



Ireland

FTA Ireland Pre-Budget Submission 2026

Inspiring, advocating and endorsing safe, efficient and sustainable transport operations and supply chains



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Introduction

Transportation and Storage accounted for over €7 billion in Gross Value Added to the Irish economy in 2023¹. Imports and exports also depend on logistics and supply chain, and in 2022 Ireland exported approximately €197 billion worth of goods and imported around €140 billion². Over 111,000 people were directly employed in Q4 2023 across a variety of roles. This is equivalent to the agriculture sector employment figures. There are many ongoing challenges including skills shortages, year on year increased operational costs (exceeding inflation), decarbonisation challenges which are feeding into increased cost of services as well as many other input costs.

We welcome the opportunity to present our pre-budget submission to the Minister for Finance, Paschal Donohoe TD. We offer the observations of our membership on the priorities for government revenue raising and spending in the years ahead.

1 CSO – Annual National Accounts 2023 <https://www.cso.ie/en/releasesandpublications/>

2 CSO – Goods Exports and Imports December 2023 <https://www.cso.ie/en/releasesandpublications/ep/p-gei/goodsexportsandimportsdecember2023/>



The Freight Transport Association Ireland (FTA Ireland) is a multimodal representative trade association for the freight, distribution, passenger, and logistics sector. We support, shape and stand up for efficient and sustainable logistics. We look after the interests of our members who move goods by road, rail, sea and air and we are unique in the sense that we represent all modes of transport. FTA Ireland represents some of the largest freight distribution and passenger operators in Ireland, with more than 25,000 employees and 10,000 vehicles operating between them. We embrace positive collaborative engagement with all stakeholders for the benefit of our members and that of the freight distribution and logistics sector. Our members are committed to raising standards of safety and professionalism. This is evidenced by our rigorous annual certification program TruckSafe™ / VanSafe™ / PassengerSafe™.

We have a dynamic and changing service offering that is focused on meeting industry needs that supports our members journey to increased competitiveness.

