Just Transition Commission

Minister Darragh O'Brien TD **24 September 2026**
Minister for Climate, Energy and the Environment and
Minister for Transport

Tánaiste Simon Harris TD
Minister for Finance

Minister Jack Chambers TD
Minister for Public Expenditure,
Infrastructure, Public Service Reform and Digitalisation

Re: Update to the Just Transition Commission's recommendations on Budget 2027 in light of public transport fares announcement and recent cost-of-living measures

Dear Tánaiste Harris, and Ministers O'Brien and Chambers,

The Just Transition Commission wrote to you in June of this year with recommendations for Budget 2027.[1] The Commission called for a progressive Budget that applies a just transition lens across all major spending and taxation decisions.

The Just Transition Commission is an independent advisory body, established to provide the government with impartial, strategic and evidence-based advice on Ireland's just transition to a climate neutral economy. The Commission includes representatives from business, agriculture, community and voluntary, trade union, environmental and wider interests.

The Commission commented that Budget 2027 presents an opportunity to build public trust in the climate transition by demonstrating that climate action can deliver tangible social and economic benefits, particularly for those most exposed to energy poverty, transport disadvantage and economic disruption.

Since then, the announcement of increases in public transport fares from January 2027, alongside decisions concerning reductions in excise duty on petrol and diesel, the deferral of scheduled increases in carbon taxation and the consistent underspend in climate action spending, raises further questions about how cost-of-living measures, transport policy and climate policy are being aligned from a just transition perspective. The Commission is writing to update its Budget 2027 advice in light of these developments.

The Commission recognises the significant cost-of-living pressures facing households and businesses and the need for Government to respond to exceptional increases in energy and transport costs. However, how these interventions are designed, who benefits from them, and whether they support or impede the longer-term climate transition are important just transition considerations.

Budget 2027 provides an opportunity to ensure that measures to address affordability, transport disadvantage and climate action reinforce, rather than work against each other.

A core principle of the Just Transition Policy Framework is to ensure that the costs of the transition are shared fairly and that existing inequalities are not exacerbated. Giving effect to this principle requires a transparent and evidence-based approach to assessing the distributional impacts of significant spending, taxation and pricing decisions. The Commission believes this Framework should be applied to all budgetary decisions.

[1] Just Transition Commission (09.06.2026) *Budget 2027 Submission* LINK

Raising public transport fares raises concerns for a just transition.

This year the Just Transition Commission undertook a review of Ireland's transport system.[2] The analysis finds that a just transition in transport is achieved through investment in public transport and reducing car dependence. The Commission advises that enabling a public transport system that is affordable, reliable and safe will result in an overall transport system that is fair, accessible and sustainable for all.

Against this background, the Commission is concerned by the decision to increase public transport fares from January 2027 and the lack of certainty on the continued roll out of Connecting Ireland and additional services. The Commission recognises the pressures arising from increased operating costs and growing demand for public transport. The Commission welcomes the significant expansion across Local Link, Bus Connects and Connecting Ireland in recent years, and the resulting increase in passenger numbers. However, meeting these pressures through increased passenger fares risks making sustainable transport less affordable and accessible, particularly for households already experiencing transport disadvantage and for those with the least capacity to absorb additional costs. This increase in fares risks reversing recent positive trends.

The Commission cautions that within the context of the sustained cost-of-living and affordability crises, raising public transport fares at this time will serve to make everyday journeys less affordable, will make public transport less accessible, and has the potential to force more people into transport poverty, exacerbating existing inequalities. The Commission warns that young people and students, as high users of public transport, have the potential to be the hardest hit by this increase,[3] and notes that many public transport users are also those with the lowest capacity to absorb price increases.

Raising fares will reduce public transport passenger numbers,[4] and may result in people switching to private cars for many trips, particularly for short everyday journeys, like the school run. This is contrary to current climate action policy to increase daily public transport journeys by 130% and reduce vehicle kilometers by 20%.[5]

Ireland's transport system is already highly polluting and heavily reliant on fossil fuels and private vehicles. Over 70% of trips in Ireland are taken in private cars and traffic congestion is dangerously high, with adverse consequences for people's health and the economy.[6] The first carbon budget for transport has been exceeded, and with the overshoot to be deducted from the second carbon budget, it is already understood that this more demanding target will be a challenge to meet.[7]

The Commission is particularly concerned about the combined effect of increasing public transport fares while substantial universal measures continue to reduce the cost of petrol and diesel. Considered together, these measures risk making lower-carbon transport relatively less affordable while public resources are being used to reduce the cost of fossil-fueled private transport.

