



# **Submission on the 'Tax Discussion Paper'**

*Submission to:*

**The Tax White Paper Task Force**

*June 2015*

## About AIP

The Australian Institute of Petroleum (AIP) was established in 1976 as a non-profit making industry association. AIP's mission is to promote and assist in the development of a sustainable, internationally competitive petroleum products industry, operating efficiently, economically and safely, and in harmony with the environment and community standards. AIP provides a wide range of factual information and industry data to assist policy makers, analysts and the community in understanding the key market and industry factors influencing Australia's downstream petroleum sector. AIP is represented on key statutory/advisory bodies including the ATO Petroleum Corporate Consultation Forum (PCCF), the Fuel Standards Consultative Committee (FSCC), the National Oil Supplies Emergency Committee (NOSEC) and Oil Stewardship Advisory Council (OSAC) and AIP sponsors or manages important industry health and environmental programs. The Australian Marine Oil Spill Centre (AMOSOC) is a wholly owned AIP subsidiary.

AIP presents this Submission to the Tax White Paper Taskforce on behalf of AIP's core member companies:

BP Australia Pty Ltd  
Caltex Australia Limited  
Mobil Oil Australia Pty Ltd  
Viva Energy Australia Ltd.

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AIP is happy for our submission to be made publicly available on the 'Better Tax' website.

## About AIP Member Companies

AIP member companies operate across all or some of the liquid fuels supply chain including crude and petroleum product imports, refinery operations, fuel storage, terminal and distribution networks, and wholesale and retail marketing. Underpinning this supply chain is considerable industry investment in supply infrastructure, and a requirement for significant ongoing investment in maintaining existing capacity. Over the last decade, AIP member companies have invested over \$10 billion to maintain the reliability and efficiency of fuel supply meeting Australian quality standards.

AIP member companies play a very significant role in delivering the majority of bulk fuel supply to Australia.

- In relation to conventional petroleum fuels, AIP member companies operate all major petroleum refineries in Australia and supply around 90% of the transport fuel market with bulk petroleum fuels.
- In relation to gaseous fuels, AIP member companies are the major suppliers of bulk LPG to the domestic market, representing around two thirds of the market.
- In relation to biofuels, AIP member companies are the largest suppliers of ethanol and biodiesel blend fuels to the Australian market.

As a result of these activities, AIP member companies are very significant tax collectors for the Australian Government. For example, these four companies together are responsible for around 90% of fuel tax payments to Government (around \$16 billion) and more than half of the total excise revenue collected across all industries.

The Australian petroleum industry is also a significant contributor to the domestic economy providing direct and indirect economic benefits from its own activities and underpins the competitiveness of key Australian export industries like the mining, agriculture, forestry, fishing and manufacturing industries. In addition, as a technologically advanced industry, the refining industry employs and trains many highly skilled, technical staff and international expertise flows readily into the Australian workforce.

**Given this background and their very significant role in the Australian fuels supply chain, broader economy and tax landscape, AIP member companies have a very strong interest in tax policy, legislation and administrative settings and reforms which can directly impact on the downstream petroleum industry, including the industry's ongoing operation, competitiveness and transparency, and on the costs of doing business in Australia (particularly compared to our competitors in the Asian region).**

## EXECUTIVE SUMMARY

- AIP's Submission focuses entirely on **fuel tax**, being excise and excise-equivalent customs duty that applies to fuels used in Australia, and particularly on the administration of this fuel tax regime.
- The Tax Discussion Paper notes that "*fuel taxes are the largest source of revenue on a specific good or service*" to the Australian Government, "*raising \$18.3 billion in tax revenue in 2013-14*".
- AIP's four member companies are responsible for around \$16 billion (90%) of fuel tax payments to the Government and more than half of total excise/duty revenue collected across all industries.
- This Submission addresses the Paper's request to identify in relation to fuel tax regime "*sources of tax system complexity, the costs it creates, and different methods through which it can be alleviated*".

### **PROBLEM: *Unnecessary Complexity and Cost Burdens on Business and Government***

- Australia's fuel tax regime is well recognised by all parties as being complex, outdated and highly regulated.
- It is out-of-step with arrangements for other Australian taxes, common international approaches to fuel tax, contemporary business practices, financial systems and reporting, and with the use of modern technology.
- As a result, it creates significant and unnecessary red-tape imposts on Australian fuel tax payers, as well as major administrative and cash flow burdens. This hinders the industry from getting on with business and investing these 'compliance resources' in more productive business areas.
- The multitude of regulatory requirements and convoluted concepts also impose significant and unnecessary costs and rigidities on Government (ATO and Customs) in the ongoing administration of fuel tax.
- Complexity and cost burdens are compounded by concessional fuel tax arrangements for alternative fuels, rather than taxing all competing transport fuels on a comprehensive and neutral basis.

