

Turnbull's choice: humiliating defeat or commission a backflip

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The Greens have warned Malcolm Turnbull that he faces a humiliating defeat on the floor of parliament over a banking inquiry unless he backflips on his opposition to a royal commission.

Greens leader Richard Di Natale yesterday confirmed his party would support a commission of inquiry into the banks proposed by LNP senator Barry O'Sullivan after he agreed to expanding its terms of reference.

Senator Di Natale put the banks on notice, telling them to answer for their "predatory behaviour" against customers and saying an inquiry was now unstoppable unless the Prime Minister intervened.

"There are only ... two options — this legislation passes both houses of parliament or the Prime Minister announces a royal commission. They are the only two things that will happen from this point," he said.

"If I was the banks right now, I would be getting ready. You are going to be facing a grilling. You are going to have to answer for your predatory behaviour.

"You are going to have to answer to the victims who you have continued to fleece."

"My message is to every bank CEO across the country — get ready for an inquiry. It's coming. It's coming fast."

Mr Turnbull is talking to Coalition MPs about where they stand on the banking inquiry, with Senator O'Sullivan yesterday meeting a range of MPs including Senate leader and Attorney-General George Brandis.

Senator O'Sullivan also circulated an updated version of his bill to Labor and the Greens as well as crossbenchers, saying he was "confident we have developed a solid working document" that could drive "significant and sustainable cultural change".

"My intention is to introduce the bill when the necessary procedures for printing have been finalised," he said.

Greens Treasury spokesman Peter Whish-Wilson said passage of the bill would represent a great victory for the Senate and he felt "comfortable" about where the terms of reference for the inquiry had landed in negotiations with

the Nationals. Asked how the inquiry could be funded, he said he believed the executive would have no choice but to listen to the will of both houses of parliament.

"Our advice ... was that it would be a very brave government who rejected the will of both houses of the Australian parliament and therefore the Australian people," he said. "The ball's going to be in Malcolm Turnbull's court ... We expect he will actually fund this."

The Greens said their influence had ensured the inquiry would

look at executive remuneration; broaden the scope of the probe to include liquidators and auditors; examine how the taxpayer guarantee for major banks affected the financial services sector; and how political donations could influence the behaviour of the banks.

A Sky News ReachTel poll of 4571 residents across Australia on Tuesday revealed overwhelming support for a royal commission into the banks, 69 per cent of respondents backing an inquiry compared to 12 per cent opposed.

MATTERS OF INTEREST

THE BANKING, INSURANCE, SUPERANNUATION AND FINANCIAL SERVICES COMMISSION OF INQUIRY BILL 2017

- Look at whether banking, insurance, superannuation or financial services providers are engaged in unethical or unlawful conduct.
- Look at the fairness and propriety of contractual practice in terms of the rights of consumers.
- Look at whether the conduct of financial institutions in their current practices is failing to facilitate a fair and commercially conducive business framework.
- Look at the use by financial services providers of the mental health issues of customers to deny liability to such customers or limit their rights.
- Look at whether an independent regulatory body should administer the Code of Banking Practice.

ADDITIONAL ITEMS AGREED TO WITH THE GREENS

- Look at the examination of executive remuneration.
- Look at broadening the scope of the probe to look at liquidators and auditors.
- Look at how the taxpayer guarantee for major banks affects the financial services industry.
- Look at how political donations could influence the behaviour of the banks.

GOVERNMENT MEASURES TO ADDRESS BANKS AND CONSUMER ISSUES

- Surcharging regulation – banning excessive card payment surcharging.
- Professional standards for financial advisers – raise the education, training and ethical standards of financial advisers.
- Major bank levy – the new tax applies to banks with more than \$100 billion in liabilities and is estimated to raise \$6.2bn over four years.
- External Dispute Resolution Review – commissioned the Ramsay review and accepted the establishment of a one-stop shop for all financial disputes (known as the Australian Financial Complaints Authority). The government is also looking at a compensation scheme of last resort for victims of financial misconduct.
- ASIC capability – moving to strengthen ASIC through additional funding and extra powers.
- Banking Executive Accountability Regime (BEAR) – a move to increase the accountability of senior executives and directors of the banks. All senior executives are to be registered with APRA and, if in breach, they can be deregistered and disqualified from holding executive positions and stripped of bonuses.