



Mr John Gallagher  
Manager - Indirect Tax Unit  
The Treasury  
Langton Crescent  
PARKES ACT 2600

Dear Mr Gallagher

**MINISTERIAL PARTNERSHIP CONSULTATION ON EXCISE EQUIVALENT GOODS (EEG) ADMINISTRATION - FURTHER AIP ADVICE FOLLOWING RECENT CONSULTATIONS WITH PARTNERSHIP AGENCIES**

In light of AIP's recent consultations with the Partnership agencies, including the ATO and Treasury, AIP would like to provide additional advice to that contained in our Submission of 30 August 2012. This advice has been prepared on behalf of AIP's core member companies (BP Australia Pty Ltd, Caltex Australia Ltd, Mobil Oil Australia Pty Ltd and The Shell Company of Australia Ltd) who are responsible for almost all petroleum product excise manufacture in Australia and a significant share of EEGs.

As you are aware, AIP's recent submission put forward a range of recommendations to streamline and improve the efficiency of EEG administration relating to petroleum products – both from an industry and particularly a government perspective – to deliver administrative and compliance cost savings. The underlying theme of AIP's submission was seeking to achieve 'a single approach' (ie. a single decision maker, pathway, document, electronic system, point of contact etc) for business and government for all operational functions related to EEG/excise administration – thereby removing duplication and inefficiency in this activity. From AIP's consultations over many years, there appears broad consensus across relevant agencies that this objective is both worthwhile and achievable.

The AIP Submission (of 30 August 2012) was framed against seeking to reduce or remove these inefficiencies within the existing legislative architecture. As a result, we encouraged the partnership agencies to explore all options, within the existing legislation, to achieve this outcome. We also suggested that the previous 'delegation approach' (under the Phase 1 EEG reforms) has proven to be a successful approach and would be an appropriate starting point for the Partnership agencies to consider applying to the remaining EEG functions handled by Customs. However, there is no doubt that such arrangements represent 'work arounds' within the existing law, and that a more direct and effective solution is available through legislative reform – namely, through a single (new) administration Act.

**A 'Single Administration Act' (referred to as 'Option 1') was presented to AIP and its member companies at a recent formal consultation session and this letter expresses our strong support for this option.**

**Overall, AIP member companies consider that a 'single administrative act' has to potential to:**

- **more directly and effectively address all the inefficiencies/duplication identified in AIP's Submission;**
- **be a simpler, more legally robust, and effective legislative platform;**
- **provide a clear basis for a single administrative approach and improved flexibility for any future legislative reform and administrative consolidation (ie. dealing with one Act and agency not two);**
- **be more consistent with the approach to excise/customs goods applying in other countries; and**
- **provide for greater administrative savings for government (particularly compared to 'work arounds').**

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Assuming such an approach is constitutionally viable, we also consider that a 'Single Administration Act' has the potential to best meet (compared to other reform options) the Partnership's key objectives and principles of:

- reducing regulation, rather than shifting the burden to another point;
- ensuring the ATO has sufficient powers and a robust legislative basis for excise/EEG administration;
- targeting a more efficient and long term solution rather than a shorter term fix;
- consistent treatment between EEGs and exciseable goods; and
- maintaining robust controls over these goods and revenue protection for Government.

While we recognise there would likely be a short term cost to the Budget from such legislative reform, we believe the benefits and cost savings to business, and particularly government, would be more significant in the medium term and certainly in the longer term.

We trust this additional advice, following recent consultations, is useful to the Partnership agencies in developing your advice to Government on appropriate reform options, including for the future. We look forward to ongoing constructive and open consultations on the Phase 2 EEG reforms, as has occurred to date.

I would be happy to discuss with you any of the issues and options raised in AIP's Submission and in this correspondence. Please do not hesitate to contact me on (02) 6247 3044.

Yours sincerely



Nathan Dickens  
**General Manager – Policy**

7 December 2012