

**IN THE FAIR WORK COMMISSION**

**SUPPLEMENTARY SUBMISSIONS**

**VEHICLE ALLOWANCE – APPLICATIONS TO VARY MULTIPLE AWARDS  
(AM2026/10, AM2026/11, AM2026/12 and AM2026/13)**

**FILED ON BEHALF OF:  
AGEING AUSTRALIA  
BUSINESS NSW  
AUSTRALIAN BUSINESS INDUSTRIAL**

**17 MAY 2025**

## **1. INTRODUCTION AND SCOPE OF SUPPLEMENTARY SUBMISSIONS**

- 1.1 These submissions are filed on behalf of Ageing Australia, Australian Business Industrial (ABI) and Business NSW (BNSW) as a supplement to the submissions filed on 12 May 2026 in these Proceedings.
- 1.2 They address a single issue: the appropriate methodology for determining the rate of any adjustment to the vehicle allowance.
- 1.3 These submissions do not depart from our earlier submissions. Rather, in light of the ACTU's revised proposal for a once-off percentage increase based on the percentage increase between the private motoring index for the month of December 2025 and March 2026; these submissions seek to advance an alternative method for determining the rate of any variation, if the Commission is satisfied that the statutory test under s 157 is met.

## **2. TEMPORARY ADJUSTMENT**

- 2.1 The threshold question is whether the statutory test of necessity has been satisfied under s 157 of the Fair Work Act 2009.
- 2.2 If the Commission is so satisfied, the question becomes the form and extent of any variation properly characterised as necessary in the circumstances.
- 2.3 The task is not to identify an optimal outcome. It is to identify no more than the minimum variation required to address the conditions said to justify the variation.
- 2.4 That task arises in a context where:
  - (a) fuel prices are inherently volatile, even in ordinary conditions;
  - (b) prices have increased and materially declined over the period since the start of the Middle East Conflict on 28 February 2026; and
  - (c) future price movements remains uncertain.
- 2.5 In that context, methodologies based on selected CPI observations, including periods of elevated pricing, do not provide a reliable basis for determining an appropriate adjustment.
- 2.6 The difficulty is not historical accuracy, but forward looking reliability. In a context of short term volatility, reliance on selective data points does not provide a reliable basis for assessing cost movements over the operative period of any variation. Instead, it risks producing outcomes driven by the timing of selected data, rather than providing a basis for determining a variation directed to the conditions which are sought to be addressed.

## **3. DIRECT COST (TAKE HOME PAY) METHODOLOGY**

- 3.1 In those circumstances, Ageing Australia, ABI and BNSW submit that the Commission should apply a direct cost (take-home) methodology.
- 3.2 The methodology uses weekly retail fuel price data published by the Australian Institute of Petroleum to assess the likely future impact on employees.
- 3.3 The approach proceeds in three steps.
  - (a) First, the employee's baseline position is identified. This was an employee's position prior to the start of the Middle East Conflict under the existing allowance.
  - (b) Secondly, the employee's current position is calculated using: the current weekly fuel price average, and assuming the reintroduction of the fuel excise.

- (c) Thirdly, the two positions are compared. This identifies what is required to return an employee to their pre Middle East Conflict financial position expressed as a per kilometre adjustment to the allowance.
- 3.4 Applying this methodology, the modelling demonstrates that:
- (a) an uplift of 3.2% and 3.3% (depending on whether the existing rate is 98 cents or 99 cents per kilometre), would restore an employee's position;
  - (b) this corresponds to an allowance of \$1.01 and \$1.02 per kilometre.
- 3.5 Importantly, the result is not dependent on a single starting point. The methodology has been applied across a range of alternative baselines, including:
- (a) weekly prices immediately prior to March 2026; and
  - (b) broader historical averages.
- 3.6 Across those scenarios, the outcome remains relatively stable and tightly bounded.
- 3.7 The calculations supporting this analysis are set out in Annexure A.

#### **4. ALTERNATIVE: VOLATILITY METHODOLOGY**

- 4.1 As an alternative, Ageing Australia, ABI and BNSW propose the Commission consider a volatility-based approach.
- 4.2 That approach:
- (a) calculates the weekly percentage changes in fuel prices using Australian Institute of Petroleum data since the start of the Middle East Conflict;
  - (b) measures the extent of the price movements across the relevant period; and
  - (c) applies that movement to the existing vehicle allowance rates.
- 4.3 The data demonstrates that fuel prices have moved materially in both directions since early March 2026. Taken together, those movements reflect cumulative price changes across the period of 4.04%.
- 4.4 Applied to current rates, this results in a vehicle allowance uplift to either \$1.02 or \$1.03 per kilometre depending on the starting rate.
- 4.5 This approach provides a proxy for the recent price movement, on the assumption that similar variability may persist over the operative period. It does not directly measure cost impact and is therefore secondary to the direct cost methodology.
- 4.6 The underlying calculation for this methodology is set out in Annexure B.

