273	€7,310



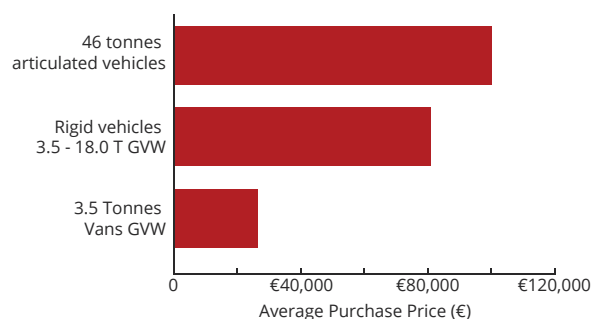
Key Metrics 46 Tonnes Articulated Vehicles (3 Axle Tractor Unit)	2018	2019
Purchase Price (per Vehicle)	€98,203	€100,667
Depreciation Rate	18.30%	17.60%
Annual Distance (km per Vehicle)	110,879	120,850
Average Age (per Vehicle) (Years)	5.2	3.8
Anticipated Vehicle Life Span (Years)	6.9	6.5
Fuel Consumption (L/100km)	31.3	29.4
Tyre Costs (New Tyres per Tyre)	n/a	€ 402
Anticipated Tyre Life Span (km)	113,471	91,502
Share of Maintenance Costs on Parts	48.0%	54.20%

Key Costs per Vehicle (per Year): 46 Tonnes Artic	2018	2019
Annual Insurance Premium	€4,363	€4,827
Depreciation	€17,971	€17,717
Fuel	€46,123	€47,255
Maintenance	€9,173	€8,292

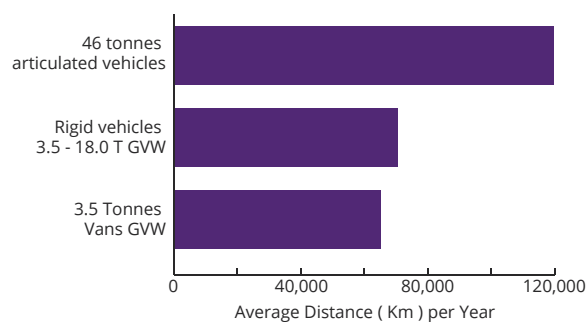


Comparative analysis by vehicle type

Average Purchase Price by Vehicle Type	2019
3.5 Tonnes Vans GVW	€ 27,018
Rigid vehicles 3.5 - 18.0 T GVW	€ 81,600
46 tonnes articulated vehicles	€100,667

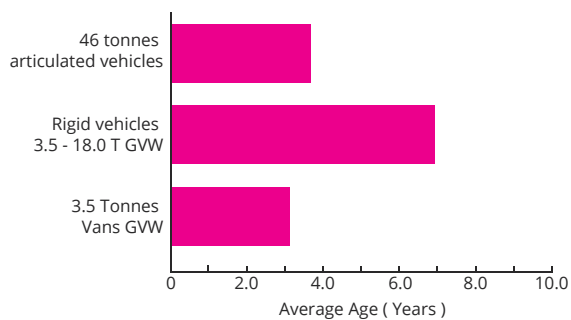


Average Distance (km) by Vehicle Type	2019
3.5 Tonnes Vans GVW	65,708
Rigid vehicles 3.5 - 18.0 T GVW	71,071
46 tonnes articulated vehicles	120,850

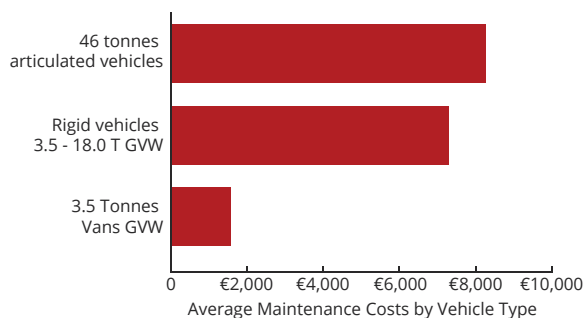


The average age of the fleets identified below should be placed in context of our assertion that a significant share of this year's research respondents are derived from larger fleet operators. In line with last year's findings, in particular, we expect the average age of 3.5 tonne vans to be significantly higher.

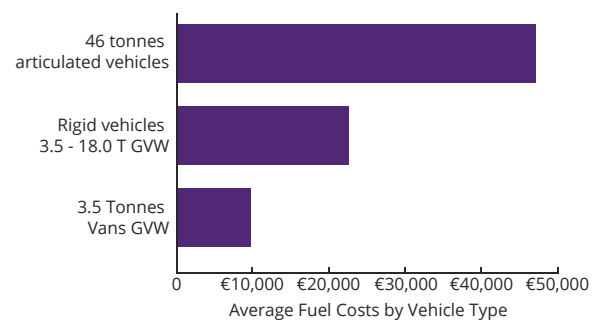
Average Age (Years) by Vehicle Type	2019
3.5 Tonnes Vans GVW	3.2
Rigid vehicles 3.5 - 18.0 T GVW	7.0
46 tonnes articulated vehicles	3.8



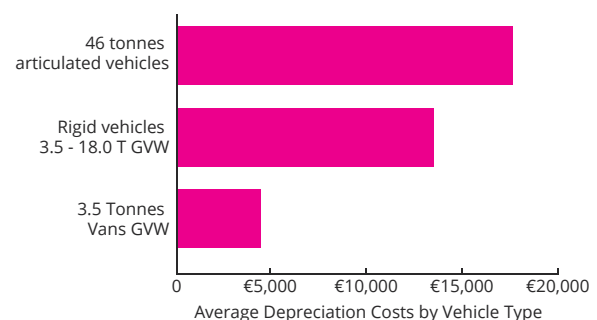
Average Maintenance Costs by Vehicle Type	2019
3.5 Tonnes Vans GVW	€1,614
Rigid vehicles 3.5 - 18.0 T GVW	€7,310
46 tonnes articulated vehicles	€8,292



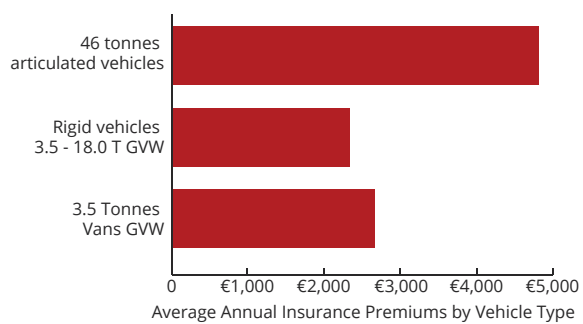
Average Fuel Costs by Vehicle Type	2019
3.5 Tonnes Vans GVW	€9,788
Rigid vehicles 3.5 - 18.0 T GVW	€22,609
46 tonnes articulated vehicles	€47,255



Average Depreciation Costs by Vehicle Type	2019
3.5 Tonnes Vans GVW	€4,431
Rigid vehicles 3.5 - 18.0 T GVW	€13,545
46 tonnes articulated vehicles	€17,717



Average Annual Insurance Premiums by Vehicle Type	2019
3.5 Tonnes Vans GVW	€2,667
Rigid vehicles 3.5 - 18.0 T GVW	€2,344
46 tonnes articulated vehicles	€4,827





Procurement, Energy and Eco-training

About Enprova

Our remit is to help Ireland save energy. We work with fleets, public bodies, multinational companies, and indigenous companies to help achieve energy/fuel savings.

We are the largest funder of energy savings projects in Ireland with many schemes, all of which are tailored to meet sectoral needs. We run the highly successful fleet fuel saving program (ECOfleet) which reports into the Global Logistics Emissions Council from Smart Freight Centre.

As part of its obligations under the Energy Efficiency Obligation Scheme (EEOS) (1), Enprova have sponsored this section on procurement, energy and eco-training.

Enprova was set up by the Irish Petroleum Industry Association (IPIA) in 2014 to achieve the energy efficiency targets set by Government under the Energy Efficiency Obligation Scheme or EEOS.

