

Media Report

Media Financial Standard
Date 6 June 2005
Coverage National
Circulation 10,000
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LGSS threatens to pull funds

By Penny Pryor

The chair of the \$4 billion Local Government Superannuation Scheme (LGSS) Peter Woods is threatening to pull money from fund managers involved in the recent withdrawal of an industry fund campaign after a request from the Australian Securities and Investments Commission (ASIC).

"I will certainly be asking for consideration from my board to withdraw our investments from fund managers that ran off to

government and asked for the industry funds advertisements to be withdrawn," Woods says.

Following complaints from the Investment and Financial Services Association (IFSA) made on behalf of its members, according to IFSA chief executive officer Richard Gilbert, ASIC demanded the coordinator of the campaign - Industry Funds Services (IFS) - withdraw the advertisements.

ASIC is understood to be concerned by the advertisements'

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Peter Woods

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forward projections.

"All these companies that want to get advantages over industry funds but derive high profits from managing money for industry funds, well we'll whisk it away," Woods says.

Woods will meet with his board over the next three weeks and ask for them to back a withdrawal of funds from the relevant fund managers.

If he receives the board's support he will approach other industry funds around Australia and relevant associations suggesting they do the same.

"It's billions of dollars we're talking about. We still as industry funds control the capital," he says.

IFS is in urgent talks with the regulator and at the time of print was hoping to have the issue resolved quickly but Woods says he will still bring it up with his board even if the advertisements are back on air.

"I feel very confident that my board will support it. If the ads are back we'll consider the matter in light of the ads being back," he says.

According to Woods industry funds are being denied a level playing field.

"If we were able to advertise we would beat the banks hands down. Industry funds are about profits to the members. Banks and funds managers are about profits to the shareholder. Industry funds are the most cost effective," he says.

Comparing Prime Minister John Howard to Thatcher and Pinochet, Woods says all choice of fund is doing is moving superannuation away from industry funds and "into the hands of shonky banks".

"I can't understand why the employees, through their unions, aren't taking it to the streets and I'm an employer representative," he says.