The demise of the Australian Carbon Pollution Reduction Scheme: A Political Strategy Analysis

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Abstract
In April 2010, Australian Prime Minister Kevin Rudd announced the deferral of his government’s flagship climate-change policy, the Carbon Pollution Reduction Scheme (CPRS), after it had twice failed to gain the support of the Australian Senate. The decision, along with the mishandling of a home insulation scheme and a proposed mining tax, curtailed Rudd’s premiership and confirmed climate change as one of the most toxic issues in Australian politics. This paper examines the reasons for the failure of the CPRS, drawing on 53 expert interviews with Australian politicians, civil servants, business leaders and independent commentators. We argue that the CPRS’ demise was caused principally by shortcomings in political strategy by the government, rather than deficits in policy design or \textit{per se} the partisan nature of Australian climate politics. A policy-network and political-strategy framework is used to explore the political obstacles to the CPRS and how the development of alternative strategies – and more vigorous use of existing ones – may help to bridge partisan positions among the main political parties and business groups on climate change, and to rekindle public enthusiasm for carbon pricing in Australia. The paper concludes by reflecting on the merits and weaknesses of political-strategy analysis as a means for deciphering and informing reforms to national climate politics and policy.

Introduction
Australia presents an interesting but frustrating case in the study of national climate politics. It is an Annex I party to the United Nations Framework on Climate Change (UNFCCC) and has ratified the Kyoto Protocol – albeit rather belatedly in 2007 – committing to restrain its greenhouse gas emissions to 108 per cent of 1990 levels by 2008-12. Additionally, Australia is a country with high levels of vulnerability to the effects of climate change compared with many other OECD countries (Garnaut 2008). Among the major terrestrial effects identified are increased frequency and intensity of droughts, bush fires and flooding, while ocean warming, sea-level rise, acidification and increasing storm activity have been identified as having harmful consequences for coastal cities, fisheries, tourism and globally significant natural features such as the Great Barrier Reef (PMSEIC 2007).

Despite the incentives these vulnerabilities would seem to create for Australia to lead calls for international action – and to show leadership in taking action – to reduce greenhouse gas emissions, Australia has had a chequered engagement with climate issues. It participated in the negotiation of the UNFCCC and was among the first group of countries to develop a national climate strategy, the National Climate Change Programme, in 1988. Under John Howard’s Coalition government between 1996 and 2007, however, action was largely restricted to voluntary industry programmes (Greenhouse Challenge and the ‘new improved’ but short-lived Greenhouse Challenge Plus), some conservative and heavily compromised renewable energy targets under the Mandatory Renewable Energy Target, and a collection of

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energy efficiency standards covering such disparate entities as energy generation plants and household appliances. Furthermore, in 2002 Howard followed George W. Bush’s ‘lead’ in repudiating the Kyoto Protocol on the grounds that to sign would ‘place unfair fetters on many industries, not least the minerals processing and energy export industries’\(^4\). What leadership on climate policy existed during this time emanated mainly from the state governments, notably Victoria and New South Wales, in the latter case via the then New South Wales Greenhouse Gas Abatement Scheme, one of the world’s first mandatory greenhouse gas trading schemes (NSW Government 2011).

For a period following the 2007 general election, it seemed possible – and even likely – that the new Australian Labor Party (ALP) government led by Kevin Rudd would sweep away the previous decade of climate policy inertia. In opposition, Rudd described climate change as ‘the greatest moral, economic and social challenge of our time’ and, on taking office, he made ratification of the Kyoto Protocol the first official act of the Labor administration. Yet within less than three years, Rudd tried and failed to pass legislation introducing a national emissions trading scheme, the Carbon Pollution Reduction Scheme (CPRS), on two (or perhaps three) occasions. Rudd’s popularity fell from ‘stratospheric highs to disastrous lows in just a few months’ (Rogers 2010), largely as a result of the CPRS, a tragically mismanaged home insulation scheme and a bungled proposal for a super profit tax on mining activities, and he was summarily replaced as prime minister and leader of the ALP by the current incumbent, Julia Gillard, on 24 June 2010. The ALP only ‘won’ the 2010 election by virtue of the support of one Green Party MP and three independents and, since then, the minority government has been consulting on ways to (re)introduce economy-wide carbon pricing to Australia. As the time of writing in July 2011, new proposals for a carbon tax/emissions trading\(^5\) have just been announced, prompting frenetic political and commentariat debate on the topics of climate change and carbon taxation.

In this session, two sets of explanations for Australia’s climate policy plight are explored. The first, examined by Kate Crowley, centres on what she describes as endemic climate policy failure, signified by Australia’s domestic politics and its structural reliance on a fossil-fuel economy. Australia has large, low cost and high quality coal, gas and uranium reserves, as a result of which it has become a major energy exporter and highly energy intensive in its domestic economic activities (MacGill and Outhred 2007). The second set of explanations, investigated in this paper, recognises the importance of these contextual factors but focuses on how shortcomings in the political strategies used by the Rudd government undermined the design and legislative passage of the CPRS and on the political tactics being deployed by the Gillard administration to gain support for the government’s new proposals.

We argue that these two explanations offer complementary accounts of the malfunctions of Australian climate politics. The first is especially suited to exploring the effects of embedded factors on the Howard and Rudd governments’ records on climate change. The second is less suited to elucidating a long-term view of structural constraints but draws attention to how meso- and micro-level political decisions contributed to the CPRS’ demise and how this experience might inform the Gillard government’s efforts to regain support for carbon pricing. In particular, it challenges the notion that endemic factors within Australia make climate policy failure inevitable. Instead it proposes that other governing bodies have made greater

\(^4\) Transcript of an address by Prime Minister John Howard to the Minerals Council of Australia Annual Dinner, 2 June 2003, cited in Sartor (2010: 8).

progress in introducing climate measures – sometimes under comparably challenging circumstances – and that pivotal to this has been the types of political tactic used to overcome or neutralize opposition to climate policy. At the same time, many, if not all, the factors identified in Kate Crowley’s paper provide important context in which political strategizing on climate policy takes place within Australia.

The remainder of the paper is structured as follows. In the next section, we introduce the political strategies framework used for the analysis, which draws upon a particular variant of policy-network theory developed by Rhodes (1985; 2000), among others, to explore the resource dependencies involved in climate-policy networks. We then examine the political strategies used by the Rudd government to gain legislative, business and public support for the CPRS and provide critical commentary on these strategies. Following this, we draw out lessons about political strategy in climate policy gained from the case study and conclude by examining the broader lessons gained from Australia’s experiences.

