

## 2. Issues and agendas for the term

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Kevin Rudd made at least two attempts to wrest the leadership of the federal Australian Labor Party (ALP) before he assumed the post of Leader of the Opposition on 4 December 2006. The first attempt was after the 2004 election and the much expected but 'inglorious exit' of the Leader of the Opposition, Mark Latham, in January 2005. Although Kim Beazley announced his intention to re-stand for the leadership, Rudd suddenly emerged as an 'undeclared' candidate in January 2005. But he was unable to attract any numbers (and by some accounts had secured as few as two votes) and quietly withdrew from the race, leaving Beazley unopposed for the post as 'the safe option' who struggled to regain momentum (Bynander and 't Hart 2007:65). Although some leadership destabilisation of Beazley occurred periodically between 2005 and 2006, Rudd apparently signed a written pledge of loyalty to him. Opinion polls, however, again turned against Beazley in 2006 and it was widely believed in Labor Party circles that the electorate had stopped listening to him. After an embarrassing series of gaffes by Beazley, Labor's extra-parliamentary factional heavies moved swiftly to depose him and install an alternative team. In November, polls showed Rudd was more popular than Beazley as preferred leader, and, on 1 December 2006, Rudd and Julia Gillard announced they would stand on a combined ticket for the leadership, claiming to the media that their tilt for the leadership was not a 'challenge' but a tactical mistake by Beazley's supporters that itself went wrong. It was an indicative sign of spin from the start and a sign that Rudd's leadership was always held hostage to the fickleness of polls. In the subsequent party-room vote held on 4 December, Kevin Rudd was elected leader of the parliamentary party by 49 votes to 39, with Gillard elected unopposed as his deputy. The two neophyte leaders immediately commenced a whistlestop road trip around Australia, which commenced a year-long gruelling campaign to win government.

Rudd's main aims as the new Leader of the Opposition were twofold. First, he had to convey the image that the 11-year-old Howard government faced a crisis of legitimacy, that it was 'out of touch' with ordinary families and was incapable of renewing itself (and the spectre of Peter Costello stalking Howard continually underscored this impression). Second, he had to rebuild

Labor's electoral credibility and prospects for victory. He set about achieving these aims with a ruthless efficiency and dispassionate single-mindedness. He wasted no opportunity to criticise, rebuff and even ridicule his opponents, at one stage joking he was enjoying playing with John Howard's head. And on the policy front during the campaign he chose to match the conservative government commitment for commitment, while allowing the Labor opposition to concentrate on a select number of wedge issues to lure swinging voters and recapture the 'Howard battlers'. As a 'small-target' tactic (similar to the one Beazley had run in the 2001 election to little effect), the strategy was a high-risk endeavour.

The Rudd government's agenda in its one and only two-and-a-half-year term was determined in strategic response to five catalytic periods: his 12 months as opposition leader building the party to take office; the detailed platform Labor took to the 2007 federal election or announced in the campaign; the chaotic maelstrom of the 'virtual honeymoon' of the first six months in office; the rapid response to the global financial crisis (GFC), which preoccupied the government from within six months into its term; and finally, dealing with the backlog of issues in the second half of the term that ended in misfortune. These five catalytic periods form the organising framework for this chapter—tracing how the many agendas evolved or morphed, were abandoned in about-faces or were replaced by new priorities in the government's term.

## Orchestrating the 'great battle of ideas'

Over his period as Leader of the Opposition, Rudd began carefully positioning himself with important but diverse constituencies, including business sectors, unions, religious groups, working families, pensioners and the young. On the cusp of becoming leader, he had written a series of essays appearing in *The Monthly* magazine outlining his social and religious philosophy. In October in an essay entitled 'Faith in politics', he criticised the conservative exploitation of the 'culture wars' and the relentless attacks on the legitimacy of the left, manufactured, he believed, by John Howard together with the extreme 'right wing Christian' lobby (Rudd 2006a). He argued that the Christian right was trying to reshape Australia to suit its own agendas despite the fact that the conservatives had no monopoly on faith-based politics and that social democrats were equally entitled to expect the religious vote. He also suggested that Australians should look to admire religious martyrs who had demonstrated social compassion and courage in the face of danger, rather than look to the extremist religious groups who preached ideological divisiveness. Rudd himself volunteered that he revered the German theologian Dietrich Bonhoeffer for his integrity and commitment to his principles of equity and fairness. While the

essay produced the predicted negative reaction from right-wing commentators, it signalled that Rudd was interested in the contest for ideas and in reaching out to various potential constituencies. Some interpreted this essay as a reverberation of Christian socialism, but he carefully underlined his socially conservative stance by ruling out the legalisation of same-sex marriage and promising to be a fiscal conservative.

