



WA Liberals to fight NW tax grab amid gas price fears

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WA Liberals will spearhead a push for the Opposition to block the \$2.5 billion tax grab on light crude from the North-West Shelf amid warnings it could increase the price of gas to households and businesses.

Deputy Liberal leader Julie Bishop said the coalition would use its Senate majority to force an inquiry into the surprise Budget measure to allow Woodside Petroleum and other partners in the North-West Shelf Venture to voice their concerns.

Ms Bishop said the inquiry would also consider the consumer impact of ending the 24-year tax exemption on condensate — a light crude extracted with natural gas.

“I am aware that a number of gas contracts are up for renegotiation and that these companies do not intend absorbing the extra costs but passing them on to the consumer,” she said. “The Government has done absolute-

ly no analysis on this — this measure should have been included in its much-vaunted tax review.”

It is understood that about two weeks before the Budget, the petroleum industry was assured there would be no measures that would adversely affect it. Woodside Petroleum chief executive Don Voelte said last week his company was “considering its position”, understood to include taking legal action. WA senators Mathias Cormann and David Johnston also oppose the excise, the third biggest “saving” in Labor’s first Budget.

“There is no doubt that the additional \$2.5 billion tax slug will ultimately work its way back to the consumer by way of increased costs,” Senator Cormann said.

The tax came into effect at midnight on May 13 and will raise \$2.5 billion over four years. It will cost the

State \$338 million in lost revenue. The Federal Government will compensate WA with \$407 million.

The Liberal leadership group yesterday decided it would also insist on Senate inquiries into the lifting of the excise on alcopops and the doubling of the Medicare Surcharge Levy.

The Opposition may also block changes to the proposed increased tax on luxury cars worth \$57,000 or more. The coalition holds the Senate majority until July 1 and is threatening Budget measures worth between \$1.6 billion and \$1.7 billion a year.

Kevin Rudd said the Opposition was out of touch. “When it comes to the taxation arrangements for condensate, taxation arrangements for luxury cars, taxation arrangements across the board, it seems that those opposite do not have their priorities right,” the Prime Minister said.



Cash rig: A tax on natural gas condensate will raise \$2.5 billion over four years.