

Govt hits back at Woodside over tax slug

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The Rudd government has hit back at gas giant Woodside Petroleum, saying its new tax slug on light crude oil from the North West Shelf is fair.

Assistant Treasurer Chris Bowen has told parliament North West Shelf stakeholders have benefited very substantially from generous tax concessions that are no longer needed.

Mr Bowen was introducing amendments to the excise tariff law covering condensate - light crude oil extracted from natural gas - which were announced in Tuesday's budget.

The effect is to place North West Shelf condensate on the same excise regime as crude oil, with a top rate of 30 per cent when production exceeds five million barrels a year.

The government estimates the change will boost revenue by \$2.5 billion during the next four years.

Woodside chief executive Don Voelte slammed the change on Wednesday, saying the industry had not been consulted.

The exemption was a negotiated fiscal arrangement, not a free ride, he said.

The North West Shelf venture was a major contributor to Australia's economy and changes to the fiscal regime should be considered carefully after consultation with the industry.

Mr Bowen said the change would allow Australians to share more fairly in the benefits from extracting non-renewable energy resources.

Exemption for condensate was introduced in 1977 to encourage the development of petroleum resources on the North West Shelf.

"Stakeholders have benefited very substantially from this concession." Mr Bowen said.

"As the development of petroleum fields in these regions is now reaching maturity, and the world prices for non-renewable energy resources are high, there is no longer a need to retain this generous concession.

"Given the similarity between condensate and crude oil, the two commodities should be taxed in a similar manner."

The change would mean a reduction in royalties to the Western Australian government, Mr Bowen said.

The commonwealth would compensate Western Australia for the loss, with an initial payment of \$80 million to cover next financial year.

Mr Bowen said opposition fears that the change could lead to higher petrol prices in Australia were not justified, because the price of petrol was set overseas.

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