He followed his 'Faith in politics' essay a month later with a more generic engagement with the 'battle for ideas in Australian politics', under the title 'Howard's brutopia'—derived from the eponymous condemnation of unchecked market forces under capitalism by Michael Oakeshott. In this essay, Rudd (2006b) outlined a historical and philosophical critique of free-market fundamentalism and economic neo-liberalism, particularly over the lack of appropriate balance in the fundamentalists' mind-set. The essay was also a trenchant attack on John Howard's neo-right policy agenda, which Rudd claimed was creating a divided Australia of 'two nations': the rich and the poor. According to Rudd, when Howard won a majority in the Senate in 2004, it

enabled him to legislate away a century of hard-won protections for Australian families...Howard is also in the process of unleashing new forces of market fundamentalism against youth workers; families trying to spend sufficient time together; and communities trying to negotiate with single, major employers experimenting with their newfound powers. Breadwinners are now at risk of working less predictable shifts, spread over a seven-day week, not sensitive to weekends and possibly for less take-home pay. The pressures on relationships, parenting and the cost and quality of childcare are without precedent. (Rudd 2006b:8)

His critique was not merely a conventional restatement of the 'Your Rights at Work' campaign run by the Australian Council of Trade Unions (ACTU), but a more nuanced argument about the demoralising social impact of unleashed market forces. His alternative vision—outlined in a preliminary way in his maiden speech to the House of Representatives in November 1998—was based on the traditional social values of family, community, country, social responsibility, social inclusion, mutuality and even altruism. Individual initiative and reward should be balanced with social responsibility. Suddenly, Rudd was a 'philosopher and thinker' of some note. 'Brutopia' also intimated that the role of government needed to be *reframed*—a theme he would return to more forcefully in his subsequent economic essay on the causes of and solutions to the GFC (Rudd 2009).

In other speeches and in media commentary, Rudd also suggested that under Howard there were many 'no-go' issues that appeared to be anathema to the government's ideological stance. These were often topics that Howard or his

senior ministers had politically ruled out as unacceptable to mention or even countenance. Such topics included climate change and carbon reduction, an apology to the 'Stolen Generations' and Aboriginal reconciliation more generally, asylum-seeker protection, workers' rights, cooperation with the states, the deployment of troops in Iraq and Afghanistan, enhancements to freedom of information, parliamentary reform, and reforms to government accountability and government advertising in particular. He had earlier gained some attention for his Don Dunstan Memorial Lecture in July 2005, which was devoted to cooperative federalism, and reflected his state government background. This speech had emphasised that Australia was engaged in a 'great battle of ideas', it denied convergence was occurring between the major parties, committed Labor to a fairness agenda based on a fair go, criticised Howard as a 'undiluted centralist', argued for the acknowledgment of a proper role for the states and suggested that future governments ought to 'end the blame game' and emphasise cooperative intergovernmental relations (Rudd 2005). This speech was followed up in his period as opposition leader with pledges to revitalise the Council of the Australian Governments (COAG) in order to drive reform agendas, while rationalising federal financial relations and reducing the number of types of Specific Purpose Payments.

Mostly these speeches and essays were positional statements aimed at creating a softer and alternative image to John Howard; they were a mixture of genuine beliefs and pragmatic calculation (and not dissimilar to the positional 'headland' speeches Howard gave in 1995; see Brett 2007; Johnson 2007).