We have one of the largest obligations under the scheme. In exchange for energy credits (1 Litre saved = 10 credits), we can aid and incentivise fleets to make energy and fuel efficiency gains, to contribute to your company's bottom line profit.

Market Commentary

With Irish road freight volumes increased to 147.0 million tonnes (2) in 2018 and expected to nearly double (c.91.0%) (2) to 2050 leading to a target of at least an 80.0% reduction in emissions, vehicle procurement, energy, fuel and emissions, together with efficient operation have never been more important to the costs of distribution. Currently, 99.0% (2) of Ireland's freight goes by road, making road freight the key enabler for jobs and economic growth with over 50,000 direct employees (3).

With the average age of vehicles on our roads increasing year on year, procuring new vehicles with the latest EURO VI engines is key to reducing operator costs and emissions: incentives for operators to buy more efficient and cleaner new vehicles are urgently required to reduce emissions and support IPIA member's investment in new fuelling technology (see <https://www.fuelsforireland.ie>).

It is good to see the increase in respondents interest in alternatively fuelled vehicles, particularly battery electric (29.0%), the low uptake to date reflects the competitiveness, energy density and combustion efficiency of diesel as a transport fuel for Heavy-Duty Vehicles (HDVs).

It is heartening to see 26.0% of respondents considering natural gas (CNG or LNG) as IPIA member companies work with GNI to put in place fast-fill CNG stations around the country. FTAI

members report 47 CNG trucks now on the road in Ireland and sustained attendance at FTAI alternative fuels working group now moving to monthly meetings.

Understandably the industry is focussed on managing its existing vehicles using fuel cards and telematics, it is good to see over 80.0% of respondents affirm the use of telematics to manage fuel. It is even better to see fuel performance reported to senior management on a weekly and monthly basis at over 80.0% of respondents; this shows how the industry is moving to contain costs and start on the sharing of data (now at 37.0% of respondents) with customers.

Enprova believes that more work is needed to explain the benefits of structured training programmes such as Smart Freight and eco-driving. Programmes such as the FTA logistics apprenticeship scheme and (Enprova funded) eco-drive training for drivers (whether provided in-house, by FTA Ireland or by other providers such as vehicle suppliers) are another step towards this.

Post COVID19, it has never been more important to save on fuel costs. Managing fuel and emissions through educating managers and drivers (with the aim of reducing fuel consumption and CO2 emissions) is becoming a top priority with fleets and could potentially save a company thousands every year.

Our supports for fleets continue to 2030 and we are delighted to see Enterprise Ireland GreenSTART grant now include sustainable logistics training from Smart Freight Centre, helping participating FTAI members achieve global recognition (e.g. South Coast Logistics (4), who are also FTAI Trucksafe Gold (5)) with our local monetary rewards.

Enprova is delighted to see this very useful survey published and look forward to seeing it progress next year to compare results with 2019 and 2018.

(1) www.seai.ie/energy-in-business/energy-efficiency-obligation-scheme

(2) DTTAS LEVT Phase study November 2019

(3) DTTAS/IGEEES Transport Trends 2019

(4) <https://www.southcoast.ie>

(5) <https://www.ftai.ie/trucksafe>

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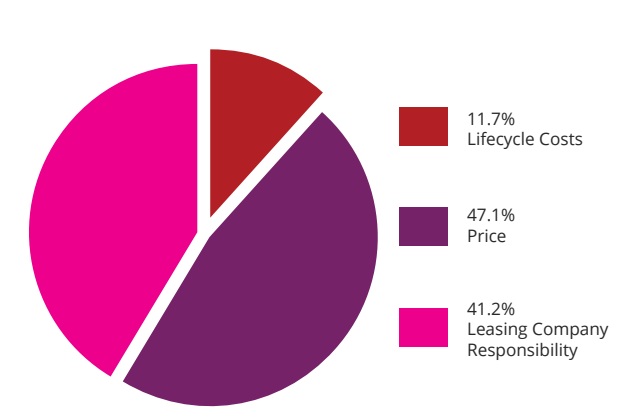
Managing Your Fleet

In this section of the Manager's Guide to Distribution costs we explore how commercial vehicles are procured in Ireland, the use of, and demand for alternative fuelled vehicles, the reporting and monitoring of fuel consumption, approaches to transport management and the actions operators are taking to save fuel.

Vehicle Procurement

41.2% of commercial vehicle operators in Ireland pass responsibility for the acquisition of vehicles to a leasing company, whilst almost one-half (47.1%) issue RFQs, or tenders, based on price. Just 11.7% of operators issue RFQs, or tenders, based on the anticipated life cycle costs of their vehicles.

Vehicle Procurement Decision-Making	2018	2019
Lifecycle Costs	9.1%	11.7%
Price	27.3%	47.1%
Leasing Company Responsibility	63.6%	41.2%
Total	100.0%	100.0%



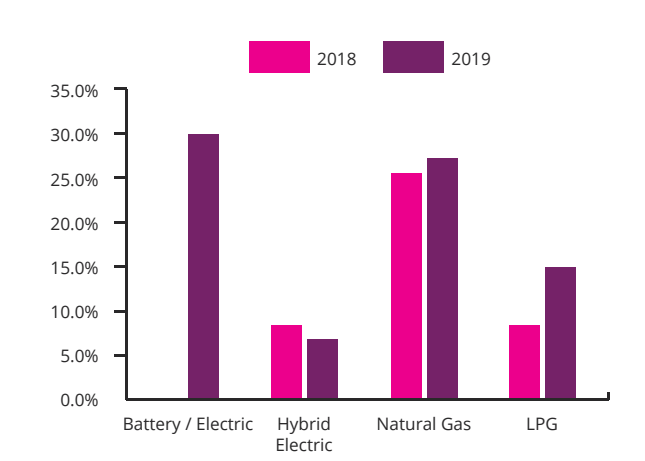
Alternative Fuels

Whilst the current take-up of alternative-fuelled vehicles is low in Ireland, there appears to be significant interest in exploring the future potential of such vehicles. It is very encouraging to see that one-quarter of our research respondents (26.7%) tell us that they are actively investigating the use of natural gas vehicles, whilst 29.4% are exploring the use of battery / electric vehicles.

Further data on the use of alternative fuelled vehicles in Ireland is provided in the market data appendix.

Overall alternative fuel implementation numbers:
4.5% of respondents

Share of Companies Actively Exploring Fuel Types	2018	2019
Battery / Electric	0.0%	29.4%
Hybrid Electric	8.3%	6.7%
Natural Gas	25.0%	26.7%
LPG	8.3%	14.3%



Reporting and Monitoring Fuel Consumption

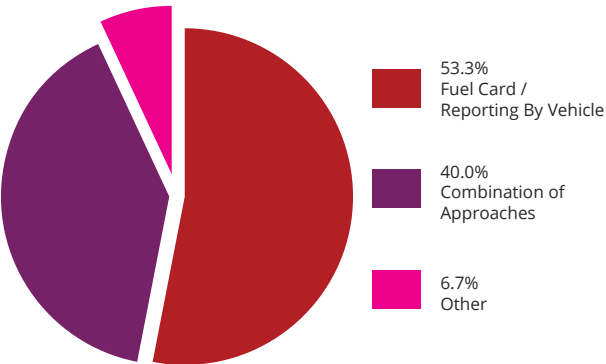
Over one-half of our research respondents (53.3%) indicate that fuel cards are used monitor fuel consumption for commercial vehicle fleets. 40.0% of companies use a combination of approaches to report fuel use, whilst 6.7% use other, bespoke systems, largely defined as ‘manual’ reporting, based upon driver feedback and logging / data recording.