### **SOLUTION: *Simplifying the Fuel Tax Regime***

- The current fuel tax regime administration can be greatly simplified, deregulated and strengthened by:
  - (1) aligning fuel tax reporting/payment periods with other Australian taxes (monthly/quarterly period), and with contemporary business and financial systems
  - (2) moving the taxing point up the fuels supply chain to the point where fuel is imported or leaves the refinery gate, removing many excise payers (small businesses) from the excise regime with no impact on fuel tax revenue to Government.
- These two improvements alone to the fuel tax regime will reduce the vast majority of the significant red tape, inefficiencies, complexities and cost burdens for both business and government.
- They will also provide support to the Australian petroleum industry's significant future investment task to maintain industry competitiveness in the current challenging market environment.
- Broader economic and productivity benefits are also expected in terms of simplified/improved day to day supply and shipping operations by industry (*supporting supply reliability for transport fuels in Australia*) and closer harmonisation of Australia's fuel tax arrangements with those in other developed countries where Australian fuel companies operate or trade (*supporting our international competitiveness*).
- Simplifying the regime in this way has been the subject of extensive consultation with the ATO, has broad support across industries, and is consistent with the ATO's current deregulation and simplification program.

### **IMPLEMENTATION: *Can be Achieved with Minimal Legislative Change***

- These two improvements to the fuel tax regime can either be implemented via minimal changes to the existing legislation in a short timeframe, or as part of a longer term 'modernisation and simplification' of the legal frameworks supporting the fuel tax regime.
- While AIP does support a fundamental modernisation as a medium to longer term objective, the highest priority should be timely and low cost implementation of the two key improvements noted above.
- This near term and low cost action will deliver the lion's share of red-tape and cost savings available to both business and government.
- An appropriate transitional period and other implementation arrangements will need to be determined in close consultation with industry to ensure a smooth adjustment process and no major adverse impacts for excise payers, and also to ensure the ongoing integrity of the excise system and revenue protection.

**AIP and its member companies consider that the current deregulation environment and Government priorities provide a clear and unique opportunity to advance major improvements to fuel tax administration and reduce red-tape and cost burdens for both business and government. We encourage its priority consideration.**

# AIP SUBMISSION TO TAX WHITE PAPER TASKFORCE ‘TAX DISCUSSION PAPER’

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## Introduction

AIP welcomes the opportunity to provide a submission on behalf of its four core member companies to this consultation process on the Tax Discussion Paper, and looks forward to ongoing consultation with the Taskforce over the coming months.

AIP member companies may also make submissions to the Tax White Paper consultation process, addressing commercial and other matters specifically related to their companies. AIP member companies are also members of other peak organisations which will be making substantive submissions in relation to broader tax policy settings and impacts, and whole of tax system and tax mix issues.

**As a result, AIP’s Submission focuses entirely on fuel tax, being excise and excise-equivalent customs duty that applies to fuels used in Australia, and particularly on the administration this tax regime.**

- The Tax Discussion Paper notes that *“fuel taxes are the largest source of revenue on a specific good or service”* to the Australian Government, *“raising \$18.3 billion in tax revenue in 2013-14”*.
- AIP member companies are responsible for around \$16 billion (90%) of fuel tax payments to the Government and more than half of total excise/duty revenue collected across all industries.

In relation to the fuel tax regime and its administration, AIP’s submission seeks to respond to the key focus of this consultation process – that is, to identify *“sources of tax system complexity, the costs it creates and different methods through which it can be alleviated”*.

