



Pre-Budget 2025 *Submission*



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PAY AS YOU GO DRIVING

YUKO
TOYOTA Car Club





About us

Mobility Partnership Ireland (MPI) is a coalition of leading companies operating in the shared transport sector, that aspire to provide leadership and solutions to help Ireland's future mobility needs. Membership is comprised of commercial companies who provide bike hire, car sharing, taxis, bus services and payment solution services.

It is MPI's vision that Ireland develops as a global leader in shared sustainable mobility by placing the needs of transport users at the heart of transport policy, enabling innovation, promoting public health, and supporting climate action.

MPI Partners

MPI comprises some of the country's most innovative transport and related services providers

Bleeper

enterprise

Payzone

GO CAR
PAY AS YOU GO DRIVING

MOBY

FREENOW

Aircoach

YUKO
TOYOTA Car Club

MPI IN NUMBERS

8 leading companies



Fostering
balanced
regional

development

4 million
annual users



350+

Direct Employees

Executive Summary



Enabling the modal shift to shared mobility

Currently, commercial operators are leading the way when it comes to delivering on multi-modal, shared mobility ambitions, while helping to develop new mobility technology across Ireland. Keen to assist with modal shift, the membership of Mobility Partnership Ireland (MPI) can play an important role in assisting the Department of Transport with the delivery of these transport options.

However, in order to achieve this, a supportive policy framework must be put in place to enable and empower a shift in commuter as well as business behaviour to a more viable and sustainable transport system.

International evidence suggests that ease of accessibility, with options to travel between locations to and from public transport interchanges, is a vital component of shared mobility infrastructure.

MPI welcome the Department of Transport's *Moving Together* draft strategy, that looks towards unlocking the potential of shared mobility options by putting the needs of people, rather than private car journeys, at the centre of Ireland's future transport system. The Department of Transport defines shared mobility as "transportation services that are shared among users, such as public transport, micro-mobility and car-based modes like car sharing."

As we enter a crucial time for Ireland's transport ambitions, MPI is calling on all decision-makers to recognise shared mobility as a viable, accessible and sustainable mode of travel across Ireland, which can help to resolve policy challenges. MPI is willing and able to offer a holistic view of shared mobility, given its members experiences in other markets. The organisation can also offer expert solutions and industry insights to help support the way the current transport network operates.

Each shared mobility mode has unique characteristics that can have a range of positive impacts on travel behaviour, the environment, use of space and development of large urban centres and surrounding communities. Not only providing choice for commuters and people alike but enabling balanced regional development.

Mobility Partnership Ireland's Pre-Budget 2025 submission, calls for policy that can play a key role in helping Ireland to reach its CAP 21 sustainability objectives, while connecting people and communities and fostering a shared economy, while maintaining Ireland's economic growth.

A handwritten signature in black ink, appearing to read 'B. Grieve'.

Brendan Grieve
Chairperson, Mobility Partnership Ireland

Our proposals



Proposal 1 | Apply a minimal VAT rate on hire of e-bikes

In 2022, the CSO estimates show that shared bike schemes accounted for 2.13 million journeys across Ireland. While the data does not give a breakdown between e-bikes and ordinary bikes, industry sources suggest that at least 50 per cent of those journeys are undertaken on e-bikes. The average cost per trip is estimated at €4.50.

While Ireland is bound by general EU tax rules, on 7 December 2021, the Council of the EU has updated the VAT rules and rates. Under these rules, member states are permitted to apply reduced VAT rates on the supply, rental and repair of bicycles, including e-bikes.