The challenges that research respondents see in collecting, reporting and analysing fuel data were grouped into four key themes, which were broadly equally represented by respondents, including:

- Collecting the correct and accurate data.
- Managing multiple sources of data and bringing it together for analysis
- Reconciliation of fuel usage
- Working across different manufacturer’s telematics systems

Reporting and Monitoring Fuel Consumption	2018	2019
Fuel Card / Reporting By Vehicle	72.7%	53.3%
Combination of Approaches (1)	9.1%	40.0%
Other (2)	18.2%	6.7%
Total	100.0%	100.0%

Notes (1) Combination frequently refers to use of fuel cards and telematics systems. (2) Other is defined as: ‘manual’ reporting, or in-house systems, based upon driver feedback and logging / recording.



How is This Fuel Data Used?

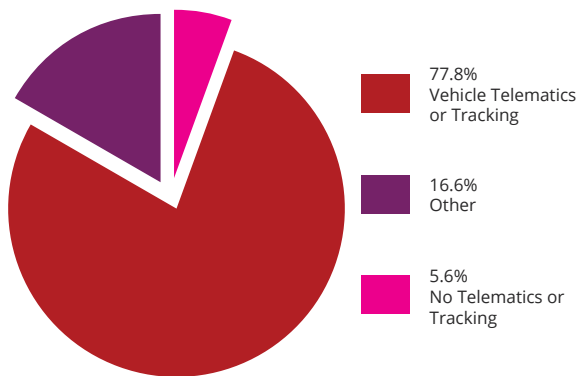
In a new section to this second edition of the report, we sought to understand not only how companies collect and monitor fuel consumption, but also – across six key areas – to what extent they then make use the data they have.

- Reporting to Management
82.4% of companies report the data to senior management on a regular (weekly/monthly) basis.
- Training of Staff
Seven out of ten companies (70.6%) use the data to assist in the training of staff and drivers.
- Procurement of Vehicles
88.2% of companies use the data to support the procurement of new vehicles.
- Allocation of Work
Over one-half of companies (52.9%) make use of the data to allocate specific work to vehicles
- Communication with Customers
37.5% of companies use the data in communications with customers.
- Sustainability
Over three-quarters of companies (76.5%) use the fuel data to promote their company’s sustainability efforts.

Transport Management and Planning

We wanted to explore the methods used to plan and control vehicle use in commercial vehicle fleets in Ireland. Over three-quarters of companies (77.8%) use vehicle telematics or tracking, whilst a further quarter (16.6%) use paper-based recoding systems. Just 5.6% of operators do not use any system of telematics or tracking.

Methods to Plan and Control Vehicle Use	2018	2019
No Telematics or Tracking	15.4%	5.6%
Vehicle Telematics or Tracking	61.5%	77.8%
Other	23.1%	16.6%
Total	100.0%	100.0%



A number of challenges in transport management and planning were identified by our research respondents:

- Managing internal reporting methods
- Optimising software use and benefitting from training
- Questioning the quality of external systems
- Handling labour union / regulations issues

Company Transport Management and Planning Costs

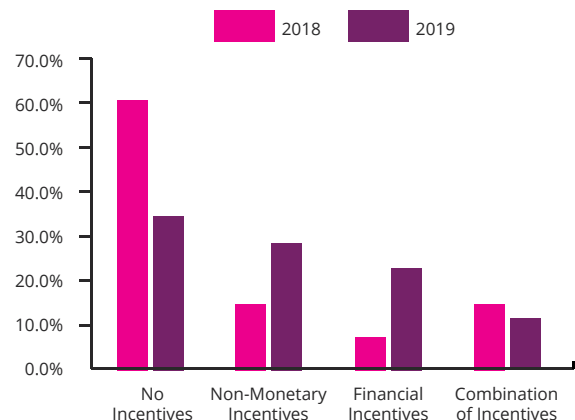
Amongst our respondents, average annual costs related to transport management increased in 2019, and were once again in excess of €30,000. Transport management and planning costs are defined as the total financial cost for tools used by operators to plan, control and monitor their commercial vehicle fleet. This includes costs of initial system purchase and / or ongoing fees. If an in-house developed system is used, we identified the financial costs allocated to the system's upkeep, maintenance and development.

Transport Management and Planning Costs	2018	2019
Average annual cost of transport management and planning	€32,520	€34,274
Average annual cost of transport management and planning per vehicle	€845	€923

Action and Incentives to Save Fuel

Around one-third of commercial vehicle fleet operators (35.3%) do not offer their staff incentives to save fuel. Amongst those operators that do offer fuel saving incentives, there is a healthy mix of approaches, across both non-monetary and purely financial-based incentives. Amongst those operators offering financial incentives, on average €190 is spent per year, per driver, to encourage more efficient use of fuel.

Action and Incentives to Save Fuel	2018	2019
No Incentives	61.5%	35.3%
Non-Monetary Incentives	15.4%	29.4%
Financial Incentives	7.7%	23.5%
Combination of Incentives	15.4%	11.8%
Total	100.0%	100.0%



Incentives Levels to Save Fuel	2018	2019
Average incentive costs per company to save fuel per year	€12,273	€13,182
Average incentive costs per driver to save fuel per year	€207	€190

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Employment, Wages and Training

The freight distribution and logistics sector is challenged with effective recruitment of personnel across all levels due in part to increased competition for employees and the lack of numbers looking to work in the industry, poor reputation and perceived low pay. We see in this year's report that employers are taking on average 29.7 days to fill vacancies and the cost of the skills shortage is €20,500 per annum. Employers must be more engaged in promoting the benefits of working with them and the career opportunities that exist to stay competitive and relevant.

A collective approach is required to make prospective employees more aware of the roles available in our industry and to change the mindset to entice more people to get involved in this diverse and exciting industry. There are many basic points that need to be considered including basic pay, contracts of employment, working hours, terms and conditions and benefits that will aid with this changing perception. The 'Addressing the Skills Needs Arising from the Potential Trade Implications of Brexit' report published in 2018 reaffirms this position stating that the perception has contributed to shortages in roles across the sector, particularly certain positions such as lorry driving.

This year's report continues to highlight that the perception is a little wide of the mark, and the sector is considerate of all the points raised with average holidays of 22 days increasing based on length of service. Transport managers and planners have seen an increase of 2.9% in their average basic salary in 2019 achieving on average €61,657 per annum. The average annual earnings in Ireland rose by 3.6% to €40,283.00 (1) in 2019. Whilst the report shows an increase in 4.2% for drivers' salary up to €35,839, it does not include subsistence and bonus payments. If these were included the average drivers take home pay would be greater than the documented average national salary. In January 2019, the minimum hourly rate rose to €9.55 per hour, the second highest in the EU. We need to continue the work done to date to improve the status of the freight distribution and logistics sector as a vibrant career choice that delivers a rewarding career and progression opportunities.

Apprenticeship programmes such as the Logistics Associate Apprenticeship and traineeships that encourage a linking of academic qualifications with job roles is worth supporting by all. Education and training provide benefits for both the employer and the employee ensuring the workplace becomes a more diverse, dynamic and resilient environment. Resilience in the supply chain is being tested through the impact of the Covid 19 pandemic and will be further tested with the ending the Brexit transition period.

The July 2020 Jobs Stimulus package announced by the Government includes a provision for the introduction of a new Apprenticeship Incentivisation Scheme for employers who recruit apprentices. This development underlines the Government's commitment to the value of apprenticeships and their continued expansion while acknowledging the real financial difficulties faced by employers in these challenging times. Apprenticeship employers are eligible for a €3,000 payment for each new apprentice who is registered between the period 01 March and 31 December 2020. €2,000 per apprentice is payable at the point of registration. A further €1,000 is payable in Quarter 3, 2021 for each eligible apprentice retained on their apprenticeship.

As the Country starts to recover from the impact of the Covid 19 pandemic, and prepares for new trading conditions after Brexit, it is vital that our industry – which supports all sectors of the Irish economy – can draw on the best and brightest recruits to futureproof our operations and ensure that Ireland can continue to trade efficiently, both at home and overseas. Future Irish trading competitiveness depends on a robust, well-resourced logistics sector, after all. Supporting businesses as they recruit the workforce of tomorrow will futureproof our sector at such a critical time for the Irish economy. Without supports such as this vital capital injection, businesses across logistics would be facing a significant skills shortage paired with a currently ageing workforce that could be difficult to address.

