

The Fair Work Commission

Vehicle allowance – applications to vary multiple awards

Matter No. AM2026/10

Submissions

The Pharmacy Guild of Australia

Dated: 12 May 2026

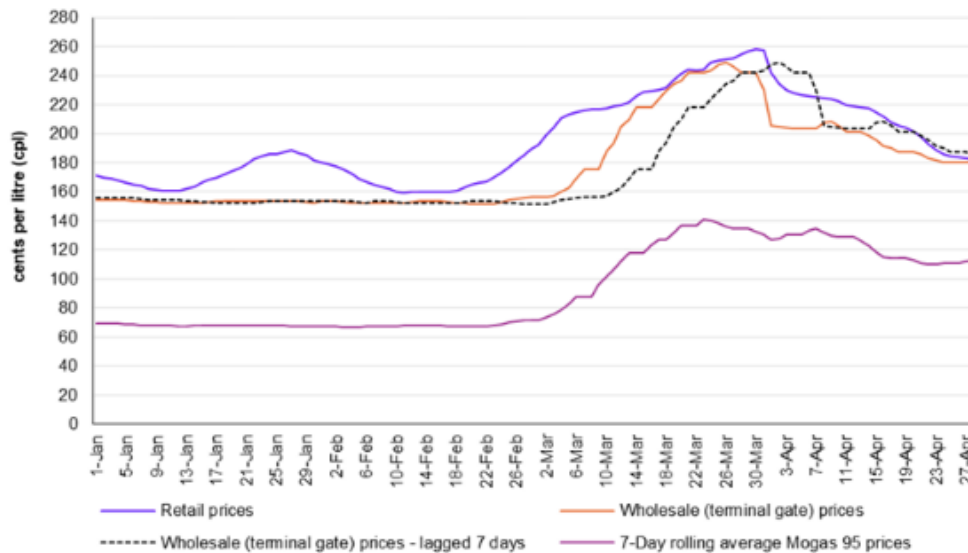
1. These submissions are made by the Guild in accordance with directions made in this matter by Justice Hatcher on 20 April 2026.
2. They are in response to the application made by the Shop, Distributive and Allied Employees Association (**SDA**), together with the submissions made by the Australian Council of Trade Unions (**ACTU**) and adopted by the SDA in relation to the Pharmacy Industry Award 2020 (**PIA**).
3. The Pharmacy Guild of Australia (**the Guild**) is the national employer industry association representing owners of and employers in community pharmacies in Australia. The PIA covers the vast majority of the Guild's members and their employees.

Threshold Considerations

4. The Guild acknowledges that:
 - a. Fuel prices in Australia were broadly stable in the period leading up to 28 February 2026 when conflict in the Middle East escalated significantly; and
 - b. Since that date fuel prices have become extremely volatile, increasing and then decreasing significantly at a relatively rapid rate.
5. Publications made by the Australian Competition & Consumer Commission (**the ACCC**) indicate that prices commenced escalating in about mid/late February 2026, peaked in late March 2026, and have fallen reasonably steadily over April 2026.

- The image below from the ACCC’s *Weekly Fuel Price Monitoring Update* of 1 May 2026¹ illustrates the changes. While strictly reporting the prices of fuel in Sydney, the story it tells is representative of Australia as a whole.

Figure 4 – Sydney daily average retail petrol prices, average terminal gate prices and international refined petrol (Mogas 95) prices



Source: ACCC calculations based on data from Informed Sources, Argus Media, the Reserve Bank of Australia, and data published on the Australian Institute of Petroleum website.

- For the sake of completeness, it should be remembered that while the Middle East conflict is no doubt the most significant cause of those fluctuations, fuel pricing was also subject to changing government policies (e.g. to the fuel excise), the value of the Australian dollar in international fuel markets, panic buying and the opportunism of retailers, regular price cycles, and other factors.
- In any event, the Guild broadly accepts the proposition made by the ACTU and adopted/accepted by the SDA² that there have been rapid and atypical changes in the cost of fuel and that workers should not be:

*subsidising their employers in the performance of their work in the context of surging oil and fuel prices.*³

The Guild’s overarching position

- Subject to the balance of these submissions, the Guild does not object in principle to a rational mechanism to ensure that, when using a personal vehicle for work purposes, an employee is not “subsidising their employers”.

¹ <https://www.accc.gov.au/system/files/weekly-fuel-price-monitoring-report-1-may-2026.pdf>

² Shop, Distributive and Allied Employees Association, Correspondence (email) to Justice Hatcher’s Chambers, 27 April 2026.

³ ACTU Submissions at paragraph 90.