## Annexure A

Sources															
Weekly Average Fuel Price (AIP)	<a href="#">Pump Prices   Australian Institute of Petroleum</a>	Current as at 10 May 2026	\$1.836												
Yearly Average Fuel Price (AIP)	<a href="https://www.aip.com.au/aip-annual-retail-price-data">https://www.aip.com.au/aip-annual-retail-price-data</a>	Vehicle Allowance	\$0.99												
Yearly & Quarterly Average Fuel Prices (ACCC)	<a href="#">Report on the Australian petroleum market, December quarter 2025</a>		\$0.98												
Fuel efficiency (IEA)	<a href="#">International energy agency - Fuel economy in Australia</a>	Average fuel efficiency	8.2												
Fuel excise (ATO)	<a href="#">Excise duty rates for fuel and petroleum products</a>	Full Rate (from 1 July 2026)	\$0.263												
<b>*Using Weekly AIP average fuel price week ending 22 February 2026 (\$1.710) (Figure referenced in ACTU submission at [32])</b>															
Rates & distance		Pre Middle East Conflict*					Current					New rate			
Distance Travelled KM	Fuel Efficiency	*Petrol Price \$/L	km per litre (Km/l)	Fuel Cost per distance travelled	Vehicle Allowance (99c/km)	Take home pay from vehicle allowance after fuel	Current weekly average price of fuel \$	Fuel excise \$	New Fuel Price \$/L (Including fuel excise)	Fuel Cost per distance travelled	Take home pay from vehicle allowance after fuel	Difference (pre conflict & current + excise)	\$ per km required to make up difference	New per km vehicle allowance rate (include Excise)	% uplift
100	8.2	\$1.71	12.20	\$14.02	\$99.00	\$84.98	\$1.836	\$0.26	\$2.10	\$17.21	\$81.79	\$3.19	0.0319	\$1.02	3.2%
100	8.2	\$1.71	12.20	\$14.02	\$98.00	\$83.98	\$1.836	\$0.26	\$2.10	\$17.21	\$80.79	\$3.19	0.0319	\$1.01	3.3%
<b>*Using the weekly average fuel price between 1 January 2026 and 22 February 2026 prior to commencement of the Middle East Conflict (\$1.730)</b>															
Rates & distance		Pre Middle East Conflict*					Current					New rate			
Distance Travelled KM	Fuel Efficiency	*Petrol Price \$/L	km per litre (Km/l)	Fuel Cost per distance travelled	Vehicle Allowance (99c/km)	Take home pay from vehicle allowance after fuel	Current weekly average price of fuel \$	Fuel excise \$	New Fuel Price \$/L (Including fuel excise)	Fuel Cost per distance travelled	Take home pay from vehicle allowance after fuel	Difference (pre conflict & current + excise)	\$ per km required to make up difference	New per km vehicle allowance rate	% uplift
100	8.2	\$1.73	12.20	\$14.19	\$99.00	\$84.81	\$1.836	\$0.26	\$2.10	\$17.21	\$81.79	\$3.02	0.0302	\$1.02	3.06%
100	8.2	\$1.73	12.20	\$14.19	\$98.00	\$83.81	\$1.836	\$0.26	\$2.10	\$17.21	\$80.79	\$3.02	0.0302	\$1.01	3.09%
<b>*Using the average weekly fuel price for the 6 months prior to commencement of the Middle East Conflict, 21 August 2025 to 22 February 2026 (\$1.773)</b>															
Rates & distance		Pre Middle East Conflict*					Current					New rate			
Distance Travelled KM	Fuel Efficiency	*Petrol Price \$/L	km per litre (Km/l)	Fuel Cost per distance travelled	Vehicle Allowance (99c/km)	Take home pay from vehicle allowance after fuel	Current weekly average price of fuel \$	Fuel excise \$	New Fuel Price \$/L (Including fuel excise)	Fuel Cost per distance travelled	Take home pay from vehicle allowance after fuel	Difference (pre conflict & current + excise)	\$ per km required to make up difference	New per km vehicle allowance rate	% uplift
100	8.2	\$1.77	12.20	\$14.54	\$99.00	\$84.46	\$1.836	\$0.26	\$2.10	\$17.21	\$81.79	\$2.67	0.0267	\$1.02	2.70%
100	8.2	\$1.77	12.20	\$14.54	\$98.00	\$83.46	\$1.836	\$0.26	\$2.10	\$17.21	\$80.79	\$2.67	0.0267	\$1.01	2.73%

**Annexure B**

AIP Weekly Data					
Week ending	Average price	% movement between weeks			
1-Mar	\$1.81				
8-Mar	\$1.98	9.39%			
15-Mar	\$2.20	10.86%			
22-Mar	\$2.38	8.43%			
29-Mar	\$2.53	6.47%			
5-Apr	\$2.40	-5.25%			
12-Apr	\$2.25	-6.50%			
19-Apr	\$2.13	-5.17%			
26-Apr	\$1.92	-9.68%			
3-May	\$1.83	-4.63%			
10-May	\$1.84	0.11%			
Cumulative movement			4.04%	Impact of 4.04% increase on vehicle allowance of 99c	<b>\$1.03</b>
Cumulative movement			4.04%	Impact of 4.04% increase on vehicle allowance of 98c	<b>\$1.02</b>