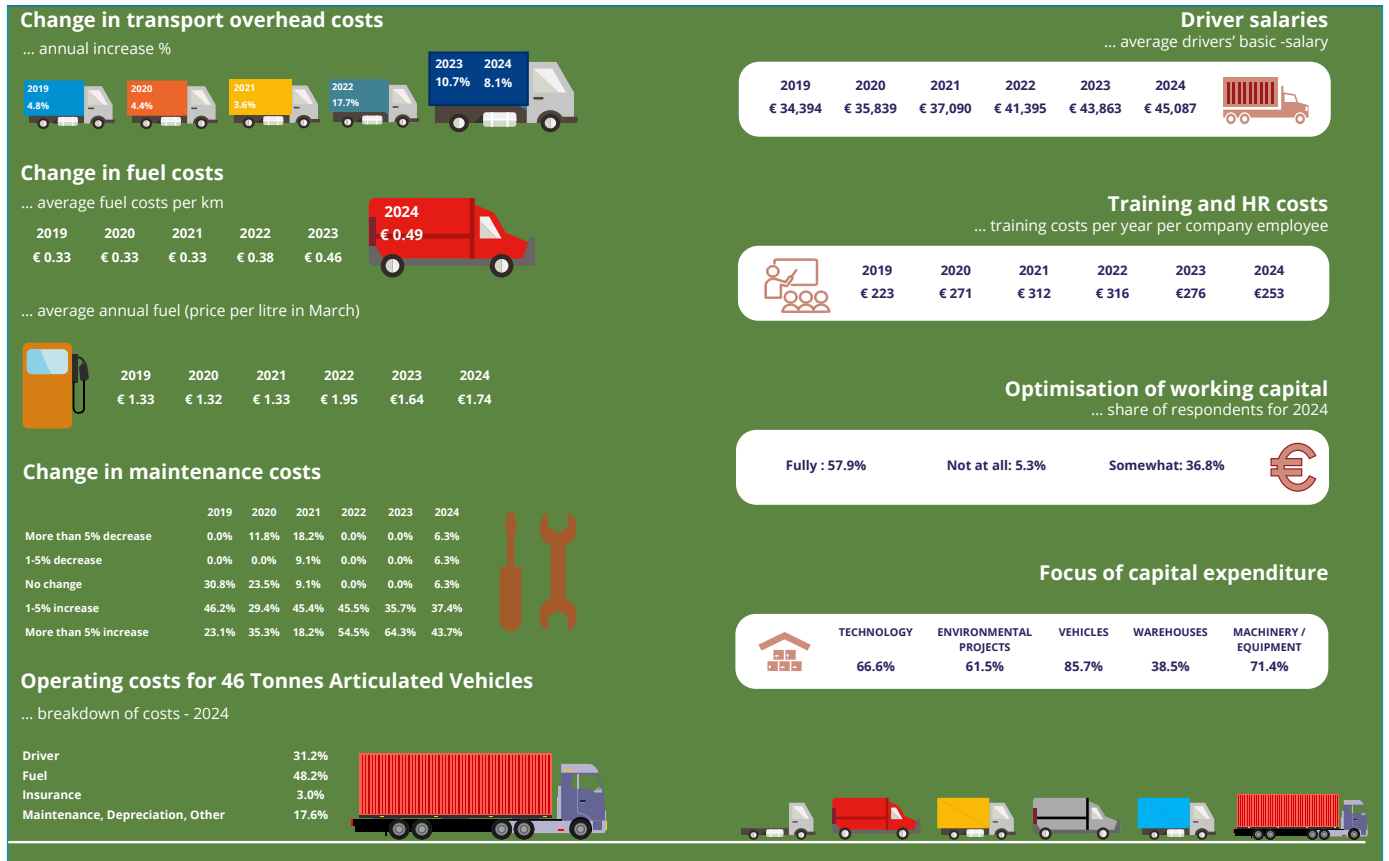
Our Mission

To inspire, advocate and endorse safe, efficient and sustainable transport operations and supply chains.

FTA Ireland Budget Recommendations

Commercial Fleet operators (those in the own account and the Haulage sector) are seeing significant increases in operational costs due to ongoing skills shortage, geo-political implications on the global supply chain, fluctuating fuel pricing as well as the demands to innovate and decarbonise. According to the “*FTA/Managers Guide to Distribution Costs 2024*”³ report fuel accounts for 48.1% (up from 41% the previous year) of operational costs for

Heavy Duty Vehicles. The most recent report identified average fuel cost per kilometre at 0.49 cent (an increase of approximately 7% on the previous year). Wage inflation exacerbated by the well documented skills shortage is seeing costs increase for drivers by over app. 3% year on year. These issues are not borne solely by the haulage sector who represent 50% of the National Heavy Goods Fleet. The Own Account sector have the same issues.



3 Manager Guide to Distribution Costs 2024 Report <https://ftai.ie/cost-of-distribution/>

Energy & Decarbonisation – A Key Focus in Ireland’s Climate Ambitions

Achieving the 51% emissions reduction target by 2030, relative to 2018 levels, as mandated by Ireland’s 2021 Climate Act, poses a particular challenge in the transport and logistics sector – one of the country’s highest-emitting areas. With road freight and personal car use dominating national transport patterns, reducing emissions in this space requires a transformative shift. Electrification of vehicle fleets, investment in infrastructure and subvention, and the development of low-carbon logistics networks are all essential. However, the sector faces structural hurdles, including reliance on diesel-heavy HGVs, limited EV charging infrastructure for commercial transport, and supply chain

pressures that demand speed over sustainability. Meeting the climate target will depend not only on policy and investment, but also on collaboration across government, industry, and consumers to reimagine how goods are move around the country.

Pre-budget submission for Ireland’s 2026 transport and logistics sector should be strategic, data-driven, and focused on climate goals, economic growth, and infrastructure resilience. The following list of initiatives by FTA Ireland members are both practical and strategic considerations for the Government for inclusion in developing the 2026 budget.