## **The politics of campaigning: making Labor electorally appealing**

As the election approached, Rudd promised a new style of leadership in place of the tired fourth-term Howard government. He was 'the man with the plan', as Labor campaign posters proudly proclaimed, before condensing the message to a much catchier moniker: 'Kevin 07'. His plan for the future was centred on improving the plight of 'working families' (an identified focus-group demographic) or at least acknowledging their problems and concerns, such as WorkChoices, the loss of rights at work, shiftwork, petrol prices, grocery prices, childcare affordability, even time for parents to read to their children. Much of the talk was reassurance. Rudd repeated his earlier commitment to improve commonwealth–state relations, announcing his government would work cooperatively with the state and territory governments across a range of policy areas (the 'end the blame game' mantra was in effect the translation of a complex issue into populist code to appeal to people on hospital waiting lists,

those frustrated by delays or unable to get services, or who had been shunted between disconnected agencies). Working with the Labor premiers, he hatched a plan to establish a series of intergovernmental working groups to investigate priority policy areas, chaired by commonwealth ministers and eventually reporting to COAG on proposals and progress. On other accountability agendas, Rudd promised substantial reform to Parliament, to allow it to meet more frequently by increasing the number of sitting days, and to widen access to freedom of government information. He significantly committed Labor to reducing the number of ministerial advisers, and placing government advertising at arm's length by asking the Auditor-General to approve intended advertising campaigns before they commenced.

In the context of the 'small-target' campaign overall, Labor announced it would introduce an 'educational revolution', which was a grand slogan but largely bereft of details, except that senior high school students would each have a computer on their own desk. Waiting lists for elective surgery were to be reduced significantly with a \$2 billion injection of new money, but if the states did not meet some mooted performance benchmarks then federal Labor was prepared to initiate a takeover of public hospitals, seeking authorisation through a referendum in 2009. A new high-speed national broadband initiative was to be implemented in the first term. A Labor government would establish two web-based market information schemes (Fuel Watch and Grocery Watch) to inform consumers of the best place to purchase these items. Labor also indicated it would adopt a 20 per cent renewable energy target by 2020 and commit to a carbon reduction scheme by 2011, but on the precise targets it would await the recommendations of the commissioned report by Ross Garnaut due in mid-2008. Labor further committed to a generous solar power rebate for those homeowners investing in self-sufficient solar power. And to end Australia's involvement in Iraq, Rudd promised to withdraw Australian troops by mid-2008—although forces would remain (and even be increased) in Afghanistan. On general policy matters, he promised to seek 'the best quality advice' from various sources and committed the government to 'one core thing—evidence-based policy' (ABC 2007b). Such 'evidence' would come from a growing list of reviews and inquiries that was being announced with regularity. Already, there was some speculation that Rudd was attempting to put off the hard policy decisions until well after the election so as not to destabilise his short-term 'me-too' campaign.

Rudd pronounced agreement with the Coalition government on so many policy fronts that he earned himself the label 'Howard-lite' (ABC 2007a; Tiernan 2008). He declared himself a fiscal conservative, who would maintain government surpluses and spend efficiently. He famously declared that he would 'take a meat axe' to the Public Service and would increase the efficiency dividend (a clawback provision) by 2 per cent to 3.25 per cent. He clarified that he was

not aiming to impose a 'reduction in federal government services, I am talking about the administrative budgets of departments' (ABC 2007c). Labor indicated, however, that it wished to avoid developing an alternative tax policy in the lead-up to the election, but instead would accept the government's taxation framework while it reserved the right to review aspects of the revenue system once in office. This effectively neutralised tax as an election issue and prevented any scare campaign being mounted by the government against Labor on its taxation intentions. It also meant that when Costello pulled off a spectacular campaign coup by offering \$34 billion in tax cuts over three years, Labor had effectively to match the bold move, which it largely did by the end of the first week of the campaign, tweaking the package very slightly through shaving a small cut from the most affluent earners. Indeed, Rudd made so many copy-cat announcements matching government commitments that Peter Costello asked in some exasperation what Labor would do if the government were not around to set the agenda (for an account of some of the political distractions of the campaign as it evolved, see Williams 2008).

Labor's specific platform for 2007 concentrated on the 'education revolution', signing of the Kyoto Protocol, repealing the WorkChoices legislation and substituting it with a 'simpler, fairer and more flexible' system, abolishing Australian Workplace Agreements, improving water management, and increasing spending on 'working families' and on health outcomes. Labor argued in the campaign that the Coalition was becoming irresponsible in economic management—a point underscored when the Reserve Bank lifted interest rates by 0.25 per cent in the middle of the campaign to depress overheated demand. In contrast with the Coalition, Labor continually promised to be responsible economic managers—balancing budgets, lowering taxes and facilitating market solutions. Rudd underscored his 'economically responsible' message during the campaign by not promising as much as the Coalition in tax cuts and new spending (ABC 2007b). He looked 'responsible' and could attack the government for being profligate.