**Policy networks and political strategy in climate policy**

The conceptual framework used to examine climate politics in this paper is a form of policy-network theory which focuses on identifying the main actors and resource interdependencies that exist within climate-policy networks and, from this, generates a typology of political strategy options that may enable governments to take stronger action on climate change without suffering significant political damage (Rhodes 1995; Compston 2009). Policy-network approaches have a long history in the social sciences as a way of probing the processes by which state and non-state groups interact during the creation and implementation of public policies (Marsh and Smith 2001). Although keenly debated in terms of their ability to provide causal explanations for how policy-making operates and the outputs it generates (see Carlsson 2005), a major attraction of policy-network approaches for analysing climate politics is their recognition that governments do not have exclusive ownership of the political, technical or financial resources needed to develop effective climate mitigation policies. The idea that state capacities to intervene in economic affairs have become more limited in recent decades – generally as a result of globalisation and liberalisation, and specifically in relation to ‘super-wicked’ environmental problems like climate change – has increasingly been acknowledged by scholars and practitioners (Bailey et al. 2011). This has led to an emerging literature examining a putative shift towards the co-production of climate governance by state and non-state actors, and even towards outright governance ‘beyond’ the state (Biermann and Pattberg 2008; Pattberg and Stripple 2008). Whether state actors are becoming as side-lined in climate governance as some of these works imply is debatable (see Giddens 2009), but the idea that governing agency is becoming more dispersed is nevertheless part of what gives climate change its super-wicked characteristic. The major implication of this argument is that the political capital needed to intervene to reduce greenhouse gas emissions can escalate significantly if governments do not gain the support of – or at least reach a political accommodation with – other political parties and business and civil society on the types of response measures introduced.

The underlying idea of the policy-network approach is that the main political actors involved in climate-policy networks have certain material or value-based preferences that are affected by climate policy and may be prepared to exchange political resources in their possession in order to further these preferences (Compston 2009). Political resources in this context can thus be defined as anything that: (i) is controlled by a political actor; (ii) is desired by another political actor; and (iii) can be transferred or exchanged in some meaningful sense.
The first element of the framework seeks to identify the core preferences and tradable resources held by each main actor involved in climate-policy networks. Self-evidently, politicians and government officials are the main public actors involved in formulating climate policy. Their preferences are likely to include favoured outcomes and types of policy instruments. However, their actions are also likely to be motivated by a desire to defend the reputations of their departments and themselves as individuals, and particularly in the case of politicians, to boost their career prospects and to ensure their party remains in power. The main tradable resources held by governing bodies, in turn, are the ability to trade policy concessions for support and to grant access to decision-making processes. Opposition politicians, meanwhile, may support or oppose certain climate policies but more generally will seek to challenge the government’s approach. Industry groups are motivated first and foremost by individual or sector interests but may offer strategic support for climate policies in order to manage climate risks or to gain competitive advantages, and may use threats to delay or withdraw investment or legal challenges to promote their interests (Gouldson and Bebbington 2007). Non-government organisations will generally seek stronger and/or more equitable climate policies and use media and legal challenges to pressurize government, while voters may support action on climate change but be reluctant to relinquish high-carbon lifestyles or to bear the costs of climate-related measures. The critical political resource held by electorates, of course, is how they cast their vote at the next election. Table 1 provides a fuller summary of the main tradable resources held by the main actor groups involved in climate policy-making (Compston 2009).

Having identified the main actors and resource interdependencies involved in climate-policy networks, the next stage of analysis examines the main resource exchange strategies that can be used to promote the goals of climate policy whilst limiting the risk of the government suffering serious political damage. Compston (2009) identifies four such strategies:

**Unilateral action:** where governments have sufficient support in their national legislatures to pass climate legislation, they may choose to ignore other sources of opposition and take a calculated risk on the consequences. Whilst unilateral action would seem to be inconsistent with avoiding political damage because it implies confronting or ignoring the views of powerful opponents, governments can in fact limit their exposure to political damage by only proposing measures that all major groups already support. However, this is likely to have limited impact on emissions unless all actors already support strong mitigation measures or if weaker measures can be strengthened incrementally without inflaming opposition. The efficacy of unilateral approaches thus hinges in most cases on the government’s ability to find tactics to limit the political risks of unilateral action. These might include introducing contentious policies early in an administration to allow opposition to subside and the policy’s benefits to become clearer before the next election, or targeting a narrow range of industries so as to isolate them and reduce the number of opponents the administration has to manage.

**Resource exchange:** Trading policy concessions for support is a frequently used device for soothing dissent against policy initiatives. When considering a resource exchange approach, governments must first decide whose support is indispensable, so as to limit the number of concessions needed. They must also decide what changes can be made to the policy without leaving it ineffective or alienating advocates of stronger climate measures. Such concessions may relate either to the climate policy under discussion or other policy areas affecting the same actor groups. For instance, industry groups may trade climate policies for concessions in labour taxation or other aspects of business regulation, but in all cases governments must seek to close off opportunities for other parties to renego on the deal at a later date.
Table 1: Main tradable resources of climate-policy network members

<table>
<thead>
<tr>
<th>Controlled by:</th>
<th>Resource</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public actors alone</td>
<td>Policy amendments</td>
<td>Changes in policy instruments or settings. Only actors with the legal authority to make binding decisions can trade policy amendments. Policy amendments may be traded between branches of governments</td>
</tr>
<tr>
<td>Access to decision-making</td>
<td></td>
<td>Contact with officials or politicians, inclusion on committees, invitations to contribute to consultations gives non-state actors information on government policy plus the chance to present arguments.</td>
</tr>
<tr>
<td>Public and private actors</td>
<td>Veto power</td>
<td>Obstruction of policies by opposition parties unless amendments are made. The tradable resource consists of refraining from exercising veto power.</td>
</tr>
<tr>
<td></td>
<td>Information</td>
<td>Exchange of specialist information for policy amendments. Information may also be used to change the preferences of public actors, including by promoting policy learning.</td>
</tr>
<tr>
<td></td>
<td>Cooperation with</td>
<td>Where actors are able to hinder implementation legally, public actors may exchange amendments for cooperation with implementation.</td>
</tr>
<tr>
<td></td>
<td>implementation</td>
<td></td>
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<tr>
<td></td>
<td>Recourse to the courts</td>
<td>Where public or private actors are able to use legal proceedings to block a policy, refraining from using this option can be traded for policy amendments.</td>
</tr>
<tr>
<td></td>
<td>Political support</td>
<td>Private actors may mobilise the public or groups for or against a policy. The support of legislative bodies, the governing party and the head of government is also crucial. Parties outside government may seek to trade political support for policy amendments. Governments may also deal directly with voters by amending policy in exchange for opinion-poll ratings. The significance of political support depends on how much the government needs it and on perceptions: e.g. whether environmentalists can mobilise voters is uncertain ahead of being demonstrated.</td>
</tr>
<tr>
<td></td>
<td>Patronage</td>
<td>Public actors may trade positions linked to government for investment or campaign donations. Private actors may offer jobs to ex-public servants in exchange for policy amendments while in office.</td>
</tr>
<tr>
<td>Private actors alone</td>
<td>Private investment</td>
<td>Withdrawal, continuation or expansion of private investment by companies in exchange for policy amendments. Again, threats to disinvest are only effective if the government believes they are credible.</td>
</tr>
<tr>
<td></td>
<td>Fluid funds</td>
<td>Bribes, campaign contributions, buying expertise, lobbying services and other resources.</td>
</tr>
</tbody>
</table>