FTA Ireland Initiatives for consideration in the upcoming budget

- ✓ Infrastructure For Scaling Up HDV Charging With Targeted Support
- ✓ Reform VRT to Support Low-Emission Light Commercial Vehicles
- ✓ Reforming Weight Limits to Enable Low-Emission HDV Adoption
- ✓ Incentivising Greener Freight: Tolls Reform Under Review
- ✓ Levelling the Playing Field: Tax Relief/Rebate for Low-Emission Fuels
- ✓ Boosting Fleet Renewal: Grants and Scrappage Schemes
- ✓ Eco Driver Training: Low Hanging Fruit Opportunity for Emissions Reduction
- ✓ Supporting Smarter Fleets: Grants For Retrofitting Telematics Systems
- ✓ Tyre Efficiency: Incentivising Simple Switch with Significant Savings
- ✓ Flexible Finance Models: Support for Leasing Low-Emission HGVs
- ✓ Aligning Public Procurement with Climate Goals in Passenger Transport
- ✓ Insurance Incentives for Low-Emission Vehicles
- ✓ Addressing the Driver & Skills Shortage: Building a Sustainable Workforce
- ✓ Road Safety/Enforcement for Safer, Fairer Commercial Fleet Operations

Infrastructure For Scaling Up HDV Charging With Targeted Support

To accelerate the transition to zero-emission heavy-duty vehicles (HDVs), Ireland must develop a comprehensive National EV Infrastructure Strategy that stays ahead of demand and meets EU obligations. This strategy should prioritise the rollout of high-capacity charging infrastructure along key transport routes and in areas without access to depot or home charging. Crucially, support measures such as the Accelerated Capital Allowance⁴,

which allows businesses to claim tax relief on investments in EV charging equipment, including chargers for HDVs, should be expanded, and promoted. This grant-supported approach will help reduce upfront costs and incentivise the logistics sector to invest in the infrastructure needed to future-proof their fleets and meet Ireland’s 2030 climate goals.

Reform VRT to Support Low-Emission Light Commercial Vehicles

Greater investment in low-emission Light Commercial Vehicles (LCVs) is essential to decarbonising transport, but current Vehicle Registration Tax (VRT) policy acts as a barrier. Due to their heavier battery weight, electric LCVs often face significantly higher VRT charges than their diesel counterparts, undermining efforts

to promote cleaner alternatives. A comprehensive overhaul of the VRT system is needed to ensure it reflects environmental performance rather than vehicle weight, making electric LCVs more financially viable and encouraging wider adoption across the logistics and delivery sectors.

Reforming Weight Limits to Enable Low-Emission HDV Adoption

To accelerate the transition to low-emission Heavy Duty Vehicles (HDVs), policy reform is urgently needed to address weight restrictions. Electric HDVs typically carry heavier batteries

compared to ICE (Internal Combustion Engine), thus reducing their allowable payload under existing limits and making them less commercially viable compared to diesel equivalents.

⁴ <https://www.neh.gov.ie/business-supports/accelerated-capital-allowances>

Incentivising Greener Freight: Tolls Reform Opportunities

As part of efforts to decarbonise transport and logistics, the government should consider in the budget a reduction in tolls for vehicles powered by alternative fuels such as HVO (Hydrotreated Vegetable Oil), CNG (Compressed Natural Gas).

A key proposal should include offering zero toll charges for zero-emission electric heavy-duty vehicles (HDVs) such as hydrogen and electricity.

The aim of these initiatives is to incentivise the transition to cleaner commercial transport, reduce the carbon footprint of freight movement, and support operators in adopting more sustainable technologies.

Levelling the Playing Field: Tax Relief/Rebate for Low-Emission Fuels

To accelerate the shift towards cleaner transport, a reduction in excise duty or the introduction of a rebate scheme on low or zero-emission fuels such as HVO, BIOCNG, hydrogen, and electricity. The goal is to bring the cost of these greener alternatives in line with, or below, the cost of conventional diesel. This measure would help remove a key financial barrier for fleet operators and logistics providers (applicable to Hire & Reward and Own Account Operations) seeking to reduce their carbon footprint.

Unlocking HVO's Potential

Hydrotreated Vegetable Oil (HVO) offers a legally certified CO₂ reduction of over 88% per litre compared to fossil fuels, making it a powerful interim solution for decarbonising transport without requiring investment in new vehicles or infrastructure. Despite its environmental benefits, HVO currently receives no recognition or incentive under existing government or tax policy. To accelerate adoption, a review of excise duty treatment is urgently needed, accessible to all HDV, coach, and bus operators. Recognising and supporting HVO use could deliver immediate emissions reductions across Ireland's freight and logistics sector.