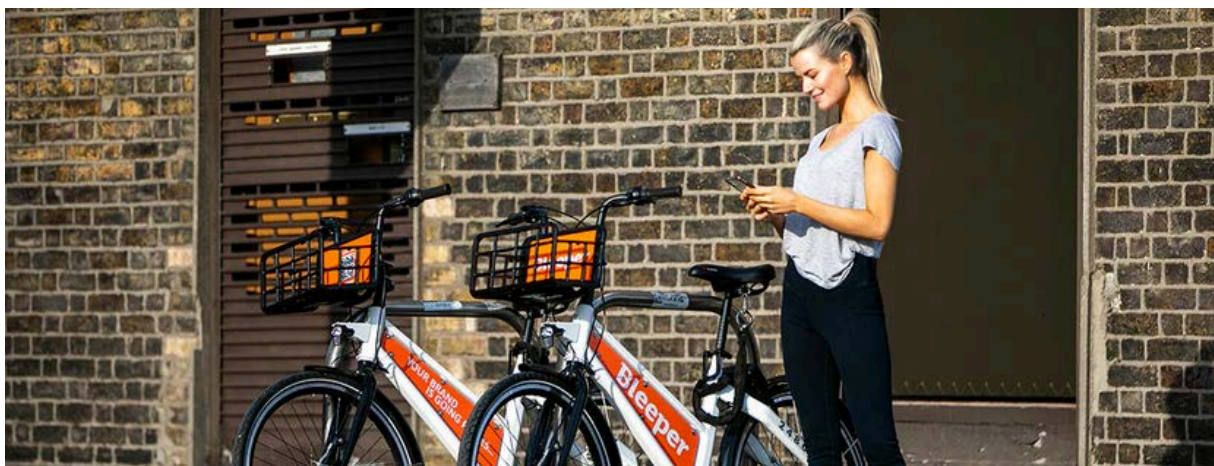
Incentivising the uptake of bike hire is essential to stimulate the shift from private vehicle journeys to bike journeys. The benefits of this include the protection of the environment, a reduction of fossil fuel consumption, a reduction of traffic congestion an improvement of air quality for people's health.

MPI recommends | Reducing VAT on hire of e-bikes to 9%

MPI is seeking a reduction in the applicable VAT rate on the hire of e-bikes from 13.5% to 9% rate, which would send a clear signal of support from Government for active travel, as well as contributing to Ireland's climate action targets.

The monetary cost of the reduced VAT rate is estimated at €190,000 on an annual basis, based on 2022 user data.

As the percentage of e-bike journeys grows, the VAT foregone would increase, but is still a very modest overall cost to the Exchequer.



Proposal 2 | Simplify the VAT rate on vehicle hire



By signing up to car sharing schemes households can avoid over €10,000 annually on the cost of running their private vehicle. Car sharing is an optimal solution for those looking to avoid the ongoing costs and commitments associated with car ownership.

Currently a standard VAT rate of 23% applies when a person uses a shared vehicle for more than 5 weeks within one year. Otherwise, a reduced rate of 13.5% applies.

Given the EU Directive covering VAT rules allows for a historic derogation for Ireland in respect of passenger transport and the established precedent for VAT changes for eligible sectors, MPI argues that further changes should be made to encourage a modal shift to car sharing.

The provision that needs amendment is section 4.2 of the Revenue Commissioners Tax Manual which provides "Where the hiring of the same means of transport between the same parties is covered by consecutive contracts, that is, one 30-day or 90-day (vessels) contract is followed by another 30-day or 90-day (vessels) contract, the consecutive contract will be treated as a long-term contract."

MPI recommends | Simplify the VAT rate on vehicle hire

MPI recommends simplifying the VAT rule on short-term vehicles. MPI contends that to encourage car sharing, the provision at 4.2 of the Revenue Tax Manual should be updated to change the term 'consecutive' to 'cumulative'. This change will allow for a simplified VAT rate while supporting long-term usage of shared mobility and fostering a more sustainable and efficient transport system.

The estimated cost of this measure would be around €0.5 million on an annual basis, based on the assumption that 5% of cars hires are for more than 5 weeks.



Proposal 3 | Waiving tolls charged for shared mobility vehicles during off-peak hours



Dynamic pricing systems can be used to address traffic congestion and improve traffic efficiency.