(1) <https://www.cso.ie/en/statistics/earnings/earningsandlabourcosts>

FTA Ireland

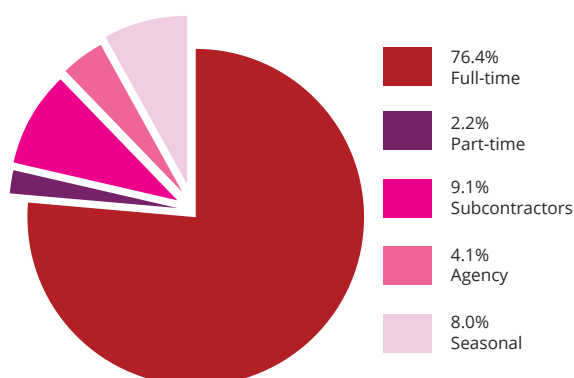
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Drivers' Employment Status, Conditions and Nationality

Across commercial vehicle fleet operators in Ireland, three-quarters of drivers (76.4%) are employed on a full-time basis. Less than one-in-ten (9.1%) are sub-contractors.

Drivers' Employment Status	2018	2019
Full-time	62.6%	76.4%
Part-time	4.2%	2.2%
Subcontractors	27.0%	9.1%
Agency	3.6%	4.1%
Seasonal	2.6%	8.0%
Total	100.0%	100.0%



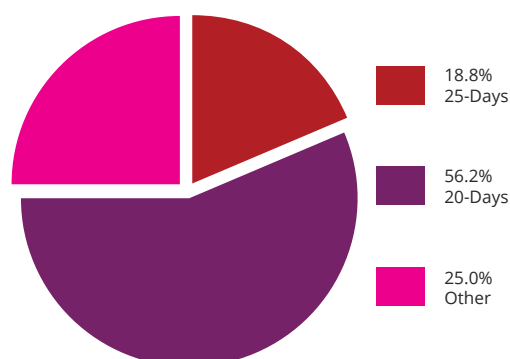
The salary figure identified below is calculated as an average across all vehicle types (a more detailed analysis is provided on the following pages. Note that the average salary does not include any amounts allocated for subsistence or overtime. Average drivers' basic salaries increased by 5.6% in 2018 and by 4.2% in 2019.

Drivers' Salaries	2018	2019
Average drivers' basic salary	€34,394	€35,839
Average annual change in drivers' basic salary	5.6%	4.2%

On average, across all vehicle types, commercial vehicle drivers are entitled to 22 days' holiday per year. Over one-half of commercial vehicle fleet operators (56.2%) offer drivers 20 days' holiday per year. 56.3% of commercial vehicle fleet operators in Ireland increase the amount of holiday entitlement awarded to employees based upon length of service.

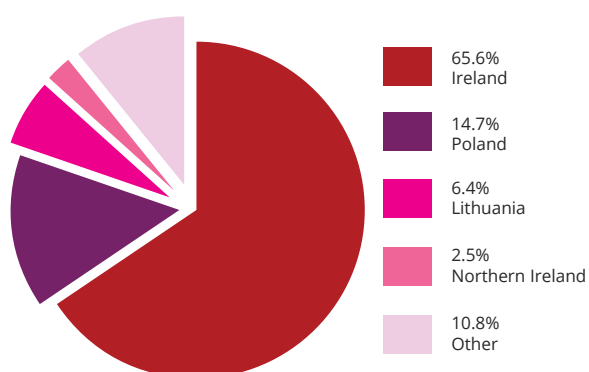
Drivers' Holiday Entitlement	2018	2019
Average drivers' holiday entitlements: days per year	21.2	22.0
Share of companies with holiday policy changing by length of service	38.5%	56.3%

Drivers' Holiday Lengths	2018	2019
25-Days	15.4%	18.8%
20-Days	53.8%	56.2%
Other	30.8%	25.0%
Total	100.0%	100.0%



Almost two-thirds of drivers of commercial vehicles in Ireland (65.6%) are born in the country. Our research indicates around one-in-five (21.1%) hailing from Poland and Lithuania, with a decrease in share accounted for by Northern Ireland in 2019.

Drivers' Nationality	2018	2019
Ireland	70.6%	65.6%
Poland	14.5%	14.7%
Lithuania	2.6%	6.4%
Northern Ireland	6.9%	2.5%
Other	5.4%	10.8%
Total	100.0%	100.0%



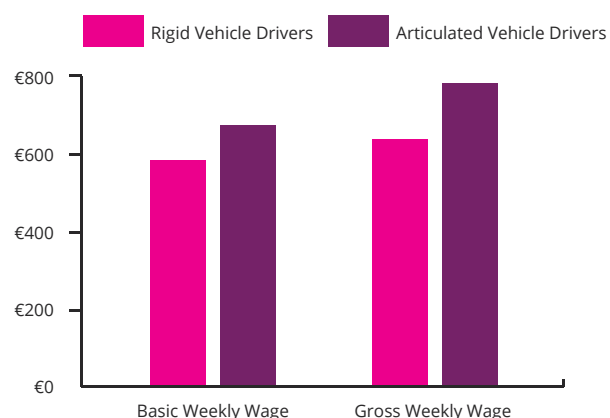
Where 'Other' includes Czech Republic, Great Britain, Hungary, Romania, Slovakia.

Drivers' Employment Conditions by Vehicle Type

Average gross weekly wages per hour for drivers of rigid commercial vehicles was €15.11 in 2019, whilst the equivalent wage for drivers of articulated vehicles was €16.82.

Rigid Vehicle Drivers	2018	2019
Basic Weekly Wage	€577	€590
Gross Weekly Wage	€628	€645
Basic Weekly Hours	38.3	41.1
Average Weekly Hours (Inc. Overtime)	42.7	42.4
Gross Weekly Wage / Hour	€14.81	€15.11

Articulated Vehicle Drivers	2018	2019
Basic Weekly Wage	€679	€682
Gross Weekly Wage (1)	€788	€782
Basic Weekly Hours	44.2	44.4
Average Weekly Hours (Inc. Overtime)	47.3	46.9
Gross Weekly Wage / Hour	€16.66	€16.82

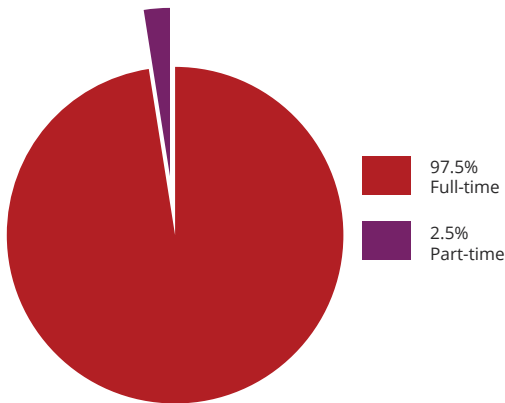


Notes: (1) Gross figures exclude any subsistence pay.

Transport Staff

Almost 98.0% of transport staff at commercial vehicle fleet operators, defined as transport managers and transport planners, are employed on a full-time basis.

Transport Staff Employment Status	2018	2019
Full-time	97.7%	97.5%
Part-time	2.3%	2.5%
Total	100.0%	100.0%



The salary figure identified below is calculated as an average across all vehicle types. Average transport staff basic salaries increased by 2.9% in 2018 and by 3.8% in 2019.