Source: Bailey and Compston (in press)
Changing other actors’ preferences – communication strategies: Various means exist for governments to change other actors’ perceptions of ‘the problem’, proposed policies, or the pressures they face from public opinion or investors for continued obstruction. The most obvious tactic is to provide regular and credible information on climate change and policy responses that might be developed. Another is to frame climate policy in a way that stresses the co-benefits of climate policy for other national priorities, such as energy security, employment and regional development, or to appeal to the values or aspirations of key audiences. The use of metaphors and analogies may further aid in making complex ideas accessible and potent to target audiences, as may enlisting persuasive communicators, such as public figures or respected scientists. Governments might also use events that can be credibly linked to climate change or fossil-fuel dependence, such as Hurricane Katrina or the Gulf of Mexico oil spill, to raise public appetites for climate policy, although proving causation is hazardous and episodes like Climate-gate equally reveal the scope for media coverage and public sympathy to move in the opposite direction (Pralle 2009). Additionally, governments must be wary of being accused of knee-jerk policy even when policy options have been prepared in advance to capitalise on spikes in public concern about climate change.

Altering the terms of resource exchange: One risk with resource exchange as a strategy for gaining political support for climate initiatives is that governments may be manoeuvred into offering concessions that diminish the effectiveness of the policy in question or into providing over-generous compensation to industry. This is not inevitable if governments are judicious in the resource exchanges they accept and/or use package deals involving concessions in other policy areas to protect the climate policy in question. Another approach governments can use is to alter the balance of political resources, either by adding to their own political resources or eroding the resources held by other actor groups (Compston 2009). Having more resources theoretically increases governments’ chances of persuading other actors to agree to new climate measures, whilst eroding the political resources of others should reduce their ability to block initiatives. Among the options here are policies which require fewer resources held by potential opponents of climate policy. Once a carbon tax is agreed, for example, in many cases it can be adjusted without further parliamentary approval. Governments may cultivate new sources of political support (e.g. new sections of the electorate) or strengthen the status of climate policy within government by merging energy and climate ministries or appointing a political heavyweight as climate minister. They may try to reduce the credibility of industry threats to shift investment overseas by imposing border-tax adjustments or emissions standards on imports from countries with lower or no carbon prices. They might nurture cross-party consensus to limit the scope for businesses, media tycoons or voters to shift their political allegiances, as has occurred in several European countries. Finally, governments may give new actors access to the policy process by creating climate committees to advise and hold governments to account on climate policy or by ensuring that advocates of stronger climate policies are represented on committees where industry groups have a guaranteed place to ensure counter-arguments are heard.

It is important to stress that the policy-network approach provides only a general framework for exploring the preferences of the main actors involved in climate policy, their tradable resources, and the forms of political strategies governments might use to reduce the political risks of introducing and strengthening climate policies. The framework is highly generic and, in the absence of detailed case studies, provides only limited insight into how the emissions and energy profiles of different industry sectors, the costs and benefits of different climate policies, and other factors influence different actors’ preferences and their ability to steer debates on climate policy. The resource-exchange approach is therefore designed to be a
figurative tool with which to explore the types of political strategies that governments might utilize to combat resistance to climate-related measures whilst at the same time providing a general framework to explore the variety of views that exist in different countries on climate and energy issues.

**The Carbon Pollution Reduction Scheme (CPRS)**

In order to facilitate critical examination of the role of political strategy in climate policy-making, the following discussion is organised around the political strategies outlined in the previous section, rather than as a chronology of events surrounding the government’s attempts to introduce the CPRS. It is hoped, nevertheless, that the discussion provides a sufficiently clear view of the main events in the CPRS debate. For a detailed timeline of Australian policies in response to climate change and links to key documents, see: [http://www.aph.gov.au/library/pubs/climatechange/governance/domestic/national/timeline.htm](http://www.aph.gov.au/library/pubs/climatechange/governance/domestic/national/timeline.htm).

**Unilateral action: a non-starter**

From the outset, the Rudd government had limited options to ignore opponents of the CPRS and simply press ahead with the scheme. Although the ALP held an outright majority in the House of Representatives, it did not control the Senate and so needed the support of other political parties to pass the CPRS. The ALP held 32 Senate seats, the Liberal/National Coalition 37, and the Green Party five, with the two remaining seats being held by independent Nick Xenophon and Steve Fielding, the latter being a Family First Party self-confessed sceptic on human effects on the climate system. This balance of power meant that even the support of the Greens could not guarantee Senate approval of the CPRS and, therefore, that the ALP needed to reach a deal with the Coalition. Its then leader, Malcolm Turnbull, supported an emissions trading scheme (ETS); however, his caucus consisted of the centre-right Liberal Party and the more right-wing National Party. The latter in particular contained many climate sceptics and had close ties with industry groups and regional Australia. The chances of Rudd and his climate minister, Penny Wong, reaching a deal thus rested on their ability to present a policy that Turnbull could sell to both coalition partners and this inevitably forced the ALP to engage in detailed negotiations with the energy generation and resources sectors whose interests would be affected by a carbon pricing measure.

Many of the normal tactics to limit the political damage of unilateral action (even assuming Rudd could persuade some Coalition senators to support the CPRS bill) were also largely out of reach. For example, introducing controversial measures early in a legislative term to allow time for the issue to die down before the next election was hampered by Australia’s short electoral cycle (three years) and the time needed to design an ETS that the Coalition, industry groups and the electorate would accept as being proportionate and equitable. Similarly, targeting sectors that could pass on additional costs to consumers so that the government would not be blamed by voters was unviable. The electricity and resource-extraction sectors were never likely to cooperate because they claimed that a carbon price would reduce the competitiveness of resource exports to Asia and strand coal-fired generation assets. Several industry associations instead publicised alarming projections of the costs of the CPRS on household and industrial electricity prices to incite public opposition to the scheme (CPRS Exposure Draft Team 2009).

