

POLICY COMMITTEE GUIDE

ANZ SMART CHOICE SUPER
(FOR EMPLOYERS AND THEIR EMPLOYEES)



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This information is current as at June 2018 but is subject to change. Updated information is available free of charge by contacting your ANZ Relationship Manager.

AN INTRODUCTION TO POLICY COMMITTEES

This document provides the context for the establishment of a Policy Committee, outlines the roles and responsibilities of various entities in the superannuation environment and includes some sample documentation to assist you along the way.

SUPERANNUATION FUNDS

This Policy Committee Guide is issued by OnePath Custodians Pty Limited (ABN 12 008 508 496, AFSL 238346, RSE L0000673), the Trustee of the OnePath MasterFund (the Fund).

ANZ Smart Choice Super (for employers and their employees) is issued by OnePath Custodians, therefore a member of ANZ Smart Choice Super (for employers and their employees) is a member of a division of the Fund.

THE TRUSTEE

The Trustee is obliged to make best endeavours for applicable employer plans, to establish a Policy Committee.

The Fund is run by the Trustee. The Trustee is responsible for ensuring that the Fund is run in accordance with its governing rules which are found in the Fund's Trust Deed and in accordance with the law, particularly the Superannuation Industry (Supervision) Act (SIS Act). The Trustee owns the assets of the Fund and looks after them for the Fund's members and their dependants.

EMPLOYERS (THE FUND SPONSORS)

The employers who contribute to the Fund are the sponsors of the Fund and make contributions to the Fund on behalf of members. An employer is known as a standard employer-sponsor and its employees as standard employer-sponsored members, when the employer contributes to the Fund pursuant to an arrangement between the Trustee and itself.

EMPLOYER'S PLAN

Employees are enrolled into the Fund as members and the employer contributes to the Fund on their behalf. That part of the Fund formed by the employer on behalf of its employees is known as an employer plan (the Plan).

THE AUTHORISED OFFICERS

The Authorised Officers appointed by employers are the point of contact between the Trustee, the employers and the members.

POLICY COMMITTEES

The Trustee needs to be aware of the concerns of the members and employers and other information arising from their participation in the Fund.

A Policy Committee is a team of people, representing both the members and the employer of the Plan. A Policy Committee informs the Trustee about any member or employer concerns in respect of the employer's Plan.

The SIS Act requires that the Trustee must take all reasonable steps to ensure a Policy Committee is established and maintained for employer plans with:

- more than 49 members, or
- with more than four but less than 50 members, where at least five members write to the Trustee requesting a Policy Committee be formed in respect of their employer's Plan.

THE ROLE OF A POLICY COMMITTEE

The role of a Policy Committee is to keep the Trustee informed about various issues relating to the operation of the Fund (these will be detailed later in this Guide) and other matters it considers that the Trustee should be made aware of.

A Policy Committee is required, as far as practicable, to meet at least once a year. A Policy Committee may have additional meetings if it has further business to consider.

POWERS OF THE POLICY COMMITTEE

The Policy Committee acts in an advisory capacity to the Trustee. The Trustee makes all the decisions regarding the operation of the Fund and is legally liable for the decisions made and is accountable to the members, the courts and the Australian Prudential Regulation Authority (APRA). The SIS Act prohibits the Trustee from being bound by any directions or instructions given by a Policy Committee.

The Policy Committee, however, has a very important role in ensuring that the Trustee is provided with information, and its views will be taken into account and considered by the Trustee.

LIABILITY OF THE POLICY COMMITTEE

Because the Policy Committee is only an advisory body, its members are not liable for any recommendations made to the Trustee.

FUNCTIONS OF A POLICY COMMITTEE

The functions of a Policy Committee are to assist the Trustee with the management of the Fund by:

1. Monitoring the investment strategy and performance of the investment defaults of the Fund and advising on any changes which are in the interest of the members
2. Providing an avenue for the members to enquire about the Fund's operation and/or performance
3. Providing the Trustee with the views of the members of the Fund and its performance and/or raising issues on behalf of members with the Trustee or the sponsoring employer
4. Providing an avenue for the Trustee of the Fund to obtain the views of members of the Fund on their information needs
5. Assisting the Trustee in dealing with complaints or enquiries about the operation or management of the Fund.

HOW A POLICY COMMITTEE IS FORMED

The Policy Committee of an employer's plan must have equal numbers of employer and member representatives.