10. To that end, in broad terms and subject to the balance of these submissions, the Guild has no objection to a variation to the PIA which adjusts the vehicle allowance, for the duration of this volatility, to follow fluctuations in the figures provided by the private motoring subgroup of the monthly consumer price index.
11. However, this overarching position notwithstanding, these changes will impose an additional cost and administrative burden on our members which, as a general statement, they cannot easily discharge.
12. As such, as a threshold concern the Commission must be satisfied that a variation is necessary because the current allowance is insufficient to ensure that employees are not unfairly out of pocket when using personal vehicles at work.
13. Furthermore, if the Commission does determine to vary the PIA, then the consequential burden should be moderated by, at a minimum:
 - a. Limiting the period in which these ‘exceptional’ measures have effect to the duration of the volatility in the fuel market; i.e. rather than adopting them for an arbitrary length such as 12 months.
 - b. Ensuring that the changes to the rate of the allowance follow the actual changes to fuel prices (in so far as those changes are reflected in the ABS index) and to that end may increase and decrease accordingly.
14. Finally, the Guild does not express a view as to the best mechanism to achieve this aim or the specific terms of the variation to the modern awards which are the subject of this application — whether proposed by the SDA and ACTU⁴ or otherwise. Instead, we make these broader principles-based submissions which we say should inform the outcome which the Commission adopts and any changes which the Commission makes.

The administrative and cost burden which pharmacists will bear

15. The Guild’s membership is comprised of community pharmacies who run their small businesses⁵ typically without a dedicated or ‘in-house’ human resource capability.⁶ Furthermore, community pharmacies are (in accordance with state legislation) owned and operated by a registered pharmacist⁷ who, while a highly trained frontline primary healthcare professional, typically runs their business

⁴ Annexure A to the SDA’s application in this matter.

⁵ Guild Digest 2025, <https://www.guild.org.au/resources/business-operations/guild-digest/download>, pp 14, 18.

⁶ Council of Small Business Organisations Australia, Small Business Perspectives 2025 Report, p 29.

⁷ Australian Government, Department of Health, Disability and Ageing <https://www.health.gov.au/topics/primary-care/what-we-do/pharmacy-care>

without formal qualifications or a background in human resources or workplace relations.

16. These factors limit their ability to implement changes to the workplace regulatory environment and efficiently navigate increases to the regulatory and compliance burden they experience.
17. Frequent changes to the rate of the vehicle allowance which require employers to constantly monitor changes to pay requirements, make adjustments to pay calculations, and potentially bear significant penalties if those calculations are incorrect, is an administrative and compliance burden which community pharmacies are not well equipped to manage.
18. Furthermore, the commercial environment in which pharmacists operate their businesses is highly regulated and constrained by state and federal legislation. In addition to professional requirements, ownership rules, and clinical codes and guidelines⁸ — all of which directly or indirectly impact their commercial operations — the prices which pharmacies may charge for most of their stock-in-trade are strictly controlled by the Pharmaceutical Benefits Scheme.
19. As such, the cost of providing their services “off-site” — such as the cost associated with a vehicle allowance — cannot be built into the prices of the ‘products’ they sell and may have to be absorbed by the pharmacy. That is, it is not a cost which can be passed on through the value chain for the ultimate consumer to bear and market to address.
20. There are typically two ways in which a community pharmacy may ask an employee to use their vehicle in the course of employment:
 - a. Firstly, to deliver medicines to patients. While the pharmacist *can* pass that cost on to their patients as a ‘line-item’ delivery fee, they frequently will not, given that the relationship with their patient tends to have important social and community-service elements which such charges could compromise.
 - b. Secondly, to provide a Home Medicines Review (**HMR**). This program is (notionally) funded by the Federal Government and as such Pharmacists will only ever receive a flat fee for each HMR review. There is no capacity to increase this fee or pass additional costs, such as an increase to the vehicle allowance, on to patients.
21. None of this is to suggest that it would be fair or equitable to expect employees to bear the costs associated with operating their personal vehicle in the course of

⁸ See <https://www.pharmacyboard.gov.au/Codes-Guidelines.aspx> generally.

work. However, it highlights the fact that increases in rates directly impact the pharmacy business and so must not be allowed to blow out unnecessarily.

22. To that end, the Commission should not:
 - a. adopt an unnecessarily lengthy term for the change i.e. for a mandated minimum of one year; and/or
 - b. adopt a mechanism which will only allow the rate of the allowance to increase but not decrease in line with falls in the retail price of fuel.

