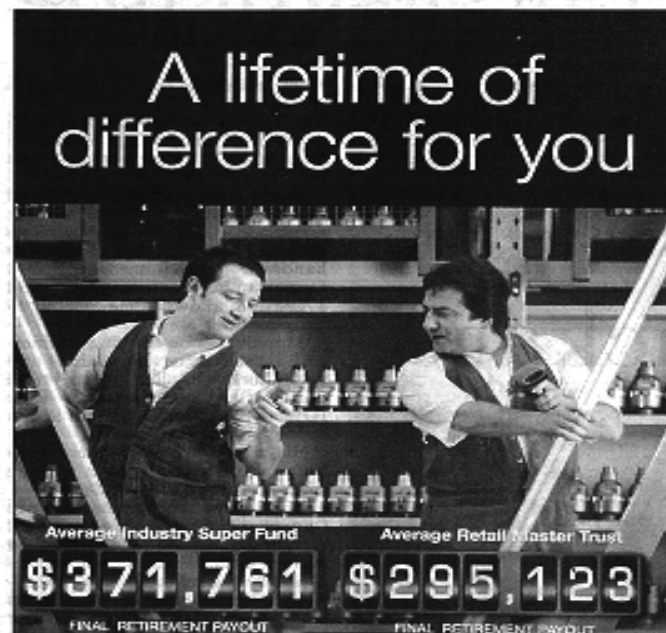


Media Report

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Gloves come off as funds vie for the pie



A poster advertising the merits of low-cost industry superannuation funds.

Barrie Dunstan

Industry super funds were negotiating yesterday with the corporate regulator on how to restart a crucial marketing campaign amid bitter accusations about the fairness of a decision to pull the ads last week.

Last week, the Australian Securities and Investments Commission halted the industry fund TV ads after complaints from the Investment and Financial Services Association. IFSA represents for-profit master trusts often owned by banks.

Garry Weaven, chairperson of Industry Funds Services which was running the ads showing the long-term benefit of lower industry fund fees over retail master trust fees, is now negotiating with ASIC.

Yesterday Peter Woods, the chairman of local government industry super fund FuturePlus Super, said: "To assume ASIC is functioning independently without taking account of government policy and position is ludicrous."

He said choice of fund was "not about fair dinkum choice" but an attempt to destroy the industry funds.

But he said IFSA assumed ASIC was motivated by public interest concerns, and there should be a way to resolve the matter.

KEY POINTS

- Industry superannuation fund representatives have held talks with ASIC about marketing claims.
- IFSA acknowledges it complained to ASIC about the advertisements.

Last week ASIC said the ads erred in the way they showed the difference in final retirement savings as a result of industry funds' lower fees.

"We had complaints from our members and, as with these sorts of complaints, we refer these to the regulator," IFSA chief executive officer Richard Gilbert said.

Based on average fees of 1.5 per cent, and with more than \$700 billion of funds in superannuation, the industry estimates that fees could total more than \$10 billion.

Industry reaction to ASIC's action ranged from "disappointed" (chief executive of one of the advertising funds Superannuation Trust of Australia's Mark Delaney) to "flabbergasted" (chief executive of FuturePlus, Brett Westbrook).

Mr Weaven said the commercial operators which relied on commission salespeople "obviously believe that if they can suppress factual comparative material, that

will be good because ... the only way advice can be obtained is by going to financial planners and accountants."

The controversial ads show workers in identical jobs and on the same salary — but a difference of between 18 and 30 per cent in final retirement savings because of lower average industry funds fees compared with the average master trust fees.

IFS held a telephone conference with ASIC on Friday after the regulator told IFS' solicitors Freehills late on Thursday afternoon of its concerns and Mr Weaven said the ads had been held off the air until Thursday.

He said it appeared ASIC's major concern was the projection, over a long period, of differences in fees between the industry funds and the master trusts.

When the disclosure regime was decided, the industry funds, major super fund body the Association of Superannuation Funds of Australia and the Australian Consumers Association all argued for disclosure of fees over an extended period, but the government limited the comparison period to one year.

Jeff Bresnahan, whose SuperRatings supplied the data for IFS, said he was surprised by ASIC's action.
with Eric Johnstone

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