

Robb pushes for bank royal commission

Exclusive

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Former trade minister Andrew Robb has urged the Turnbull government to convene a royal commission into the banks.

Sources have told *The Australian Financial Review* that Mr Robb pressed Financial Services Minister Kelly O'Dwyer on the issue during a closed question-and-answer session at the A50 investors conference in Sydney last Friday.

According to people in the room, Mr Robb said Labor was never going to give up on its push and holding a short commission with limited terms of reference would end the political damage the government was experiencing by defending the banks. He also argued it would be a good opportunity to demonstrate internationally that the banking system was in good shape.

But Ms O'Dwyer knocked him back, saying a royal commission would cause reputational damage to the banks, erode confidence and threaten the nation's AAA credit rating.

She said in the present febrile political environment "oppositions will make wild claims" and "we must govern in the national interests, not just the political interest".

Ms O'Dwyer remarked that Mr Robb had been a great trade minister but on this issue, he was "profoundly wrong".

Meanwhile, the Greens will present draft legislation and terms of reference for a commission of inquiry into banking and financial services to cross-party MPs on Tuesday.

The role of executive pay, "vertically integrated" business models and penalties for misconduct would be key areas

of inquiry in otherwise broad-ranging terms of reference, the *Financial Review* can reveal.

The inquiry would examine the "nature, extent and effect of any misconduct by directors, officers, employees, auditors, actuaries, advisers or agents" in the banking and financial services industry, the draft says.

The Greens are seeking to bypass the government to establish a parliamentary commission of inquiry for only the second time in the nation's history.

With powers similar to a royal commission's, such an inquiry would need to be cleared by both houses of parliament.

"We expect individual Senators and parties will have things to say on the terms of reference so we've made it very clear in our communications with the crossbenchers, for example, that these things are up for discussion," Greens treasury spokesman Peter Whish-Wilson said.

The Greens hope to get the support of Nationals MP George Christensen, who has indicated he would back a similar bill from Bob Katter in the lower house.

Senator Whish-Wilson said as long as Labor agreed to support the inquiry, only one extra Coalition MP would need to cross the floor in the lower house to bring the bill to a debate. "I think we're one scandal away from finding that support," he said.

The Turnbull government has announced several courses of action to head off calls for a royal commission, including beefing up the Financial Ombudsman Service (FOS).

In a new submission to the Ramsay review of dispute resolution in financial services, the FOS says the claims limit and compensation cap should be lifted to closer to \$1 million for indi-

viduals.

At present, FOS can examine disputes involving sums of up to only \$500,000.

A limit in the range of \$634,000 and \$955,000 would be more appropriate, it says.