

Annual Report

For the year ended 30 June 2011



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 message

Since the formation of the MERT Redundancy Trust in 1988 the fund has paid out many hundreds of millions of dollars in redundancy benefits to its members. MERT now has over 16,000 members and MERT has a considerable impact on protecting the benefits of workers in the building and construction and related industries throughout Australia.

Members funds in MERT now exceed \$100 million and the Directors of the fund have been careful to invest in products that conservatively protect the interests of members. As at June 2011 the worst of the 2008 Global Financial Crisis are behind us but the world watches with concern at developments in both the United States and the crippling problems of the European countries particularly Greece, Spain and Portugal. Australia will not be immune from these emerging problems and investments are geared to protect member's assets.

The majority of employee members in MERT are associated with the construction industry. Australia's two-speed economy has left parts of Australia under-engaged especially in the commercial building sector. The existence of MERT provides some assurance for those workers in sectors of industry that are already experiencing this downturn.

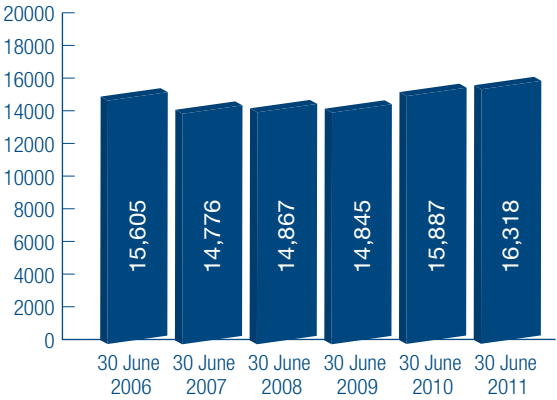
Each member of MERT receives two statements per year providing you with details of employer contributions during that period. However, in-between those statements, members can easily access their account details and contribution history from the MERT website. The MERT website featuring access is available at www.mert.com.au

The MERT Directors have continued to represent the interests of members of the MERT fund and ensure that investments continue to be appropriate to protect the redundancy benefits of members.

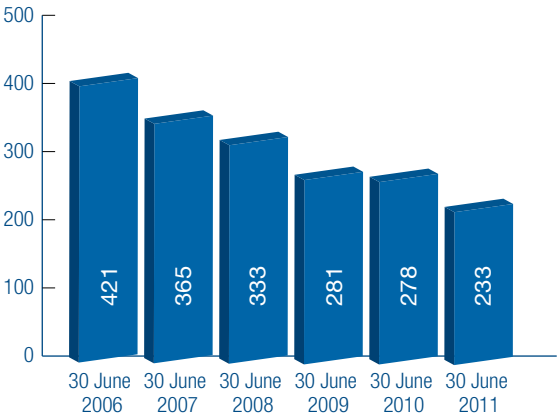
Trust performance

Investment Details

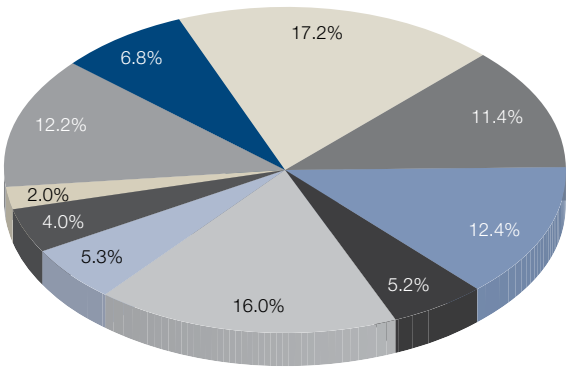
Membership



Employers



Investments



- Chifley Absolute Return
- Chifley Australian Fixed Income (sovereign)
- Chifley Cash
- Chifley Structured Bond
- Macquarie Australian Enhanced Plus Equity
- Macquarie International Enhanced Equity
- Macquarie Enhanced Property Securities
- Macquarie Master Diversified Fixed Interest
- Macquarie Managed Treasury
- AMP Capital Structured High Yield – Wholesale

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 (-)

Earnings and 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.



Member Access

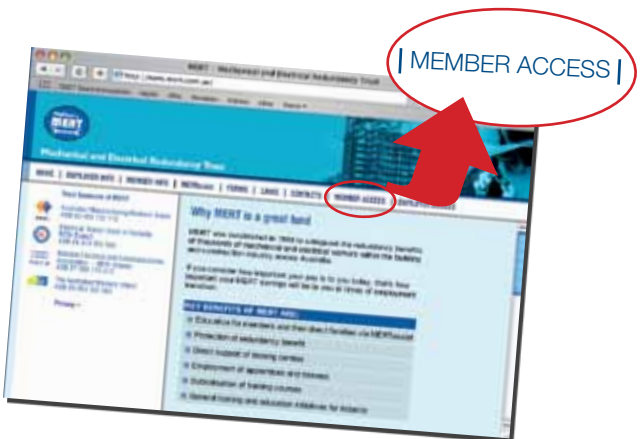
The MERT website (www.mert.com.au) allows extensive access to your account information. Many members have registered to access their accounts on-line.

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. Completed claim forms can be returned to MERT administration by 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 superannuation 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 for more information.

Please note: The concessional tax rate new limit for 2011/2012 is \$165,000 and is indexed each year. If you are entitled to significant redundancy benefits you should consider seeking financial advice before payment.

Can I rollover my benefit?

New rules associated with ETP's have changed their treatment. Only transitional ETP's can be rolled over to a superannuation fund. If your redundancy payments were paid as a result of employment contracts, relevant laws or enterprise agreements in place as at 9 May 2006 then yes, transitional rules apply and you can rollover your payment. If you are not sure, then you will need to ask your employer or contact the Australian Taxation Office.