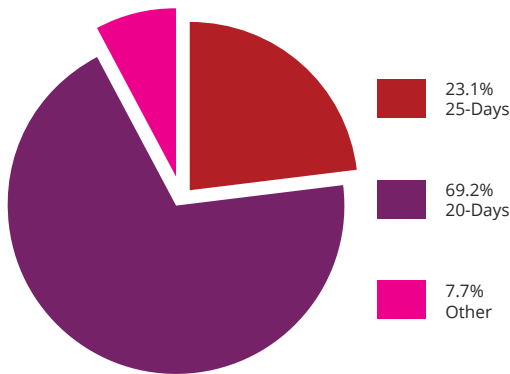
Transport Staff Salaries	2018	2019
Transport Staff average basic salary	€59,400	€61,657
Average annual change in transport staff basic salary	2.9%	3.8%

On average, across all vehicle types, transport staff are entitled to over 21 days' holiday per year. 69.2% of commercial vehicle fleet operators offer transport staff 20 days' holiday per year and 38.5% of operators increase the amount of holiday entitlement awarded to employees based upon length of service.

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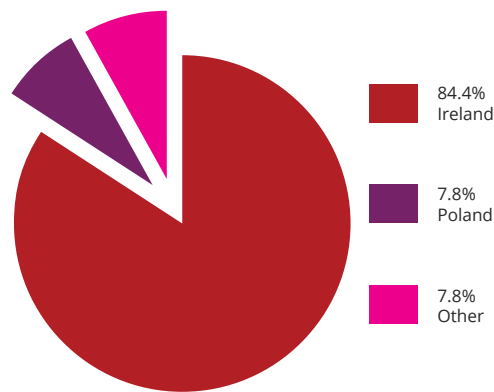
Transport Staff Holiday Entitlement	2018	2019
Average transport staff holiday entitlements: days per year	21.5	21.8
Share of companies with holiday policy changing by length of service	40.0%	38.5%

Transport Staff Holiday Lengths	2018	2019
25-Days	10.0%	23.1%
20-Days	50.0%	69.2%
Other	40.0%	7.7%
Total	100.0%	100.0%



Almost 85.0% of transport staff at commercial vehicle operators in Ireland are born in the country. Our research indicates that a further 7.8% are from Poland.

Transport Staff Nationality	2018	2019
Ireland	82.6%	84.4%
Poland	4.3%	7.8%
Other	13.1%	7.8%
Total	100.0%	100.0%



Where 'Other' includes Great Britain, Lithuania, Northern Ireland.

Transport Staff Employment Conditions by Role

Respondents were asked to provide employment details of people allocated to the roles of Transport Managers and Transport Planners. They were asked to exclude any agency employees and avoid the double-counting of staff that may perform more than one role.

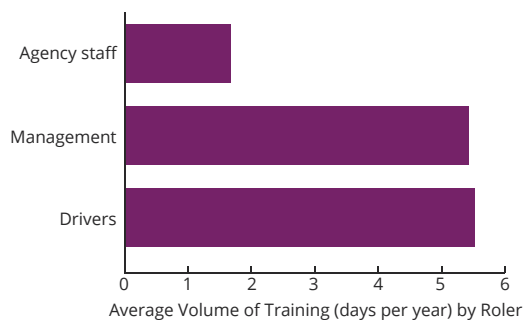
Transport Manager	2018	2019
Basic Wage	€1,007	€1,007
Gross Weekly Wage	€1,064	€1,113
Basic Weekly Hours	40.5	42.0
Average Weekly Hours (Inc. Overtime)	44.4	47.4
Gross Weekly Wage / Hour	€23.96	€24.90

Transport Planner	2018	2019
Basic Wage	€758	€750
Gross Weekly Wage	€699	€760
Basic Weekly Hours	40.2	41.4
Average Weekly Hours (Inc. Overtime)	42.3	43.8
Gross Weekly Wage / Hour	€16.52	€17.35

Training

Operators of commercial vehicle fleets in Ireland provide their drivers with an equivalent of almost five and a half days training per year. Management staff, defined as Transport Managers, Transport Planners, Transport Supervisors and Other Administration staff, on average, receive just over five days training per year.

Average Volume of Training (days per year) by Role	2018	2019
Drivers	5.4	5.4
Management	5.1	5.3
Agency Staff	4.7	1.7



Training and HR Expenditure

Across our research respondents, the average spend per company on staff training per year is €17,838 and €271 per company employee (excluding agency workers), both up on 2018 levels.

Our respondents spent almost €44,000 per year, on average, on Human Resource (HR) functions in 2019, allocating costs to the salaries of HR department staff (or costs of another staff member undertaking relevant activity as part of their role), external recruitment costs and training costs etc.

Training and HR Costs	2018	2019
Training per year for all company employees	€17,371	€17,838
Training per year per company employee	€223	€271
HR Function (1)	€37,786	€43,922

Notes: (1) Defined as the total costs to the company for all HR (human resources) activity, inclusive of costs (salaries) of HR department staff, recruitment costs, training costs etc

Vacancies

Our respondents were asked to estimate costs to their company incurred in the last 12 months as a direct consequence of any skills shortages within their business. On average, it is costing companies over €20,000 per year to try and overcome, or find alternative, more costly solutions, to their skills shortages, an increase of around one-third on the levels reported in 2018.

It takes commercial vehicle fleet operators over 24 days to fill driver vacancies within their business.

Skills Shortages	2018	2019
Costs as a consequence of skills shortage	€14,857	€20,500
Time taken to recruit staff (Days to fill vacancy)	20.9	29.7
Time taken to recruit drivers (Days to fill vacancy)	22.2	24.2

Staff Turnover Rates	2018	2019
Drivers	7.9%	5.2%
All Staff	4.7%	5.2%

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- Suitably skilled recruits
- Upskilling existing workforce
- Attracting new people to the freight distribution and logistics sector
- Develop internal agencies
- Build loyalty and reduce staff turnover
- Help with succession planning
- The programme is built around work-related experience and work specific projects



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THE LEAD PROPOSER IS FREIGHT TRANSPORT ASSOCIATION IRELAND (FTAI).



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Uptake on the Logistics Associate Apprenticeship (LAA) increases

Since the launch of the Logistics Associate Apprenticeship (LAA) in TU Dublin in September 2018, the number of apprentices participating on the programme has significantly increased. This is not a surprise, explains Anna Gorecka the Project Manager of the LAA.

The programme has become the perfect entry point into the Freight, Logistics, Shipping and Distribution industry not only for school graduates but also for those who wish to change their careers and get into the sector. It also offers upskilling opportunities for the existing employees, many of whom ended up working in the sector entirely by coincidence' says Anna. They have years of experience, but the lack of relevant qualifications prevented them from progressing their careers in the past.

Initially 27 apprentices commenced their journey on the programme since its official launch in 2018 with 17 employers signed up for the programme.

Since then, an additional 63 apprentices have been recruited, and over 40 employers have joined. In 2019 Cork Institute of Technology (CIT) became the second education provider for this apprenticeship.

The national coverage of the programme is meeting the criteria as defined by Apprenticeship Ireland and the speed that this has happened is testimony to the consortium and the coordinating providers who have long been setting ambitious targets to make this a successful programme. It has also grabbed the attention of the industry, and through our outreach programme is attracting young people into the industry which is a major benefit for the industry as a whole.

This apprenticeship model provides the academic education and practical training across the air, sea and road freight, logistics, shipping and distribution sectors.

Apprentices attend college one day per week throughout the academic year and stay with an employer for the remaining four days. Apprentices get a broad overview of all the relevant aspects of logistics. As part of the programme they will complete a work-based project in year 2, which will help them to develop their analytical, problem solving skills. The work-based project will also directly benefit employing organisations.

Each apprentice is assigned a work-based mentor by their employer who will be an experienced member of staff, and a College Academic Supervisor.

The work-based mentor will use their specific organisational and industry knowledge to guide the apprentice helping them to navigate corporate culture and gain an understanding of their role and duties in the organisation.

The blended learning approach makes complete sense, apprentices gaining valuable work experience while at the same time learning the theory behind the practice. On successful completion of this 2-year programme a person is awarded with the Level 6 Higher

Certificate in Logistics. From that point there are many routes of progression either into Level 7, or even Level 8 programmes - a person can apply for entry onto year 3 of a 4-year degree programme e.g. Bachelor's degree in Supply Chain Management to continue the study.