Adjusting toll charges for different vehicles, can greatly influence commuter behaviour and should be seen as an effective demand management tool. The reduction or removal of charges will encourage commuters to travel using alternative modes to the privately owned car i.e. car share, taxi, during off peak times.

The success of this initiative lies in its ability to balance demand and capacity, resulting in improved traffic flow and reduced environmental impact.

MPI recommends |

Waiving tolls shared on shared mobility vehicles during off-peak hours

MPI recommends that toll charges should be waived during non-peak hours to incentivise shared sustainable transport behaviour, sending a clear message from Government to commuters that it supports those who choose shared modes of transport.

Based on current estimated usage of shared mobility, the tolls foregone is estimated at €1.2 million. A study should be conducted by Transport Infrastructure Ireland (TII) to examine whether waiving toll charges on shared mobility would act as an incentive, building a case for the policy in question.



Proposal 4 | Reduce all bus passengers fares by 20%



Replacing car journeys with bus transport can help reduce CO2 emissions by up to 42%. With pressures facing commercial operators from unfair competition, labour shortages and significant cost increases in areas such as fuel, insurance, labour costs and engineering costs, it is important that commercial bus operators are supported. However, commercial bus operators require a 'level playing field' to compete with public transport operators.

MPI contends that commercial operators are as embedded in the community as public service operators, providing last-mile value and cascading benefits that link people between rural and urban areas. This will mean that communities across the country will be better connected.

MPI recommends | Reduce all bus passengers fares by 20%

MPI advocates for the inclusion of commercial bus operators (CBOs) in future fare reduction schemes to promote fair competition and boost public transport usage.

The financial cost of supporting these operators comes in at €37.4 million, which is much lower in comparison to the economic and environmental costs of a weakened commercial bus network, which could lead to a surge in private car use among rural commuters. This move would support the smooth implementation of Connecting Ireland.

It is estimated that the cost to government of including CBOs in the 20 per cent fare reduction scheme would be at most €37.4 million based on 2019 revenue figures. In 2019, CBOs non-free travel revenue totalled €187 million. In 2022, CBOs non-free travel revenue totalled €139.4 million. This would imply a cost to the Exchequer of at most €27.9 million based on the 2022 outturn.



Proposal 5 | Introduce a tax-free Shared Mobility Allowance



Having an integrated payment application for all modes of transport – vehicle rental, bus, rail, taxi, bike hire, is crucial for promoting public transport and sustainability. Digital connectivity and the ability to plan, book and pay for a multi-modal journey in one application is a key part of a cost-effective future mobility system.

However, to effect real change in how Ireland moves, it is recommended that a tax-free sustainable travel allowance is introduced to encourage a multimodal shift to shared mobility among commuters. While there are many existing means of introducing a tax-free allowance, we recommend the deployment of existing payment technology to ensure a seamless integration for commuters thereby encouraging a multimodal shift among commuters.

MPI recommends | A tax free shared mobility allowance

A shared mobility allowance should be viewed as an effective means of facilitating a mass modal shift. Transport and mobility supports play a crucial role in combating social exclusion and facilitating a just transition.





During the current cost of living crisis, it has never been more important for commuters in Ireland to be able to access affordable and sustainable modes of transport which also offer reduced commute times.