Some prospect might have existed to target measures at a small range of large carbon emitters so as to isolate them and limit the number of opponents the government had to deal with. However, Rudd arguably committed his first tactical error by opting for a scheme that

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6 Independent Nick Xenophon is reported to have common ground with the Greens on a number of issues.
covered 75 per cent of Australia’s greenhouse gas emissions (including coal and other mining, steel, aluminium, cement, and plastics and chemicals, and, from 2015, agriculture) and all six Kyoto greenhouse gases. In contrast, Phase I of the European Union covered just 45 per cent of EU emissions and only carbon dioxide, ostensibly to test the working of the market before it was scaled up but almost certainly also to reduce state and industry opposition to the scheme (Bailey et al. 2011; Minerals Council of Australia 2009; Wettestad 2009). Two explanations can be suggested for this decision: (i) a need to ensure liquidity in a relatively small national ETS by maximising the number of sectors involved; and (ii) an ambition to rectify John Howard’s obduracy on climate change (and, in so doing, secure his own political legacy) by creating an ambitious ETS (personal interview).

Communication strategies: a litany of errors
Whilst in opposition, Kevin Rudd made climate change one of his defining concerns and used the issue effectively during the 2007 election campaign to cast doubts about John Howard’s ability to meet the governance challenges of the twenty-first century (Rootes 2008; 2011). The provision of accurate and accessible information on the threats of climate change is a potent way of creating support for climate policies and, in this respect, Rudd seemed to hold mastery of this art during his early months in office. At the same time, making climate change into a cause célèbre is likely to raise expectations and may create disillusionment if words are not matched by actions. This possibility was especially acute in Australia following Howard’s refusal to ratify the Kyoto Protocol and frustration among many voters at the timidity of domestic climate policy during Howard’s premiership. Several interviewees argued that Rudd committed another tactical error in placing extreme emphasis on a new global climate deal emerging from the UNFCCC Copenhagen negotiations as a justification for the CPRS – and in his personal role in brokering a deal. When a strong deal failed to materialise, it seriously undermined the argument for climate action by Australia.

Other interviewees pointed to major communications failings in how the Rudd government attempted to sell the CPRS to the electorate. Several spoke of government officials and economists appearing on national television during 2009 trying to explain how an ETS works and to justify the compensation packages being offered to energy-intensive, trade-exposed industries (EIITEIs) (a necessary condition for gaining Coalition support for the CPRS, see next section). Conspicuously absent at this time, however, were strong government narratives on the threats to Australia from climate change at a time when the country was gripped by a severe drought, or on the opportunities that action on climate change presented for rejuvenating infrastructure, skills, training, employment generation and regional development (Hetherington and Southommasane 2010). This messaging had a number of effects. First, voters started losing sight of the rationale for the scheme and began only seeing its costs (Bailey 2011). Second, they saw large amounts of compensation going to major polluters alongside the prospect of higher consumer prices resulting from the imposition of a carbon price. Third, it provided the new Coalition leader, Tony Abbott (a conservative ex-climate sceptic), with a clear run to attack the CPRS. Abbott had defeated Malcolm Turnbull by a single vote in a leadership contest called following an all-party debate on the CPRS in December 2009. He launched an immediate and sustained campaign, using the slogan: ‘Kevin Rudd’s great big tax on everything’ to stoke up public and business opposition to the CPRS. The latter narrative predictably captured the news headlines, which the government mystifyingly failed to counter by pointing out the shortcomings of Abbott’s proposed ‘direct action’ programme, which was to be funded largely from tax revenue and impose an even larger cost burden on the Australian economy. Industry groups, meanwhile, mounted their own media campaigns claiming that the CPRS would destroy Australia’s mining industry and impoverish regional Australia.
Two further communication failures are also worth mentioning. First, following the failure of the Copenhagen summit, Rudd fell mysteriously silent on climate change and the CPRS, leaving the opposition and industry groups with an even clearer path to attack the scheme (personal interview). This was followed in May 2009 by an announcement that the CPRS would be delayed by 12 months in response to the global financial crisis. The effect of these two events was to sow further doubt about Rudd’s commitment to the climate issue, especially when compared with his statement the previous year that: ‘to delay any longer… is reckless and irresponsible’ (The Age 2009). As one interviewee remarked, ‘climate change is like marriage. It’s a full-on commitment. You can’t claim one minute that it is this great existential threat, then decide the next that action can simply be delayed and expect to retain any credibility.’ The second failing was Rudd’s refusal to talk to the Green Party about the CPRS. From one perspective, the ALP had little reason to negotiate with the Greens if they could not sway the Senate vote on the CPRS bill. However, public support for the scheme by the Greens may have helped to maintain momentum behind the scheme in the face of Abbott’s attacks. The key issue, according to several respondents, was a fear that the ALP would lose votes to the Greens and be forced into coalition government with them. In essence, electoral politics trumped conviction to act on climate change, a theme we revisit in later sections of the paper.

Resource exchange
The importance of the resources sector and other EITEIs to the Australian economy (or at least the belief in their importance (Pearse 2009)) made it inevitable that package deals with industry would be a prominent feature of the CPRS. As has already been noted, this need was reinforced by the fact that the ALP did not have a majority in both legislative chambers. It was also an important element in staving off sustained opposition from more mining-oriented state governments (especially Queensland and Western Australia) and erosion of the ALP’s support base in these states. Modelling of the effects of an ETS had, in fact, already begun in 2006, when the Howard administration belatedly accepted that its climate policies were dysfunctional from a climate and an electoral perspective and commissioned a joint government-business Task Group on Emissions Trading (Prime Ministerial Task Group on Emissions Trading 2007; Rootes 2008). However, the main work on an ETS was conducted as part of the first Garnaut Review, after Kevin Rudd asked Professor Ross Garnaut to examine the impacts of climate change on Australia and to recommend medium- to long-term policies and policy frameworks to address the problem (Garnaut 2008). The review provided strong support for an ETS and detailed many of its design features (see Box 1).

When the CPRS Green Paper was published in 2008, the government received over 1000 submissions from industry groups detailing flaws in the scheme and claims for compensation (transition measures) (Australian Government 2008a). These claims were mainly founded on two arguments: the ‘futility’ of major emissions cuts by Australia without similar action by other major economies (particularly the US and China); and a loss in competitiveness by EITEIs, particularly in export markets but also from import penetration, since Australia’s main comparative advantage lay in its reserves of low-cost fossil fuels, especially coal (Pezzey et al. 2010: 191; Falk and Settle 2010). These impacts would particularly hit resource-sector dependent areas in regional Australia, weakening public support for (at the time of the Green Paper, unspecified) emission cuts in these regions (Ergas 2010).

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7 The purpose of green papers is to provide an outline proposal for legislation without committing to action. It is therefore designed principally to court stakeholder views and stimulate debate.
Box 1: Main recommendations of the Garnaut Review

- An ETS is preferred to a tax or hybrid scheme.
- The ETS could have a transitional phase from 2010–2012
- Permits could be sold at a ‘low, fixed’ price during the transitional phase.
- Spreading the costs across the economy will be achieved by including as many sectors as possible
- Transport should be included
- Emissions permits should be sold by competitive auction rather than allocated free or grandfathered to polluters
- Compensation should be given to low-income households, using funds collected from permit auctions
- Areas dependent on coal-based power stations should receive specific support.
- Lead research in making carbon capture and storage commercially viable
- Set up a new research council.
- AUSS$3 billion or 20% of annual auctioning revenue should be allocated to low-emissions R&D
- The Building Australia Fund should also be used for energy infrastructure.
- Australia should help Asian countries reduce their levels of emissions.
- Energy prices will rise under the scheme.