NUMBER OF REPRESENTATIVES

At least four representatives in total is recommended (two member and two employer representatives). For larger funds, six representatives (three member and three employer) allows for the Policy Committee to conduct its meetings without all the representatives being present, provided at least two-thirds of all representatives are in attendance. The size of the Policy Committee is therefore determined by the number of representatives the employer chooses to appoint.

EMPLOYER REPRESENTATIVES

The employer will appoint the Employer Representatives.

MEMBER REPRESENTATIVES

Generally, Member Representatives have to be elected by the members of the Plan. Member Representatives must be current members of the employer plan.

ELECTING MEMBER REPRESENTATIVES

In the majority of cases, a nomination process will be the most convenient and efficient way to elect Member Representatives.

The information below outlines this process.

FREQUENCY OF ELECTION AND TERM

A general election of Member Representatives needs to be held every three years.

Representatives hold office for a period of three years, subject to earlier vacation of office, as described later in this Guide.

Retiring Representatives are eligible for re-election.

A Representative who fills a casual vacancy holds office until the next general election.

NOMINATION AND ELECTION PROCEDURE

PROCEDURE – CIRCULATION OF A NOMINATION FORM

The employer will arrange for nominations to be made in respect of the Member Representatives. This is done by circulating a Nomination Form. The employer is responsible for ensuring that this form is given to each member (enclosing the Form with members' pay slips is a good idea). A deadline date must be stated on the Nomination Form. The employer will appoint a Returning Officer. A sample Nomination Form is set out on page 5.

It is suggested that the employer include the letter to members on page 6 of this Guide and the Member Guide to Policy Committees (also included in this Kit) so they understand the functions of a Policy Committee.

The Nomination Form may be the final step in the Election Process.

BALLOT

If more nominations are received than the number of vacancies, an election must be conducted by the employer using a Ballot Paper. A sample Ballot Paper is set out on page 7.

The Ballot Paper will list in alphabetical order the names of the people who have been nominated for election as Member Representatives. A note will be included on the Ballot Form requesting each member to record one vote for each vacancy in the office of Member Representative. The note will specify the date by which the Ballot Paper must be returned to the Returning Officer.

The member who receives the highest number of votes will become a Member Representative. The member who receives the next highest number of votes becomes the next Member Representative, and so on until all vacancies are filled.

When all vacancies are not filled, the elected Member Representative/s shall appoint the other Member Representatives by deed.

SAMPLE NOMINATION FORM

NOTICE TO MEMBERS

Nominations are hereby called for the election of Member Representatives to the Policy Committee in respect of [name of employer plan]. A Policy Committee advises the Trustee of your employer's plan about various matters concerning your membership of the Fund.

Nominations will only be valid if the nominee is a current member and the nomination is made by one member and seconded by a different member.

The member being nominated must also sign the Nomination Form.

An election will be held if there are more nominations for Member Representatives than vacant positions on the Policy Committee.

NOMINATION FORM

[Name of Fund]

[Name of employer plan]

I,

of,

being a member of the Fund, hereby nominate the following member to be a Member Representative on the Policy Committee of the above employer plan.

(Name of Member) _____

Signed _____ Dated _____

(Signature of Proposer)

I,

of,

being a member of the Fund hereby second the nomination of the member nominated above to be a Member Representative on the Policy Committee of the above employer plan.

Signed _____ Dated _____

(Signature of Seconder)

Signed _____ Dated _____

(Signature of Nominee)

This nomination form must be returned to: _____

and received by: ____ / ____ / ____

SAMPLE LETTER TO MEMBERS

[date]

Private & Confidential

[member name]

[address 1]

[address 2]

[Suburb] [State] [Postcode]

Dear Member

[Fund name] – Policy Committee Notice to Members

Under current legislation, superannuation funds with more than 49 members are required to establish a Policy Committee, which applies to [Employer's plan name]. A Policy Committee is a team of people, representing both the members and the employer of our superannuation Plan.

The main purpose of this Committee is to provide an avenue for:

- The members of our Plan to enquire about the investment strategy and performance of the Fund
- The Trustee of the Fund to get the views of our members concerning investment strategy and performance of the Fund
- The members to enquire about the Fund's operation or performance
- The Trustee to obtain the views of members.

The Policy Committee allows members to formally participate in decision-making and the ongoing administration of our Plan.

When established, the Policy Committee must be made up of equal representation of employer-nominated and member nominated or elected members.