Little public knowledge of how the industry operates or of associated rewarding careers is one of the main reasons why people do not consider it as a career choice. The LAA programme has started changing that perception, a lot of time and effort has been put into promoting the sector to the younger generation by increased engagement with Career Guidance Professionals at secondary schools and attending various career, apprenticeship and job fairs events across the country.

It is vital to promote the sector to the younger generation and attract new entrants, the industry has a lot to offer in terms of career opportunities, well paid jobs in a high level of job security sector 'goods will always have to be moved and there are numerous office based roles associated with managing this process throughout', explains Anna.

Key benefits of the apprenticeship for employers:

- Upskilling opportunities for existing employees
- Build loyalty amongst staff
- Offers career progression opportunities
- Help with succession planning
- The programme is built around work related experience and work specific projects
- Attracts new entrants into the sector

Benefits for Apprentices:

- Level 6 Award 'Higher Certificate in Logistics'
- Earning while learning
- Gaining valuable on the job experience
- Accessing the Third level Education
- Clear ladder of progression

The programme has already been recognised and won the 2019 'Innovation Award at Fleet Transport Awards and 'Logistics & Transport Team of the Year Award' at the Irish Logistics & Transport Awards 2019. This helps in raising awareness and gaining recognition for the industry.

Anna Gorecka

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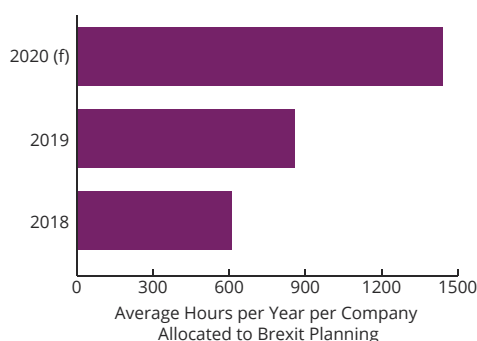


Brexit Preparation Key to Supply Chain Resilience

The Brexit negotiations continue as the transition period winds down to the 31st of December 2020. There is a timeline for industry preparation to the new trading reality understanding that the trading environment between Ireland and the UK is changing soon. Heretofore, the conundrum throughout this Brexit process has been the requirement for industry to invest in contingency measures and to second guess our political leaders as to whether or not there will be an agreement or not. Realisation is now manifesting itself that irrespective of the outcome import and export regulatory and documentary requirements will change. With this change will come additional administrative burden and increased cost of trade with the UK.

Therefore, we must prepare and adapt to new processes and procedures quickly. We need to double down on our contingency planning (if we need reminding). All stakeholders need to work collaboratively to maximise their preparedness. It will take time and expense to adjust to the new trading environment and the cost of not being ready overshadow any costs associated with preparation

Average Hours per Year per Company Allocated to Brexit Planning	Hours
2018	606
2019	867
2020 (f)	1420



Brexit Planning: Key points for consideration

- **Collaboration:** Stakeholders such as Revenue and Department of Agriculture and Transport must engage with the freight distribution and logistics sector on an ongoing and consistent basis: new trading and transport provisions need to be developed and tested in close collaboration with industry to ensure that they work in practice. While logistics is by definition an agile industry, companies need to have early clarity on operational requirements and new processes, so they have enough time to implement them.
- **Review the Government's Brexit readiness action plan:** Focus on training and upskilling requirements for your business. Avail of training support such as Clear Customs and support through Enterprise Ireland; Intertrade Ireland and Local Enterprise offices.
- **Shippers -** talk to your shipping partners. review contingency plans and work together to understand the implications of Brexit on your supply chain.
- **Know your Drivers:** Do any of your drivers have a UK driver licence This needs to be exchanged for an Irish Licence before the 31st of December 2020.
- **Haulage Transport Managers:** Does your transport manager have a Transport Manager CPC qualification issued by the UK? From 1st of January 2021 this is no longer recognised in the EU. Make arrangements to get a qualification in Ireland.
- The European Commission is providing ongoing guidance and information in relation to readiness notices summarising the legal implications of the end of the transition period in different sectors of the economy. A selection of guidance material is detailed below and should be reviewed.

- Road transport (1): The document does not address road haulage market access or ECMT permits, but focuses on the requirements of driver and transport manager Certificates of Professional Competence (CPC) and driving licence and driver attestations for holders of UK-issued documents willing to work for EU haulage companies after the end of the transition period.
- Customs (2): This document highlights the importance of preparation for those companies that trade with the UK highlight the necessity for obtaining an economic operator registration identification number (EORI) and includes information preferential origin.
- Type-approval of motor vehicles (3): EU-based distributors of vehicles coming from the UK will face new obligations in terms of product compliance and labelling. Furthermore, manufacturers placing vehicles on the EU market will no longer be able to rely on type-approval certificates issued by UK authorities. A regulation adopted in 2019 lifted the legal obstacles that prevented manufacturers from applying for a type approval with a type-approval authority of one of the 27 Member States while they hold a valid UK type approval.
- Maritime CO2 reporting (4) : EU law requires shipping lines to monitor and report their CO2 emissions. The readiness notice clarifies that:
 1. After the end of the transition period, emissions within UK ports and emissions from journeys between a UK port and a non-EU country will no longer be subject to this obligation.
 2. Annual emissions reports for journeys that remain subject to the EU requirements must be verified by accredited verifiers. After the end of the transition period, accreditations issued by UK authorities will no longer be valid. Maritime operators currently relying on UK-accredited verifiers should enquire whether their providers intend to secure a new, EU-issued accreditation or should make alternative arrangements.

The Northern Ireland Protocol provides for continued unfettered access for businesses and individuals to facilitate the movement of goods from Northern Ireland into the rest of the United Kingdom on the same basis as now. The end of the transition period will, however, mean some new arrangements for goods movements into Northern Ireland from Great Britain. Trade in goods between Northern Ireland and Ireland will be unaffected. There will be no new customs infrastructure required in Northern Ireland.

Under the protocol, it is for the elected institutions in Northern Ireland to decide what happens to the Protocol's alignment provisions in a consent vote that can take place every four years, with the first vote taking place in 2024.

Significant to the preparation for the new trading environment is training. Upskilling and preparing the workforce for the new administrative requirements is supported by many Government supported initiatives such as

- Skillnets clear customs: <https://www.ciltskillnet.ie/clear-customs-training>
- Intertrade Ireland support: <https://intertradeireland.com/brexit/funding> and
- Enterprise Ireland prepare for Brexit: <https://www.prepareforbrexit.com/all-supports>

Appreciation and an understanding of the roles and the responsibilities of those engaged in the transport and distribution to and through the UK is fundamental to ensuring a continued and efficient supply chain. Our message is to utilise all the supports that are available in being Brexit ready.

(1) https://ec.europa.eu/info/sites/info/files/brexit_files/info_site/road_transport_en.pdf

(2) https://ec.europa.eu/info/sites/info/files/brexit_files/info_site/guidance-customs-procedures_en_0.pdf

(3) https://ec.europa.eu/info/sites/info/files/brexit_files/info_site/type_approvals-automotive_vehicles_en.pdf

(4) https://ec.europa.eu/info/sites/info/files/brexit_files/info_site/co2-emissions-reporting-in-maritime-transport_en_0.pdf

FTA Ireland

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Customs procedures for the haulage operator



This course is designed for people working in the logistics and transport sectors who wish to update their customs knowledge in light of the dangers posed by Brexit. The course will bring participants through the most important issues and tangible effects of Brexit of their transport operation and will conclude with an FTA Ireland Brexit preparedness guide. The course will showcase the important role played by transport operators in the logistics and supply chain sector and demonstrate the importance of being Brexit-ready in order to remain competitive.