Boosting Fleet Renewal: Grants and Scrappage Schemes

To further drive the transition to low-emission transport, explore proposals to increase grants for new alternatively fuelled vehicles and introduce a scrappage scheme for older (HDV) internal combustion engine (ICE) vehicles. This dual approach would make it more affordable for businesses and individuals to upgrade to cleaner technologies such as electric, hydrogen, or biofuel-

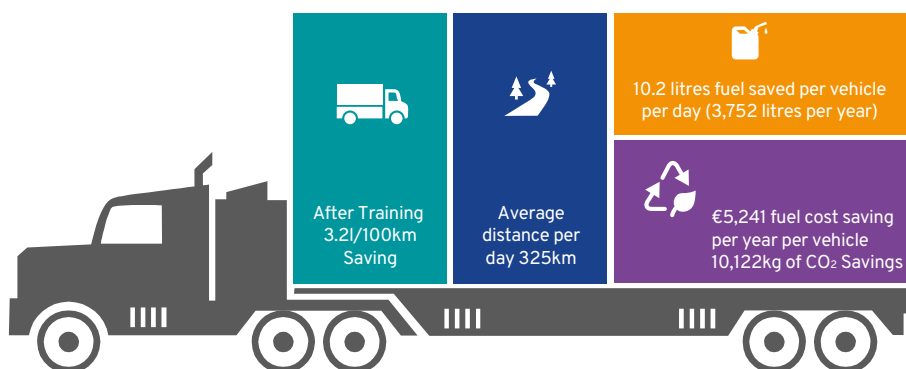
powered vehicles. By providing financial incentives and removing older, more polluting vehicles from the roads, the scheme would accelerate fleet renewal, cut emissions, and support Ireland's broader decarbonisation goals within the transport and logistics sector.

Eco Driver Training: Low Hanging Fruit Opportunity for Emissions Reduction

Eco driver training presents a practical and immediate opportunity to cut emissions in the heavy-duty vehicle (HDV) sector. Backed by the Department of Transport and included in the Government's 10-year haulage strategy, the programme has shown measurable results – achieving average fuel savings of at least 3.2L/100km per trained driver on articulated vehicles. Despite the course being fully developed and the syllabus

confirmed, its rollout has been limited and remains non-mandatory. Currently, FTA Ireland is the only provider registered to deliver this training. Increased support through Skillnet and broader promotion and adoption across the industry could unlock significant environmental and economic benefits, making eco driving a cost-effective tool in meeting Ireland's transport emissions targets.

Fuel savings: case study



Eco fleet and Eco-driving⁵

- Operators can avail of payments from ECOFleet (An SEAI verified scheme) to the tune of €2,000 per 10,000 litres saved.
- Operators using alternative fuels or multiple types of fuel i.e., HVO, electric or gas can also avail of the scheme through the ECOFleet multifuel option.

5 <https://ftai.ie/ecofleet/>

Supporting Smarter Fleets: Grants For Retrofitting Telematics Systems

Introducing grants to support the retrofitting of telematics systems in up to five HDVs or buses per operator could significantly enhance fuel efficiency, driver performance, and road safety. In conjunction with Eco-Driver training, these systems provide real-time data on driving behaviour, enabling operators to identify and correct inefficient practices that lead to higher fuel

consumption. By incentivising small to medium-sized fleets to adopt telematics, the government can promote more sustainable and safer transport operations, delivering both environmental and societal benefits in line with Ireland's decarbonisation and road safety goals.

Tyre Efficiency: Incentivising Simple Switch with Significant Savings

Incentivising the use of A or B rated tyres across commercial fleets could deliver notable fuel and emissions savings. According to the SEAI⁶, every step up in tyre rating improves fuel efficiency by approximately 0.6L/100km. This means that upgrading from E-rated to A-rated tyres could result in savings of up to 2.6L/100km – comparable to some technological upgrades

but at a fraction of the cost. Promoting the adoption of higher-rated tyres offers a quick, low-barrier strategy for operators to reduce fuel consumption and emissions, supporting Ireland's climate goals while also lowering operational costs for the transport sector.

Flexible Finance Models: Support for Leasing Low-Emission HGVs

Providing support for companies that lease alternatively fuelled HDVs and Buses to Operators could remove a major financial barrier to decarbonisation in the freight and passenger sectors. Many operators, particularly smaller ones, lack the capital to invest in new low-emission vehicles outright. By incentivising

leasing models, operator can access cleaner technologies without significant upfront costs, allowing them to trial and gain experience with these vehicles. This approach would promote wider adoption and accelerates the transition to a lower-emission logistics sector.