Source: Garnaut (2008)

It is not our intention to debate these claims, though Pezzey et al. (2010: 189) use national greenhouse accounts to argue that EITEIs accounted for 87 per cent of total direct emissions but just 29 per cent of GDP and 21 per cent of employment (Table 2). In other words, claims about the economic impact of the proposals on the Australian economy were inflated (see Pezzey et al. (2010) and Pearse (2009) for further elements of this critique). More salient from a political analysis perspective is that they were proposed by well-resourced and organised EITEIs, and so created pressure for the government to respond.

Despite modelling by Garnaut and the Treasury showing comparatively modest – and some positive – competitiveness and employment impacts, the CPRS White Paper (the detailed legislative proposal) showed strong signs of business lobbying. In particular, it effectively sealed in a five per cent reduction target for 2000–2020 by attaching the unlikely conditions of a strong new international climate deal and action by other developed and developing countries to the adoption of a 15 or 25 per cent target (Australian Government 2008b). It also permitted unlimited permit imports from Kyoto project-based mechanisms such as the Clean Development Mechanism (CDM), which would have essentially allowed Australia to exceed its target whilst also exposing the scheme to the additionality, verification and sustainable development problems of the CDM (Bailey et al. 2011). Additionally, provisions were created for a transitional cap on allowance prices up to 2015-16 and for emissions caps to be established five years in advance (with advance guidance on caps covering a further ten years) to meet business calls for investment certainty8 (Australian Government 2008b). Finally, the White Paper identified a series of principles for negotiating assistance packages for EITEIs. These included: (i) increasing the quantity of permits allocated to EITEIs; (ii) extending the

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8 EITEIs argued that capital investments required business certainty to assure investors that they would not be left with expensive stranded assets as a result of changes in the regulatory framework for climate change.
range of industries eligible for EITEI permits from those set out in the Green Paper by reducing energy-intensity thresholds; (iii) raising the proportion of permits allocated rather than auctioned to EITEIs; and (iii) changing the basis for measuring emissions intensity to include assessment on a value-added rather than an emissions basis, extending the base period for evaluating emissions intensity, and allowing some indirect emissions from non-electricity sources to be included in calculations (Australian Industry Group 2008).

Table 2: Australian GDP, jobs and emissions by sector 2006 (% are total for economy)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Agriculture, forestry and fishing</th>
<th>Mining</th>
<th>Manufacturing</th>
<th>Electricity, gas and water</th>
<th>Commercial services and construction</th>
<th>Transport and storage</th>
<th>Residential</th>
<th>Carbon-intensive sectors</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANZSIC code</td>
<td>A</td>
<td>B</td>
<td>C</td>
<td>D</td>
<td>E-H, J-Q</td>
<td>I</td>
<td>A-D, I</td>
<td></td>
</tr>
<tr>
<td>GDP (%)</td>
<td>5</td>
<td>8</td>
<td>11</td>
<td>2</td>
<td>62</td>
<td>5</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>Jobs (%)</td>
<td>3</td>
<td>1</td>
<td>19</td>
<td>1</td>
<td>79</td>
<td>5</td>
<td>n/a</td>
<td>21</td>
</tr>
<tr>
<td>Direct emissions (%)</td>
<td>24</td>
<td>9</td>
<td>12</td>
<td>36</td>
<td>4</td>
<td>7</td>
<td>9</td>
<td>87</td>
</tr>
<tr>
<td>Inclusive emissions (%)</td>
<td>24</td>
<td>12</td>
<td>25</td>
<td>12</td>
<td>n/a</td>
<td>7</td>
<td>20</td>
<td>68</td>
</tr>
<tr>
<td>Inclusive or (direct) emissions intensity in kgCO2e/$</td>
<td>5.22</td>
<td>0.87</td>
<td>1.42</td>
<td>(9.20)</td>
<td>0.12</td>
<td>0.88</td>
<td>1.46</td>
<td>1.42</td>
</tr>
</tbody>
</table>

Source: Pezzey et al. (2010: 189)

Even this description provides only a snapshot of the policy concessions incorporated into the CPRS White Paper. They nevertheless illustrate that industry lobbying and the need to gain opposition support forced the Rudd government to become heavily involved in resource exchanges involving amendments to the CPRS. Further to this, the White Paper contained ‘a substantial package of measures’ to help households adjust to higher electricity and consumer goods prices, including benefit changes, pension enhancements and tax offsets that the government estimated would give 5.3 million households assistance equal to or greater than the living cost increase created by the CPRS (Australian Government 2008b).

In sum, resource exchanges, in the form of amendments to the CPRS and concessions extending beyond the policy framework, became fundamental to Rudd’s strategy for gaining support for the CPRS and avoiding political damage to the government. Denniss (2010) and Ergas (2010) argue that although they were designed to be politically efficacious, these concessions seriously compromised the economic efficacy and environmental impact of the CPRS. However, were these deals an inevitable response to endemic features of the Australian economy or were alternative approaches viable? Did they get out of control and, if so, why? Certainly, policy deals were needed to gain support for the package and to avoid damaging the ALP’s electoral standing but the real question, perhaps, was where the balance lay between these two priorities (Bailey 2011). Rudd’s failure to achieve either goal, combined with the failures in the government’s communication strategy outlined earlier, suggest that the Rudd government became preoccupied with trying to protect the ALP’s standing first and foremost by attempting to assure key actors that the CPRS was a costless, or virtually costless, policy.

Several interviewees argued, moreover, that in showing its willingness to engage in trade-offs to appease ‘big polluters’ (and implicitly to penalise households by reducing compensation

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9 For instance, a $2.15 billion Climate Change Action Fund was proposed to smooth the transition for businesses, community-sector organisations, workers, regions and communities to operating environments involving carbon pricing. An additional $300 million was proposed for the coal adjustment stream.
funds available to them), the government signalled a lack both of comprehension of the climate problem and of conviction in addressing it (Spratt 2009). The search for the middle ground instead alienated many who supported carbon pricing before it satisfied the scheme’s ‘natural’ opponents. Rudd acknowledged something of this when he introduced the CPRS White Paper by arguing that: ‘We will be attacked from the far right for taking any action at all. We will be attacked from parts of the far left for not going far enough by refusing to close down Australia’s coal industry. The government believes we have got the balance right.’ Put another way, both supporters and opponents of the CPRS saw a mismatch between Rudd’s rhetoric and policy delivery on climate change and began openly to doubt his resoluteness on the issue (Rowley 2010). This impression was only compounded when the government announced a twelve-month to the start of the CPRS following the failure of the Copenhagen summit and the onset of the global financial crisis.