Course content

- Topic 1:** Transport and supply chain management.
- Topic 2:** The transport provider in the post-Brexit trading environment.
- Topic 3:** Transport and supply chain resilience.
- Topic 4:** The role and value of customs.
- Topic 5:** National and International trading relationships and agreements.
- Topic 6:** Customs laws and procedures.
- Topic 7:** Customs documentation (primary and supporting).
- Topic 8:** Harmonised commodity description and coding systems (classification and use).
- Topic 9:** Risk management, profiling and mitigation.
- Topic 10:** Incoterms.
- Topic 11:** AEO process and benefits.
- Topic 12:** Trade of live animals and products.
- Topic 13:** Company customs/Brexit preparedness reflection.

Course evaluation

All participants will be expected to demonstrate their understanding by continuous assessment during the course.

Duration

2 x 3 hour online course.

Delivery

Online via microsoft teams / zoom

Certification

On completion of this course a certificate of attendance will be issued to all participants.

Participants will also have access to FTA Ireland knowledge and expertise post course to ensure maximum results are achieved.

Price on application

Call 01 8447516 or email info@ftai.ie to book your place



Market Data Appendix

To provide context to our research findings, across the following pages are key data points relevant the operation of commercial vehicle fleets in Ireland. This includes...

- Fleet Population
- Fleet Ages
- Fleet Fuel Types
- Fleet Licences
- Motor Tax Rates
- Inflation
- Fuel Costs

Fleet Population

The following table illustrates the number, weight, age and fuel types of mechanically propelled goods vehicles as at 31 December across selected time periods.

Number of Goods Vehicles, 2000-2019

Year	Goods Vehicles	Growth (%)
2000	205,575	8.9%
2001	219,510	6.8%
2002	233,069	6.2%
2003	251,130	7.7%
2004	268,082	6.8%
2005	286,548	6.9%
2006	318,064	11.0%
2007	345,874	8.7%
2008	351,307	1.6%
2009	343,940	-2.1%
2010	327,096	-4.9%
2011	320,966	-1.9%
2012	309,219	-3.7%
2013	317,849	2.8%
2014	317,378	-0.1%
2015	330,541	4.1%
2016	342,259	3.5%
2017	349,143	2.0%
2018	355,273	1.8%
2019	366,760	3.2%

Source: <https://www.gov.ie/>

Number of Goods Vehicles by Weight, 2019

Unladen Weight (Kilograms)	Number used for carriage of goods for hire or reward	Number used for carriage of licencee's goods only	Total Number of Goods Vehicles
Not Exceeding 610	37	1,216	1,253
611 - 813	0	51	51
814 - 1,016	21	572	593
1,017 - 1,270	750	22,863	23,613
1,271 - 1,524	2,406	72,764	75,170
1,525 - 1,778	1,638	43,696	45,334
1,779 - 2,032	2,850	85,763	88,613
2,033 - 2,286	1,709	54,267	55,976
2,287 - 2,540	834	22,276	23,110
2,541 - 2,794	395	7,919	8,314
2,795 - 3,048	193	3,273	3,466
3,049 - 3,302	51	924	975
3,303 - 3,556	55	841	896
3,557 - 3,810	82	804	886
3,811 - 4,064	68	859	927
4,065 - 5,080	364	2,584	2,948
5,081 - 6,096	312	1,906	2,218
6,097 - 7,112	232	1,318	1,550
7,113 - 8,128	398	1,909	2,307
8,129 - 9,144	477	2,593	3,070
9,145 - 10,160	422	1,807	2,229
10,161 - 11,176	540	2,176	2,716
11,177 - 12,192	1,032	3,560	4,592
12,193 - 13,028	729	2,662	3,391
13,209 - 14,224	779	2,618	3,397
14,225 - 15,240	780	2,369	3,149
15,241 plus	1,223	4,339	5,562
Sub-Total	18,377	347,929	366,306
Electrically Propelled			
Not Exceeding 1270 kilos	0	7	7
Exceeding 1270 kilos	8	439	447
Total	18,385	348,375	366,760

Source: <https://www.gov.ie/>

Fleet Ages

Age of Goods Vehicles, 2018-2019

Age of Vehicles (at 31st December, 2018)	Goods Vehicles	Share (%)
4 Years old and over	250,493	70.5%
6 Years old and over	213,393	60.1%

Age of Vehicles (at 31st December, 2019)	Goods Vehicles	Share (%)
4 Years old and over	260,512	71%
6 Years old and over	211,155	57.6%

Year First Licensed	Goods Vehicles	Share (%)
2019	23,806	6.5%
2018	25,954	7.1%
2017	25,587	7.0%
2016	30,902	8.4%
2015	27,514	7.5%
2014	21,843	6.0%
2013	17,060	4.6%
2012	14,780	4.0%
2011	14,439	3.9%
2010	11,952	3.3%
2009	9,335	2.5%
2008	22,955	6.3%
2007	28,863	7.9%
2006	25,324	6.9%
2005	19,551	5.3%
2004	12,927	3.5%
2003 and earlier	33,969	9.3%
Total	366,760	100.0%

Source: <https://www.gov.ie/>

Fleet Fuel Types

Fuel Type of Goods Vehicles, 2018-2019

Fuel Type 2018	Goods Vehicles	Share (%)
Petrol	645	0.182%
Diesel	354,350	99.740%
Petrol and Electrical	57	0.016%
Diesel and Electrical	3	0.001%
Petrol and Ethanol	0	0.000%
Electric	167	0.047%
Petrol Plug-in Hybrid Electrical	10	0.003%
Diesel Plug-in Hybrid Electrical	0	0.000%
Other	41	0.012%
Total	355,273	100.000%

Fuel Type 2019	Goods Vehicles	Share (%)
Petrol	611	0.167%
Diesel	365,516	99.661%
Petrol and Electrical	65	0.018%
Diesel and Electrical	5	0.001%
Petrol and Ethanol	0	0.000%
Electric	454	0.124%
Petrol Plug-in Hybrid Electrical	57	0.016%
Diesel Plug-in Hybrid Electrical	0	0.000%
Other	52	0.014%
Total	366,760	100.000%

Source: <https://www.gov.ie/>

Fleet Licences and Sizes

The following tables analyse licence numbers by fleet size for the haulage sector in Ireland. Data, analysed by fleet size, for own account operators is not readily available.

Year	Total no. of licences (National and International)	Licences with 0-1 vehicles (and category share of overall numbers)	Licences with 2-3 vehicles
2015	3,814	1,791 (47.0%)	936 (24.5%)
2016	3,767	1,677 (44.5%)	936 (24.8%)
2017	3,845	1,642 (42.7%)	937 (24.3%)
2018	3,876	1,742 (44.9%)	945 (24.4%)
2019	3,873	1,727 (44.6%)	926 (24.0%)
2020	3,782	1,643 (43.4%)	916 (24.2%)

Year	Licences with 4-5 vehicles	Licences with 6-10 vehicles
2015	367 (9.6%)	376 (9.9%)
2016	365 (9.7%)	399 (10.6%)
2017	421 (11%)	414 (10.8%)
2018	375 (9.7%)	396 (10.2%)
2019	380 (9.8%)	416 (10.7%)
2020	381 (10.1%)	411 (10.9%)

Year	Licences with 11-20 vehicles	Licences with >20 vehicles
2015	215 (5.6%)	129 (3.4%)
2016	244 (6.5%)	146 (3.9%)
2017	268(7.0%)	163 (4.2%)
2018	270 (7.0%)	148 (3.8%)
2019	269 (6.9%)	155 (4.0%)
2020	270 (7.1%)	161 (4.3%)

Source: www.dttas.gov.ie

The number and share of companies operating in the licensed haulage sector with a fleet size of ten or more vehicles has increased from 10.5% of licences in 2015, to 12.7% in 2020. At the same time, the number and share of companies operating with one, two or three vehicles is falling.

Of those companies in the licensed haulage sector with ten or more vehicle licences since 2015, an increasing number and share (now 75.5%) are undertaking international activities.