## **The descent into a 'virtual honeymoon': a government of announcements in the immediate post-election phase**

There was much euphoria in the Labor camp and amongst sections of the wider community with the change of government in November. Immediately on being sworn in by the Governor-General in early December, Rudd announced that seven COAG working groups would begin work immediately and work over Christmas–New Year (see Chapter 6 for detail). Rudd confirmed that on the first

meeting day of the new Parliament he would make an apology to the Stolen Generations (without compensation) on behalf of the Australian Parliament and people, and would enable the legislature to meet more frequently with an extra sitting day (Friday) added to the two-week normal sitting timetable. He also selected his own ministry without a caucus vote and promoted some newer talent into the outer ministry and to parliamentary secretary positions. Notably, about half those in the full ministry were given new portfolio responsibilities from those they had shadowed, some with entirely new portfolio areas and others with significant changes to their allocated responsibilities.

The first six months provided a rush of intense activity, all conducted under impossible deadlines—driven by Rudd in an atmosphere of perpetual crisis. He declared the homeless were an initial priority and insisted all his ministers and backbenchers show concern and visit hostels. He and three ministers went to Bali to take part in international climate change negotiations and to sign the Kyoto agreement in mid-December 2007. Rudd gave a polished and impassioned speech at the parliamentary apology to the Stolen Generations in February 2008, showing statesman-like qualities with his empathy and sincerity. In conjunction with the Indigenous COAG working group, Rudd announced a three-pronged strategy to ‘close the gap’ on Indigenous disadvantage between Aboriginal living standards and those of the wider community (focusing on life expectancy, housing and schooling).

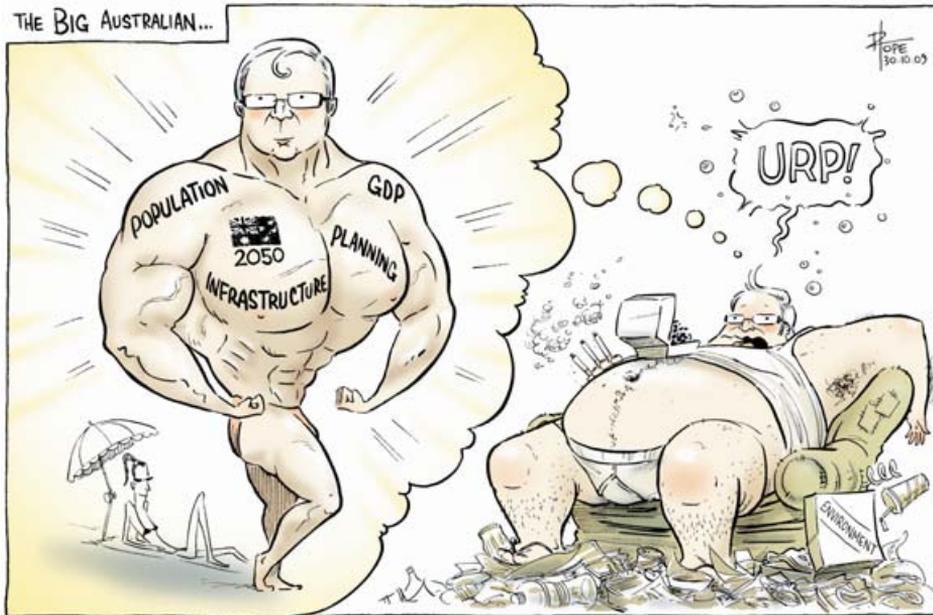
He announced a ‘2020 Summit’ at which the ‘brightest and best’ would inject further priorities across 10 policy sectors, but carefully stage-managed and controlled. He unleashed the anticipated rash of reviews over this initial period—each designed not only to investigate policy options on given topics but also to buy time while the government worked out what it exactly wanted to do. And the announcements kept coming. Australian naval boats were sent into Antarctic waters chasing Japanese whalers, asylum-seeker restrictions were eased with a promise to end offshore detention, innovation was fundamental, industry would be assisted, unemployment was to be defeated, a war on drugs was trumpeted, a clamp-down on doping in sport was promised, water management became the government’s most crucial agenda, and climate change was declared the ‘great moral challenge’ of the era. Impossible deadlines were set for the hundreds of issues within the cooperative federalism envelope, and many of the working groups were soon flagging under the load. One working group alone identified 27 separate areas for regulatory reform within four months of its existence (and paradoxically was relatively successful over the next few years). Australia’s role internationally was talked up, and our relations with China and the United States were first-order issues. Root and branch taxation reform was suddenly urgent and Ken Henry was commissioned to undertake a comprehensive review of the taxation system. Suddenly, everything was ‘priority one’ (Jackman 2010:4). But

