



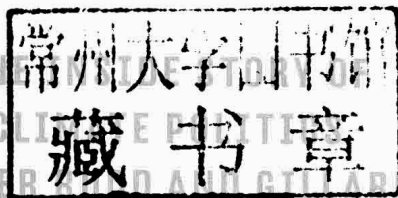
POWER FAILURE

**THE INSIDE STORY OF
CLIMATE POLITICS
UNDER RUDD AND GILLARD**

PHILIP CHUBB



POWER FAILURE



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NOTE ON SOURCES

THIS BOOK CAME TOGETHER AS A RESULT OF 107 INTERVIEWS with 74 people who, in most cases, were central to government climate change policy in the years 2007–13. Very few of those approached preferred to remain silent and a number agreed to be interviewed more than once. One of these was former prime minister Julia Gillard. The other former prime minister, Kevin Rudd, made himself available for a single interview.

Federal ministers who gave their time generously included both ministers for climate change (Penny Wong and Greg Combet), treasurer Wayne Swan (also deputy prime minister in the Gillard government), Craig Emerson, Nicola Roxon, Mark Dreyfus and Simon Crean. Combet was also Wong's parliamentary secretary for climate change and Dreyfus was Combet's. Other political figures interviewed who were important to this story included Greens leader Christine Milne and NSW rural independent Rob Oakeshott. Victorian premier John Brumby provided valuable insights. I interviewed twelve people from the Latrobe Valley whose lives would be hit hard by carbon pricing. Others who participated in interviews included senior public servants,

ministerial advisers and consultants working on policy or political strategy.

The interviews were structured to gain insight into and in-depth information about the central research themes. Interviews as a research technique always require careful evaluation. A major issue is that memories of specific events can be distorted by later experience.¹ The process of maximum triangulation with other sources, both oral and written, was used to establish general reliability. Constant comparison was made between the information from each interview and the other sources, including documents, to search for similar and contrasting facts and themes that could then be examined.

In this process, the book has also made use of a large range of independent, private, government and Labor Party reports, research papers, academic articles and books. Most of the documents were publicly available, while some surfaced through Freedom of Information requests and some from old-fashioned leaks.

All of the politicians interviewed spoke on the record, with one exception. The exception was Kevin Rudd. Leaving Rudd aside, all final and follow-up interviews with government ministers central to the story were concluded by October 2013. Gillard was interviewed in December 2012 at the Lodge, and again by phone from Melbourne on 20 September 2013, just after the election that saw Labor ejected from office by disillusioned voters.

Rudd was unable to meet until 7 February 2014. He made many points in the course of the conversation and sent me additional information afterwards. His views were injected into the book. But readers will find no direct quotes from him. This is because the former prime minister spoke on a “background” basis only, meaning that he wanted me to use what he said but not attribute it to him directly.

The perspectives Rudd provided were useful, but it also should be pointed out that his general position has long been

well known on all of the key issues. While Gillard has not been prepared to make her views clear until the interviews conducted for this book, Rudd and his core supporters dominated discussion and analysis of the climate policy narrative, almost always through the device of “backgrounding” journalists. On some important issues, his views have thus become, to this point, received wisdom. The most aggressive formulation of Rudd’s position was in the account *Tales from the Political Trenches*.² The author, Maxine McKew, is a former ABC presenter, was the victor over John Howard in his seat of Bennelong in 2007, became the parliamentary secretary for early childhood development, and is a passionate Rudd supporter. McKew’s arguments about some central issues are the same as Rudd’s arguments. They are dealt with in Chapter 4.

An interview I did with Rudd’s climate change minister, Penny Wong, also helps us understand why Rudd acted as he did during the period in question. In defending some of her own positions, Wong sometimes inevitably defended Rudd’s; the interview with her played an important balancing role in the book, even though the experience of 2007–10 converted her to being an opponent of the former prime minister’s leadership. (Wong shifted her position on the leadership back again in June 2013 to support Rudd in the final showdown with Gillard, and was rewarded with the job of government leader in the Senate.)