Year	Licences with 10+ vehicles (and category share of overall numbers)	National licences with 10+ vehicles (and category share of 10+ numbers)	International licences with 10+ vehicles (and category share of 10+ numbers)
2015	400 (10.5%)	111 (27.8%)	289 (72.2%)
2016	438 (11.6%)	115 (26.2%)	323 (73.8%)
2017	487 (12.7%)	131 (26.9%)	356 (73.1%)
2018	466 (12.0%)	121 (26.0%)	345 (74.0%)
2019	476 (12.2%)	120 (25.0%)	356 (75.0%)
2020	482 (12.7%)	118 (24.5%)	364 (75.5%)

Motor Tax Rates

The basis of assessment is the vehicle detail which facilitates the calculation of the appropriate motor tax fee, e.g. weight for goods vehicles. The basis of assessment for the vehicles below is unladen weight, in kilos.

Electrical Goods Vehicle

Tax Band	Annual Cost (€)
0 - 1500	92
1501 - 3000	333
3001 - 4000	420
4001 - 5000	500
5001 - 6000	500
6001 - 7000	500
7001 - 8000	500

Standard Goods Vehicle

Tax Band	Annual Cost (€)
0 - 3000	333
3001 - 4000	420
4001 - 12000	500
12001 plus	900

General Haulage Tractor

Tax Band	Annual Cost (€)
	333

Source: <https://www.motortax.ie/>

Inflation

The Consumer Price Index is designed to measure the change in the average level of prices (inclusive of all indirect taxes) paid for consumer goods and services by all private and institutional households in the country and by foreign tourists holidaying in Ireland. It is the official figure for inflation in Ireland.

Consumer Price Index: Annual Average % Change

Year	% Change
2000	5.6
2001	4.9
2002	4.6
2003	3.5
2004	2.2
2005	2.5
2006	4.0
2007	4.9
2008	4.1
2009	-4.5
2010	-1.0
2011	2.6
2012	1.7
2013	0.5
2014	0.2
2015	-0.3
2016	0.0
2017	0.4
2018	0.5
2019	0.9

Source: <https://www.cso.ie/>

Fuel Costs

The table below illustrates the National Average Price (€) for diesel per litre at quarterly intervals over a six-year period.

Fuel Costs per Litre

Month	Diesel Price (€) per Litre
Mar-14	1.473
Jun-14	1.468
Sep-14	1.454
Dec-14	1.339
Mar-15	1.298
Jun-15	1.337
Sep-15	1.219
Dec-15	1.187
Mar-16	1.070
Jun-16	1.173
Sep-16	1.163
Dec-16	1.229
Mar-17	1.267
Jun-17	1.221
Sep-17	1.224
Dec-17	1.270
Mar-18	1.261
Jun-18	1.370
Sep-18	1.367
Dec-18	1.365
Mar-19	1.329
Jun-19	1.365
Sep-19	1.326
Dec-19	1.354
Mar-20	1.323
Jun-20	1.238

Source: <https://www.cso.ie/>



Official Fuel Partner of the Freight Transport Association in Ireland

Portland have teamed up with FTAI to offer members access to our Fuel Price Information Service at an **exclusive discounted rate**.

Our service provides access to a variety of wholesale and bulk fuel pricing tools, showing total cost transparency and enabling users to calculate premiums and accurately monitor price movements.



Wholesale

Monitor premiums applied by your supplier and access live, daily and weekly price benchmarks.



Delivered-In

Calculate surcharge rates for fuel escalator mechanisms against national and regional averages.

Why Portland?

Save Money: With access to minute-by-minute, daily or weekly fuel prices and recommendations on when to buy or hold your purchases, you can save hundreds of Euro on each full load.

Fuel Experts: Portland's team has an in-depth knowledge of all aspects of the fuel industry, the way fuel prices are calculated and how this filters down the supply chain to the buyer.

Industry Benchmark: Compare your prices to the industry average and join the UK and Ireland's largest hauliers in using the FTAI-endorsed index to manage freight agreements and escalators.

Region Specific: Ensure you are getting a competitive local fuel price with specific regional price breakdowns across the UK and Ireland.

Visit portlandpricing.ie, or call **+44 (0) 1904 749 073** to arrange a no-obligation demonstration.

Who are Portland?

Portland are the UK and Ireland's recognised experts on all things fuel. Set up in 2009, Portland began as a specialised hedging provider; more than ten years on, we offer a wide range of services covering every aspect of the downstream fuel sector. Our expertise and fuel price information is utilised by some of the UK and Ireland's largest fuel users and we have now partnered with FTAI to offer our services direct to members.

2020 Oil Market

Most analysts tipped the end of the 18-month economic conflict between the US and China to be a turning point for oil prices, after a trade agreement signed in early January saw Brent crude prices rise to \$70 per barrel following a period of prolonged suppression in 2019.

Fast-forward three months and, with the world in lockdown during the grip of a pandemic, the North Sea benchmark hit an 18-year low of \$17 per barrel, with futures contracts for its US counterpart WTI falling negative for the first time in history, during one of the most dramatic periods for oil markets in the last three decades.

The impact of Covid 19 has been profound, with up to a third of global demand eliminated by travel restrictions and lockdown measures - prices fell by \$30/bbl in March alone, exacerbated by a production disagreement between Saudi Arabia and Russia that saw Brent crude drop by \$14/bbl in a single day.

In an effort to support prices, a record 9.7m barrel per day output cut was eventually agreed between OPEC+ members (a cartel of oil producing nations and its partners), though a shortage of global storage meant prices did not begin to recover until May. As a result, Irish fuel prices have fallen by more than 30 cents per litre across the first half of 2020.

How can Portland help you?

Portland provide an online fuel price information service, designed to give transparency to the way fuel prices are calculated and to ensure recent movements in the market are accurately reflected in your prices. Our wholesale and delivered-in toolkits cover the full fuel supply chain from refinery rack to your depot, allowing you to monitor premiums paid and benchmark your fuel costs:

Wholesale

Our wholesale toolkit shows the price of fuel available to the supplier, based on trading in North West Europe, on a live, daily and weekly basis. By comparing your quotes against the wholesale rate as you receive them, you are able to calculate your supplier premium on an ongoing basis - any variance in the premium can be instantly checked, enabling you to challenge your supplier accordingly.

Delivered-In

Our delivered-in toolkit can be used to set fuel surcharges used in escalator mechanisms. Portland's price is endorsed by FTAI and referenced by more than 300 of the UK and Ireland's largest hauliers and retailers, to ensure haulage rates accurately reflect any movements in price. Delivered-in rates can also be used by fuel buyers to benchmark quotes against regional averages across the UK and Ireland, to ensure you are getting a competitive rate.

For more information or to arrange a no-obligation demonstration of the service, please visit <https://portlandpricing.ie> or call us on +44 (0) 1904 749 073.

ROI Delivered-in Average vs Brent Crude





Further Information and Feedback

Your feedback is welcome, as we look to expand, improve and enhance this report in the years to come.

To provide feedback or to register your interest in taking part in forthcoming research updates, please contact FTA Ireland and / or Analytiqa:

Freight Transport Association Ireland

The Freight Transport Association Ireland CLG is a not-for-profit membership trade association for the Irish freight and logistics industry. We are wholly owned and governed by our members and act solely in advancing their best interests.

FTA Ireland covers all aspects of private and public freight transport, passenger transport and logistics supply chain, including road, rail, sea and air. Our work enhances the influence and image of the freight industry in Ireland by promoting the highest standards of safety and compliance.

Our experience and expertise in the transport industry puts us at the forefront of new information

and changes to legislation, ensuring our members are the first to know about the latest developments in supply chain activity and policy.

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Analytiqa

Analytiqa assists clients across the supply chain to grow and profit in challenging and competitive markets. Analytiqa supports its clients' commercial and strategic objectives through research, analysis and actionable insight. Analytiqa assists 3PLs and industry service providers to win new business and supports manufacturers and retailers to improve the performance of their logistics operations.

Analytiqa provides research, consulting and AEO services globally, along the supply chain, across industry verticals. Analytiqa assists clients' to better understand their 3PLs, customers or competitors, deliver market strategies, identify opportunities for service expansion or merge with, or acquire competitors.

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