

AM2026/10 s.158 Application to vary modern award

Vehicle Allowance

Passenger Vehicle Transportation Award 2020 [MA000063]

Submission

Australian Public Transport Industrial Association

Position

1. In this submission, the Australian Public Transport Industrial Association (APTIA) will outline its response to the application by the Transport Workers Union (TWU) to vary the *Passenger Vehicle Transportation Award 2020* (PVTA) in line with section 158 of the *Fair Work Act 2009* (the Act).
2. In general terms, APTIA supports the intent of the proposed variations, which is to ensure that employees do not unnecessarily bear the cost of increased fuel prices as a result of the “Oil Shock Crisis” when performing work for the employer.
3. However, in its current form, there remain significant issues with the application and operation of the proposed variation. These include:
 - a. Effect of proposed clauses XY.3.2, XY3.3 and YX.8;
 - b. Timing and payment of proposed increases;
 - c. Components of the Vehicle Allowance and Electric Vehicles; and
 - d. Calculation and publishing of rates.

The Effect of Proposed Clauses XY.3.2, XY.3.3 & XY.8

4. In its current form, read together, clause XY.3.2 and XY.3.3 results in a cumulative and ever-increasing Vehicle Allowance until the proposed variation ceases in 12 months’ time:
 - a. clause XY.3.2 can be read to mean that increases on each monthly calculation are applied to the new calculated rate, as distinct from on the existing baseline rate in the Modern Award;
 - b. clause XY.3.3 then reads that if a percentage change is negative then the new increased rate would remain and that any future percentage change would be

applied to the new allowance, rather than the baseline Vehicle Allowance as contained in the Modern Award.

By way of example:¹

Month	Vehicle Allowance	Percentage change	New Allowance
<i>Feb-26</i>	<i>0.98</i>	<i>0</i>	<i>0.98</i>
Mar-26	0.98	9.20%	1.07016
<i>Apr-26</i>	<i>1.07016</i>	<i>-16%</i>	<i>1.07016</i>
<i>May-26</i>	<i>1.07016</i>	<i>4%</i>	<i>1.1129664</i>
<i>Jun-26</i>	<i>1.1129664</i>	<i>2%</i>	<i>1.135225728</i>

- c. The way in which the proposed variation is currently worded gives rise to a Vehicle Allowance that does not rise and fall with fuel pricing.
- d. Clause XY.8 further supports this interpretation.

5. Notwithstanding the appropriate apportionment of cost identified at paragraphs 12-19, APTIA respectfully submits that:

- a. XY.3.2 and XY.3.3 should be worded to reflect that *on each occasion* the percentage change should be applied to the existing baseline Vehicle Allowance in the Passenger Vehicle Transportation Award; and
- b. This percentage change should be calculated as the percentage changed between the existing Vehicle Allowance (baseline) and the requisite months' increase.
- c. If read correctly, the ABS data is the percentage change from the corresponding month of the previous year and so should provide sufficient increase to account for the increase in cost of fuel.²

By way of example:³

Month	Base Allowance	Percentage change	New Allowance
Feb-26	0.98	0.00%	
Mar-26	0.98	9.20%	1.07016
<i>Apr-26</i>	<i>0.98</i>	<i>-16.00%</i>	<i>0.98</i>
<i>May-26</i>	<i>0.98</i>	<i>3.70%</i>	<i>1.01626</i>
<i>Jun-26</i>	<i>0.98</i>	<i>1.98%</i>	<i>0.999404</i>

¹ Items in italics are for the purpose of example only.

² Australian Bureau of Statistics, 6401.0 Consumer Price Index, Australia, TABLE 3 TABLE 3. CPI: Group, Sub-group and Expenditure Class, Weighted Average of Eight Capital Cities, Series ID: 640103, accessed 11 May 2026.

³ Items in italics are for the purpose of example only.