**This initial AIP submission therefore identifies:**

- (A) Sources of Unnecessary Complexity & Cost in the Fuel Tax Regime**
- (B) Opportunities to Simplify and Strengthen the Fuel Tax Regime**
- (C) Implementation & Consultation Considerations**

This submission also seeks to respond to relevant consultation questions outlined in the Tax Discussion Paper, namely:

- Q55: *“To what extent are the tax settings (i.e. the rates and bases and the administration) for each of these indirect taxes appropriate? What changes, if any, could be made to these indirect tax settings to make a better tax system to deliver taxes that are lower, simpler, fairer?” (Q55)*
- Q59: *“In what ways can reforms of tax administration best assist in reducing the impact of complexity on taxpayers? Are there examples from other countries of tax administration reform to reduce the impact of complexity that Australia should adopt?” (Q59)*
- Q60: *“What processes or systems currently being used by businesses and individuals could the ATO better utilise to lower the compliance costs of the tax system?” (Q60)*
- Q61: *“Could administrative responses - such as embracing technology, harnessing data and taking the whole-of-government approach to administration - help address the issue of tax system complexity?”*

More broadly, this submission is set against AIP’s longstanding fuel tax policy principles – See **Box 1**.

## BOX 1: AIP FUEL TAX PRINCIPLES

From a tax policy perspective, AIP supports a fuel tax regime for transport fuels that:

- is efficient (causes minimum distortions), equitable (fair) and simple (easily understood)
- is practical/workable and minimises compliance and administration costs for business and government
- supports clarity, consistency and stability in policy settings relevant to the transport fuels industry.

AIP also supports relief from the burden of fuel tax being provided for 'business inputs' to production, and has therefore supported the policy intent of the Fuel Tax Credits system.

Overall, AIP supports the principle that all fuel used for transport - including liquid fuels (mainstream transport fuels and biofuels) and gaseous fuels (LPG, LNG and CNG) - should be taxed on a comprehensive and neutral basis, to ensure the most efficient and robust fuel tax system for road transport fuels.

- AIP supports all road transport fuels being brought within the fuel tax regime (as they are now) so that all fuels (equitably) need to meet compliance obligations underpinning the integrity of the fuel tax regime and also comply with relevant fuel quality and environmental performance standards.
- AIP supports energy content as an appropriate and neutral basis for taxing all road transport fuels, and so as to not distort the allocation of resources and producer or consumer choices.
- AIP supports the principle that the point at which fuel tax should be imposed should be at the highest point in the supply chain to ensure the most compliant fuel tax regime.

AIP recognises that a transition to this efficient fuel tax policy framework may be appropriate.

The Tax Discussion Paper notes that *"alternative fuels (liquefied petroleum gas, compressed natural gas, liquefied natural gas, and domestically produced ethanol and biodiesel) are, or will be, taxed at a rate based on the energy content of these fuels in comparison to petrol and diesel, and then discounted by 50 per cent. This discount reflects the potential supplementary benefits provided by these fuels."*

This 50% fuel tax concession for alternative fuels is inconsistent with AIP's fuel tax principles above, and generates both a significant tax expenditure for Government in terms of foregone revenue and added complexity to the administration of the fuel tax regime for business and government.

AIP acknowledges that the Government may consider there is a case for assistance for alternative fuels.

However, AIP believes that such government assistance:

- should be transparent (clearly defined objectives and a demonstrated net benefit)
- should be regularly reviewed to ensure the objectives of assistance are still relevant
- should allow for a sufficient transition period prior to an appropriate expiry date
- could also address any adverse consequences for existing or committed projects arising from any fuel tax changes.

## Key Sources of Complexity & Cost in Administration of the Fuel Tax Regime

The Tax Discussion Paper concludes that:

- *“the complexity of the Australian tax system reduces integrity and transparency, and imposes unnecessary compliance costs on taxpayers, as well as other costs on the Australian economy”*
- *“complexity largely reflects the historical foundations of the tax system and the way changes to the system have been implemented in the past.”*
- *“tax administration will play an increasingly important role in minimising the impact of tax system complexity by making it easier for members of the community to comply with their obligations.”*

AIP supports these conclusions, and particularly so in relation to the administration of the fuel tax regime.

The administration of the fuel tax regime is underpinned by the *Excise Act 1901* and the *Customs Acts 1901* and their supporting regulations. Thus, the regime is based on a historical foundation over a century old and against the background of a vastly different domestic and global fuels market environment. As a result, it is based on convoluted and highly regulated arrangements which do not best support a modern and open economy and businesses engaging in high volume globalised trade in petroleum products.

