

Australian government passes carbon tax through parliament

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The minority Labor government of Prime Minister Julia Gillard yesterday passed its carbon tax legislation through the lower house of parliament. With the support of the Greens' Adam Bandt and two Independent parliamentarians, Rob Oakeshott and Tony Windsor, the government won by 74 votes to 72 against the opposition Liberal-National coalition. The "Clean Energy Future" package is expected to be soon endorsed by the Senate, where Labor and the Greens have a clear majority, with the tax taking effect in mid-2012.

Gillard hailed the passage of the measures, describing them as a "major economic reform." She declared: "This parliament today has grabbed the future with both hands. That future will be one about clean energy jobs, it will be about a better environment, it will be about cutting taxes and increasing pensions and it will be about making sure our country is not left behind as the world moves to a clean energy future."

The government's pitch is bogus from beginning to end. The carbon tax is a highly regressive measure that will exacerbate cost of living pressures confronting working and poor people. Gillard boasts about "cutting taxes and increasing pensions" as supposed compensation for the impact of the tax, but there is nothing in place to offset the inevitable sharp rises in electricity and fuel bills when the tax is replaced by an emissions trading scheme (ETS) in 2015, and there is no limit to how high the "carbon price" can be ratcheted up by the market.

The Labor government's claims that almost everyone will be better off with the carbon tax—and that abundant "clean energy jobs" will be generated—fly in the face of reality. The government is spearheading a sustained assault on jobs, working conditions and wages, utilising Australia's strong currency and high interest rates to

work with big business to orchestrate a sweeping restructuring of the manufacturing, retail, education and other non-mining sectors of the economy.

Nor will the carbon tax do anything to lower greenhouse gas emissions or make a contribution toward a global solution to the climate change crisis. In reality, the tax has nothing to do with the environment. Instead, it is aimed at benefiting Australian business and finance capital. The banks and financial institutions are set to reap enormous profits from international trade and speculation in carbon credits. Moreover, developing alternative energy sources to coal is regarded as a necessary step to ensure the long-term competitiveness of Australian capitalism.

Climate Change Minister Greg Combet yesterday emphasised the opportunities in the "\$140 billion [carbon] market in the European Union." Combet said Australia's scheme would be integrated into the international carbon market, which he predicted would expand in the future. "Just take California alone," he told the Australian Broadcasting Corporation's "7.30" program, "8th largest economy in the world, larger than the Australian economy. They start auctioning permits, bringing in a carbon price and an emissions trading scheme next year, and other countries are doing the same."

The banks were among the most enthusiastic supporters of parliament's approval of the carbon tax. Citibank Australia CEO Stephen Roberts told the *Australian Financial Review*: "We have a significant commodities trading business just starting in Australia. It's a whole new opportunity. There is whole new arena of intermediation to take place—that's an opportunity."

The pro-business character of the legislation was most bluntly elaborated by the Greens' deputy leader and

climate change spokesperson Christine Milne.

Speaking in the Senate last month, Milne insisted that opposition leader Tony Abbott would be unable to scrap the tax. “His opposition will fade away into nothingness because business is seriously engaged,” she declared. “Big business in Australia is going to have to buy permits... when they buy these carbon permits there will be property rights and the coalition will have to compensate every big business around the country who has bought and banked carbon permits.”

The Greens played a central role in drafting the legislation, through the climate change committee in which they participate with Gillard and Combet. They have enthusiastically promoted the legislation as an environmentally beneficial measure, with Greens’ leader Bob Brown declaring that yesterday was a “great, big green day for Australia.”

The scheme is an utter fraud from an environmental standpoint. The tax is premised on the Labor Party’s pledge to reduce Australia’s emissions by 5 percent of their 2000 levels by 2020, and 80 percent by 2050. These targets are grossly inadequate, with the UN’s Intergovernmental Panel on Climate Change estimating that advanced economies must reduce emissions by 25-40 percent by 2020.

Even Labor’s nominal emissions reductions are bogus. Under the carbon tax-ETS, according to the government’s own figures, emissions in Australia will increase from 582 million tonnes of carbon to 621 million tonnes in 2020. The 5 percent target is to be reached mostly through the purchasing of dubious carbon credits on the global market.

Gillard explicitly ruled out introducing a carbon tax before last year’s federal election, only to afterward insist that the hung parliament meant that she was not bound by this promise. Multiple surveys have shown that a clear majority of the Australian people oppose the tax, and there is widespread and entirely legitimate anxiety over sharply higher power bills and other living expenses. Yet with the Greens, trade unions and the entire middle-class liberal media and intellectual milieu enthusiastically supporting the tax, opposition leader Abbott has capitalised on the hostility via a populist right-wing campaign.

Abbott’s professions of concern for the living standards of working people, and well-being of small businesses, are drenched with cynicism and hypocrisy. Moreover, his “direct action” plan for climate change—essentially involving massive subsidies to the electricity generators and agribusiness interests—is no less of an environmental fraud than is the government’s scheme. Abbott has nevertheless made the carbon tax the central issue in attacking Gillard, and opinion polls indicate that the opposition would decisively defeat the government if an election were to be called now. Yesterday he issued “a pledge in blood” to repeal the tax if he became prime minister.

Abbott represents sectional interests of Australian big business, especially the mining sector, which continue to actively campaign against the carbon tax.

Some business lobby groups have expressed dissatisfaction with aspects of the legislation. The Business Council of Australia and the Australia Industry Group have long backed a carbon price but now complain that the tax rate has been set too high. The ruling elite as a whole, however, clearly stands behind the Gillard government’s approach.

Key media outlets have demanded that Abbott change his position before his demand for an early election can be considered. The *Australian Financial Review* today, in an editorial titled “Dangers now in messing with carbon,” declared: “Dismantling the tax and unwinding other intricacies of the government’s clean energy scheme could be a recipe for confusion and uncertainty for Australian businesses and consumers alike... In the interests of creating a more certain and stable environment for Australian companies, it can only be hoped that the coalition thoroughly considers the consequences of repealing the tax.”



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