Given the live negotiations on cost-of-living measures related to transport, the Commission re-iterates its call for Budget 2027 to target measures related to transport, as follows;

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[2] Just Transition Commission (2026) *Towards a Just Transition in Transport* LINK

[3] National Transport Authority (2026) *National Household Travel Survey, Research Report 2024* LINK

[4] For every 10% increase in fares, a 3% reduction in passenger numbers is expected, Oireachtas Committee on Transport Debate, 16th September LINK

[5] Government of Ireland (2023) *Climate Action Plan 2023* LINK

[6] Studies commissioned by the Department of Transport show that the economic cost of congestion is predicted to rise significantly and consistently in Dublin, Cork, Galway and Waterford, with the cost of congestion in the Greater Dublin Area projected to rise to €1.5 billion by 2040. Ref: Department of Transport, Strategic Research and Analysis Division (2025) *The Economic Cost of Congestion in the Regional Cities 2022-2024* LINK

[7] Dáil Éireann debate, *15 January 2026, Question 106* LINK

- **Maintain** existing discounts on public transport fares, while ensuring that the impact of increased operating costs on public transport operators is appropriately considered.
- Expand the **free public transport scheme for children** up to age 15.
- Amend the **TaxSaver ticket scheme** to reflect the need for greater flexibility - hybrid working patterns, self-employed people, family journeys and those undertaking everyday journeys of care.
- Sustain **investment in Connecting Ireland** and other rural mobility services.
- Support **shared mobility and community transport initiatives**, particularly in rural communities.
- **Reform universal subsidies for electric vehicles,** including by targeting specific supports for low-income, high-mileage and car-dependent households, and introduce greater support for second-hand electric vehicle access, and prioritisation of charging infrastructure and grid upgrades in rural and disadvantaged areas.
- Examine the role of **weight-based car taxation** as part of the broader review of transport taxation. A review presents an opportunity to ensure that the costs of the transition are shared more equitably, particularly by reflecting the wider societal impacts of larger and heavier vehicles.

Universal subsidies for fossil fuels must be avoided in favour of targeted enduring solutions to support the transition.

The Commission recognises that increases in petrol and diesel prices can place significant pressure on households, particularly lower-income households, people living in rural areas, and those for whom viable alternatives to private car use are not yet available. A just transition requires these circumstances to be recognised. The question is therefore not whether households should be supported in response to exceptional affordability pressures, but how that support is designed and targeted.

The Commission cautions that universal subsidies, such as general cuts to excise duty for petrol and diesel, risks skewing the benefits towards high-income and high-consumption households,[8] while disincentivising the investment needed to permanently reduce Ireland's exposure to fossil fuel volatility and the transition to carbon neutrality.

Budget 2027 must recognise the economic and social risks associated with continued fossil fuel dependence and prioritise targeted, transition-aligned supports instead of broad universal subsidies.

In particular, the Commission recommends prioritising targeted support for lower-income, high-mileage and car-dependent households, alongside investment in the services and infrastructure needed to provide viable alternatives to private car use.

The annual underspend in carbon tax revenue can no longer continue.

Budget 2027 must demonstrate that cost-of-living measures, climate action and social progress can be advanced together. Public trust in climate action depends on people seeing funds raised through carbon taxation being invested in the supports and services they need to participate in the transition. The Commission reiterates its previous recommendation that ring-fenced carbon tax revenues should be fully allocated to their intended purposes and transparently accounted for, and that past underspending should

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[8] Economic Social and Research Institute (2026) *Energy poverty and affordability in Ireland* LINK

not be repeated.

In light of the recent public transport fares determination, the Commission further recommends that Government examine whether any unallocated or underspent ring-fenced carbon tax revenues can appropriately be redirected to contribute to maintaining affordable public transport, including through the Public Service Obligation to ensure continuity of affordable, reliable and safe public transport.

Transport poverty requires enduring solutions.

Recent developments also underline the importance of addressing transport poverty through enduring measures rather than relying principally on temporary cost-of-living interventions.

For people who have access to reliable public transport, affordability is essential to enabling sustainable choices. For people who currently have no realistic alternative to private cars, particularly in rural and poorly connected areas, a just transition requires both appropriately targeted support and investment in alternatives.

Budget 2027 should therefore seek to reduce households' underlying exposure to transport costs and fossil-fuel price volatility through sustained investment in public transport, Connecting Ireland, rural and community mobility and targeted supports for those who remain car-dependent.

The Commission also recommends that Budget 2027 measures are aligned with Ireland's forthcoming Social Climate Plan and make effective use of the EU Social Climate Fund to address transport and energy poverty through enduring measures.

Conclusion

The Commission recognises the difficult choices facing Government in responding to continuing cost-of-living pressures. The Government has also explicitly committed to reducing Ireland's reliance on expensive, imported fossil fuels and delivering Ireland's climate commitments. A just transition requires these objectives to be considered together.

The developments since the Commission submitted its Budget 2027 recommendations in June raise concerns about the coherence of the current policy approach. Increasing the cost of public transport while simultaneously providing substantial universal support to reduce the cost of fossil-fueled private transport risks sending conflicting signals and may make the transition more difficult for those with the fewest choices.

Budget 2027 provides an opportunity to address this by protecting public transport affordability, prioritising targeted support for households experiencing energy and transport poverty, moving from broad fossil-fuel subsidies towards targeted and transition-aligned measures, and ensuring that revenues raised to support the transition are fully and transparently invested.

These measures would demonstrate that cost-of-living supports, climate action and social progress can be advanced together and help ensure that Ireland's pathway to climate neutrality is fair, inclusive and resilient. The Commission would welcome the opportunity to discuss these recommendations with you in advance of Budget 2027.

Yours sincerely,

Ali Sheridan

Ali Sheridan, Chair, Just Transition Commission