

Senate vote ends in fiasco for Australian government

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11 July 2014

The first week in which Prime Minister Tony Abbott's Liberal-National Coalition government had to contend with the new Senate elected last September ended in a fiasco yesterday.

The Senate rejected the repeal of the former Labor government's "carbon tax," or price on carbon emissions, after the Abbott government's deal with mining magnate Clive Palmer and his Palmer United Party (PUP) collapsed, amid bitter acrimony and frantic scenes in the corridors of parliament. The vote blocked the Coalition from implementing one of its three core policies from last year's election campaign.

Due to the peculiarities of the electoral system, the Senators elected last September did not take their seats until July 7. Now that they have, the largest-ever number of non-major party members sit in the 76-seat Senate. The Coalition holds 33 seats, six short of the number necessary for a majority. Labor holds just 25 and the Greens 10, so even by combining together they cannot prevent legislation being enacted.

The "balance of power" is held by eight Senators who sit on the "cross-bench" between the Coalition on one side, and Labor and the Greens on the other. Palmer's PUP won three seats and three other right-wing and populist formations—the Liberal Democratic Party, the Family First Party and the Motoring Enthusiast Party—one seat each. These six have joined two existing minor party Senators, one from the Democratic Labour Party and the South Australian anti-gambling advocate Nick Xenophon.

At stake in the Senate is the passage of key measures contained in Abbott's government's first budget, handed down on May 13.

Responding to incessant demands by representatives of finance and the corporate elite, the budget sought to qualitatively escalate the austerity assault that Labor

began. It included upfront payments for medical services, increases in fuel taxes, freezes or reductions to pension and welfare payment increases, cuts to family tax benefits, denial of unemployment benefits to people under 30 for six months, deregulation of university fees and the raising of the retirement age to 70.

Labor and the Greens, which had a majority in the previous house, voted with the Abbott government on June 25 to pass the budget appropriation bills. These bills included thousands of public sector job cuts, massive cuts to foreign aid, \$80 billion in cuts over 10 years to federal contributions to state-level health and education expenditure, and major increases to military spending and so-called border protection operations against refugees.

Other measures, totalling \$11.4 billion in cuts, must be ratified by the Senate separately as they involve changes to legislation. The Labor Party and the Greens have declared they will not support most of them, though virtually all are policies that Labor would have introduced had it retained government. Under conditions of mass public outrage, the political establishment as a whole has been concerned to ensure that opposition does not go beyond harmless appeals for the cross-bench Senators to also oppose the budget cuts.

The Abbott government expected that sordid horse-trading with the cross bench, or at times with the Greens and Labor, would secure the bulk of its agenda. In the past, time and time again, parliamentary intrigues, involving backroom meetings where the corporate establishment's pressure is brought to bear, have enabled governments to get legislation passed by a nominally hostile upper house. The most notable example was the passage in 1999 of the regressive Goods and Services consumption tax by the minor

party that held the “balance of power,” the Australian Democrats. Under the Labor governments from 2007 to 2013, the Greens, or at times the Coalition, ensured that the Senate ratified all its attacks on the working class.

This week’s efforts to repeal the carbon tax, however, have underscored the bitter divisions, antagonistic interests and fears of open class conflict that are making the entire parliamentary setup dysfunctional.

The government believed that a deal with Palmer, which he theatrically announced in a joint press conference with former US Vice President Al Gore on June 25, had secured sufficient numbers to repeal the carbon tax. From Monday, however, it lost votes to reverse income tax cuts granted as compensation for carbon pricing and to abolish the Australian Renewable Energy Agency (ARENA), which provides financing to “green” businesses. Finally, yesterday morning, Palmer declared he had been “doubled-crossed” because the government did not include in the repeal legislation the PUP’s demand for fines on companies that did not pass on, through price cuts, the savings they would make from the elimination of the carbon tax.

Government Senate leaders faced the debacle of having the PUP vote with them to cut short debate on the carbon tax, only to see its three members and Ricky Muir of the Motoring Enthusiast Party join Labor and the Greens to shoot down the repeal bill.

The government subsequently announced that it would amend the legislation as Palmer wanted and resubmit it to both houses of parliament next week. Fury is growing in the corporate media, however, not just over the fate of the carbon tax, but the government’s failure to push through austerity cuts and the fact that Palmer is refusing to tell his Senators to support them. Plans to return the budget to surplus and create the conditions for corporate and income tax cuts by 2017–2018 have been demolished. Instead, government spending is currently estimated to blow out by \$43 billion more over four years than the budget forecasts predicted.

Today’s *Australian* editorial warned Abbott that his election victory “was squarely based on a promise to get the budget under control” and that he must “try to get the new Senators to see the light.”

One means of doing that may end up being the Murdoch-owned media’s probing of Palmer’s finances

and the funding of the PUP 2013 election campaign. Last night, the Australian Broadcasting Corporation (ABC) joined the fray. On “7.30,” presenter Sarah Ferguson confronted Palmer over court cases in which a Chinese business partner, the state-owned investment company Citic, has accused one of his mining companies, Mineralogy, of using funds supposed to be spent operating a port to finance his election campaign and for other purposes. Palmer walked out on the interview, refusing to answer.

On its website, the ABC is posing questions such as: “If funds were siphoned from the account, would it constitute a criminal fraud on behalf of Mineralogy?”

The Australian establishment has a record of utilising claims of fraud to destroy political figures that become an obstacle to its agenda. After the One Nation Party of racist demagogue Pauline Hanson won 11 seats in the Queensland state parliament in 1998, taking votes from the Liberal and National parties, a ferocious operation was launched against it due to the threat it posed to the long established two-party system. Tony Abbott, then a minister in the Howard Liberal government, played a leading role in organising the vendetta against Hanson and One Nation.

After five years of relentless accusations, anti-democratic intrigues, police raids on party offices and legal charges, Hanson was finally dragged before the courts in 2003, found guilty of electoral fraud and sentenced to three years’ imprisonment. While the conviction was overturned a few months later, the witch-hunt led most of Hanson’s erstwhile supporters to abandon her and to One Nation’s collapse.

As the corporate elite steps up its demands that its agenda be imposed, that may be the fate intended for Palmer and his party.



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