



Motor Trades Organisations

IN THE FAIR WORK COMMISSION

Vehicle Allowances – applications to vary multiple awards (AM2026/10 and others)

Vehicle Repair, Services and Retail Award 2020

REPLY SUBMISSION ON BEHALF OF THE MOTOR TRADES ORGANISATIONS

1. This submission is filed on behalf of the **Victorian Automotive Chamber of Commerce**, the **Motor Trade Association of South Australia and Northern Territory**, the **Motor Trades Association of Queensland**, and the **Motor Trade Association of Western Australia** (collectively, the *Motor Trades Organisations*) in response to applications by the Australian Metal Workers' Union (AMWU), the Shop Distributive and Allied Employees Association (SDA) and the Australian Council of Trade Unions (ACTU) to introduce an *“Additional Vehicle Allowance adjustments during the 2026 Oil Shock Crisis”* provision into the **Vehicle Repair, Services and Retail Award 2020** (VRSR Award).
2. The applicants contend that recent fuel price movements necessitate an immediate and additional adjustment to the award vehicle allowance in order to meet the modern awards objective in **s 134 of the Fair Work Act 2009 (Cth)**.
3. The application should be dismissed. The evidence demonstrates **price volatility rather than enduring inadequacy**; the proposed mechanism is **structurally unsound**; and the application is **inconsistent with settled Full Bench authority concerning expense-related allowances**.
4. If the Commission is minded to act at all, the appropriate response is a **limited clarification** confirming that the relevant adjustment index is the **most recent quarterly ABS CPI**, consistent with established Commission practice.

Nature and Scope of the Award Vehicle Allowance

5. The award vehicle allowance is a **general, fuel-neutral expense-related allowance** applying across a broad range of industries, work patterns and vehicle types. It is not calibrated by reference to particular fuels, vehicle classes or operating profiles.

6. The applicants' intermittent reliance on **diesel price movements** is misplaced. Diesel dynamics disproportionately affect heavy commercial transport and are not reflective of the **petrol-powered private passenger vehicles** that predominate in VRSR Award-covered employment.
7. The assessment of adequacy must therefore be confined to **petrol prices and typical private passenger vehicle use**. Diesel-specific volatility cannot justify variation of a universal allowance of general application.

Fuel Price Volatility Does Not Establish Award Inadequacy

8. The application is expressly premised on assertions of "*extreme volatility*" in petroleum markets arising from geopolitical events.
9. The applicants' own evidence shows that petrol prices rose sharply during the initial phase of the relevant period and subsequently declined.
10. At the time of these submissions, average retail petrol prices have returned to levels at or below those prevailing prior to the alleged crisis.
11. This trajectory demonstrates **short-term volatility rather than sustained escalation**. Volatility alone does not establish enduring inadequacy and cannot justify the introduction of a new award mechanism, even on a temporary basis.

Structural Deficiencies in the Proposed Adjustment Mechanism

12. Even if volatility were accepted as a premise, the proposed mechanism is **fundamentally flawed**.
13. The proposal provides for increases when the index rises, while precluding reductions when the index falls. This "**rise-only**" **ratchet** would permanently embed temporary price spikes into the award.
14. Such asymmetry is antithetical to volatility and undermines the **stability, simplicity and sustainability** required by s 134 of the Act.

Purpose of Expense-Related Allowances

15. The application proceeds on the assumption that the vehicle allowance should track or fully reimburse actual fuel expenditure. That assumption is inconsistent with settled Commission authority.
16. The Full Bench has repeatedly confirmed that award allowances are **standardised proxies rather than cost-plus reimbursement mechanisms**, and that expense-related allowances are not intended to operate as wage supplements.¹

¹ 4 *Yearly Review of Modern Awards – Allowances* [2015] FWCFB 6656.

