

Senate Economics Legislation Committee
ANSWERS TO QUESTIONS ON NOTICE
Treasury Portfolio

Supplementary Budget Estimates 1 - 2 November 2006

Question: **sbt 66 (ASIC)**
Topic: **AMP Enforceable Undertaking (EU)**
Hansard Page: **E32-33**

Senator SHERRY asked:

I do not recall this in the EU, but is there any provision for some form of contribution for non-AMP related independent financial advice for these individuals?

Mr Cooper—I can answer that by saying that part of the relief involved, if they wanted it, their being transferred to a non-AMP fund.

Senator SHERRY—Without loss?

Mr Cooper—Yes.

Senator SHERRY—But presumably that involves at least some of them going and getting another set of advice and paying for it—hopefully not on a commission—in order to make a decision.

Mr Cooper—Yes, I understand the question you are asking me. The EU is some 30 pages long. Perhaps we could just take that specific question.

Senator SHERRY—I have read the EU and I cannot recall there being anything in there about it, but please take it on notice.

Answer:

There is no provision in the enforceable undertaking for a contribution to non-AMP related independent financial advice.

An investor can request that a special-purpose review team, set up within AMP, review their advice. Should that team form a view that there was no reasonable basis for the advice, the client will be offered an opportunity to return to their original fund at no cost to them. If that is not possible because, for example, contributions to that fund are closed, they can move to a new fund of their choice. They will also receive a refund of any entry or exit fees and AMP must ensure that the client's life insurance arrangements are not adversely effected.

This process is subject to oversight by an independent expert, Deloitte, whose terms of engagement are approved by ASIC and include a requirement to report to ASIC on the implementation and effectiveness of this process.