Aligning Public Procurement with Climate Goals in Passenger Transport

Current public procurement policies for passenger transport services in Ireland are misaligned with national climate targets. Rather than incentivising investment in low- or zero-emission vehicles, operators are often selected based on lowest cost favouring older, more polluting ICE vehicles. This undermines both environmental progress and innovation in the sector. To support decarbonisation, the government must revise its procurement

criteria to prioritise environmental performance, not just upfront cost. By embedding clear incentives for the adoption of electric, hydrogen, or other low-emission technologies into public transport contracts, operators would be encouraged to modernise fleets, driving sustainable change while delivering sustainable value to the public.

Insurance Incentives for Low-Emission Vehicles: Supporting a Greener Transition

To further support the adoption of alternatively fuelled, eco-friendly vehicles in the transport and logistics sector, the government could encourage the insurance industry to play a key role through targeted initiatives. Potential options include:

Premium Discounts for Low-Emission Vehicles

Offer reduced insurance premiums for operators using electric, hydrogen, BIOCNG, or HVO-fuelled HDVs and buses, recognising their lower environmental impact.

Telematics-Linked Insurance Policies

Encourage eco driving and safer practices by offering performance-based insurance premiums linked to telematics data. Operators demonstrating efficient and safe driving behaviour could benefit from lower premiums.

Incentives for Fleet Modernisation

Introduce insurance benefits for operators who upgrade from older ICE vehicles to new low-emission alternatives, particularly when participating in grant or scrappage schemes.

Green Fleet Certification Discounts

Provide premium reductions to fleets certified under green transport or sustainability standards, such as ISO 14001 or SEAI Energy Efficiency programs, FTA Ireland Silver and Gold Green standards.

Risk Pooling or Group Schemes

Develop group insurance schemes for fleets participating in eco driving programmes or retrofitted with telematics, reducing individual operator risk and cost.

⁶ [Tyre Labelling & Fuel Efficient Motoring | Energy Ratings | SEAI](#)

Addressing the Driver & Skills Shortage: Building a Sustainable Workforce

The transport and logistics sector are facing a growing skills shortage, driven by an ageing workforce and a lack of new entrants. Strengthening industry-led apprenticeship programmes is essential to future-proof the sector and attract younger talent. These programmes not only offer clear career pathways but also upskill the existing workforce, raising overall professionalism and compliance standards.

FTA Ireland recommends enhanced supports, including an 'Apprenticeship Training Tax' – a refundable tax credit for employers over the course of a two-year apprenticeship. This would make it more feasible for SMEs, which make up the bulk

of the haulage sector, to participate. Additionally, a Succession Planning Advice Grant is proposed to help family-run businesses prepare the next generation for leadership.

Apprenticeships like the Logistics Associate and Commercial Driver Programmes, developed in response to national skills reports, are already helping to address workforce gaps. Offered at Level 6 over two years with a day-release model, they combine practical experience with formal education. To ensure accessibility, it's recommended that all tuition fees be covered by the State under the National Training Fund, encouraging both participation and retention across the sector.

Road Safety/Enforcement for Safer, Fairer Commercial Fleet Operations

Ireland's current level of enforcement for commercial fleet compliance is under-resourced and unsustainable. With approximately 620 Gardaí assigned to Road Policing Units and over 358,000 commercial vehicles on the road—including light commercial vehicles, HGVs, and PSVs, there is a clear mismatch between enforcement capacity and the scale of regulatory oversight required.

To ensure consistent, fair, and competent enforcement across the country, FTA Ireland recommends increasing dedicated Road Policing personnel to over 800 and boosting resources for Road Safety Authority (RSA) inspectors. Gardaí must also receive specialised training in commercial transport legislation to uphold safety and compliance standards effectively.

Additionally, the introduction of Graduated Fixed Penalties is proposed for minor offences such as driver hours breaches, roadworthiness issues, and overloading. This would streamline enforcement, reduce the burden on the courts, and help create a level playing field for all operators, including international carriers. Collaboration between the Gardaí, RSA, and the Health and Safety Authority (HSA) is essential, backed by sufficient funding and a coordinated strategy to support road safety and fair competition across the freight and logistics sector.

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