often once announcements had been spruiked by Rudd or his senior ministers their attention span either quickly tired or was overtaken by the subsequent avalanche of further announcements.

In the meantime, progressing the myriad agendas was proving difficult. Parliamentary reform was quickly jettisoned, the extra sitting day was cancelled, and Parliament sat for no more days than usual. Negotiations with Telstra to roll out national broadband struck insurmountable difficulties; negotiations with state governments over the computer program for all senior secondary students hit frustrations; the innovation agenda for business and the public sector seemed to degenerate into nothingness; while 31 extra GP super clinics were announced, only a few were established in the next two years; funding for Aboriginal housing was committed but almost no houses were built; the national educational curricula faced opposition from state education bureaucracies and the My School web-based ranking or information site for individual schools was roundly criticised, most noticeably by principals and teacher unions. The emissions trading scheme (ETS) was progressively wound back and made more complicated with exemptions and extensive compensation arrangements; it was difficult to make sense of it. Then, after much strident rhetoric in the Parliament, the government eventually repealed the WorkChoices legislation and replaced it with the *Fair Work Act 2009*. Business groups remained angry because the government gave unions significant gains above those promised in the election, while unions were angry the government did not restore the old status quo (and the Deputy Prime Minister, Julia Gillard, was forced to make some embarrassing last-minute exemptions to preserve small businesses). Many inside government came to believe it had become pandemonium writ large. And Rudd began to attract the moniker 'Captain Chaos' and a reputation for micro-managing and indecision.

After six months in office, Rudd was accused of having failed to make the transition from campaigning mode to governing mode—meaning he was preoccupied with the politics of spin and the 24/7 media cycle and was prepared to keep making announcements as if he were still campaigning for office without much thought to implementing or prioritising them (Tiernan 2008). Others considered that he had offered no strategic narrative or 'guiding thread' to indicate a vision for his government (Burchell 2008). He was subsequently accused of beginning to resemble a 'home handyman in a house full of half-finished jobs, while still eager to begin more' (Phillip Coorey, cited in Marr 2010:73). His government earned a reputation for announcing policy decisions and then neglecting them or performing expedient about-faces. By the end of 2008, newspapers were tabulating the list of reviews and inquiries the Rudd government had commissioned—and the list was of the order of 150 separate inquiries, some of which were investigating substantial areas of policy to report

back on recommendations for future policy directions. Hence, even before the GFC loomed large, the government had hit gridlock (Stuart 2010), although the ‘virtual honeymoon’ enjoyed by Rudd and his ministers stymied much overt criticism. Meanwhile, the electorate was prepared to suspend judgment and give the new government the benefit of the doubt.



Source: David Pope, *The Canberra Times*, 30 October 2009

## The expeditious response to the GFC and the emergency stimulus agendas

Labor’s first budget (2008–09) basked in the healthy surpluses inherited from the Howard era. The first tranche of the \$31 billion tax cuts was delivered, significant boosts occurred to education, surpluses were parked in various foundation funds for the future, pensioners cynically were given no reprieve, and a continuing series of spending reviews would continue to deliver savings. No sooner was the budget out than the full impact of the sub-prime global credit crisis hit Australia. Against the backdrop of a collapse of confidence in world markets, fear of bank closures, lending and credit crises, expected lay-offs and depressed consumer spending, the government decided to act expeditiously. Bunkered down in crisis mode—using the strategic budget review committee of cabinet (the so-called ‘gang of four’) and key officials—the government held its collective nerve and quickly pulled together a concerted series of immediate responses that it believed would save Australia.