The first step in establishing our Policy Committee is to get nominations from Plan members for people who are willing to act as Policy Committee Representatives.

Enclosed is a copy of a 'Member Guide to Policy Committees' to help you understand the duties and responsibilities of the Policy Committee.

Please complete the attached Nomination Form and return it to [Returning Officer] by [date]. There are [x] Member Representative positions available. If there are more nominations than available positions, we will hold an election, details of which will be provided at a later date.

If you have any questions, please call me on [number of employer contact].

Yours sincerely

[employer contact]

SAMPLE BALLOT PAPER

[Name of Fund]

[Name of employer plan]

The following members have been nominated for election as Member Representatives on the Policy Committee of the above employer plan.

This is your chance to vote for [x] candidates you want to elect as Member Representatives.

To cast your vote, please tick the boxes next to the names of [number of Member Representatives to be elected] of the nominees listed below that you wish to represent you on the Policy Committee.

Please do not tick more than [number of Member Representatives to be elected] boxes or your vote will be invalid.

- 1. [list nominated Member Representatives]
- 2. _____
- 3. _____
- 4. _____
- 5. _____
- 6. _____
- 7. _____
- 8. _____
- 9. _____
- 10. _____

You must write your member number in the box on the back of the reply paid envelope of this Ballot Paper, otherwise the vote will not be valid.

For your vote to be valid this ballot paper must be returned to:

and received by: ____ / ____ / ____

AFTER THE BALLOT OR NOMINATION

Following the ballot or nomination, the employer will arrange for a notice to be circulated, displayed or included with pay slips advising members of the names of the Member and Employer Representatives. The employer also needs to advise the Trustee of the new Member and Employer Representatives. Member and Employer Representatives should then be advised of the date, time and venue of their first meeting.

FIRST MEETING OF THE POLICY COMMITTEE

Q How many Members of the Policy Committee must attend a meeting for there to be a quorum?

A Two thirds of the Members of the Policy Committee forms a quorum.

Q How many Policy Committee Members must vote in favour of a resolution for it to be valid?

A A resolution (decision) of the Members of the Policy Committee is valid and binding if at least two-thirds of the total number of the Members of the Committee have voted in favour of it.

A written resolution signed by at least two-thirds of the Members of the Policy Committee has the same effect and validity as a resolution of the Members of the Committee passed at a meeting of the Committee.

Q Can the Committee ask a Trustee Representative to attend?

A Committee Members may request a Representative of the Trustee to attend a meeting of the Committee.

Q What to do before the first meeting?

A A Minute Book should be purchased from a stationery shop or newsagent. Alternatively, an ordinary exercise book can be used. This must be ruled up correctly and all pages numbered (see page 9 for a sample Minute Book entry).

WHAT SHOULD BE DONE AT THE FIRST MEETING?

At the first meeting, you should firstly decide who will be the Record Keeper (or Secretary) for the Policy Committee. This position can alternate between all Members of the Committee.

It is the Record Keeper's responsibility to take the minutes of the meeting, give a copy of these minutes to all Policy Committee Members and send any necessary information to the Trustee.

The first thing that should be established in the minutes is the results of the election of the Policy Committee.

The names of the people appointed or elected to represent the employer and the members should be noted. A sample first page of the minute book for your information follows.

CAN TELEPHONE MEETINGS BE HELD?

The Policy Committee can agree to hold meetings by telephone or have some of its Members and the Trustee's Representative attend by way of telephone.

SAMPLE MINUTE BOOK

Minutes of the Policy Committee for [name of employer plan] on [date] at [time] in the [location].

In attendance:

Member representatives	Employer Representatives
_____	_____
_____	_____
_____	_____
_____	_____

The results of the recent nomination/election were confirmed. The Employer Representatives and elected Member Representatives were all in attendance.

The Record Keeper is: _____

The next meeting will be held on [date].

The meeting closed at [time] am/pm.

Signature of Record Keeper

SAMPLE AGENDA

- Agenda for the Policy Committee of the [name of employer plan] for a meeting to be held in the [location] on [date]**
1. Confirm that minutes of previous meeting are correct
 2. Review the documentation provided to members
 3. Discuss the investment performance of the Fund
 4. Discuss issues/concerns that have been submitted by members
 5. General business
 6. Discuss the date for the next meeting and close of meeting.