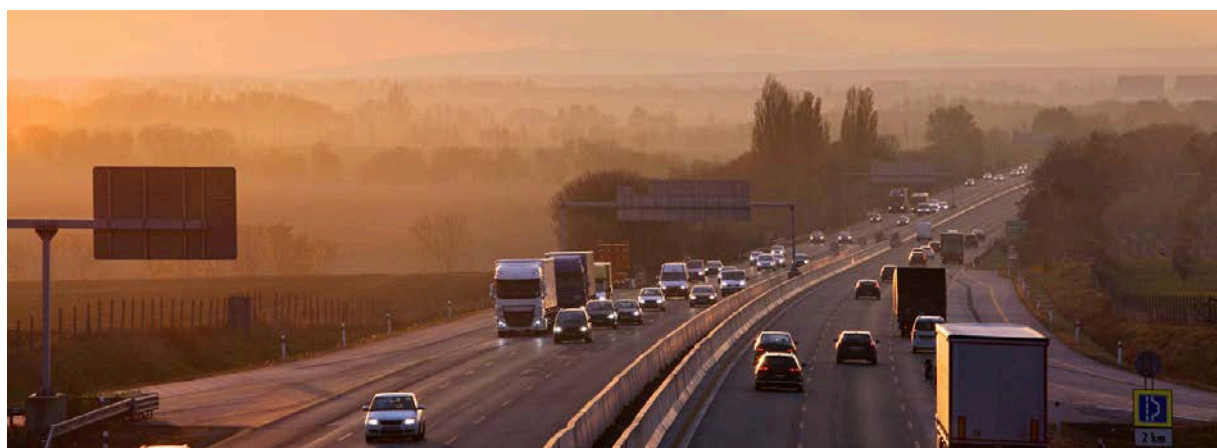
The cost of this measure would depend on the level of the tax-free allowance. If we assume annual allowance of €500, the total cost of this measure is estimated at €4 million.



A European Comparative Analysis

Below is a table illustrating the many countries in Europe who have begun to introduce political measures and legal regulations to promote sustainable mobility and support the implementation of mobility budgets;

Country	Mobility Allowance
 Austria	Employers can grant a tax-free job ticket, to which there are no restrictions and can be used for on route-only, monthly and annual tickets, including the Klima Ticket Ö (Austria Climate Ticket), accepted on all public transport.
 Belgium	Employees who are entitled to or currently operate a company car, can receive a statutory mobility budget. In practice, employees can exchange their company car for a mobility budget, which they can use tax-free for various mobility options.
 Finland	An employer can provide tax-free public transport tickets for journeys between home and work. The total tax-free value of bicycles and public transport tickets provided by the employer is subject to an annual cap of €3,400.
 The Netherlands	A mobility allowance is comparable to a tax-free employer allowance for work commuting. The employer is offered an allowance of EUR 0.23 per km travelled.



MPI PROPOSALS

Economic Analysis



REDUCTION IN VAT RATE ON THE HIRE OF e-BIKES

MPI is seeking a reduction in the applicable VAT rate on the hire of e-bikes from 13.5 per cent to 9 per cent.

In 2022, the CSO estimates that shared bike schemes accounted for 2.13 million journeys across Ireland. While the data does not give a breakdown between e-bikes and ordinary bikes, industry sources suggest that at least 50 per cent of those journeys are undertaken on e-bikes. The average cost per trip is estimated at €4.50.

The monetary cost of the reduced VAT rate is estimated at €190,000 on an annual basis, based on 2022 user data. As the percentage of e-bike journeys grows, the VAT foregone would increase, but is still a very modest overall cost to the Exchequer. The benefits of such a reduction are more difficult to quantify in purely monetary terms.

However, the positive impact of a price reduction on the hire of e-bikes is increased usage. Benefits of e-bikes include less dependence on private cars, which is good from a transport emissions, traffic congestion and commute time perspectives.

REDUCE ALL BUS PASSENGER FARES BY 20 PER CENT

MPI wants to see a reduction of 20 per cent in all bus fares under the Fare Reduction Scheme.

Government policy initiatives relating to increasing utilisation of public transport options are positive as they do encourage greater use of public transport; are good for the environment as they move people from private cars to public transport options; and they help people deal with cost-of-living pressures.

However, the failure to include licensed Commercial Bus Operators (CBOs) in the 20 per cent fare reduction scheme is anti-competitive and threatens the viability of these commercial bus operators who provide a valuable service, particularly on regional routes that are not serviced by state operators. Any policy that threatens the viability and provision of public transport services is not consistent with Ireland's climate ambitions.