Timing and payment of proposed increases

6. In its current form, the proposed amendments give rise to an increased and unnecessary regulatory burden for employers in the calculation and application of the proposed increases to the Vehicle Allowance.
7. At paragraphs 142 and 144, the ACTU recognises that there would be a regulatory burden as a result of the introduction of the proposed amendment. Although, they then go on to state it would be ‘not significant’ because the proposed amendments would ‘only operate for a period of twelve months’ and ‘only concern one allowance’.
8. Respectfully, the ACTU has not given consideration to the very real impact that applying monthly changes to allowances mid-pay-cycle can have on a business.
9. In the main, payroll systems are not set up to apply mid-pay-cycle changes and there are often more rigorous technical and governance obligations that are required when changing any settings to payments within a payroll system.
10. If calculated monthly and applied by the day, the proposed method for calculating and applying increases will need to be undertaken manually by most businesses, causing significant increases to the time taken to process payroll and increasing the risk of error.
11. To rectify this issue, APTIA submits that the increases be applied from the beginning of each full pay cycle. Whilst this may give rise to some increases occurring later, it would be offset by some increases occurring longer toward the end of the applicable pay cycle.

Components of Vehicle Allowances and Electric Vehicles

12. Whilst the facts are agreed that the current “Oil Shock Crisis” is pushing up the price of fuel, any increase to the Vehicle Allowance should cover increases to costs of fuel only.
13. APTIA submits consideration should be given to the various components that make up a Vehicle Allowance, with adjustments made to only the fuel portion of the allowance. Or in any event an estimated proportion, in lieu of there being an established formula to follow, as determined by the Fair Work Commission.
14. For example, the Australian Tax Office’s cents per kilometre method, which currently sits at 88 cents per kilometre, includes all vehicle running expenses such as registration, fuel, servicing, insurance and depreciation.⁴

⁴ <https://www.ato.gov.au/individuals-and-families/income-deductions-offsets-and-records/deductions-you-can-claim/work-related-deductions/cars-transport-and-travel/motor-vehicle-and-car-expenses/expenses-for-a-car-you-own-or-lease>, accessed 11 May 2026.

15. This is further supported in the witness statement of Lachlan Timms at paragraph 14 where he acknowledges the various costs accounted for in the prescribed Vehicle Allowance.
16. APTIA submits that arguments relating to general costs of living and other factors influencing wages should be left to the purview of the Expert Panel determining the *Annual Wage Review 2026*.
17. Additionally, APTIA further submits consideration should be given as to the application of any increase to the Vehicle Allowance to employees who use electric vehicles in the course of their work.
18. APTIA submits that employees who drive wholly electric vehicles should not receive the increased Vehicle Allowance.
19. An employee declaration of the type of vehicle being driven for work purposes then provided to the employer should easily navigate any issues arising out of determining the vehicle being driven.

Calculation and Publishing of Rates

20. Clarification is required as to whether the employer can rely on the Fair Work Commission publishing the prescribed rates or whether this falls on the employer to locate the correct percentage increase and apply it to the Award Allowance Rate.
21. It is a significant undertaking to locate the correct percentage increase and apply it to the appropriate rate.
22. APTIA submits that there should be no ambiguity in the setting and application of these increases.
23. Therefore, APTIA respectfully submits that the Fair Work Commission will publish the:
 - a. Percentage by which the vehicle allowance must increase,
 - b. Actual amount of the new vehicle allowance by award,
 - c. Date the increase is to take effect, or the first full pay period after said date.

Conclusion

24. APTIA submits that the amendments outlined in this submission to the proposed variations would more readily allow for fairness and equity and reduce the impact on business.
25. APTIA contends that the complexity of calculating Vehicle Allowances may not have been fully captured in this submission and that the Commission may determine its own

methods of calculating any increases if they deem it appropriate, taking into account the issues raised in this submission.

About

26. APTIA is a Registered Organisation for the purposes of *Fair Work (Registered Organisations) Act 2009* and is the respondent to the Passenger Vehicle Transportation Award 2020.

27. APTIA has nation-wide membership spanning all state associations, public and urban transport operators. The state associations are:

- a. BusNSW
- b. BusVic
- c. QBIC
- d. TasBus
- e. BusSA
- f. BusWA

Kirsten Jongsma

National Industrial Relations Manager

Australian Public Transport Industrial Association

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