



Media Release

Senator Mathias Cormann

Liberal Senator for Western Australia

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SENATE INQUIRY MOVE INTO \$2.5 BILLION TAX SLUG WELCOMED

WA Liberal Senator Mathias Cormann has welcomed a move to refer the scrapping of the exemption of condensate from the crude oil excise to a Senate inquiry.

“The Federal Government’s decision to scrap the exemption is nothing more than a thinly disguised tax grab aimed at the Western Australian resources sector.

“This one tax slug will deliver around \$2.5 billion to pay for the Rudd government’s big spending budget and will put upward pressure on the cost of energy.

“Before the election Kevin Rudd said he wanted to provide ‘the State of Western Australia with the appropriate incentive to roll out further resource projects into the future so that not just all the revenue benefit goes to Canberra’.

“Yet his first act is to take a further \$2.5 billion from our State and give nothing back in return

“While Kevin Rudd says there is nothing else he can do for motorists on petrol prices, he’s more than happy to take an extra \$2.5 billion from oil and gas companies.

“For the Prime Minister, higher oil prices just mean more tax revenue to spend.”

Senator Cormann said the Rudd government had successfully spun the tax slug as a ‘savings measure’ when in reality it was a new tax grab on an existing successful project.

“This is a typical, lazy Labor approach to budgeting – spend up big, then look for easy tax targets.

“The removal of the exemption sends an appalling message to international investors looking to fund major resource projects in Western Australia.

“This is at a time when economically and environmentally we should be doing everything we can to attract more investment in gas exploration and production.

“Our State is already rated by international resources sector executives as one of the hardest places to do business because of State government red tape.

“Now we have a Federal government which is saying to major resource companies that it is prepared to significantly change the tax rules once a project is underway.

“The WA resources sector is driving the national economy and our current prosperity, but major new investments are needed to fully capitalise on this important sector’s potential.

“With its cavalier attitude to taxation, Labor is putting those investments at risk,” Senator Cormann said.