The agenda now was to provide a series of fiscal stimuli while offering assurances to financial markets and credit sectors. The responses included

- a huge \$10.4 billion relief package in late 2008 allocated to pensioners (\$4.8 billion), family assistance (\$3.9 billion) and first-home buyers (\$1.5 billion)
- \$6.2 billion allocated to support the car industry over the next 10 years
- a further \$42 billion emergency stimulus package in February 2009 (which included \$28.8 billion for new infrastructure, \$14.7 billion reserved for new school buildings, \$6.6 billion on community housing, and \$2.7 billion for the home insulation program)
- the second relief measure contained a further \$12.7 billion in cash handouts to lower income earners, provided in cheques of \$900; and a further \$900 single-income family bonus was included; farmers received \$950 hardship payments; and another bonus of \$950 was provided for families with children at school.

The government also moved to assist various industries facing crisis. Bank guarantees were issued for all savings accounts; banking credit was secured; state government borrowings of up to \$150 billion were guaranteed; lines of credit were organised for vulnerable sectors such as car dealers; there were proposals to establish a government-backed property fund for commercial properties; and the first-home-buyers' scheme was extended to the end of September 2009 after which its generosity gradually declined. Despite much urging from the opposition, the government ruled out including any additional tax cuts in the package, as the schedule of cuts promised in the 2007 election was still continuing.

Rudd and his Treasurer, Wayne Swan, both sought to take command in the crisis. They pleaded with employers not to retrench staff and retain as many in employment as possible—even on reduced hours. They urged unions to reduce wage claims for the duration of the crisis and encouraged retail spending while imploring banks not to foreclose on clients in risk of default. They also asked the Productivity Commission to investigate excessive executive salaries. In addition to the range of domestic responses, Rudd sought to affect a more coordinated international response to the crisis. He travelled to Washington, DC, to meet the new US President, Barack Obama, to discuss stimulus measures and then on to London to participate in the G20 Summit (which, largely at his and Gordon Brown's insistence, agreed to a coordinated, multinational stimulus strategy). He sought to have the G20 play a more significant role in global economic coordination and enhance Australia's voice in its deliberations.

In the end, the rapid response paid off, although the government received little credit. Australia recorded only one quarter of negative growth (a mere 0.5 per cent in the December quarter 2008)—not enough to qualify as a recession.

Housing approvals were down to about half the levels of 2003, but retail sales remained buoyant and shops reported record trading over the Christmas and post-Christmas sales periods. Car sales had dropped by 15 per cent over 2008 and then plunged by 24 per cent in the first few months of 2009, but then recovered. Some mining companies laid-off hundreds of employees, but the damage was contained. Overall, unemployment rose from 4.2 per cent to 5.8 per cent before falling back slightly—a much lower result than the estimate of 8.5 per cent forecast by Treasury.

Despite the Grech affair (when a senior Treasury official was outed after leaking bogus emails to the opposition; see AJPA 2009), Kevin Rudd emerged from the GFC with his popularity enhanced. He spent most of his time during the worst of the crisis in front of the media informing people of the dimensions of the crisis, attempting to manage expectations while reassuring them and trying to restore confidence. He claimed he was being 'fair dinkum with the Australian people'. His message was simple: the government was proactive and doing constructive things, but he kept warning Australia was 'not out of the woods yet'. He also released a further economic essay, entitled 'The global financial crisis' (Rudd 2009), which argued the real cause of the present 'seismic' crisis was due to the neo-liberal legacy of the previous three decades, which held that governments had but limited roles and that markets were supposedly able to effectively self-regulate. According to Rudd, these policies had failed and worsened the crisis because governments had withdrawn from protecting the public interest.