A maximum amount of \$1 million can be paid as an ETP or rolled over to a superannuation fund. Transitional rules apply from 1st July 2007 to 30th June 2012. After this date no ETPs can be rolled over.



Taxation and your Tax File Number

All payments made by MERT directly to members are treated as Employment Termination Payments (ETPs) under the Income Tax Act, and therefore taxed accordingly at PAYG tax rates. The tax applying depends on whether you are paid a Transitional Termination Payment or a Life Benefit termination Payment. The following rates apply for the 2011/12 financial year when your tax file number has been supplied.

Transitional Termination Payment

- ❑ If a worker is aged 55 years or less
 - Up to \$1,000,000 – taxed at a maximum rate of 30% plus Medicare levy.
 - Amount over \$1,000,000 – taxed at top marginal tax rate plus Medicare levy.
- ❑ If a worker is aged 55 years or more
 - Up to \$165,000 – taxed at a maximum rate of 15% plus Medicare levy.
 - Amount above \$165,000 – taxed at a maximum rate of 30% plus Medicare levy
 - Amount over \$1,000,000 – taxed at top marginal tax rate plus Medicare levy.

Life Benefit Termination Payment

- ❑ If a worker is aged 55 years or less
 - Up to \$165,000 – taxed at a maximum rate of 30% plus Medicare levy.
 - Amount over \$165,000 – taxed at top marginal tax rate plus Medicare levy.
- ❑ If a worker is aged 55 years or more
 - Up to \$165,000 – taxed at a maximum rate of 15% plus Medicare levy.
 - Amount over \$165,000 – taxed at top marginal tax rate plus Medicare levy.

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 2010 to 30 June 2011. Anything that affected your account after 30 June 2011 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 be included here. 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.*



Member Statement

1 For the period 1 July 2010 to 30 June 2011



Mr Simon Sample
103 Sample Street
SAMPLE NSW 2000

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

3 MEMBERSHIP NUMBER: 10538361

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

Redundancy \$ 0.00

Your Account Details for the Period

	Weeks	Redundancy (\$)	Total (\$)
Opening Balance of your Account			
7 Contributions received			
XYZ123 Company		00.00	00.00
For JUN 2008 received on 01/06/2008			
For JUL 2008 received on 27/08/2008	3	0.00	0.00
For SEP 2008 received on 04/09/2008	4	0.00	0.00
For OCT 2008 received on 04/10/2008	5	0.00	0.00
For NOV 2008 received on 18/11/2008	4	0.00	0.00
For DEC 2008 received on 12/01/2009	5	0.00	0.00
For JAN 2009 received on 24/02/2009	3	0.00	0.00
For MAR 2009 received on 26/03/2009	4	0.00	0.00
For FEB 2009 received on 02/05/2009	5	0.00	0.00
For APR 2009 received on 28/05/2009	4	0.00	0.00
For MAY 2009 received on 27/06/2009	4	0.00	0.00
8 Transfers/rollovers received			
9 Benefit payments			
		0.00	0.00
Balance as at 30 June 2009		0.00	0.00

NOTES: This statement includes only those payments received by the Fund and paid into your account by 30 June 2009. If you wish to query any of the payments shown, please contact your employer.



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 2011 are not due to MERT until July 2011 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 2011

Abridged financial statement (Unaudited)

MERT financial statement shows the financial position of the trust at 30 June 2011.

From this statement you can see:

- ❑ all money paid into MERT;
- ❑ how much MERT paid in benefits;
- ❑ the expenses MERT had to pay; and
- ❑ how much money is left in the trust.

The directors are satisfied the unaudited abridged financial statement represents a true and accurate record of the trust's financial position.

The audit of the financial statements is planned to be completed by 31 October 2011. At that time a copy of the fully audited accounts can be obtained by contacting MERT administration.



Opening Balances	2011 (\$)
Workers' accounts	96,069,953
Trust reserves	-1,992,369
Trust funds and reserves at the beginning of the year	94,077,584
To which was added	
Contributions by employers	18,412,988
Earnings (including changes in net market value of assets)	4,801,137
Interest	120,974
From which was paid	
Administration and other trustee costs	-692,344
Withdrawals	-11,477,161
Distribution to Beneficiaries	-622,836
Trust funds and reserves at the end of the year	104,620,342
Net assets Investments	
AMP Capital Structured High Yield - Wholesale	10,940,873
Chifley Absolute Return	12,264,233
Chifley Australian Fixed Income (Sovereign)	13,034,198
Chifley Cash	5,567,974
Chifley Structured Bond	16,893,528
Macquarie Australian Enhanced Plus Equities	5,909,796
Macquarie International Equities	4,142,712
Macquarie Enhanced Property Securities	2,127,658
Macquarie Master Diversified Fixed Interest	13,207,950
Macquarie Managed Treasury	16,529,543
	100,618,465
Receivables	1,809,239
Cash at bank	1,315,470
Prepayment of tax	1,093,125
Total assets	104,836,299
Less	
creditors	215,957
Net assets at the end of the period:	104,620,342

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

Bernie Riordan Director - ETU NSW
Mick Doust Alternate Director - ETU NSW
Steven Murphy Director - AMWU
Timothy Ayres Alternate Director - AMWU

Employer directors

David Madson Director - NECA
Lindsay Le Compte 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 Chifley Financial Services (ABN 75 053 704 706), 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 (Private Sector) Act 2000 came into effect on 21 December 2001. It outlines standards for the collection and maintenance of information about individuals, the consequences of an individual not providing information that is requested, and provides for the destruction of personal information once it is no longer required.

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



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 email us

mertadmin@aas.com.au

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



Or writing to us

MERT Administration
Locked Bag 20
PARRAMATTA NSW 2124



1800 023 692



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.”

