

PM tries to head off bank probe

Exclusive

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The Turnbull government is pulling out all stops to try to head off a backbench-led commission of inquiry into the banks, including warning at least one lower house MP intending to cross the floor his actions could help consign the Coalition to opposition.

Efforts intensified on Wednesday after Nationals senator Barry O'Sullivan's private member's bill received a significant boost when the Greens agreed to support it after backing away on Tuesday. The Greens came back in after Senator O'Sullivan agreed to their demands to expand the terms of reference to include an examination of executive remuneration, the too-big-to-fail guarantee and the vertical integration of wealth and financial services.

Greens senator Peter Whish-Wilson, who has long advocated a royal commission into the banks, said now-former chairman of the Australian Securities and Investments Commission Greg Medcraft, just before he retired earlier this month, told him that "nothing in my opinion has changed the culture of the banks".

With the Greens back on board, the bill, which is also backed by Labor, One Nation, NXT and other crossbenchers, will easily pass the Senate, and then needs just two lower house Nationals to cross the floor. Queensland Nationals

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Coalition in hectic bid to fend off bank probe

George Christensen and Llew O'Brien have already pledged to cross the floor but on Thursday, the government went

to work on Mr O'Brien with Treasurer Scott Morrison and Nationals Infrastructure Minister Darren Chester trying to talk him out of it.

According to a version of the conversation, Mr O'Brien complained about a lack of road funding in his seat of Wide Bay, formerly held by Nationals leader Warren Truss. At one stage, Mr Chester said he could hardly help him with funding "if we are in opposition", a warning that that was where the party was headed if the disunity and infighting did not stop.

Behind the scenes, Malcolm Turnbull has urged Senator O'Sullivan to hold off while the government can come up with an alternative which is neither a royal commission nor a commission of inquiry. Also involved in the talks are Mr Morrison, Financial Services Minister Kelly O'Dwyer and Finance Minister Mathias Cormann.

"We are trying to find something to convince him to back down," said a senior source.

They are trying to emphasise to Senator O'Sullivan that all the measures the government has already taken would only be recommended if there were a commission of inquiry. As well, Mr Morrison is working on a victims compensation scheme for those who have already been ripped off by the banks. There is believed to be disagreement between the government and the banks as to how it would be funded, which is delaying its announcement.

Mr Morrison has ruled out an increase in the bank tax. Senator O'Sullivan has told Mr Turnbull and others that while he appreciates the measures so far taken to rein in the banks, the only way to effect cultural change was with a commission of inquiry.

Tensions inside the Coalition are already approaching flashpoint with conservatives angry that they were unable to influence the legislation to legalise same-sex marriage. A private member's bill passed the Senate on Wednesday without any extra religious protections and should similarly pass the house of Representatives next

week. Conservatives are accusing Mr Turnbull and moderate Liberals of selling out to Labor and the Greens, rather than putting forward a government-approved bill which had extra protections.

Amid all the chaos, Senator O'Sullivan was still threatening to introduce his bank bill to the Senate this week, but it was clear a stand-off had developed.