The government's second budget amid the crisis was very difficult. Treasury predicted a deficit for the current year (2008–09) of \$32 billion (2.7 per cent of GDP) and two further deficits, of \$53 and \$57 billion in 2009–10 and 2010–11 respectively (about 5 per cent of GDP), followed by smaller deficits to 2012–13. Revenues were expected to drop by about \$23 billion below forecasts for the year ahead and by a total of \$210 billion over four years. Receipts from the GST would drop by \$24 billion over four years—hitting state budget bottom lines as well. In contrast, expenses were estimated to rise by some \$50 billion in the year ahead—causing the deficit. The size of the projected public debt, according to the government, was \$188 billion by 2013. The most contentious news was that economic growth would recover relatively quickly—rising to 2.25 per cent in 2010–11 but then jumping to more than 4 per cent for the next four years—perhaps an optimistic projection.

Faced with such economic conditions, the policy agendas changed again. While aged pensions were increased by \$32 a fortnight (fulfilling a commitment to review and restore pension purchasing capacity), and carers were given increased annual payments, the government did not increase other benefits to the disabled or unemployed (indeed, tougher eligibility criteria for disability pensions were announced). There were claims the government was privileging aged pensioners

at the expense of other welfare recipients. Countering this view, the government announced it intended to increase the age at which older workers would qualify for the aged pension from 65 to 67 years, with the higher age being phased in from 2017 to 2023. This would keep more workers in the economy longer, along with some adjustments to superannuation entitlements. Four big spending commitments were then made: a further \$23 billion to infrastructure over four years (but only \$1.7 billion and \$1.5 billion in the immediate two years); clean energy projects received \$4.5 billion; higher education received an extra \$5.3 billion; and an amount of \$4.7 billion was set aside for the delayed new broadband initiative. Significantly, the Commonwealth announced it would limit the growth in government spending to just 2 per cent per annum over the next six years—putting a fiscal straitjacket around future government budgetary settings. It also made substantial cuts in departmental spending as part of its strategy to tighten government spending.

David Marr (2010:86), a (hostile) critic, regarded the GFC packages as the sole example of program courage displayed by the Rudd government. In the GFC policy response, the objectives were clear and imperative, and the particular agendas and policy responses were more open-ended and contingent. Rudd and his 'gang of four' triumphed because they took considered advice backed by experts, actually made decisions, and gave the impression of a government in control, even though the international environment was in turmoil and other nations were facing a catastrophic downward spiral. As Uren and Taylor (2010:80, 140–54) recount, the magnitude of the necessary stimulus injection was a moving feast, fluctuating by billions over a matter of a few hours and with the Prime Minister upping Treasury's initial recommendations by three to fourfold. Some of the responses look like garbage-can policy making, grabbing anything that sounds plausible or ready to go in the context of urgency. Beyond the cash handouts, Rudd and Swan were especially interested in double-impact spending initiatives (program injections that would create jobs and put cash into the economy while doing other good things, such as insulating homes to give better energy efficiency, or building new facilities at schools). These double-headed proposals led to a series of hastily thought through programs where insufficient attention was given to the implementation issues (such as occurred with the home insulation scheme, the Green Loans scheme and the Building the Education Revolution projects; see Chapter 10 in this volume for further details of the economic package).

Despite the problems posed by the GFC, Rudd refused to curtail his ambitious policy agenda, announcing that all commitments were still active, but gradually he would have to back off commitment after commitment until he was ousted in June 2010.

## The demise: cascading misfortunes, victim of unintended outcomes

Emerging from the worst of the GFC, the Rudd government lost its way. After the stimulus packages, the government settled down to its pre-crisis agendas and added others for good measure, such as the Moran Review of the Public Service (see Lindquist 2010) and the endorsement of 'Big Australia' (growing to 40 million people by 2050). Yet this period was marked by sequential disappointments and lost opportunities. For the first time, the government was not in control of its agendas, and instead the inchoate agendas it had already spawned and that were already under way began to turn sour and be jettisoned. Things went into the 'too-hard basket' with some regularity. The fuel and grocery watch schemes were abandoned. Government advertising did not have to be vetted by the Auditor-General. The ETS legislation languished in the Senate and was defeated on two separate occasions. Rudd refused to countenance a double dissolution and eventually, in April 2010, announced that the ETS was indefinitely delayed—much to the dismay of his environmental supporters. Meanwhile, the Copenhagen climate change negotiations did not manage to agree on fixed global targets and generally the final communiqué was disappointing (see Chapter 11 for further detail of climate change policies).