While efforts have been extended, including recently by the Government, to restructure and simplify the legislation (largely focused on the regulations), industry and government have acknowledged that this does not go far enough and ***the existing regime remains outdated, highly complex and overly perspective.***

In addition, Australia’s current fuel tax regime:

- ***does not meet sound tax policy principles*** – including efficiency (minimum distortions), equity (fairness) and simplicity (easily understood) and does not minimise compliance and administration costs for business and government
- ***is unique, complex and uncompetitive by global standards*** - it is out of step with common international approaches to fuel tax administration, including with developed countries where Australian fuel companies operate or trade
- ***does not utilise modern technology***, as there remains no single online or ‘electronic system’ for all fuel tax obligations and reporting (eg. paper returns via facsimile still occurs today).

This complexity and inefficiency is certainly compounded by two Acts, administrators and compliance regimes under the separate excise and customs laws.

**However, the two primary sources of unnecessary complexity and conflict with international approaches within the Australian fuel tax regime are:**

- **taxing point** (liability acquittal is deferred down the supply chain through various mechanisms)
- **settlement period** (weekly settlement in Australia versus deferred monthly settlement and longer as standard in comparable international fuel tax regimes).

The operation and interaction of these two features, at the core of current fuel tax administration, add significant red-tape, complexity, cost and operational implications for companies operating within Australia. They create unnecessary cost in the ongoing administration and management of fuel tax obligations – both for industry and Government. For example, each AIP member company has significant resources and working capital committed to managing its fuel tax obligations (particularly weekly excise settlement), servicing an average annual fuel tax bill often in excess of \$4 billion per company.

These two sources of complexity and inefficiency are discussed in detail below.

## **TAXING/LIABILITY POINT FOR FUEL TAX IN AUSTRALIA**

In Australia, fuel tax liability is based on the concept of “physical control of goods” and is triggered at the point of manufacture or import, but as a result of weekly settlement obligations, market participants are required to suspend the liability payment (under bond) until closer to retail or end-user delivery.

- The under bond regime is incredibly complex, and involves extensive physical facility licensing (rather than single entity licensing or registration), periodic settlement permissions over third party terminals, under bond movements of bulk product, movement permissions, remissions of fuel tax, drawbacks and refunds, error correction etc.
- Complexity is compounded by the joint use of licensed terminals and supply chain infrastructure, as well as the interactions between customs and excise arrangements for finished fuel products.
- Different settlement periods and fuel tax arrangements are in place for certain market operators (SMEs and gaseous fuels) and different fuel tax rates apply across fuel types and fuel blends (mainstream transport fuels versus alternative fuels).
- Recent announcements by Government to implement differential fuel tax rates for identical biofuel products based on source location will further complicate an already extremely complex compliance environment.

As a consequence, significant ongoing investment has to be made by AIP member companies in developing, maintaining and upgrading highly customised internal accounting systems (Enterprise Resource Planning systems or ERP, with SAP the common provider) to seek to capture and comply with Australia’s fuel tax requirements – see **Box 2**.

### **BOX 2: DEVELOPMENT OF HIGHLY CUSTOMISED SYSTEMS TO MEET UNIQUE AUSTRALIAN FUEL TAX**

As a result of the complexities in fuel tax arrangements noted above and weekly excise settlement, each AIP member company has been required to fund the design, development, implementation and upgrade of highly customised accounting systems (Enterprise Resource Planning systems or ERP) to accommodate Australia’s unique fuel tax arrangements.

- For some companies, implementation costs (each upgrade) to transform/adjust to Australia's unique fuel tax arrangements has been around \$1 million.
- This is a 'when required' cost (e.g. when companies implement new ERP systems globally) and includes the estimated time and expense costs of SAP implementation project team, including internal tax teams, training, User Acceptance Testing (UAT), IT and consultant costs. Typically major systems upgrades occur every 5+ years.
- AIP member companies expect that such ERP costs could be significantly reduced, and largely removed in some instances, with a change to a higher taxing point and deferred settlement arrangements.

**AIP member companies believe that the removal of the duty suspension regime, effectively moving the fuel tax point further up the supply chain to the point where fuel is imported or leaves the refinery gate, would:**

- **remove much of the significant complexity in current fuel tax arrangements noted above**
- **remove a significant number (100+) of fuel tax payers from the excise regime – particularly small businesses – with no impact on revenue paid to Government**
- **provide the basis for a single entity registration/license with material administrative savings**
- **greatly simplify the interactions between fuel suppliers (product transfers and under bond movements), since all such product movements would be fuel tax ‘paid’**
- **lead to better compliance, less errors and the correct amount of fuel tax being paid.**

Importantly, a taxing point higher up the supply chain can only be effectively facilitated by a move to deferred monthly/quarterly settlement of fuel tax.

