

Sometimes it's not a bad idea to have a lie-in on Sunday morning. Financial Services Minister Kelly O'Dwyer might wish she'd done so at the weekend.

O'Dwyer should not have gone out – or been put out - on the [ABC's Insiders](#) program with the lines she had on the banking royal commission. The interview was agony to watch, and counter-productive for the government, as she steadfastly refused to admit the Coalition had been wrong in not agreeing earlier to the inquiry, which has produced such devastating disclosures.

So often the government seems to take the public for fools. Scott Morrison's attempts to turn everything to a discussion of Bill Shorten are ludicrous. O'Dwyer's effort to avoid any confession of error just drew more attention to the bad call.

Remember O'Dwyer is well-versed in the financial services area. Look at her CV. She was a senior advisor to then-treasurer Peter Costello. Later she worked at the National Australia Bank. She has seen the banking system from inside as well as from her ministerial and advisory roles.

And yet, because of the government's "admit nothing" strategy, she visibly struggled at every turn in Sunday's interview.

Asked about her 2016 claim that "for the Labor party to propose a royal commission into banks is reckless and ill-conceived", she could only fall back to the weak defence that "you can obsess and Labor can obsess about these issues. I'm actually obsessed about fixing the problems". In other words, the government can be political when convenient but if brought to book, that's just others "obsessing".

Labor's idea of a royal commission had been "a stunt", she said, but then "there is no question we got it right in establishing the royal commission". The difference is that the government did it soberly and deliberately, according to O'Dwyer. Grudgingly and belatedly would be a better description.

The alternative strategy would have been for the government to say, “Yes, in retrospect we did not move quickly enough. We were concerned about shaking confidence in the banking system. We did not appreciate how systemic the problems were. We thought we were doing enough but we weren’t”.

Everyone knows the government’s hand was forced in the end by rebel Nationals. Conceding it had been wrong would have been humiliating. But by doing so the government would have gone some way to clearing its own decks. That might have given it a fighting chance of being seen as part of the solution rather than having the attention so sharply focused on its abysmal failure.

Morrison in an interview in AFR Weekend also tried a convoluted avoidance game, as he sought to reconcile being surprised by the royal commission’s revelations with earlier arguing it wouldn’t find issues government didn’t know.

“When I say they were known to government, they were known to government agencies”, he told the newspaper.

“There is a difference between individual ministers being aware of particular things and the regulatory agencies being aware of them.”

Morrison likened his position to that of a police minister not knowing every criminal investigation underway. “I am not aware of every court case and every decision and every practice of every bank in the country any more than anyone else is - indeed than the executives in the banks and they run the things,” he said.

But the issue was not one of knowing “every practice of every bank”. It was a case of being aware of broad malfeasance - and there was plenty of evidence of that, through parliamentary inquiries and what was being said by victims, financial journalists and government backbenchers such as senator John Williams.

When politicians are unwilling to take responsibility, that just adds to the distrust and anger

voters feel towards them. It's a sign they are treating the people with disrespect, so is it any wonder they don't get respect in return?

This bald-faced refusal to acknowledge their own inconvenient history in part comes from the politicians' belief that if you just burnish the "spin", you can get away with saying anything. The idea is that you brainstorm some "lines", repeat them shamelessly, and hope they will be accepted – regardless of their disconnect from reality.

It might work for an occasional glitch when life generally is going well for a government and the public are in a good mood. These days, neither condition is present.

Meanwhile, as the government implausibly denies being out-manoeuvred over the commission, Shorten is pushing ahead again in the banking debate.

He has released a letter to Turnbull in which he says: "Given the shocking evidence that has been revealed so far, it is time the government gave serious consideration to a compensation scheme for the victims of proven wrongdoing. It's unacceptable for people to suffer because of the misconduct of others, with no dependable access to justice."

It will be a popular pitch out in the electorate, just as Labor's call for a royal commission was.

POSTSCRIPT

The government has received some good news in Monday's [Newspoll](#) in The Australian, with Labor now leading only by a narrow 51-49% in two-party terms. This compares with a 52-48% ALP lead in the poll a fortnight ago, when the Turnbull government passed the 30th consecutive loss landmark. The current poll is the Coalition's best two-party preferred result since September 2016.

Michelle Grattan owns bank shares.

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