



Government Affairs Unit
AMP Services Ltd
ABN 50 081 143 786

PO Box 3409
MANUKA ACT 2603

Suite 1G
65 Canberra Avenue
MANUKA ACT 2603

T +61 2 6295 2966
F +61 2 6295 2484

3 February 2022

Advice and Investment Branch
Retirement, Advice and Investment Division
The Treasury
Langton Crescent
PARKES ACT 2600

By email: AdviceReview@treasury.gov.au

Review of the quality of advice – draft terms of reference

AMP strongly supports the Government's commitment to ensuring that Australians have access to high quality, affordable and accessible financial advice and is pleased to contribute to the 2022 Quality of Advice Review process.

We welcome the release of the draft terms of reference and commend the Government on the breadth of the review. We note that the terms of reference do not commit to making any recommendations in relation to achieving the Government's objective of access to high quality, affordable and accessible financial advice.

AMP suggests that the terms of reference be amended, so that the Reviewer is empowered to make recommendations in respect of measures to achieve this outcome.

We consider that the review should make recommendations in relation to the following:

1. Short-term changes that can be made to regulatory guidance by ASIC;
2. Medium-term changes to the existing legislation to facilitate a reduction in the cost of providing advice (see below); and
3. Long-term transition of the management of the industry's professionalism, including the management and enforcement of professional standards, as well as other areas such as adviser registration, from Government bodies to the profession itself.

As you are aware, one of the key challenges now facing the industry is how to bring down the cost of providing advice, so that it is more affordable and accessible for a greater number of Australians.

We consider that this should be a key focus for the review.

To this end, we consider that the industry needs greater standardisation of data, processes and forms, to make the advice process more efficient for both consumers and advisers. We encourage the review to explore in depth the advice process, and how this could be improved for consumers and businesses by standardising data feeds, common processes and documentation.

The Consumer Data Right regime could deliver significant efficiency gains to the advice industry, which would allow for new advice models to be developed and for cost benefits to be realised by streamlining existing processes. We encourage the review to consider whether recommendations should be made to expedite the expansion of the CDR regime in financial services beyond banking.

The economics of the advice industry are challenged; the ever-increasing legislation and regulation governing the provision of advice have resulted in many licensees and advisers leaving the profession. The review should also include an analysis of the economics of the industry, to ensure that the impact of changes to the framework governing advice does not further reduce capacity in this market.

Summary

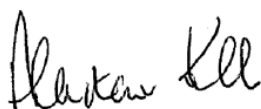
AMP welcomes the broad terms of reference for the Quality of Advice Review; this review is a real opportunity for the Reviewer to make recommendations that will foster innovation and make changes to reduce the cost of advice to consumers.

In respect of the draft terms of reference, we make the following recommendations:

1. The review makes recommendations, rather than a series of observations or insights.
2. These recommendations should be capable of implementation in the short, medium and longer term, as appropriate. This will ensure that adjustments to deliver on the Government's objective of greater access to high quality advice that is affordable and accessible will be introduced as soon as possible, where there is no reason to delay.
3. The review should consider the advice process, and in that context, where standardisation should occur, and how this could be achieved. This should include standardisation of data, common processes and documentation.
4. The review should consider the application of CDR to the provision of advice, and whether the expansion of the CDR to other sectors within the financial services industry should be prioritised.
5. The review should conduct an analysis of the economics of the advice industry, to ensure that changes do not reduce further the capacity within the market.

Should you have any queries, or wish to discuss further, please contact me on 0412 437 315.

Yours faithfully,



(Alastair Kinloch)