## **SETTLEMENT & REPORTING OF FUEL TAX IN AUSTRALIA**

The sources of complexity and inefficiency in current settlement arrangements are outlined below.

Under the current fuel tax regime in Australia, AIP member companies pay fuel tax on a weekly basis, whereas deferred settlement is available to SMEs and gaseous fuel suppliers.

The current weekly settlement of fuel tax is out of step with the majority of comparable international systems in countries in which AIP member companies trade and operate. Most countries allow for monthly returns, often deferred until the end of the following month and longer; this is a source of competitive disadvantage within Australia. For example:

- *NZ* - monthly excise liability due around 28<sup>th</sup> of the following month
- *UK* – monthly excise liability
  - *For example*, liabilities incurred between the 15<sup>th</sup> of month 1 and the 14<sup>th</sup> of month 2, are paid the last day of month 2.
- *Germany* – monthly excise liability due on 10<sup>th</sup> of second following month.
  - *For example*, duty for August has to be paid on October 10<sup>th</sup>.
- *South Africa* – monthly excise liability in 50% portions - 30 and 60 days after the month in which fuel was imported/manufactured.
  - *For example*, excise on fuel imported/manufactured in August is paid 50% at the end of Sept and 50% at the end of Oct.
- *Netherlands* – monthly due last day of the following month
- *Spain* - monthly excise liability due on/before 21<sup>st</sup> of the following month.

Weekly settlement creates an exceptionally tight ‘timeframe for returns’ which significantly inhibits a company’s ability to perform pre-lodgement assurance, particularly compared to other taxes (eg. GST). The fuel tax requirement for post-lodgement assurance activities is out of step with other taxes.

- Returns are to be finalised by 2pm on the Monday for the previous seven days ending Friday, resulting in a 5 hour window to compile a fuel tax return. In contrast, AIP member companies have 21 days to perform assurance checks for GST under deferred monthly settlement.
- This appears totally disproportionate to the materiality of the weekly fuel tax payments made by each AIP member company (commonly around \$80-\$100 million each week).

The requirement to lodge 52 fuel tax returns a year (rather than 12 or 4) represents a major administrative task for Australian companies and significant red-tape versus international approaches.

- The current weekly reporting and settlement is a time-consuming administrative exercise, and involves a range of business units within AIP member companies not just tax departments (inc. payables, pricing, supply/inventory, management approval etc) to gather the necessary information and perform assurances and checks.

Current weekly settlement of fuel tax also creates a range of other major complications for AIP member companies – it is fundamentally out of step with conventional business practices, systems and reporting.

- The business, systems and processes in AIP member companies are based on accounting and finance timeframes and deadlines (e.g. monthly, quarterly reporting) and not excise reporting on a weekly basis. This requires additional resources to manage as it contradicts conventional business systems.



- Weekly excise settlement does not support business operations, as not all fuel product movements would be recognised in systems in line with fuel tax reporting in the ordinary course of business (eg. many transactions/movements are not processed within the same week as they are undertaken). Again, this results in additional resource requirements to manage Out of Period Adjustment Report parameters due to excise obligations being out of step with natural business systems and processes.
- Weekly excise does not align to Fuel Tax Credits (FTC) reporting to the ATO, resulting in two different processes to determine amounts, creating inefficiencies and difficulties in reconciliation as companies are comparing calendar month FTCs to weekly fuel tax returns.

There is a long time lag between weekly fuel tax settlement by AIP member companies to the ATO, and subsequent payment to them by their customers (up to 5-6 weeks later).

- As a result, this imposes a substantial working capital burden and cost on the industry. Working capital burdens vary across companies and depend on each company's contract terms with customers, internal financial arrangements, volumes of fuel traded, trader profiles etc (which all vary widely from company to company and are commercial in confidence).
- In addition, the working capital burdens of AIP member companies has increased significantly over time with the increase in excise from 9 cents per litre in the 1980s, and will increase further over time with the recent reintroduction of fuel excise indexation.