MEETINGS OF THE POLICY COMMITTEE

WHEN THE MEETINGS SHOULD BE HELD

Meetings should be held at least once a year. A good time to hold the Policy Committee's annual meeting would be between one to four months after the dispatch of member's Annual Benefit Statements. This would enable the Committee to consider and raise with the Trustee any issues arising from these member statements.

Meetings can also be held at other times throughout the year if there are matters to be discussed.

WHAT TO DO BEFORE EACH MEETING

The Record Keeper should make a time and date for the meeting and let all Policy Committee Members know of that time and date, providing each Committee Member with adequate notice of the meeting. At the same time, the Record Keeper should ask the other Committee Members to nominate any points that they may wish to discuss at the meeting. After receiving this information, the Record Keeper should write an agenda and distribute it to all Policy Committee members at least one week prior to the meeting (a sample agenda is set out on page 9).

If the attendance of a Trustee's Representative is required at the meeting, the Trustee needs to be contacted.

WHAT TO DO IN EACH MEETING

If there is any documentation to be looked at during the meeting, the Record Keeper should provide copies for all of the Committee Members. The Record Keeper should make sure that all of the points on the agenda are discussed and that a record of the discussions is noted in the Minute Book.

WHAT TO DO AFTER EACH MEETING

The Record Keeper must send a copy of the minutes to all Committee Members. A photocopy of the relevant pages in the Minute Book is acceptable.

The Record Keeper should also send a copy of the minutes to the Trustee. Any important issues concerning the Trustee should be advised at the same time.

MORE DETAILS

RECORD KEEPING

The Minute Book and any other documentation for the employer's Plan that is kept by the Policy Committee should be kept in a safe place, for example, with the Record Keeper, the Personnel Officer or the Authorised Officer for the employer's Plan.

It is important that the records be kept in good order, as the Trustee may request information or seek to inspect the records at any time.

When a new Record Keeper is appointed, the previous Record Keeper should instruct this person on their responsibilities. This ensures that the records are maintained in good order.

RESIGNATION OF A POLICY COMMITTEE MEMBER

If a Committee Member wishes to resign from the Policy Committee they should provide their written resignation to the Record Keeper, or if there is no Record Keeper, to the Authorised Officer. An Employer Representative may be removed by the employer.

OTHER WAYS TO CEASE BEING A MEMBER REPRESENTATIVE

A Member Representative on a Policy Committee also ceases to hold office if they:

- leave the Fund
- cease to be employed by the employer
- reach expiry of their term
- are removed from office by a meeting or poll of the Members
- die
- become bankrupt or make an assignment to or composition with their creditors
- are declared mentally ill or become liable to have their affairs dealt with under any laws relating to mental health
- are disqualified from being a Member Representative pursuant to the provisions of an Act of Parliament.

The SIS Act and the Fund Trust Deed provides that a Member Representative may be removed in the same way they were appointed. Any vacancies should be filled as required.

An Employer Representative nominated by the Employer can be removed at any time by the employer and replaced with a new Employer Representative.

WHAT THE COMMITTEE NEEDS TO DO IF SOMEONE CEASES TO BE A REPRESENTATIVE

The Record Keeper should call a meeting of the remaining Committee Members so that the Committee can start organising a fresh election to replace the former Member Representative. A Member or Employer Representative must be replaced within 90 days of the vacancy first occurring.

TRUSTEE DEALINGS WITH THE POLICY COMMITTEE

The Trustee believes Policy Committees are a valuable and positive way of obtaining member and employer views and concerns, and help to ensure the operation of the superannuation fund satisfies member and employer requirements and aspirations.

Policy Committees can be expensive to operate.

The SIS Act and the Fund Trust Deed enable costs, incurred by the Trustee, to be charged back to the Fund and member's benefits in the Fund.

The Trustee monitors the cost of Policy Committees closely, but until further notice will only seek to recover costs in certain circumstances. Contact your Financial Adviser, Relationship Manager or Business Development Manager to find out what these circumstances are. Both Policy Committees and the Trustee must be mindful of their obligation to act in the best interest of the members and this includes the prudent management of expenses.

**FOR FURTHER QUESTIONS ON THE OPERATION OF
POLICY COMMITTEES, PLEASE CONTACT YOUR
RELATIONSHIP MANAGER OR EMPLOYER SERVICES.**

Employer Services



13 47 43 Option 1 (weekdays 8.30am to 6.30pm AEST)



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