In the context, of Ireland's environmental goals; the social and economic importance of connectivity in rural areas; and the significant level of service provided by CBOs, the fare distortion needs to be addressed.

It is estimated that the cost to government of including CBOs in the 20 per cent fare reduction scheme would be at most €37.4 million based on 2019 revenue figures. In 2019, CBOs non-free travel revenue totalled €187 million. In 2022, CBOs non-free travel revenue totalled €139.4 million. This would imply a cost to the Exchequer of at most €27.9 million based on the 2022 outturn.

Both totals include Young Adult & Student Card (YASC) payments, so the actual cost to the Exchequer of extending the 20 per cent discount to CBOs would be lower than the suggested range of €27.9 million to €37.4 million. Given the importance of the services provided, such a cost would be far outweighed by the social, economic, and environmental benefits.

The benefits of including the CBOs in the 20 per cent discount scheme would include treating all users of public transport equally; removing an anti-competitive situation that is serving to exacerbate the existing financial pressures on CBOs, many of whom are becoming unviable; and it would encourage the travelling public to make the modal shift from private cars to public transport, which would reduce CO2 emissions. Public transport vehicles are becoming more environmentally friendly.

SIMPLIFICATION OF REDUCED VAT RATE ON VEHICLE RENTAL

MPI wants to see a simplification of the reduced VAT rate on vehicle hire. A VAT rate of 23 per cent applies when a person uses a shared vehicle for more than 5 weeks in one year.

Otherwise, a reduced VAT rate of 13.5 per cent applies. MPI is looking for the reduced VAT rate of 13.5 per cent to apply to all car sharing periods.

The estimated cost of this measure would be around €0.5 million on an annual basis, based on the assumption that 5 per cent of cars hires are for more than 5 weeks.

WAIVE TOLL CHARGES FOR SHARED-MOBILITY VEHICLES DURING OFF-PEAK HOURS

MPI is looking for tolls charged for shared mobility during off-peak hours to be waived. Based on current estimated usage of shared mobility, the tolls foregone **estimated at €1.2 million.**

TAX-FREE SHARED MOBILITY ALLOWANCE

The cost of this measure would depend on the level of the tax-free allowance. If we assume annual allowance of €500, the total cost of this measure is **estimated at €4 million.**

Existing commitments that shared mobility can help to meet



Reduction of Ireland's transport emissions by 50% by 2030 (Climate Action Plan)

Reduce the total kilometres driven in private cars by 20 percent and halve fuel usage by 2030 (Climate Action Plan)



Deliver at least 500,000 additional active travel and public transport journeys by 2030 (National Sustainable Mobility Plan)



Enterprise emission reductions by 35% by 2030 (Climate Action Plan), by helping reduce emissions from commuter travel

Expand the availability of shared mobility options, through the deployment of shared mobility hubs nationwide (Climate Action Plan & National Shared Mobility Policy)



Conclusion



There is untapped potential to make Ireland’s transport offering more sustainable and accessible. Focusing all of our energy on decarbonising transport through the modification of private vehicles towards electrification, is missing an opportunity to change consumer, and commuters' patterns of behaviour. The case is clear; we need to learn to move differently, but to do this we need to learn from other countries and introduce policy-led initiatives.

While no single policy alone can transform Ireland’s transport system, developing transport policies that are sensitive to the needs of diverse communities, and regions across Ireland can help to develop demand and shift to more sustainable modes of transport modes. Mobility Partnership Ireland serves almost four million commuters in Ireland making it an important part of Ireland’s transport system.

MPI’s defined policy recommendations in this Pre-Budget 2025 submission have the potential to make Ireland a global leader in shared sustainable mobility, with the needs of commuters, enterprise and the environment served in a myriad of ways.

Let’s start moving sustainable transport forward!



This budget submission was prepared with the assistance of leading Economist Jim Power



MOBILITY PARTNERSHIP IRELAND

Budget 2025

Submission



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