**AIP member companies believe that a deferred (monthly/quarterly) settlement of fuel tax would:**

- **minimise compliance and administrative costs for business and government**
- **better align fuel tax with other indirect tax timetables and contemporary business systems and way of working (including global reporting on a monthly basis)**
- **better align with fuel tax regimes in other international taxing jurisdictions**
- **further strengthen the robustness of fuel tax data, which is increasingly being utilised for other important government reporting purposes**
- **free up working capital to invest in growth and productivity improvements.**

Importantly, these AIP views are supported by major government and independent reviews:

- The **2002 Fuel Tax Inquiry** concluded that *"the Inquiry sees merit in the related proposals to align the reporting timeframes of fuel taxation with other taxation arrangements to promote consistency and simplification of the tax system"* and that further examination is required.
- The **2008 Productivity Commission (PC)** review conducted such an examination and recommended that *"excise duty on a monthly basis should be extended to all businesses", noting that "the reduced compliance burden as well as administrative costs for government should outweigh revenue considerations, particularly if revenue administration is consolidated within the ATO.*
- The **2011-12 Ministerial Partnership** conducted extensive consultation with industry on simplification of the fuel tax regime, given longstanding and broadly based industry support for such proposals.

**AIP considers this is a clear and opportune time for priority Government consideration of these proposals in the context of the deregulation agenda, but also in light of the ATO's well established 'risk differentiation framework' and new 'streamlining and reinvention program', the industry's robust fuel tax compliance and audit performance since 2008, and more experience now with the operation and administration of the GST and BAS arrangements, including deferred settlement of liabilities.**

## Opportunities to Simplify & Strengthen Administration of the Fuel Tax Regime

As a result of the range of complexities noted above, Australia's fuel tax regime creates significant and unnecessary red-tape imposts on Australian excise payers, as well as major administrative and cash flow burdens that hinder the industry from getting on with business and investing these resources in more productive areas. It's multitude of complex regulatory requirements also, therefore, impose unnecessary costs on Government (ATO and Customs) in the ongoing administration of fuel tax.

AIP believes there is an opportunity to reduce complexity and cost impacts of the fuel tax regime, and simplify and strengthen the regime, through:

- aligning excise reporting/payment periods with other Australian taxes (monthly/quarterly period), and with contemporary business and financial systems
- moving the liability/taxing point up the fuels supply chain to the point where fuel is imported or leaves the refinery gate, therefore removing many excise payers (small businesses) from the excise system with no impact on fuel tax revenue to Government.

These two improvements alone will remove the vast majority of the inefficiencies, complexity and significant red tape for both business and government, as evidenced above. Simplifying the fuel tax regime in this way has been the subject of extensive consultation with the ATO, has broad support across industries, and is consistent with the ATO's current deregulation and simplification program.

These important changes will also provide support to the Australian petroleum industry's significant future investment task to maintain industry competitiveness in the current challenging market environment. Broader economic and productivity benefits are also expected in terms of simplified and improved day to day supply and shipping operations by industry (*supporting supply reliability in Australia*) and closer harmonisation of Australia's fuel tax arrangements with those in other developed countries where Australian fuel companies operate or trade (*supporting our international competitiveness*).

## Implementation & Consultation Considerations

AIP believes that these two key improvements to the fuel tax regime can either be implemented via simple changes to the existing legislation in a short timeframe, or as part of a longer term and more complex 'modernisation and simplification' of the legal frameworks for the regime.

While AIP generally supports a fundamental modernisation of the legislation as a medium to longer term objective, AIP member companies consider the highest priority should be given to the timely and low cost implementation of the two key improvements identified above. This near term and low cost action will deliver the lion's share of red-tape and cost savings to both business and government.

However, under either implementation approach, an appropriate transitional period and other implementation arrangements will need to be determined in close consultation with industry to ensure fuel tax payers are able to adjust smoothly to the new system and there are no major adverse impacts on excise payers, and also the ongoing integrity of the excise system and revenue protection for Government.

AIP acknowledges that, in principle, excise simplifications should apply across all excisable goods to ensure the maximum red-tape reduction is delivered for business and the greatest efficiencies and savings are captured by government. However, AIP recommends that ongoing consultations should have a clear focus on proposals that will deliver the greatest benefits to government and industry broadly-defined, and then consider any special provisions needed for the unique circumstances of particular industries. We would expect only a small number of circumstances where special provisions might be necessary.

**AIP and its member companies consider that the current deregulation environment and Government priorities provide a clear and unique opportunity to advance major improvements to the administration of the fuel tax regime and reduce red-tape and cost burdens for both business and government. We strongly encourage the priority consideration of the proposals in this AIP Submission.**