

Coalition to fight \$2.5bn oil excise

Patricia Karvelas, Political correspondent | *May 27, 2008*

THE Coalition will not block an increased tax on luxury cars and a means test on the baby bonus, but is likely to oppose the budget's \$2.5billion excise increase on condensate, a form of light crude oil, on the basis it could push up gas prices in Western Australia.

The Opposition yesterday met to discuss revenue measures announced in the Rudd Government's first budget, including the decision to remove an excise exemption for condensate, which the North West Shelf has enjoyed for 24 years, and to increase taxes on luxury cars.

The Opposition decided to refer the condensate excise increase to a Senate inquiry, and to use the evidence that emerges from the inquiry to attack the measure.

But some Liberal frontbenchers were reluctant to block the increase in condensate excise because Woodside Petroleum, which benefits from the exemption, did not offer the Coalition enough support during the election campaign battle over the Work Choices legislation.

It is understood the Opposition front bench decided it was important for the Coalition to retain economic credibility, and not oppose certain measures it criticised when the budget was delivered.

The Opposition had previously announced it would use its numbers in the Senate to block changes to the Medicare surcharge relating to private health insurance and the \$3billion tax hike on pre-mixed drinks.

The Medicare policy change, effective from July 1, will increase the threshold at which the penalty on people who have no private health cover kicks in from \$50,000 to \$100,000 for singles and from \$100,000 to \$150,000 for families.

Woodside chief executive Don Voelte has said the company was considering its options, but did not spell out what they were.

Opposition finance spokesman Peter Dutton said the budget was a form of money-laundering. "The modus operandi of this Government is simple. It's weak on policy and strong on spin."

Mr Dutton said the Government had cut \$15.2billion from Coalition programs but added \$30.1billion of its own - meaning spending would rise by \$14.9billion over the forward estimates. He said there were many examples in the budget papers of so-called savings when they were simply a redirection of spending.

"It's based on a principle of money-laundering," he said.

Additional reporting: AAP