Another issue to consider when reflecting on the use of sources is anonymity. Many senior public servants and ministerial advisers agreed to be interviewed on condition that their names be withheld. These people were constrained by the confidentiality of Cabinet and other deliberations, discussions and decisions. They also required anonymity because their professional reputations and futures require them to be dependably discreet. Those interviewed for this book generally did not have

permission to speak. Certainly they did not have permission to speak freely, which was what was being asked of them.

The widespread use of anonymous sources raises important issues and is, as the *New York Times* stylebook puts it, a last resort.³ But it also was a necessity. Public servants and ministerial advisers are vital participants in events and often clear-eyed witnesses to history. Some of the most important journalism in the public interest has required confidential sources. There are many such examples that have changed the world for the better.

That said, the very fact of anonymity means that sources' answers to questions must be treated cautiously for more than the usual reasons of faulty memory or impure motives. This understanding led me to establish a set of rules for how to deal with them while writing the book. The first concerns anonymous direct quotes containing strong or colourful criticism of the behaviour of others, especially either prime minister. These were excluded. Quotes of this type must be clearly and openly sourced. The second concerns anonymous opinions. These were only included in the book when it was clear to me that they were reasonably representative of a legitimate point of view. The decision whether to include them was assisted if there were others saying something similar on the record. The third concerns facts put forward by anonymous sources. These were only ever included if they were corroborated by others to the point where I was convinced of their accuracy. That meant that "facts" had to be provided by more than one source and the sources had to be independent of each other. Where I was convinced of the accuracy of a "fact", but where others disagreed, I did my best to note this clearly.

All of this raises the question of the motivation of anonymous sources. The answer is that their motivation is the same as that of most of the politicians who are in a position to speak on the record. I am convinced that in the vast majority of cases their interest was in trying to ensure that history be written according

to the truth as they genuinely saw it. They were often willing to argue hard for their version of events.

In the final analysis, I am presenting this book as my considered view of a very important part of Australia's story. I have done my best to form that view on the basis of all the verbal and documentary evidence I have been able to gather and evaluate. In the course of this effort I may have made some mistakes. If that is so, then those mistakes were mine, and not those of the generous and public-spirited people who gave up their time to try to guide me.

LIST OF ABBREVIATIONS

ACF	Australian Conservation Foundation
ACOSS	Australian Council of Social Service
ACTU	Australian Council of Trade Unions
AEMC	Australian Energy Market Commission
AIGN	Australian Industry Greenhouse Network
ARENA	Australian Renewable Energy Agency
CCA	Climate Change Authority
CEF	Clean Energy Future
CEFC	Clean Energy Finance Corporation
CFMEU	Construction, Forestry, Mining and Energy Union
CPRS	Carbon Pollution Reduction Scheme
DCC	Department of Climate Change
DPMC	Department of Prime Minister and Cabinet
DRET	Department of Resources, Energy and Tourism
EITE	Emissions-Intensive, Trade-Exposed industries
ESAA	Energy Supply Association of Australia
ETS	Emissions Trading Scheme
FAHCSIA	Department of Families, Housing, Community Services and Indigenous Affairs
GFC	Global Financial Crisis
GTLC	Gippsland Trades and Labour Council

IPCC	Intergovernmental Panel on Climate Change
MPCCC	Multi-Party Climate Change Committee
NEM	National Electricity Market
NETT	National Emissions Trading Taskforce
OPEC	Organization of Petroleum Exporting Countries
PMO	Prime Minister's Office
RET	Renewable Energy Target
RSAF	Regional Structural Adjustment Fund
SCCC	Southern Cross Climate Coalition
SEC	State Electricity Commission
SPBC	Strategic Priorities and Budget Committee
WWF	World Wide Fund for Nature

