



USE OF CONTRIBUTIONS AND SCHEME ASSETS

i. How contributions to the scheme will be used:

- a) MERT credits 100% of each contribution received from an employer to the account of the member, in line with the allocation provided by the employer.
- b) The whole of the account balance of the member is payable to the member on the termination of the member's employment as defined in MERT's Trust Deed.
- c) Contributions are invested to produce income, the use of which is explained in ii below.

ii. How income derived, directly or indirectly, from contributions or other scheme property will be used:

- a) MERT uses income derived from contributions or other scheme property to meet the costs of administering the scheme.
- b) MERT uses income derived from contributions or other scheme property after deducting fund expenses to distribute such net income in its absolute discretion amongst such of the sponsors, employers and members (as a class) as it in its absolute discretion may determine.
- c) For the last three financial years, the only distribution as been an amount of the net income of the fund which was distributed to the members.
- d) Sometimes not all net income is distributed. Net income may be retained to build up reserves in order to ensure that member account balances can be paid in full in the event of negative investment earnings or the costs of administering the scheme exceed investment earnings.

iii. The rights of persons holding interests in the scheme to receive payments from scheme property in relation to any of the following:

- a) benefits payable upon termination of employment.

The whole of the account balance of the member is payable on the termination of the member's employment due to redundancy as defined in MERT's Trust Deed or on termination of employment for any other reason.

- b) long service leave entitlements.

MERT does not provide any long service leave entitlements.

- c) other entitlements that are incidental to employment.

MERT does not provide any other entitlements that are incidental to employment.

iv. Any significant risks associated with holding an interest in the scheme:

- a) Apart from income distributions which may be made each year and are explained in **ii** above, Members do not share in profits or losses of the scheme, but they are ultimately exposed to MERT's ability to make claims.
- b) Ensuring that MERT is always in a position to pay 100% of member claims promptly is a key priority. Various policies and risk management procedures are in place to provide more than adequate asset and liquidity cover in MERT to ensure that this is always the case, as it has been since 1989.

- c) The primary investment objective as stated in MERT's Investment Policy Statement is to preserve the value of member's account balances.
 - d) In the event that MERT is not in a position to pay 100% of the member claims, then it has the power to reduce account balances. This has never occurred since the fund was established in 1989.
 - e) MERT does not hold any direct investments, other than its bank account.
 - f) MERT through its investment advisor invests via an implemented consulting arrangement. MERT's investment advisor is JANA Investment Advisers Pty Ltd (ABN 97 006 717 568). An implemented consulting arrangement is where the investment advisor prepares an investment strategy for board approval and following board approval implements that strategy.
 - g) The investment adviser investment strategy for MERT is tailored to meet the MERT's requirements as well as providing input on investment objectives and governance.
 - h) The investments adviser does not receive any commissions or soft dollar benefits from investment managers or other service providers.
 - i) MERT's investment policy is designed to ensure adequate asset and liquidity cover with some exposure to higher yielding assets with the typical asset mix of 75% invested in cash and fixed interest and 25% in shares or other growth assets
 - j) From time to time the investment adviser will recommend changes to the investment strategy for board consideration.
 - k) MERT is reliant on employers to tell us what a member's contributions should be. Although MERT actively monitor arrears, it is possible that a member's employer will not pay all the members contributions. For that reason, it is crucial that members review their statements when they arrive or check their account balance regularly by going online.
 - l) Although MERT employ's Australia's largest fund administrator, there is a risk that their technology may fail and MERT is unable to pay member benefits.
- v. Any rights of the person to be paid fees out of scheme property:**
- a) Directors are paid director fees out of scheme assets. Director fees are set by the Board after considering the time and effort spent on their duties as a Director.
 - b) The trustee of MERT will be charging the Scheme a fee to fund (after payment of income tax and GST on the fee) the trustee costs of complying with Australian Financial Services Licensing requirements that will apply to the Scheme and the trustee from 1 September 2026.
 - c) MERT has appointed a professional administrator: Australian Administration Services Pty Limited (ABN 62 003 429 114) to administer the scheme, who is paid fees from scheme property.
- d) MERT has a number of professional advisers- Auditors, Investment Adviser, Lawyers, Tax Advisers who are paid for their professional services from scheme property.**
- e) Investment fees charged by the independent professional investment managers are deducted from the scheme property of the wholesale unregistered managed investment schemes in which MERT has invested. Returns are net of these fees.**
- vi. Any agreements or arrangements under which a benefit may be given out of scheme property to the person or an associate:**
- a) Director fees are payable. Depending on the arrangement between the Director and the Shareholder appointing the Director, the director's fees may be paid to the Director or the Shareholder.
 - b) Shareholders are entitled to such share of net fund income each year as the trustee may in its discretion determine. For the last three financial years, no net income of the scheme has been distributed to shareholders.
- vii. how complaints made by holders of interests in the scheme in relation to the operation of the scheme will be dealt with.**
- a) MERT has a policy to deal with complaints and seeks to resolve complaints through its internal complaints resolution process.
 - b) Our **Complaints Resolution Policy** may be accessed here: [link](#) for more information.
- MERT is managed and administered by a trustee MERT Pty Ltd which is a company.
- The Board of Directors of MERT Pty Ltd which is trustee is comprised of representation by the following employer associations and unions.
- Unions*
- Electrical Trades Union of Australia (NSW Branch)
 - The Australian Workers' Union
 - Australian Manufacturing Workers' Union
- Employers and Employer Associations*
- National Electrical and Communications Association (NSW Chapter)
 - Employer Directors appointed by Employer Associations hold 50% of the director votes.
 - Member Directors appointed by Unions hold 50% of the director votes.
- Decisions by directors require at least a two-thirds majority of directors votes cast at a meeting with a quorum of at least one employer director and one member director.