

ANNUAL REPORT

For the year ended 30 June 2018

SAFEGUARDING YOUR REDUNDANCY BENEFITS

Mechanical and Electrical Redundancy Trust
ABN 98 521 053 102

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With this annual report you will receive a statement detailing your employer contributions during the past twelve months. However, in-between statements members can easily access their account details and contribution history from the MERT website. The MERT website featuring member access is available at www.mert.com.au. There is also information in the annual report about using this website.



Directors' Report 2017/2018

As 2018 comes to an end the Mechanical and Electrical Redundancy Trust will be entering its 30th year of operation. During this time directors past and present have continued to invest the funds carefully and conservatively in products that protect the interests of members.

MERT is proud to have protected the redundancy benefits of its now 22,000 members with total accrued benefits of some \$120 million. During the last year, \$14.1 million was received into member accounts and members made claims totalling \$11.8 million. MERT now has approximately \$130 million assets and for the year ended 31 July 2018, eligible members will receive total distributions of some \$2 million.

With the continuing low interest rate environment, it is challenging to keep the investment returns where we would like them to be. However, this has not led to backing away from the relatively conservative investment profile as there is a strong belief by the directors that when another financial downturn occurs members funds should be able to survive without incurring significant losses.

On the political front, during the last year Federal Parliament has considered legislation, namely the Fair Work (Proper Use of Worker Benefits) Bill 2017, which could usher in changes to the way MERT and other redundancy/severance funds manage the fund and its assets. MERT was invited to participate in a briefing with the relevant Department which included the ability to review the proposed legislation. With the timing of the next federal election still unknown at the time of preparing this message, it is difficult to predict the passage of this draft Bill through the House of Representatives and the Senate. The directors will continue to work towards an outcome that does not have a negative impact on worker members or employer members.

In the upcoming months, members will be advised about the launch of the MERT mobile app which will enable members no matter where they are to check on account balances contributions, et cetera. It is planned to add extra functionality as the fund and members have more experience with this useful tool.

Both worker members and employer members are reminded that they can get online access to the MERT fund to check the contributions that have been made and other information. Whilst some thousands of worker members have already registered for online access, there is still a need for many more to make use of this on-line facility as you would with on-line banking. By doing this, members can check at any time to see whether the contributions have been made in accordance with the employment agreement. The MERT website featuring access is available on www.MERT.com.au. Save time and check online. Anytime - day or night.

MERT at your fingertips

If you're not already registered for Member Access, register today online via our website so you can:

- Make sure your employer's contributions are up to date
- Update your personal contact details
- Claim online
- View your account balance and claims history
- Download forms

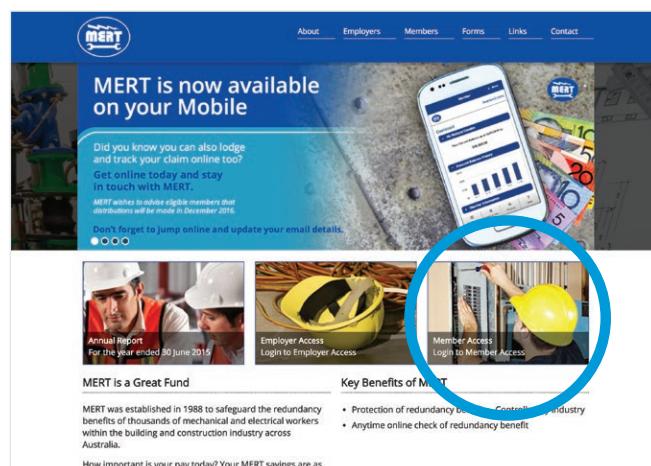
Wherever you are, MERT is at your fingertips via your mobile or computer.



Don't lose track of your benefits

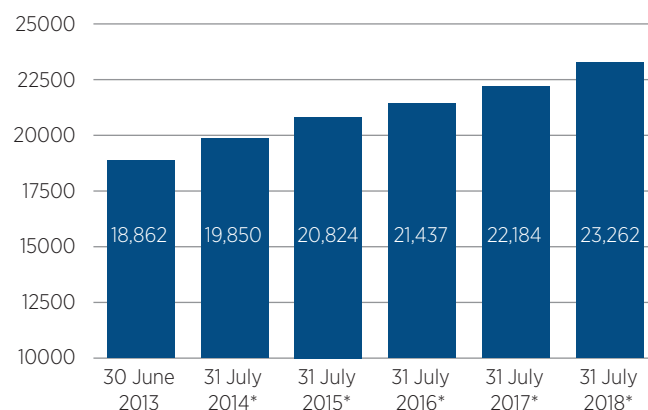
Make sure MERT has your current contact details. You can review and update details anytime via Member Access on our website www.mert.com.au

If you need assistance, call the MERT fund administrator on 1800 023 692.