**Altering the terms of resource exchange**

It was argued earlier that one major drawback of resource exchange as a political strategy is if governments are manoeuvred into offering over-generous amendments to proposals for climate legislation that undermine the integrity of the policy. One way to counteract this risk is for governments to alter the terms of resource exchange so as to reduce their need to trade essential resources with other political actors to gain support for climate policies. The basic idea behind this approach is having more resources increases governments’ chances of persuading other actors to agree to new climate measures, whilst eroding the political resources of others should reduce their ability to block initiatives. A number of ways in which the terms of resource exchange might be altered were then outlined (Compston 2009).

One approach used in several European countries to counter industry and voter threats to transfer their political allegiances is to foster consensus on climate change between major political parties (Bailey and Compston 2010). This has been a potent strategy for ensuring legislative passage for climate policies. It has also been achieved relatively easily in countries where there is limited questioning of climate science, partly because concern to defend future generations against uncontrolled climate change transcends traditional left-right political debates (Carter 2008; Giddens 2009). Cross-party consensus certainly appeared to be one of the government’s main (and enforced) tactics, when it opened negotiations on a CPRS deal with the Coalition in 2009. The prospects for agreement also seemed encouraging under Malcolm Turnbull’s leadership because of Turnbull’s personal support for emissions trading. The commonly-held view among respondents, however, was that Rudd’s also plotted to use the CPRS to splic the Liberals from the Nationals. Rudd’s reasoning was that although many Liberals fell into the climate sceptic or ‘anti-action’ camp, they would ultimately follow the party line, whereas the Nationals would turn their back on the deal, splitting the Coalition and guaranteeing the ALP power for the foreseeable future (Keane and Barry 2009).

Whether a differently-crafted (presumably even weaker) package would have produced another outcome is open to debate but, in the event, the Coalition ousted Turnbull and left Rudd with little hope of winning a Senate vote on the CPRS. Another question is whether a successful offer to the Coalition would have led to further damage to the CPRS and the ALP from those seeking stronger measures. The existing package had been heavily criticised by the Greens and independent think-tanks (particularly the Australia Institute) as promising to lock-in failure, and the feeling that Rudd had tried to wedge the Coalition reinforced perceptions that his commitment to action was ambivalent and secondary to re-election. The low possibility of cross-party consensus in what has become an increasingly polarised debate since Tony Abbott assumed the leadership of the Coalition has prompted Denniss (2010) and Bourne (2010) to argue that the government must forget consensus and focus instead on
gaining 51 per cent support in the two legislative chambers (and, if necessary, introduce the policy over the heads of industry rather than seeking agreement), and that any political damage will subside once the carbon price beds in. In contrast, Bailey (2011) argues that such an approach may exacerbate problems in implementing carbon pricing and in achieving the types and levels of investment needed to achieve Australia’s emissions targets. A likely outcome of a 50%+1 approach would be to create a siege mentality among EITEIs and a redoubling of their efforts to prove how much the economy will suffer – and how little the environment will benefit – from even a modest carbon price. Companies may release statements connecting climate policy with reduced profitability or deferred investment affecting growth and employment. No general election has ever been won or lost on climate change but many governments have been unseated on their economic record. Companies may also campaign inside political parties for policy or regime change. It is also hard to think of a policy that devolves greater responsibility to companies and markets – and thus relies more on their cooperation – than emissions trading. Additionally, the CPRS debate has shown how unexpected factors can change the preferences of major actors, key among which in representative democracies, of course, is the electorate. As Compston (2009) points out, it makes no sense in political or climate terms to gain victory on one policy, be beaten at the next election and watch the new government repeal the policy.

If consensus building for the CPRS was both difficult and mismanaged, what about other tactics to alter the terms of resource exchange? Amalgamating climate and energy ministries is another well-recognised way of improving integration and balance between climate and energy issues in cabinet discussions. One of the Rudd government’s first initiatives was in fact to establish the Department of Climate Change and Energy (DCCEE), which took control over climate issues from the Department of the Environment and Heritage in 2007. However, many issues central to climate change remain under the Department of Resources, Energy and Tourism, whose previous minister, Martin Ferguson, was accused of undermining Rudd’s climate policies (Wilkinson 2009). Ministerial integration was therefore partial and left much scope for disputes and power imbalances. Several interviewees also remarked that the DCCEE officials working on the CPRS were mainly economists who favoured an ETS and seemed unprepared for the need to sell the scheme. As problems communicating the policy (generally and as a result of the financial crisis) became apparent, discussions were held on launching a media campaign, but this never materialised.

A further strategy for altering the balance of resources is to provide climate scientists and advocates of stronger action with regular seats at cabinet meetings and on major committees where industry is represented in order to ensure balanced debate (Compston 2009). However, one feature of the Rudd administration was his ‘kitchen cabinet’ style of government, in which key decisions were made by a close-knit inner circle that did not always include the climate minister. Open discussion was therefore not a major feature of the CPRS. Environmental groups and business leaders both complained that their views were being ignored and that, often, one minister did not know what others were doing and policies were running in contradictory directions (Taylor 2009). Academic input, in the form of the Garnaut Review, had been central to the initial design of the CPRS (Garnaut 2008). However, Garnaut’s recommendations were heftily modified in the green and white papers, particularly

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10 Some interviewees hinted (but produced no evidence) that resources companies had agitated for the removal of both Turnbull and Rudd, and had tried to do the same for Julia Gillard during the 2010 election.

11 The key members of the kitchen cabinet were Rudd, Deputy PM Julia Gillard, Treasurer Wayne Swan and Finance Minister Lindsay Tanner.
his advice to adopt a conditional 25 per emissions cut by 2020 and on assistance to EITEIs (Pezzey et al. 2010).

A more radical tactic Rudd might have used to alter the terms of resource exchange – by eliminating the need to negotiate with the Coalition and offer policy amendments to the resources sector – was to call a ‘double-dissolution’ election. In normal general elections in Australia, the full House of Representatives, but only 50 per cent of the Senate, is subject to re-election every three years. Section 57 of the Constitution, however, provides that the Prime Minister can ask the Governor-General to dissolve both houses if the Senate rejects legislation passed by the House on two occasions, three or more months apart (Australian Electoral Commission 2011). This provision is designed to prevent a hostile Senate continually blocking a democratically-elected government’s legislative programme. The conditions seemed ripe for a double-dissolution election when the CPRS bill was rejected by the Senate in August and December 2009. The Rudd Government never explained why it declined to do this (Durrant 2010). One popular explanation is that Rudd thought the Greens would increase their Senate vote and hold the balance of power for at least two parliamentary terms. It was argued that this would force the ALP to accommodate the Greens’ agenda, give them a platform to erode the left flank of the ALP vote, and alienate many ALP voters who saw the Greens as an anti-business party. According to this line of reasoning, Rudd again put his electoral interests before dedication to addressing the climate issue. This was seen by several interviewees as an act of hubris by Rudd, who feared that a double dissolution election would taint his legacy. In the event, the decision contributed to the CPRS and Rudd’s downfall and only delayed the Greens holding the balance of power in Senate. Moreover, Rudd’s refusal to call a double-dissolution election underlines the need to evaluate political strategies in any policy area in the broader context of party politics.

