

# ANNUAL REPORT

For the year ended 30 June 2014



Mechanical and Electrical Redundancy Trust  
ABN 98 521 053 102

# CONTENTS

DIRECTORS message	3
Trust performance	4
MERT members' accounts	6
Website news	7
How to obtain your benefit	8
Understanding your statement	10
Abridged financial statement 2014	12
The people looking after MERT	14
How we protect your privacy	16
MERT administration and customer service contact details	17

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](http://www.mert.com.au). There is also information in the annual report about using this website.

## DIRECTORS message

The past year has seen the construction industry across Australia relatively flat with few exceptions. Residential construction especially high rise has been quite busy in the larger cities but this has not been of assistance to the majority of MERT members who work in the commercial and industrial sector. Failures of larger building and construction industry employers have been few but many across the country are concerned about the future.

Many developers are having trouble tapping into any confidence amongst investors for commercial work and this will also have an impact. However, there are signs that are encouraging despite the geopolitical and economic woes facing both first world and emerging economies. On the plus side MERT members would be aware that their membership of the fund means that their redundancy benefits are safe, with the Directors well aware of how important these funds are to workers.

The Directors continue to invest carefully and conservatively in products that protect the interests of members and for the 13/14 year were able to distribute approximately \$1.4million directly to eligible members. MERT also received approval from the Australian Taxation Office which enabled the financial year to be moved back to the end of July. Whilst this is a technicality, it means that distributions from MERT will no longer need to be declared in the year just past but can be declared in the next year which gives members more freedom to lodge tax returns as soon as possible after each 30 June. MERT's administration provider company, AAS, can provide further information to members upon request.

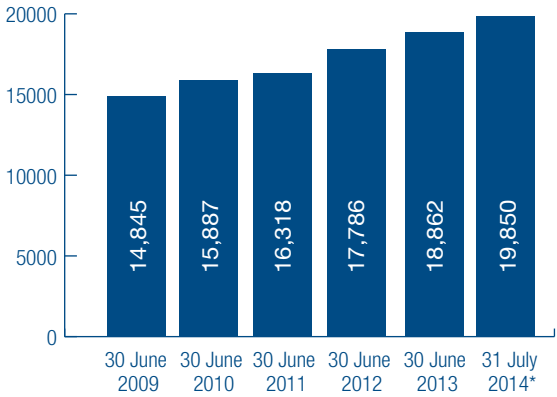
Whilst further details are included in the Annual Report, as at 30 June 2014 MERT had 19,791 members with \$110million ready and waiting for any claim. During the year MERT paid out \$16million in claims to members who were made redundant or had other eligible claims.

Members and employers are reminded that they can get on-line access to the MERT fund to check whether contributions have been made and other information by simply setting up access online using their MERT Employer or Member Number. By doing this a member can check at any time to see whether their contributions have been made in accordance with their agreement with their employer. The MERT website featuring access is available at [www.mert.com.au](http://www.mert.com.au).

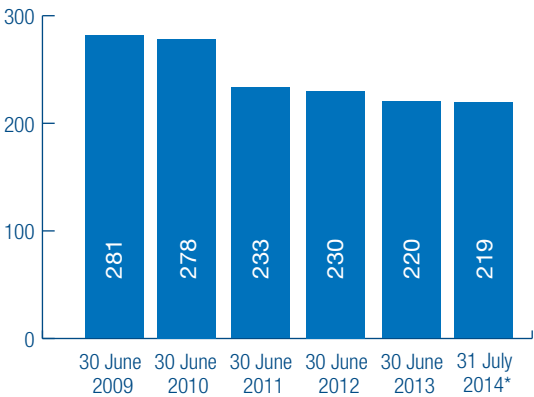
# Trust performance

## Investment Details

### Membership

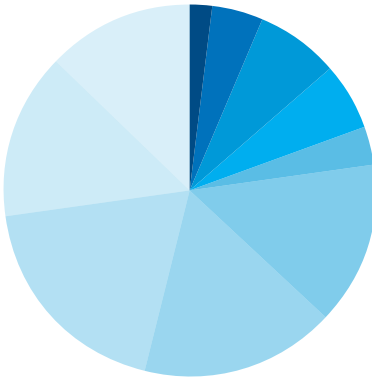


### Employers



\* Due to substituted Accounting Period.

## Investments



● AMP Capital Structured High Yield - Wholesale	2.0%
● AMP Fixed Term Deposit	4.5%
● Macquarie Australian Enhanced Plus Equities	7.2%
● Macquarie International Equities	6.0%
● Macquarie Enhanced Property Securities	3.1%
● Macquarie Master Diversified Fixed Interest	14.4%
● Macquarie Managed Treasury	16.7%
● ME Bank Term Deposit	19.1%
● Schroder Fixed Income	14.3%
● Schroder Real Return	12.7%

Asset Class	Asset Allocation %
Australian Shares	7.0
Global Shares	6.0
Property Securities	2.5
Absolute Return Strategies	12.5
Total Growth Assets	28.0
Fixed Income	32.5
Cash	39.5
Total Defensive Assets	72.0
<b>TOTAL</b>	<b>100.0</b>



## 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.

# Website news

## Member Access

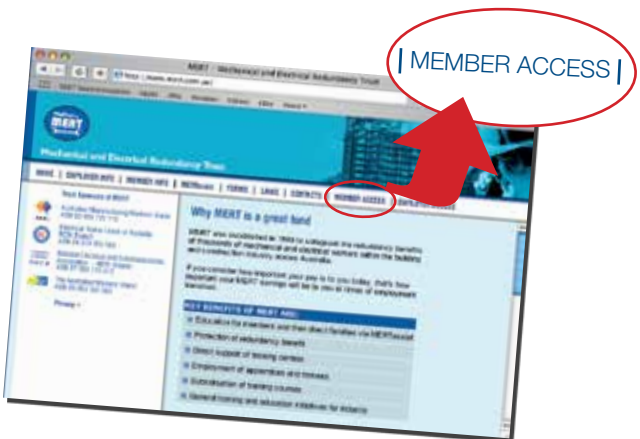
The MERT website ([www.mert.com.au](http://www.mert.com.au)) allows extensive access to your account information. Many members have registered to access their accounts on-line.