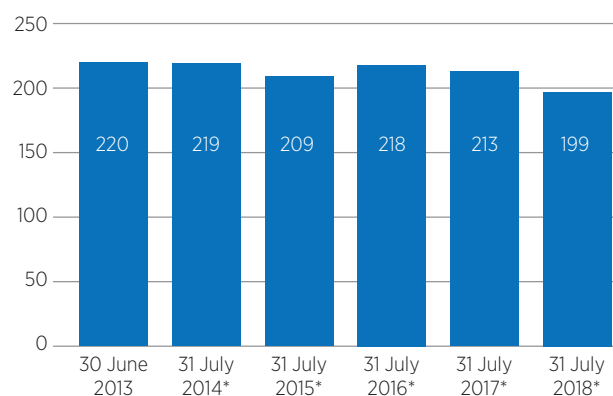


MERT at a glance

Membership



Employers



* Due to substituted Accounting Period.

Claiming your benefit

The fastest way to claim your redundancy benefit is online through MemberAccess.

Simply click on 'Online Claims' and fill out the details according to the prompts. You can select to have the benefit paid via electronic funds transfer (EFT). You can also check the status of your claim online.

Alternatively, you can download the paper claim form from www.mert.com.au or request a copy of this form by calling 1800 023 692, but this claims process takes a bit longer than online.

How to claim your benefit

If you are made redundant or you terminate your employment you can claim your account balance by completing a member benefit claim form and having your last employer complete Section A and provide a copy of a third party termination advice, e.g. separation certificate. You can also choose whether to receive your benefit by the way of cheque, electronic funds transfer or rollover to a redundancy fund of your choice. (subject to the condition outlined below)

When benefits are payable to you

The requirement is for you to claim your redundancy payment within 12 months of termination of your last employer to qualify for concessional tax treatment.

Generally if you claim your benefit outside the above criteria, your payment will be taxed as ordinary income at your marginal tax rates rather than at concessional tax rates. There are limited circumstances in which the 12 month rule does not apply. Please refer to www.ato.gov.au for more information.

Please note: The concessional tax rate limit is indexed each year. If you are entitled to significant redundancy benefits you should consider seeking financial advice before payment.

Death

In the event of your death, your account balance will be paid to your nominated beneficiary or legal representatives. Documentation required to make a claim will include, as relevant:

- a completed deceased member claim form,
- marriage certificate or proof of dependency,
- copy of your birth certificate or drivers licence,
- along with a copy of your Will or letters of administration.
- death certificate,

MERT members' accounts

When you join MERT, an account is opened, providing you with an individual membership number. The following transactions are recorded into your account:

(+) Credits to your account

Contributions

You the employee are not required to pay anything. Your employer will pay on your behalf an amount as provided for within an enterprise agreement or other industrial instrument. This amount offsets the award redundancy entitlement.

Transfers in (rollovers)

Any amount you transfer or rollover into the trust from other redundancy plans.

(-) Debits to your account

Charges

No charges are deducted from your account. The cost of operating the trust is deducted from investment income, which includes all fees, administration charges, directors costs, custodian, legal, accounting and audit fees.

Understanding your statement

Twice a year you will receive a personal statement of your account. The statement for the period ended 30 June provides a listing of transactions for the previous 12 months, and the one ended 31 December provides details of transactions for the previous six months.

The following information should assist you to understand your benefits and the contents of your statement.

1. Reporting period

The information on your annual statement covers the 12 month period from 1 July 2017 to 30 June 2018. Anything that affected your account after 30 June 2018 will be shown on next years statement.

2. Enquiries telephone number

This is the number to use between 8.30 am and 5.00pm (EST) to make enquiries.

3. Membership number

This is your fund membership number, which you should quote whenever you phone or write to MERT Administration. This will assist the administrator to quickly trace your details in the computer.

4. Tax File Number

If you advise MERT of your Tax File Number it will show provided. If you haven't, it will show Not Advised.

5. Beneficiary(ies)

These are your preferred dependent beneficiary(ies) whom you wish to receive your benefits in the event of your death. The final decision as to who receives your benefit rests with the Trustee.

If you have no dependants (as defined), you should nominate your estate and ensure you have an up to date Will. You can update your nomination of beneficiary(ies) in writing to MERT Administration at any time.

Note: Where you have dependants and have made a Will you may wish to have the nominated beneficiary(ies) recorded with MERT consistent with those stated in your Will.

6. Withdrawal benefit your account balance

Your withdrawal benefit is the balance of your account. This is the amount that you would be paid (less tax) if you were to claim your benefit. It is made up of contributions received and amounts rolled into the fund.