Presented with the Henry review of the tax system, the government initially decided not to release it (which they eventually did in April 2010). When a list of just 10 items from the more than 130 recommendations was released, only a few were actual recommendations from the Henry team. Rudd infamously backed down on his promise to take over public hospitals, despite the lack of progress from the states on supposedly agreed performance benchmarks. There was no referendum, there was no commonwealth takeover, and while more funds were put on the table, the states managed to keep at bay the Commonwealth's attempt to place hospitals on an activity-based funding regime. The health agenda stoush suggested that Rudd was not interested in cooperative federalism at all and was cut from the same cloth as other centralist prime ministers (see Chapter 6 for a broader discussion of intergovernmental relations during the period).

And, inevitably, bad news attracted more bad news. Suddenly, a rising number of asylum-seekers again began arriving in boats, posing political problems for the government and accommodation issues for the resumed offshore processing of claimants. Telstra refused to cooperate with the National Broadband Network (NBN) and the government had to establish its own company at a total cost of more than \$40 billion, which attracted minimal private sector interest. The media also unearthed a series of scandals concerning the home insulation and the Green Loans schemes (as part of the efficient energy initiatives). The initial concern was that money was being wasted on profligate implementation, but

when inexperienced operators were attracted to the program, deaths in the industry occurred and the scandal could not be contained. Further problems with the cost overruns in the Building the Education Revolution (BER) program were a daily news item over the summer of 2009–10, with some estimates suggesting that costs had increased by some 900 per cent over a value-for-money costing. Schools in New South Wales especially complained they were given infrastructure they did not want or need or that required identical structures be demolished.

The 2010–11 budget added few new agendas except that the government expected to be in surplus a little sooner than expected. But no sooner was the budget released than the government unilaterally announced that a new national resource rental tax would be introduced, without consultation, with rubbery figures and with arbitrary criteria about who would be included and which firms excluded. The mining states with substantial state royalties were soon concerned at what they feared was a commonwealth takeover of mining revenues. The controversy generated by the resources tax eventually led to a more widespread questioning of Rudd's political judgment and encouraged the Gillard coup leaders to take swift action. And in response to the advertising campaign from the mining companies, the government showed it was little different to previous ones with indulgent public advertising.

## Conclusion

Kevin Rudd will be regarded as having one of the most ambitious and divergent lists of agendas of any first-term prime minister. He will also undoubtedly go down as a prime minister who promised much, but who actually achieved relatively little. He is already remembered for the string of promises he failed to keep, or proposals he abandoned. Rudd's extensive agendas, in the words of one Labor party staffer, 'generated a lot of expectations when we were elected in 2007' (The Weekend Australian 2010:10). It was always going to be hard to live up to these heightened expectations. There was criticism that while the agendas were prolific, there was no overall vision or narrative to make sense of the frenetic activity to the electorate.

It is also the case that for the first two catalytic periods (in opposition and in the campaign itself), Rudd largely drove the political and policy agendas. After that, the agendas overwhelmingly drove his government, and, although the initial responses to the GFC were widely applauded, the increasing difficulties in agenda management in the last year of his term proved terminal. Perhaps with

hindsight, as Prime Minister, he could identify his priority reform agendas but often dithered and 'was incapable of pushing through tough reforms' (Jackman 2010:3).

Ultimately, Rudd's demise was due to many factors, not merely his Herculean agendas. He was undone by his hubris and a lack of a consultative style, by the siege mode he created inside government, by constantly believing he knew best, and by the slipping away of electoral confidence in his leadership. The inability to deliver on many of the announced agendas merely fed into the culture of disappointment he inadvertently generated. His sudden demise highlighted the negative aspects of his leadership, but at the same time obliterated the many positive things he achieved along the way, especially his calm economic management when Australia faced the global crisis. But once that appeared to be over, the electorate quickly moved on to other issues and took his role for granted.

After Labor suffered a major reversal at the August 2010 election, some senior Labor figures argued that, in retrospect, the government had been incredibly busy on so many fronts (often driven by polls and focus-group research), but had lost interest in focused reform that would help Australia's competitiveness and sustainability. In one important sense, this lack of a coherent legacy was one of the main reasons Labor found it difficult to mount a convincing campaign in the August 2010 election. The Rudd legacy became a millstone around the neck of Julia Gillard as she attempted to carve out her own agendas.

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