

Tuesday, 14 April 2026

Unions launch Fair Work case to lift workers' vehicle allowances

Australian Unions will today launch an urgent case in the Fair Work Commission to increase vehicle allowances for workers, arguing that higher fuel prices are forcing Australians to pay out of their own pocket to do their job.

The application covers workers who need to use their own vehicles for travel during working hours and who are covered by modern awards with vehicle allowance provisions.

Workers in nursing, aged care and disability support and fast-food delivery have been particularly impacted by fuel price shocks, especially those travelling between clients and worksites in outer suburban and regional areas.

Vehicle allowances require employers to pay employees a per-kilometre amount to cover their fuel and maintenance costs, among others.

The Fair Work Commission adjusts these annually on 1 July, leaving workers to absorb a growing gap in their vehicle allowance and the actual cost of higher fuel prices.

Currently the average vehicle allowance is set at 99 cents per kilometre, with about 40% of that designated to cover fuel prices. Unions will today argue the rate should be lifted by at least an extra 10 cents to compensate for higher fuel prices.

Today's applications also seek to bring forward the adjustment to vehicle allowances so that workers can have relief earlier than July. Unions will also argue for the allowance to be reviewed monthly and updated in line with CPI private vehicle costs for at least the next 12 months, while fuel prices remain volatile.

Nationally, average unleaded fuel prices have increased by more than 35% on pre-war averages.

As a result, an employee doing 40 kms of in-job driving each day, a typical amount for a home care worker, would be shortchanged by nearly \$800 a year. There are hundreds of thousands of home care workers in Australia, and most rely directly on awards for their pay and conditions.

The figure rises even higher for those working in regional Australia, travelling longer distances on more expensive fuel.

The application will also support workers on enterprise agreements that have vehicle allowance rates linked to awards.

The applications seek to reduce the risk of rising fuel costs eroding the real value of vehicle allowances, so workers aren't forced to accept an effective cut in their take-home pay.

Australian Unions are also urging the Federal Government to direct the Australian Tax Office to lift the rate it calculates for tax deductions on workers' vehicle expenses.

The current rate of 88 cents per kilometre lags well behind fuel prices and no longer represents the cost to workers of their vehicle use for work. Millions of Australian workers rely on the ATO rate as a common benchmark for compensating workers who use their vehicles for work, in addition to the rates set out in modern awards and enterprise agreements.

Quotes attributable to ACTU Secretary, Sally McManus:

“Petrol prices have surged, but workers’ vehicle allowances have not even remotely kept up. Australians are paying out of their own pockets just to do their job, and that is not sustainable amid all the other cost of living pressures working people are enduring.

“It’s unacceptable for fast food delivery drivers, aged care workers and disability support workers to effectively subsidise their employers out of their own pay every time they fill up their vehicles.

“It is a basic principle that workers should not be out of pocket when they are required to use their own vehicle at work, they must be fully compensated. The current allowance is not delivering fair compensation to cover cost and so it must be adjusted.

“When someone supporting an elderly person or someone with a disability in their own home can no longer afford to do this essential work, we have a big problem as vulnerable Australians risk losing these workers and losing the support they depend on.”

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