7. Employer contributions

Your member statement will show the contributions MERT has received for you during the last 12 months. If you believe any contributions are not shown on your member statement you should first communicate with your employer. You should note that contributions received for the month of June 2018 are not due to MERT until July 2018 and therefore will appear on your next statement.

8. Transfers/Rollovers received

This is the money (if any) that you have rolled over into MERT from another redundancy fund.

9. Benefit payments

If you were paid any benefits during the reporting period, they will be shown here together with the payment details.



Member Statement

1 For the period 1 July 2017 to 30 June 2018

2 Enquiries Telephone Number
1800 023 692
Hours for Enquiries
8:30am to 5:00pm (EST)

3 MEMBERSHIP NUMBER: 10538361

Mr Simon Sample
103 Sample Street
SAMPLE NSW 2000

4 Date Joined Fund: 12/07/1994
5 Date of Birth: 24/05/1968
6 Tax File Number: Not advised
7 Beneficiaries: As nominated on application

8 Your Account Balance \$ 0.00
9 Redundancy \$ 0.00

Your Account Details for the Period		Weeks	Redundancy (\$)	Total (\$)
Opening Balance of your Account				
Contributions received				
XYZ123 Company				
00.00				
00.00				
For Nov 15 received 28/11/2017				
For Dec 15 received 19/12/2017				
For Jan 16 received 03/02/2018				
For Feb 16 received 28/02/2018				
For Mar 16 received 01/04/2018				
For Apr 16 received 02/05/2018				
For May 16 received 30/05/2018				
For Jun 16 received 25/06/2018				
Transfers/rollovers received				
Benefit payments				
0.00				
0.00				
Balance as at 30 June 2017				
0.00				
0.00				

NOTES: This statement includes only those payments received by the Fund and paid into your account by 30 June 2018. If you wish to query any of the payments shown, please contact your employer.

The people looking after MERT

The trustee directors

MERT is managed by a trustee company, MERT Pty Limited (ABN 25 003 743 244), and comprises a board of directors of employer and employee representatives. All Board decisions must be passed by a two-thirds majority vote. At all board meetings, employer directors are entitled to exercise one-half of the votes and the employee directors are entitled to exercise the other half of the votes.

The directors have a duty to the members of MERT to run the trust in terms of the trust deed to ensure that the trusts assets are wisely invested, workers benefits are paid correctly, and workers are kept fully informed of their benefits.

Employee directors

David McKinley – Director – ETU NSW

Antony Stegic – Alternate Director – ETU NSW

Steve Murphy – Director – AMWU

Paul Farrow – Director – AWU

Employer directors

Chris Madson – Director – NECA

Oliver Judd – Alternate Director – NECA

Fund Secretary

James Tinslay

The administrator

MERT has appointed Australian Administration Services Pty Limited (AAS) (ABN 62 003 429 114) as the administrator of the trust. AAS is a company that specialises in administering industry superannuation and redundancy trusts.

The investment manager

MERT'S investment manager responsible for investing your money in MERT is JANA Investment Advisers Pty Ltd (ABN 97 006 717 568).

The auditor

Independent auditors, Ernst & Young, audit your trust and trustee company every year to ensure compliance with Corporations law and that the financial statements reflect a true and fair view of the trust.

Our sponsors



Australian Manufacturing Workers Union ABN 59 459 725 116



Electrical Trades Union of Australia NSW Branch ABN 24 379 005 569



National Electrical and Communications Association NSW Chapter ABN 27 056 174 413



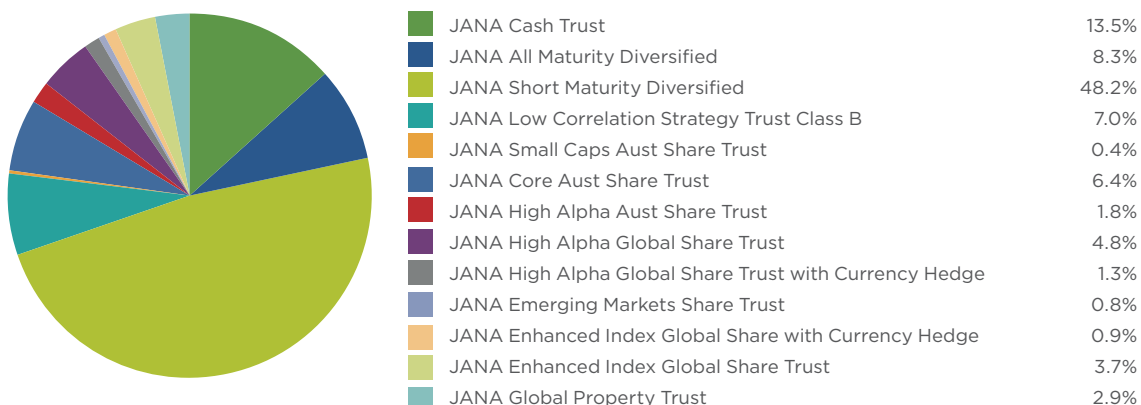
The Australian Workers Union ABN 28 853 022 982



