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Fixing logjams gets top priority

- **Colin Kruger**
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AUSTRALIA'S infrastructure players were big winners in the budget but it also delivered a nasty shock for the energy giant Woodside Petroleum , with the Federal Government removing an exemption for condensate from the crude oil excise.

According to the budget papers, this will bring in an extra $2.5 billion in excise revenues over the next four years, with Woodside expected to take the biggest hit.

"Under the new arrangements, condensate production from petroleum fields located in the North-West Shelf project area and onshore Australia will be subject to the same excise rates as those applicable to petroleum fields discovered after September 18, 1975,"the budget papers said.

Condensate is a light crude oil extracted from natural gas. The North-West Shelf venture is Australia's largest resource project with six participants, including BHP Billiton and Woodside.

The budget received an unenthusiastic reception from business leaders who had paid large donations to the Labor Party to watch the Treasurer, Wayne Swan, deliver his first budget speech.

The Australian dollar was also slightly lower in reaction to the budget, losing a little over US0.2c.

The budget carried good news for Australia's infrastructure players, however.

More than $42 billion is to be set aside for infrastructure spending to alleviate bottlenecks at Australia's ports, roads, and rail, as well as broadband online, with beneficiaries likely to include Leighton Holdings, United Group, Downer EDI, Asciano, Toll and Linfox.

The Building Australia Fund, designed to fund critical national infrastructure that cannot be financed by the states or private enterprise, will receive an initial $20 billion. It will also include $2.4 billion from the previous government's communications funds, which will be closed.

The fund will also provide up to $4.7 billion in funding for the National Broadband Network.

On top of the fund, $22.3 billion is being set aside over coming years for land transport infrastructure. The investment is expected to run from 2009-10 to 2013-14 and includes $2.5 billion to upgrade the Pacific Highway.

Australia's financial industry is another potential winner, with the Government slashing the rate of withholding tax on foreign resident incomes from 30 per cent to 7.5 per cent by 2010-11.

"This will provide a major boost to Australia's goal of becoming a financial hub in the Asia-Pacific region ," Mr Swan said.

The Government also will modify the scrip-for-scrip capital gains tax rollover provisions for corporate restructures.