TIMELINE

DATE	GOVERNMENT	PARLIAMENT	GARNAUT
21 FEBRUARY 2008	21 Feb 2008		INTERIM REPORT
20 MARCH 2008	20 Mar 2008		ETS DISCUSSION PAPER
1 JULY 2008	GREEN PAPER (CPRS 1)		
4 JULY 2008	4 Jul 2008		DRAFT REPORT
5 SEPTEMBER 2008			SUPPLEMENTARY DRAFT REPORT
30 SEPTEMBER 2008			FINAL REPORT
30 OCTOBER 2008	TREASURY MODELLING OF ECONOMICS OF MITIGATION		
15 DECEMBER 2008	WHITE PAPER (CPRS 2)		
4 MAY 2009	MAJOR NEW MEASURES (CPRS 3)		
4 JUNE 2009		CPRS 1 PASSES HOUSE OF REPS	
13 AUGUST 2009		CPRS 1 FAILS TO PASS SENATE	

7 SEPTEMBER 2009	RENEWABLE ENERGY TARGET INCREASED TO 20 PER CENT		
16 NOVEMBER 2009		CPRS 2 PASSES HOUSE OF REPS	
24 NOVEMBER 2009	MAJOR NEW MEASURES (CPRS 4)		
2 DECEMBER 2009		CPRS 2 FAILS TO PASS SENATE	
11 FEBRUARY 2010		CPRS 3 PASSES HOUSE OF REPS	
22 FEBRUARY 2010		CPRS 3 INTRODUCED INTO SENATE BUT NOT VOTED ON	
APRIL 2010	CPRS ABANDONED		
24 JUNE 2010	GILLARD BECOMES PRIME MINISTER		
21 AUGUST 2010		FEDERAL ELECTION LEADING TO HUNG PARLIAMENT	
27 SEPTEMBER 2010	MPCCC ANNOUNCED		
24 FEBRUARY 2011	JOINT GOVERNMENT- GREENS MEDIA CONFERENCE ON AGREED FRAMEWORK FOR ACTION; GILLARD AGREES FIXED PRICE MAY BE TERMED A TAX		
31 MAY 2011			UPDATE OF REVIEW
10 JULY 2010	CARBON SUNDAY: RELEASE OF DETAILS OF CEF PACKAGE		

8 NOVEMBER 2011		CEF PACKAGE PASSES BOTH HOUSES OF PARLIAMENT	
MARCH 2012	MINISTERS ABANDON THE TERM "CLIMATE CHANGE"		
25 MARCH 2013	DEPARTMENT OF CLIMATE CHANGE DISBANDED		
26 JUNE 2013	RUDD BECOMES PRIME MINISTER		
7 SEPTEMBER 2013		ABBOTT WINS ELECTION	
13 NOVEMBER 2013	GOVERNMENT INTRODUCES LEGISLATION TO REPEAL CEF PACKAGE		

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INTRODUCTION

I**N THE YEARS LEADING UP TO THE DEADLY FIRES ON THE EDGE** of Melbourne in February 2009, I had the same level of interest in climate change as most Australians. Like many others, I believed I had seen and felt its impacts. The worst droughts on record gripped some of the most crowded parts of the country. In southern regions from Western Australia to Tasmania there had been little rain for a dozen years. The great dry spell was made worse by scorching temperatures. The parched, baked, rock-hard rural paddocks and dying suburban gardens were alarming to country folk and urban dwellers alike. I understood the need for action without being passionately committed to it.

Back in 1998 I had moved with my family into a rural haven at Cottles Bridge, on the outskirts of Melbourne. By then the clock had already started ticking down to Australia's most destructive bushfires. The summers seemed to become hotter and hotter. By Christmas 2008, day after day of intense heat left the landscape orange-brown, as if it had been in the oven too long. The leaves on the trees we had been planting for ten years were burnt by the sun and shrivelled while I heaved buckets of water around the hills.