Abridged financial statement 2018

MERT financial statement shows the financial position (pre-tax and member distribution) of the trust at 31 July 2018. The directors are satisfied the unaudited abridged financial statement represents a true and accurate record of the trust's financial position. Fully audited accounts can be obtained by contacting MERT Administration.

Opening balances	2018(\$)
Workers' Accounts	117,530,885
Trust Reserves	7,275,536
Trust funds and reserves at the beginning of the year	124,806,421
To which was added	
Contributions by employers	15,323,662
Earnings (including changes in net market value of assets)	6,303,073
Interest	31,900
From which was paid	
Administration and other trustee costs	(1,064,206)
Withdrawals	(13,059,140)
Distributions to beneficiaries	0
Trust funds and reserves at the end of the year	132,341,709
Net assets	
Investments	
JANA Cash Trust	17,594,824
JANA All Maturity Diversified	10,774,438
JANA Short Maturity Diversified	62,771,984
JANA Low Correlation Strategy Trust Class B	9,107,815
JANA Small Caps Aust Share Trust	483,003
JANA Core Aust Share Trust	8,398,846
JANA High Alpha Aust Share Trust	2,368,723
JANA High Alpha Global Share Trust	6,236,733
JANA High Alpha Global Share Trust with Currency Hedge	1,720,596
JANA Emerging Markets Share Trust	1,003,069
JANA Enhanced Index Global Share with Currency Hedge	1,132,750
JANA Enhanced Index Global Share Trust	4,859,266
JANA Global Property Trust	3,834,372
	130,286,419
Receivables	15,960
Cash at bank	1,921,882
Prepayment of Tax	432,754
Total Assets	132,657,015
Less	
Creditors	315,306
Net assets at the end of the year	132,341,709



MERT contact details

Information about your account is available upon request.

Feel free to contact us if you wish to:

- change your name or address;
- change your preferred dependant;
- claim a benefit; or
- obtain further information about the fund or its benefits.

Don't forget you can quickly & easily review & manage your MERT account & make claims online at www.mert.com.au

IN PERSON

MERT Administration
Ground Floor
1A Homebush Bay Drive
Rhodes NSW 2138

MAIL

MERT Administration
Locked Bag 20
PARRAMATTA NSW 2124

EMAIL

mertadmin@aes.com.au

PHONE

Phone the MERT administrator any weekday
between 8:30am and 5:00pm (EST) on freecall

1800 023 692

International +61 2 8571 5458

FAX

1300 793 529

How we protect your privacy

The Privacy Amendment Act 2012 regulates the way in which MERT and its service providers must handle your personal information. The Privacy Amendment Act 2012 contains 13 Australian Privacy Principles, which detail the requirements in relation to the collection, use, disclosure, quality and security of personal and sensitive information.

These necessary policies, documentation and administration procedures to ensure compliance with the requirements of the Act have been completed.

If you would like a copy of MERT'S Privacy Statement, please contact the MERT administrator on freecall 1800 023 692 or visit our website www.mert.com.au



Disclaimer

While every effort has been made to provide members with accurate information, it should be noted that no statements made in this annual report to members purports to be investment advice, taxation advice, or legal advice by the administrator or directors.

"Australian Administration Services Pty Limited ("AAS") has prepared this report ("Annual Report") on the basis of information receipted to AAS by Mechanical and Electrical Redundancy Trust Pty Limited ("Trustee"), the custodian of the assets of MERT ("Fund"), the investment manager of the Fund and any other person directed by the Trustee to provide information to AAS for the purposes of the Annual Report ("Report Information").

The Trustee Report also contains such other information that AAS is required to provide to the Trustee in accordance with the administration agreement between the Trustee and AAS ("AAS Information"). "AAS provides the AAS Information on the same terms as the administration agreement. AAS makes no representations or warranties as to the accuracy of the Report Information. AAS does not adopt or endorse the Report Information and recommends that the Trustee make its own enquiries to confirm the accuracy of the Report Information.

"AAS has prepared the Annual Report for the information and benefit of the Trustee and specifically disclaims any liability arising from loss, damage or costs sustained by any third party to whom the Trustee provides the Annual Report. The Trustee shall indemnify AAS in respect of any loss, damage or costs arising out of any third party claim against AAS in relation to the Annual Report."