17. The vehicle allowance is intended to compensate for **overall vehicle costs**, including depreciation, registration, insurance, servicing and tyres, **not fuel in isolation**.² Relevantly, the allowance applies uniformly regardless of vehicle type, including to employees who use electric vehicles (EVs) and incur no fuel costs, underscoring that it is not designed to track or reimburse fuel price movements.
18. While the vehicle allowance is periodically adjusted by reference to CPI through the **Annual Wage Review**, CPI indexation does not convert it into a real-time, cost-pass-through mechanism. Short-term fuel price volatility does not of itself demonstrate award deficiency or justify departure from the established review framework.³

Empirical Context

19. On accepted benchmarks, the current allowance of **98 cents per kilometre** compares favourably with average total passenger vehicle operating costs and in many cases exceeds estimated per-kilometre expenses.
20. When expressed as a fuel equivalent, the allowance translates to an implied fuel price well in excess of that required to operate a standard petrol passenger vehicle. By way of illustration, at a typical fleet fuel efficiency of around **7.5 litres per 100 kilometres**, even a retail petrol price of **\$2.00 per litre** equates to fuel costs of approximately **15 cents per kilometre**. Fuel therefore represents only a small fraction of the allowance, reinforcing that the allowance already incorporates a substantial and conservative margin and operates as an expense-related proxy rather than a fuel reimbursement mechanism
21. The application does not demonstrate **systemic under-compensation** across the VRSR Award workforce.

Industry Practice under the VRSR Award

22. Industry practice further underscores the limited reliance on award vehicle allowances.
23. Where travel is a regular or intrinsic feature of a role — such as mobile technicians, roadside assistance or automotive parts delivery drivers — employers commonly provide **company vehicles and fuel cards**.
24. Apprentices are subject to distinct travel arrangements relating to off-the-job training, operating independently of the general vehicle allowance.
25. These matters reinforce that the allowance applies in narrow, incidental circumstances, and that the applicants have not established widespread reliance or inadequacy.

The Modern Awards Objective

26. The applicants place disproportionate emphasis on s **134(1)(a)** while giving insufficient weight to the modern awards objective as a whole.

² *Manufacturing and Associated Industries and Occupations Award 2010 – Tool Allowance* [2016] FWCFB 6137.

³ *Annual Wage Review 2017–18* [2018] FWCFB 3500; *Annual Wage Review 2022–23* [2023] FWCFB 3500.

27. The Full Bench has consistently emphasised that the objective requires a **balanced assessment**, with no single consideration determinative.

28. The application fails, in particular, to address:

- business costs and competitiveness (s 134(1)(f));
- stability and simplicity of awards (s 134(1)(g)); and
- efficiency and compliance considerations (s 134(1)(d)).

ABS CPI Publications and a Proportionate Alternative

29. The applicants rely on the introduction of **ABS monthly CPI series**, including monthly private motoring data.

30. However, the ABS continues to publish **quarterly CPI**, including private motoring sub-groups, which have historically underpinned allowance adjustments through the Annual Wage Review.⁴

31. Adoption of monthly CPI — particularly on a rise-only basis — would embed short-term volatility into award rates and improperly convert a safety-net allowance into a fuel pass-through mechanism, contrary to established Full Bench authority.⁵

32. If the Commission is minded to act, the appropriate response is a **limited clarification** confirming that the relevant index is the **most recent quarterly ABS CPI**, preserving continuity, stability and compliance.

Conclusion

33. The application has not established that the proposed variation is necessary to meet the modern awards objective.

34. The evidence demonstrates **volatility rather than enduring inadequacy**; the proposed mechanism is structurally unsound; and the application misapprehends the purpose and operation of expense-related allowances.

35. The Commission should dismiss the application and, at most, adopt a **narrow clarification** to the existing adjustment methodology to promote certainty and consistency.

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⁴ *Annual Wage Review 2017–18* [2018] FWCFB 3500

⁵ *Road Transport and Distribution Award 2010 – Allowances* [2019] FWCFB 6955; *Annual Wage Review 2022–23* [2023] FWCFB 3500