Julia ’10 and the return of carbon pricing
If the story of the CPRS is one of structural constraints aggravated by ill-judged and self-serving political strategies, the new administration’s tactics to revive carbon pricing policy in Australia reveals some common features, but also some notable contrasts to those of its predecessor. One of Julia Gillard’s first moves as prime minister was to try to take the heat out of the climate issue. In an election eve interview with The Australian newspaper, Gillard stated that she did not rule out legislating on a market-based mechanism but did rule out a carbon tax (The Australian 2010). This and similar pre-election statements have haunted Gillard before and since her announcement on 10 July 2011 of proposals for an ETS involving a fixed carbon price between 2012 and 2015. The aim of this is to provide cost certainty in the early stages of the scheme but it has been pounced on by resources companies and sections of the media as breaking her earlier promise. More generally, the ALP and the Coalition both strived to side-line climate change during the 2010 election. In Gillard’s case, this was to stem Tony Abbott’s slogan factory and divert public focus from the ALP’s record on climate change, while the Coalition tried to avoid airing tensions between its pro- and anti-

12 The Senate is seen as being less democratic than the House because it has equal representation for each state, regardless of population. Tasmania (pop c. 503,000) therefore has as many senators as NSW (pop 7.1 million). This provision exists to prevent Australian politics being dominated by the three big eastern states.

13 The Greens traditionally gain a higher Senate vote under its single transferrable vote system. Their deputy leader, Christine Milne, is often held up as representative of anti-business attitudes within the party.

14 New senators take their seats on 1 July following the election. The new Senate created by the 2010 election therefore did not take office until July 2011.
climate factions during the campaign by focusing on negative campaigning and avoiding mention of its own ‘direct action’ policy (The Coalition 2010).\(^\text{15}\)

Unsurprisingly given Kevin Rudd’s experiences, political risk management appears to be the touchstone of Gillard’s approach to climate policy. This was first shown in her announcement during the 2010 campaign of a 150-person citizens’ assembly to test public appetite for climate action. This was ridiculed as trivialising the complexities of climate science and climate policy and was dropped shortly after the election. The second was the establishment of a multi-party Climate Change Committee (which the Coalition predictably declined to join) and two roundtable groups of business and non-government organisations to discuss perspectives and nurture ‘consensus’ on any future approach. Third, the new climate minister, Greg Combet, tasked the Australian Productivity Commission with assessing carbon pricing in other countries to test whether carbon pricing by Australia would disadvantage its economy against its main trading partners.\(^\text{16}\) Finally, Garnaut was asked to update his 2008 review by examining recent developments in: climate science; emissions trends; international negotiations; technologies; abatement potential in the land sector; and the Australian electricity market (Garnaut 2011). Importantly, Garnaut was also charged with reviewing a range of previous proposals to develop a carbon price, including the Coalition’s direct action policy, so as to remove the worst deficiencies of the CPRS and remake the case for carbon pricing. Finally, he was asked to examine public debate on climate change in response to recent attitude surveys showing uncertainty about climate science and the efficacy and cost of action by Australia (see, for example, Ashworth et al. 2011).

In political strategy terms, these initiatives might be interpreted as a communication strategy aimed at countering misinformed but popular arguments that Australia was moving ahead of the world on emissions reduction, and that the actions would destroy the economy and be inconsequential in changing global emissions trends (Pezzey et al. 2010). They could also be understood as a mix between a committee and cross-party strategy in that, outwardly, they create a process for exchanging views and finding compromises that all main groups could support. This is probably a rosy view, however, since the Coalition was never likely to join the cross-party committee and it could equally be interpreted as a manoeuvre to gain an opinion-poll advantage by exposing the Coalition’s refusal to engage in dialogue.

Transitional assistance for EITEIs again features conspicuously in the new proposal and a major focus of debate is whether the concessions are less or more generous for some sectors, and on the proposed carbon price. At AUS$23 per tonne of carbon, the price is higher than the current (deflated) EU ETS price of €12.45 (AUS$16.48), and has prompted new claims that the scheme will damage the Australian economy. However, far greater exposure has been given this time around to measures designed to ease (and in many cases, negate) the financial burden on households than was the case with the CPRS. These have again been subjected to detailed and contrasting scrutiny, but the fairly apparent tactic is to use package deals beyond climate policy to minimise the electoral damage sustained as a result of climate

\(^{15}\) The direct action policy consists mainly of investment and incentive schemes to promote energy efficiency, renewables and carbon sequestration, particularly soil carbon. Oddly for a right-leaning party, it would be funded mostly from government revenue and has been criticised as ineffective and expensive compared with a market solution (Garnaut 2011; Parkinson 2011).

\(^{16}\) This investigation was itself a consequence of a deal with Tony Windsor, one of the new balance-of-power independents, and was a condition of the ALP gaining enough seats to remain in power. It perhaps further shows policy driven by party priorities rather than analysis of necessary steps to introduce a carbon price.
policy, whilst acting as soon as it could in difficult circumstances to maximise the time available to rebuild the ALP’s electoral status before the next election.17

Almost bizarrely given Gillard’s slender ‘majority’ and Rudd’s landslide victory in 2007, the key difference between the two administrations is the balance of power in the two legislative chambers. Provided Gillard maintains the support of three independents and one Green MP in the House and the Greens’ in the Senate, the Coalition cannot block the Clean Energy Bill. Any idea of cross-party consensus has been ditched in the current partisan climate for a ‘50 per cent plus one’ approach. However, this approach carries high electoral risks (notwithstanding whatever cushioning effect the household assistance measures bring), first, because the ALP’s main rivals remain strongly opposed to the scheme, and, second, because the time needed to secure the support of the Greens has limited the time between the introduction of the ETS and the next election.18 The prospects for the ETS enduring are slightly better following a declaration by Bob Brown, the Greens’ leader, that his party will use its Senate position to veto any attempt by the Coalition to repeal the policy should it win the next election. Abbott has responded by threatening to hold a double dissolution election if this happened (The Australian 2011). Although Brown has responded bullishly, he may recall the fate that befall another minority party, the Australian Democrats, after it supported John Howard’s Goods and Services Tax (GST) in the late 1990s. Howard courted the Democrats to gain legislative support for the GST and this became the party’s defining feature with the electorate. However, infighting combined with the controversy surrounding the new tax and an ironic loss of relevance once the GST was introduced led to an electoral collapse for the Democrats in 2004 (Gauja 2010). Despoja (2011) and others have pondered whether the new carbon policy might not just lead to Gillard’s political resurrection in the same way that the GST was for John Howard but also the trigger for the Greens’ electoral downfall.

