

## Update on Government Fuel Measures and Impact on Construction Costs

Dear Member,

The Construction Industry Federation recognises the very real concern and uncertainty that the current fuel crisis is causing across our sector. Over recent weeks, we have been in continuous contact with companies nationwide, and it is clear that escalating fuel costs, particularly for MGO, are putting significant and growing pressure on projects, margins, and business viability.

As always, we remain fully committed to representing your needs. We have been vocal in national and local media, and we continue to engage directly with Government to ensure that the construction industry's challenges are understood and prioritised.

### Government Fuel Measures Announced Yesterday

The Government announced a further package of fuel cost-reduction measures, including:

- A further 10 cent reduction (VAT inclusive) in excise on diesel, bringing the total reduction to 32cent (VAT inclusive)
- A further 10 cent reduction (VAT inclusive) in excise on petrol, bringing the total reduction to 27cent. (VAT inclusive)
- A further 2.4 cent reduction (VAT inclusive) in excise on marked gas oil (MGO)/ green diesel bringing the total reduction to 7.4 cent.
- These reductions incorporate the previously announced NORA levy decrease.
- The planned carbon tax increase (1 May) has been deferred until the Budget, impacting green diesel and non-propellant fuels such as kerosene heating oil, natural gas and solid fuels.

A number of these measures align with CIF asks, including action on excise duties and the deferral of the carbon tax increase.

We welcome these developments as important first steps. However, gaps remain – particularly in MGO cost reductions announced under the Fuel Subsidy Support Scheme. While agricultural contractors and fishers are included in this scheme, it is not clear if construction will be targeted and we have not been mentioned.

Despite the reductions announced, the movement on MGO prices remains extremely limited. Even after yesterday's intervention:

- MGO has increased by 83% since February (Feb, 97 cent per litre, 12 April €1.80 per litre)
- Even after applying the Fuel Subsidy Support Scheme (FSSS), if eligible, MGO costs remain 62% higher
- This compares to just a 5% increase in petrol over the same period

Given that MGO powers the vast majority of construction machinery, this disparity is deeply concerning and an acute pressure point for construction.

In addition, we understand that non-road mobile machinery (NRMM) may be omitted from the Fuel Subsidy Support Scheme. This urgently requires clarification, as excluding construction machinery would significantly undermine the benefit of the scheme for our sector.

CIF is actively seeking confirmation from Government that NRMM will be included, and we are pressing for more clarity on targeted relief for the construction industry.

### **Construction Must Be Explicitly Recognised**

While several specific fuel-dependent sectors were referenced in the Government announcement, construction was not, despite being a core driver of economic activity, employment, housing delivery, and national infrastructure.

We are seeking immediate clarity and explicit recognition of the construction sector in forthcoming measures. Without this, the cost pressures facing contractors, subcontractors, and suppliers will continue to intensify and may impact programme delivery and tender viability.

### **Our Commitment to You**

We will continue to:

- Represent your concerns directly to Government and clarify targeted construction measures on MGO and NRMM.
- Highlight the sector's needs in national and regional media
- Provide members with updated analysis as soon as further information becomes available

Thank you to all members who have shared cost data and operational impacts with us.

Please continue to keep us informed of developments in your business so we can continue to represent you with accuracy and urgency.

Kind regards,

Andrew Brownlee  
CEO  
Construction Industry Federation