

Turnbull backed against the wall by rebel Nationals on bank inquiry

Written by Michelle Grattan, Professorial Fellow, University of Canberra

Prime Minister Malcolm Turnbull and Treasurer Scott Morrison appear to have become hostages to rebel Nationals determined at all costs to secure a commission of inquiry into the banks.

On Monday a second federal National, Llew O'Brien, from Queensland flagged he is likely to cross the floor in the House of Representatives to support the private member's bill sponsored by Queensland Nationals senator Barry O'Sullivan to set up a commission of inquiry that would investigate a broad range of financial institutions.

O'Brien, who has inserted an extra term of reference to protect people with mental health issues from discrimination, said "I like what I see" in the proposed bill. But he added that he would respect his party's process. The bill is due to go to the Nationals party room on Monday.

The bill, which has the numbers to get through the Senate, is supported in the House by Queensland Nationals George Christensen, who after Saturday's Queensland election [apologised to One Nation voters](#) for "we in the LNP" letting them down.

Backed by Christensen and O'Brien, together with Labor and crossbenchers, the bill would have the required 76 votes to enable its consideration by the House – although when it can get to be debated there is not clear.

In a discussion last week – [later leaked](#) – cabinet considered whether the government should adopt a pragmatic position and give in to calls for a royal commission. But Turnbull and Morrison have refused to do so.

Now the cabinet looks like it will have to decide whether to own the process of an inquiry or have it forced on it.

If Monday's Nationals party meeting endorsed the bill, that would escalate the situation

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dangerously for the government, unless it had softened its opposition to an inquiry. It would amount to the minor Coalition partner formally rejecting a government position.

Cabinet would have to back down, or find some other way through.

As the crisis over the banking probe deepens for the government, there is currently no one with the authority or availability within the Nationals to manage the situation.

Barnaby Joyce remains leader but he's absorbed in Saturday's New England byelection, which is his path back into parliament. Senator Nigel Scullion is parliamentary leader but has little clout to curb the determined rebels.

With the commission push gaining momentum there is also less desire from some senior Nationals to fight it. Joyce is said to be relaxed about having a banking inquiry, which would be popular among voters and could be chalked up as a win for the Nationals.

The [election loss in Queensland](#) has strengthened the federal Nationals' determination to pursue brand differentiation.

O'Sullivan has repeatedly referenced the example of Liberal Dean Smith's use of a private member's bill to pursue the cause of same-sex marriage, arguing he is following Smith's pathway.

But there are still divided opinions within the parliamentary party about the bank probe. Resources Minister Matt Canavan, a member of cabinet, on Monday reaffirmed his opposition to a royal commission.

Joyce is likely to attend Monday's party meeting although he will not be formally back in parliament by then.

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Nationals are not clear whether they will elect their new deputy on Monday to replace Fiona Nash, who was [ruled ineligible by the High Court](#) because she had been a dual British citizen when she nominated. There is some speculation that this might be delayed to give aspirants time to lobby.

If there is no deputy leader chosen on Monday, it would mean that the minor party would be literally leaderless on the government front bench in the House of Representatives. Infrastructure Minister Darren Chester would be the most senior National sitting behind the Prime Minister in question time.

Christensen on Monday [launched a website](#) with a petition seeking signatures for a banking inquiry.

“Misconduct is not in the ‘past’”, he says on the site. “It is not being fixed by the industry to a standard acceptable to the community. Although positive steps are being made by government reforms, gaps still exist.

“Enough is enough.... unless the government acts to establish a Royal Commission, I will be acting before the end of this year to vote for a Commission of Inquiry into the banks.” The site also invites people “bitten by the banks” to “tell your story”.

A commission of inquiry differs from a royal commission in being set up by and reporting to parliament, rather than being established by and reporting to the executive.

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

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