But what still does not appear to have resurfaced with any vigour since the early months of Rudd’s premiership is a sustained communication strategy stressing the threats of climate change to Australia and the world. Both debates, in effect, are about economic reform and distributive justice. This may be a shrewd tactic given the financial crisis, current Australian attitudes towards climate change, and the disillusionment caused by Rudd’s inflated rhetoric about Australian leadership on climate change. On the other hand, it does little to provide justification for the new policy or to assure voters that Gillard holds strong convictions on climate change rather than just having political survival in mind. In the final analysis, there may be no political strategy that can substitute for explaining the problem properly.

Conclusions
National climate politics is a messy business at the best of times in democratic countries and understanding the factors that cause national climate policies to succeed, fail or underperform is no mean feat. Even this relatively crowded account provides only a snapshot of the various plots and sub-plots that have encircled Australian climate politics during the past four years.19

17 Avoiding electoral meltdown might be more accurate. A poll by Morgan Gallup gave the Coalition a 60.5% winning lead over the ALP (39.5%) after Gillard announced the carbon price. This was the worst poll for Labor since the first Morgan poll conducted in 1942 (see http://www.roymorgan.com/news/polls/2011/4684/).
18 It was also unrealistic to move on the new proposal prior to the new Senate taking office in July 2011.
19 We have not discussed how preferential and compulsory voting concentrates electoral power towards a small set of marginal seats in Sydney, Melbourne and Queensland, and towards those in these seats with limited engagement with political issues who would be unlikely to vote if it was voluntary. Interviewees described how this prevents minor parties gaining consistent support and encourages a form of politics where issues marginal to the national interest but important to key constituents (e.g. immigration) receive inflated attention to the detriment of the major challenges facing Australia (Mackerras and McAllister 2009; Bennett 2008).
This paper has sought to separate some trends from the hullabaloo of Australian climate politics by analysing the resource exchanges and political strategies that have accompanied recent debates on the CPRS and the recently proposed Clean Energy Bill. In this final section, we offer some brief reflections on the strengths and weaknesses of the political-strategy approach in understanding (and perhaps reshaping) national climate politics.

The most obvious point is that it shows that success or failure in climate policy is not determined solely – or maybe even mainly – by sound or unsound policy design. The CPRS was always going to be a contentious and compromise policy. However, its design included many elements one would expect in a climate policy in a trade-exposed country with a powerful fossil-fuel lobby and strong reliance on coal for domestic energy production. Transitional assistance to EITEIs and package deals to defray household cost increases were virtually inevitable but, according to most accounts, were not the main reasons for the demise of the CPRS. Rather, the policy was progressively undermined by miscalculations in how climate change and aspects of the CPRS were communicated, and in how climate policy was used as a weapon of Australian party politics. As Carter (2008) remarks, politics matters because it has the capacity to create or destroy the conditions for substantive policy change.

Second, it underlines the importance of understanding the context of climate politics in any given country, but without ever seeing context as static in its own right or immovable by political innovation. This returns to the earlier argument that Australia may suffer from endemic climate policy failure caused by its domestic politics and its structural reliance upon a fossil-fuel economy. However, choices made about political strategy may make it possible for governments to acquire sufficient political resources to enable greater action, and thereby to shift the terms of the debate. In particular, rather than restricting analysis to the macroscopic choices made in climate policy development, the political strategy approach explores how micro- and meso-level decisions accrete to produce broader (favourable or adverse) policy and political currents (Zito 2000). In so doing, it also focuses attention on the consequences of each decision across multiple phases of policy negotiation and implementation, the tactics used by opponents to attack the policy and/or the government at each stage, and how different political agendas affect climate policy. It is this attention to detail that is probably the main strength of the political strategy approach in that it explores the detail of structural constraints and how constraints can change over time, rather than relying on what Pielke (2009: 85) brusquely describes as: ‘wishy-washy recommendations and generic exhortation’ on the need to reform climate politics. Instead, it examines ways in which politicians can work progressively within the context of existing institutions while respecting parliamentary democracy (Giddens 2009).

Political strategy approaches nevertheless undoubtedly also have their limitations. One of these is the implicit assumption that politicians have a primary motivation to introduce climate policies that outweighs other political goals (Compston 2009). As such, it can be accused of offering a reductionist view of political rationality. Second, in the way it has been portrayed in this paper, it arguably focuses too closely on political strategy from the perspective of government and neglects analysis of resource interdependencies and resource exchanges from the viewpoint of business and other political actors, and how the two interrelate. Certainly, the Rudd government had political strategies to build support for the CPRS, but it is equally clear that it was outflanked on several occasions by events and the tactics used by the Coalition, the Greens and industry groups. Third, by segmenting political strategies, the approach provides few insights into the simultaneous use of multiple strategies. Finally, it remains unclear how social relations between political actors influence resource
exchange and the extent to which these or political strategies that assume adversarial relations are more significant in overcoming resistance to climate policy.

The answers to at least some of these questions may come from retrospective analysis of Julia Gillard and Kevin Rudd’s political tactics on climate policy. Gillard has the numbers in the House and Senate to secure legislative passage for the Clean Energy Bill, so in some respects focusing on gaining majorities where they matter may be the only political strategy that really matters. As was noted earlier, however, a major lesson from the CPRS is that if governments do not develop ‘an overarching narrative, a coherent story of its policy direction that explained its imperatives’ (Dyrenfurth 2010: 40) on climate change, voters start seeing only the costs of carbon pricing and are likely to punish the government, if not necessarily the policy (Bailey 2011). Gillard has sought to counter this by offering compensation for households, since it is they, not the resources sector, that will vote at the next election. Her apparent reluctance to make talking about climate change a focal strategy may also be justified by recent opinion polls showing that although the majority of citizens believe climate change is real and happening, only 23.8 per cent listed it in their top three challenges facing the country (Ashworth et al. 2011). On the other hand, if this reticence hands the Coalition an overwhelming majority in the 2013 election that it reinforces in a double-dissolution election before repealing the ETS, failures of communication and factors external to climate policy (including continued economic uncertainty and concerns about living costs) may again confound attempts to establish a carbon price. But arguably the endemic feature of Australian society with the greatest potential to undercut climate policy – and the one that political strategy may be least equipped to counter – is the nature of Australian politics itself. Detailed analysis of this issue is beyond the scope of this paper (and our personal competencies), but the positioning and in-fighting that characterised the CPRS debate suggest that significant political challenges remain for Australian climate policy.

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