



AUSTRALIAN EMPLOYEE OWNERSHIP ASSOCIATION

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Developing an ESOPs policy – the major questions

To develop a strategic approach to employee share ownership, the Government must consider the following issues:

1. Whether all employees – rather than the small minority who work for listed companies – should be entitled to share in the ownership of the enterprise in which they work.
2. Whether diverse forms of equity participation are required to enable all employees to secure a stake in their employer's enterprise.
3. Whether all employees, and particularly those who work in small companies, should be able to use ESOPs to buy-out their employer, or otherwise to participate in a buy-out (or buy-in).
4. Whether the employees of foreign companies should have the opportunity to share in, and increase, Australian ownership of these firms by means of appropriately designed employee equity plans.
5. Whether employee-owners should have the same rights as other owners, or whether they should be treated as second class owners by being limited, in effect, to holding their shares for ten years (as they do under the current provisions of Division 13A of the ITAA).
6. Whether ESOPs should be encouraged as a mechanism for funding the formation of new productive capital, particularly in unlisted companies.
7. Whether ESOPs should be seen as a key element in national savings policy, providing a new level of savings in addition to superannuation, and capable of meeting different objectives through being tied to the participation of employees directly in productive investment and wealth creation in their workplaces.
8. Whether, and to what extent, Australia should follow the example set by other leading economies to provide tax and other incentives to promote the spread of ESOPs.