Fluctuation of the Vehicle Allowance in Modern Awards

23. During award modernisation, the Australian Industrial Relations Commission (**AIRC**) adopted a methodology which provided that, when adjusting allowances in modern awards — notionally with the annual wage review — the current index number would be divided by the index for the year when the allowance was last adjusted and only change if the result is more than one. If the result is less than one, then the allowance is neither increased or decreased.
24. As such, at present the standard provision for calculating adjustments to the rate of the expense-related allowances, including those expressed at paragraph C.2.2 of the PIA, only allows for those rates to increase. It contains, in effect, a “ratchet mechanism”.
25. The AIRC does not appear to have provided any written reasons for adopting this ‘ratchet mechanism’. Furthermore, the submissions of the parties during modernisation are of little assistance. The SDA’s submission, for example, simply opposed linking expense-related allowances to a standard rate and instead proposed that:

*There is a need to construct an approach which permits the designation of an expense related allowance which reflects its appropriate current monetary value and then which permits the automatic adjustment of the allowance.*⁹
26. Comments made by other parties, along with the AIRC, during modernisation support the proposition that expense-related allowances were conceived of as

⁹ Shop, Distributive and Allied, Employees Association, Submissions – regarding Exposure Draft – amended, October 2008, <https://www.fwc.gov.au/document-view/full-bench/submissions-regarding-exposure-draft-amended-457831?from=search>, at [60].

covering the cost of using a personal vehicle and thus should be reflective of the appropriate monetary value of that cost.¹⁰

27. In short, there is no immediately apparent reason why the AIRC adopted the ‘ratchet mechanism’ during modernisation¹¹ and therefore no reason why the Commission must follow that lead in these proceedings, rather than establishing a mechanism which permits the rate of the allowance to follow changes to consumer prices.
28. All of that being said, for abundant clarity, we do not question this established practice in relation to the ordinary annual review of the allowance.
29. However, this matter does not contemplate a variation to the ordinary, annual methodology. It is proposed as a stand-alone, temporary response to “unprecedented instability” and “historic shock”¹² which, the Guild accepts, may warrant a reconsideration of the normal procedure for the duration.
30. Unlike the prior 15 years, when prices were largely stable, prices of fuel are now experiencing exceptional volatility. This of course means that prices may increase **and** decrease by significant amounts. As illustrated above at paragraph 6, the price of fuel has fallen from about \$2.60/litre at its peak to \$1.81/litre at the time of filing¹³, a drop of roughly 30%.
31. It follows that the mechanism for adjusting the allowance should allow the rate to decrease as well as increase.
32. If the allowance was only permitted to increase, it may result in employers having to pay amounts nominally as a vehicle allowance which exceeds the actual cost of operating a vehicle for work purposes. In that case, the outcome of this matter would exceed the SDA’s/ACTU’s stated goal of ensuring workers are not “subsidising their employers in the performance of their work out of pocket”¹⁴.

¹⁰ For example: [2008] AIRCFB 1000 at [74]-[76]; Australian Council of Trade Unions Submission, Award Modernisation Stage 4 Exposure Drafts, 16 October 2009, <https://www.fwc.gov.au/document-view/general/submissions-general-submission-regarding-exposure-drafts?from=search>, 4-8.

¹¹ We might speculate that the approach was predicated on an assumption that the associated costs would not decrease (significantly) to any significant degree or duration of time appreciate and/or to protect employers from any disadvantage they may experience due to price fluctuations between reviews i.e. in recognition of the fact that prices may fluctuate between each of the standard annual reviews, so a safeguard to ensure employees cannot in any circumstances be worse off in the outcome.

¹² ACTU submissions at paragraph 12.

¹³ www.fuelcheck.nsw.gov.au

¹⁴ ACTU submissions at paragraph 90.

Indeed, it may not be accurate to describe the vehicle allowance as covering “expenses incurred in the course of employment”¹⁵.

33. In extension of this argument, it must be noted that it is entirely possible that on or before the sunset date expressed in the Application is reached, the cost of fuel significantly decreases due to a deescalation of the conflict in the Middle East. This would, as the adjustment mechanism is currently constructed, result in the amount payable under the vehicle allowance being (substantially) higher than the real price of fuel.
34. Therefore, the current adjustment mechanism could result in an unsubstantiated and absurd cost burden placed on employers, which would be both inconsistent with the underpinning principles of an “expense-related” allowance, and in misalignment with the ACTU’s and SDA’s stated rationale for bringing this Application.
35. In short, the Guild’s submission is that consistent with the fundamental nature of an ‘expense-related’ allowance, principles of fairness, and the Unions’ submissions in this matter, the vehicle allowance should rise and fall with fuel prices.

Conclusions

36. In the Guild’s submission, the Commission should be guided by the following principles in reaching its decision:
 - a. A rational change to the vehicle allowance is warranted to ensure employees are not out-of-pocket as a result of the exceptional circumstances currently impacting fuel prices.
 - b. However, that change should only remain in effect for the duration of those exceptional circumstances rather than for an arbitrary period such as 12 months.
 - c. The change must follow actual changes to fuel prices and to that end should provide for the allowance to increase and decrease accordingly.

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¹⁵ Fair Work Act s 139 (g)(i).

The Pharmacy Guild of Australia