Did you know that by accessing the web you can;

- Download forms and brochures
- View your account balance
- View contribution history
- View claims history
- Change your address details
- Access informative links.

Why not ring and sign up today, there are NO fees, and NO hidden costs. MERT is a non profit fund and is here to benefit its members and industry.

To register or obtain further information, call the MERT fund administrator on (free call) 1800 023 692.





## How to obtain your benefit

To claim a MERT benefit, you will be required to complete a member benefit claim form, which can be obtained from employers, MERT Administration, by phoning 1800 023 692, or visiting [www.mert.com.au](http://www.mert.com.au). Completed claim forms can be returned to MERT administration by email, post, fax or in person.

### 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 new 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](http://www.ato.gov.au) for more information.

**Please note:** The concessional tax rate new limit for 2014/15 is \$185,000 and 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,
- copy of your birth certificate or drivers licence,
- death certificate,
- marriage certificate or proof of dependency,
- along with a copy of your Will or letters of administration.



# 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 2013 to 30 June 2014. Anything that affected your account after 30 June 2014 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 2014 are not due to MERT until July 2014 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.

# Abridged financial statement 2014

## Abridged financial statement (Unaudited)

MERT financial statement shows the financial position of the trust at 31 July 2014.



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.

<b>Opening balances</b>	<b>2014(\$)</b>
Workers' Accounts	108,578,005
Trust Reserves	328,647
<b><i>Trust funds and reserves at the beginning of the year</i></b>	<b>108,906,652</b>
 <b><i>To which was added</i></b>	
Contributions by employers	18,821,101
Earnings (including changes in net market value of assets)	8,432,138
Interest	48,502
 <b><i>From which was paid</i></b>	
Administration and other trustee costs	-1,050,298
Withdrawals	-17,728,569
Distributions to beneficiaries	-1,547,096
<b><i>Trust funds and reserves at the end of the year</i></b>	<b><u>115,882,430</u></b>
 <b>Net assets</b>	
<b>Investments</b>	
AMP Capital Structured High Yield - Wholesale	2,181,939
AMP Fixed Term Deposit	5,000,000
Macquarie Australian Enhanced Plus Equities	8,021,897
Macquarie International Equities	6,629,885
Macquarie Enhanced Property Securities	3,451,818
Macquarie Master Diversified Fixed Interest	15,949,851
Macquarie Managed Treasury	18,509,406
ME Bank Term Deposit	21,125,280
Schroder Fixed Income	15,827,198
Schroder Real Return	14,078,211
	<b>110,775,485</b>
Receivables	345,852
Cash at bank	3,314,843
Prepayment of Tax	1,704,313
<b><i>Total Assets</i></b>	<b><u>116,140,493</u></b>
 <b>Less</b>	
Creditors	258,063
<b>Net assets at the end of the year</b>	<b><u>115,882,430</u></b>

# 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.

## Employee directors

Steve Butler Director - ETU NSW  
Mick Doust Alternate Director - ETU NSW  
Steven Murphy Director - AMWU  
Timothy Ayres Alternate Director - AMWU  
Steve Bali - AWU

## Employer directors

Chris Madson Director - NECA  
Oliver Judd Alternate Director - NECA

## FUND Secretary

James Tinslay

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.

## 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

MERTs investment managers responsible for investing your money in MERT are Macquarie Investment Management (ABN 66 002 867 003) and AMP (ABN 84 079 300 379).

## 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



## 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 MERTs Privacy Statement, please contact the MERT administrator on freecall 1800 023 692 or visit our new website [www.mert.com.au](http://www.mert.com.au)





# MERT administration and customer service 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.



## By visiting us at

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



## Or writing to us

MERT Administration  
Locked Bag 20  
PARRAMATTA NSW 2124



## Or email us

[mertadmin@aas.com.au](mailto:mertadmin@aas.com.au)

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



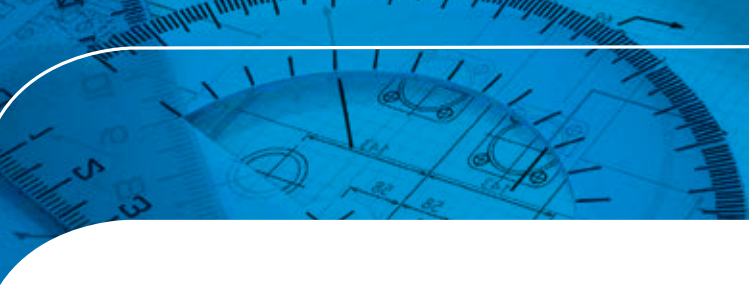
**1800 023 692**



International +61 2 8571 5458



Or fax 1300 793 529



### **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 received 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."*



