



Senate majority used to give North-West Shelf gas partners a voice over Labor plan to end exemption on light crude

Coalition stalls \$2.5b excise bid

ANDREW PROBYN
CANBERRA

Partners in the North-West Shelf Venture will get an opportunity to air their grievances over the Rudd Government's \$2.5 billion decision to end a 24-year excise exemption on light crude after the Opposition confirmed it would set up an inquiry to examine the move.

In a further blow to the Government's hopes of getting its first Budget passed quickly, the Opposition also agreed to refer the decision to increase tax on pre-mixed spirits and a doubling of the Medicare surcharge income threshold to committees.

But with the coalition losing its Senate majority after July 1, its blocking tactics may prove useless if Labor can secure support from the Greens, Family First's Steve Fielding and senator-elect Nick Xenophon when the new Senate takes shape.

WA Liberals, who lobbied colleagues to reject the tax increase on

light crude from the North-West Shelf claiming it could see gas prices soar, welcomed the news of the committee inquiry.

WA Senator Mathias Cormann said the gas industry was a major contributor to Australia's prosperity and needed to be heard.

"There are significant demand pressures on gas at the moment and this is not the time to make attracting investment more difficult," he said. "Nor is it the time to worsen our sovereign risk profile."

Woodside, the lead partner in the North-West Shelf Venture, would not be drawn on whether it would give evidence to the committee inquiry.

Its chief executive Don Voeltz has said the 24-year exemption on condensate was not a loophole or a "free ride" but a "negotiated fiscal arrangement which formed the basis of Australia's largest resource development".

The Government believes the excise exemption only existed to nur-

ture an industry in its infancy and was no longer needed.

Kevin Rudd said the Opposition was being economically irresponsible by threatening savings underpinning the \$21.7 billion surplus.

"Responsible economic management means that you do something about ensuring that you have got a reasonable surplus, and those opposite have not had one thing to say about where they are going to find \$22 billion worth of savings. Where are they? Where are the savings?" the Prime Minister told Parliament.

"I do not hear anything. On the doors, what they say is, 'Let's raid the surplus'.

"That is a sure-fire recipe for doing one thing: upward pressure on inflation and upward pressure on interest rates.

"And that flows through to all families and all people with mortgages and businesses across the country."



Pressure point: Woodside, the North-West Shelf Venture lead partner, would not say whether it will give inquiry evidence