

Australia: Further turmoil threatened over carbon tax repeal

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Following a shadow cabinet meeting last Friday, opposition Labor Party leader Bill Shorten declared that he will not support the Liberal-National government's legislation to abolish the regressive carbon tax.

The move threatens to trigger further parliamentary turmoil, as the Labor Party and the Greens together have sufficient votes in the Senate to block the tax repeal. Prime Minister Tony Abbott will then have the option of preparing for a double dissolution election, i.e., a full election for both the House of Representatives and the Senate, just months after the September 7 ballot, or waiting until the new Senate sits in July next year. Billionaire coal mining magnate Clive Palmer's Palmer United Party (PUP) will then have the balance of power.

Underlying the manoeuvres of all the parties involved—Labor, Liberal, Greens, and PUP—are different calculations of rival layers of the corporate and financial elite that have nothing to do with addressing the dangers of climate change.

The policies of the former Rudd-Gillard Labor governments were never aimed at adequately reducing greenhouse gas emissions in Australia. Instead, after 2007, Kevin Rudd ratified the Kyoto Protocol and moved to enact an emissions trading scheme (ETS) in order to allow the country's banks and financial institutions access to the burgeoning trade in carbon credits, and to position Sydney as a lucrative hub for an Asian-wide ETS.

The debacle of the 2009 Copenhagen world leaders' summit triggered a crisis within the world's largest ETS, in the European Union, and dampened the enthusiasm within Australian finance circles for carbon trading. Despite this, after the 2010 election Julia Gillard enacted a carbon tax, which was designed to transition into an ETS. This followed a warning from

BHP-Billiton chief Marius Kloppers that Australian capitalism's dependence on coal-generated energy was a competitive risk. Kloppers raised the danger of European-imposed "green" trade restrictions imposed on Australian exports.

Tony Abbott became opposition leader in 2009 in the aftermath of the Copenhagen summit and a Liberal Party revolt against then leader Malcolm Turnbull, a former investment banker who lent bipartisan support to Rudd's ETS. Abbott waged a populist campaign against Gillard's carbon tax, appealing to the widespread and correct sense among working people that the policy did nothing for the environment, while increasing energy bills. Abbott proposed to deliver the same inadequate reduction in emissions as Gillard promised—a 5 percent cut by 2020—but through a "Direct Action" plan that appeals to the powerful fossil fuel energy and mining sectors. Abbott's plan centres around a \$3 billion public subsidy for the coal-fired electricity generating companies.

After winning the election in September, the Liberal-National coalition has pledged to introduce legislation rescinding the carbon tax as its first order of business when parliament resumes on November 12.

Several unnamed Labor Party sources previously suggested that Shorten could vote with the government in abolishing the carbon tax, in an attempt to distance the opposition from the widely hated tax. Shorten could have then opposed the government's subsequent legislation enacting "Direct Action."

However, Anthony Albanese, who lost to Shorten in a post-election ballot for the party leadership, appeared to pre-empt Friday's shadow cabinet discussion on the carbon tax by holding a press conference to declare that Labor had a "principled" position that climate change was real and that a "carbon price" was required to

address it. Albanese is concerned that if it changes policy Labor risks losing votes to the Greens, who vigorously promote the lie that the carbon tax addresses global warming.

In a press conference held after the shadow cabinet meeting, Shorten declared that Labor senators would block the carbon tax repeal, unless the government proposes a replacement ETS, a condition that he knows will not be met.

The opposition leader explained this stance by pointing to the needs of big business. “Most Australian companies, like other companies around the world have already priced carbon pollution into a lot of what they do,” he said. “I don’t think there is a serious economist in any bank in Australia, who supports the ‘Direct Action’ coalition policies.” Labor’s climate change spokesman Mark Butler added: “We took very clear indications from business that international [carbon credit] linkage, the ability to trade overseas, is the most effective way for them to work within a capped system.”

Shorten’s announcement was nevertheless condemned by corporate lobby groups. While there is widespread opposition within ruling circles toward Abbott’s “Direct Action,” business has unanimously opposed the carbon tax as it is set far higher than the European ETS carbon price. Jennifer Westacott, head of the Business Council of Australia, which represents the country’s 100 largest corporations, said: “The last thing business and the economy needs is for actions by the parliament to lead to one of the world’s highest carbon prices remaining in place for an extended and uncertain period.”

Senior government ministers have threatened to trigger the first double dissolution election since 1987, over the carbon tax legislation. However, following three years of unstable minority government, key sections of the ruling elite have clearly indicated their hostility to the threat of renewed parliamentary chaos triggered by another election.

Abbott will likely have to negotiate the carbon tax legislation with Clive Palmer. The mining magnate won a lower house seat and secured at least two Senate positions for his PUP candidates after personally financing an advertising campaign blitz before September 7, capitalising on the bitter hostility of ordinary people toward the major parties. Palmer has

threatened to block virtually all of the government’s legislation unless Abbott provides additional publicly-funded parliamentary staffers and other resources for him and his senators.

In addition, Palmer has demanded that with the carbon tax’s abolition, all revenues raised ought to be returned to the companies that paid the tax. The PUP leader has previously refused to pay \$6.2 million that his company Queensland Nickel owed in carbon taxes and is locked in a court action over the unpaid money.

Last month, the *Guardian* also noted another important demand that Palmer could make during carbon tax negotiations—government environmental approval for his major project, the \$6 billion “China First” coal “mega-mine.”

The sordid discussions that are no doubt already underway behind closed doors underscore the utter inability of the entire political establishment in Australia to address the climate change crisis.



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