

When asked this week – in the context of the government’s package to beef up the Australian Securities and Investments Commission - whether in retrospect she regretted the government trying to undo Labor’s consumer protections, Assistant Treasurer Kelly O'Dwyer denied it had happened.

“That’s simply not correct. We haven’t tried to undo consumer protections,” claimed O'Dwyer, who worked for NAB before entering parliament.

Really? In fact the government moved heaven and earth to water down the former government’s Future of Financial Advice (FOFA) reforms, but was eventually frustrated by the Senate disallowing the regulation.

At the joint news conference with O'Dwyer, Treasurer Scott Morrison stepped in like a rugby forward to protect his colleague, cutting off questioning.

Politicians and parties should not be allowed to live only in the moment. They should have to explain past actions and attitudes, not least because these can throw light on how genuine they are now.

Everything the Abbott government did on FOFA suggested it was very sympathetic to the banks and not too worried about their bad behaviour. Now we have Malcolm Turnbull lecturing them earlier this month, the new resources for ASIC, and the Prime Minister calling banking leaders in on Thursday to tell they’d better do the right thing.

Admittedly in between the anti-FOFA days and now, more evidence emerged of scandals in banks and other financial institutions, and there has been a change of prime minister.

Maybe the government would have moved in its own time to strengthen ASIC. It did commission a report on it last July. And Turnbull’s public chiding of the banks came before Bill Shorten raised the stakes by promising a royal commission. But it is this Shorten move that is now

galvanising the government – and the banks.

Labor also has some explaining to do. Last year it was opposing a banking royal commission.

The government says the opposition is just being populist. That is no doubt so, but even while only a threat Shorten's royal commission has had a major effect.

The banks are grovelling as they insist they will lift their game, with the Australian Bankers' Association declaring on Thursday they would "today begin to implement comprehensive new measures to protect consumer interests". These aim "to address consumer concerns about remuneration, the protection of whistleblowers, the handling of customer complaints and dealing with poor conduct".

The banks are clearly desperate to head off a royal commission.

It remains to be seen whether the government's ASIC package will be enough to defuse the issue. Two polls published this week showed majority to strong support for a royal commission. Labor sources say the initiative is going gangbusters.

Winning the political biff over the banks is important in the Turnbull V Shorten battle because this is an issue that resonates strongly with ordinary people.

As the unofficial election campaign swung through its first week the banks issue overshadowed the government's legislation to revive the Australian Building and Construction Commission (ABCC), which became a double dissolution trigger when the Senate rejected it on Tuesday.

Though the public don't like industrial thuggery, it is proving difficult for the government to galvanise the argument around the obscure former ABCC.

Turnbull talks agility but it's Shorten who is currently proving quicker on his feet. On Thursday the Opposition Leader was in western Sydney promising a limited night "no fly zone" when the planned Badgerys Creek airport comes into operation years from now. Both populist and popular, one would think.

While all eyes are on the budget, the government is getting policies out beforehand, the biggest of which will be the decision on the \$50 billion submarine contract, announced next week. The contest has been between the Germans, French and Japanese. If Tony Abbott had still been prime minister the Japanese would almost certainly have secured it; they are now considered the least likely.

Whichever bidder succeeds, the political point is that most of the building will be done locally. The cost might be a bit more but the imperatives of saving South Australian Liberal seats prohibited any other outcome.

In these seats "national" meets "local" at a very sharp edge.

Though less dramatically, localism is frequently critical in a government hanging onto particular marginal seats. This can mean targeting nationally-significant decisions to local interests or, more modestly, tossing dollars to worthy or unworthy grass-roots projects.

Incumbency is an asset but personal performance is important in whether an MP augments or resists the broader swing.

To win majority government Labor needs to gain 19 seats; the government can lose a dozen seats and survive. These figures are slightly rubbery because they assume no change in the five-member crossbench. At the least, the Liberals seem certain to get Clive Palmer's seat of Fairfax.

While the public polls show the two sides level pegging, it is understood that private ALP polling finds the swing in some key marginal seats is not as good.

But Shorten at this point has the momentum with him, and he is using it to the maximum. On Thursday he wrote to Turnbull saying that now the Prime Minister had “re-announced” the election date the “pre-election period”, allowed for under the “Guidelines for Pre-election Consultation with Officials by the Opposition” had officially begun. The government’s “Guidance on Caretaker Conventions” says these guidelines, which are designed to ensure a smooth transition when there is change of government, “are distinct from the caretaker conventions and commence on a different date. They apply as soon as an election for the House of Representatives is announced or three months before the expiry of the House of Representatives, whichever occurs first.”

Shorten said he would shortly contact Martin Parkinson, head of the Prime Minister’s department, in relation to opposition policy; his frontbenchers would also be in touch with relevant departmental heads.

The Prime Minister is having none of it. Labor will find the public servants pulling up the drawbridge for a while yet.

Michelle Grattan does not work for, consult, own shares in or receive funding from any company or organization that would benefit from this article, and has disclosed no relevant affiliations beyond the academic appointment above.

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