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Funds dry up on share schemes

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Employee share ownership advocates have accused the federal government of abandoning its target of doubling the percentage of workers who own shares in their company after the budget failed to renew funding for a special unit set up to pursue the goal.

The employee share ownership unit in the Department of Employment and Workplace Relations was created in the 2003-04 budget, receiving \$1.7 million over four years to promote the schemes, which were endorsed by a parliamentary inquiry chaired by Brendan Nelson.

But funding for the unit will run out at the end of June and was not renewed in the recent budget.

Australian Employee Ownership Association president Garry Fitton said Australia was unlikely to meet a target of lifting the level of employee share ownership from 5.5 per cent of the workforce in 2004 to 11 per cent by 2009.

"The per cent last year we were told was 5.9 per cent," he said.

"We are concerned that it sends a signal that the government is not as supportive as it should be or was when the unit was set up in DEWR.

"I think the government has become distracted by other employment and industrial relations issues."

But DEWR spokesman Jeremy O'Sullivan said the funding for the employee share ownership unit was never expected to continue beyond June.

Mr O'Sullivan said Australian Bureau of Statistics figures showed the number of employees who received shares in their employer's business as an employee entitlement had risen from about 404,300 in 1999 to 501,100 in 2006 - a rise of 23 per cent.

"With a lot of other priorities, the business case for continuing with that program is not as strong as for other programs," he said. "It was always a program to get the ball rolling and I think it's achieved its objectives to kick-start business interests in employee share ownership."

Dr Nelson, then a Liberal backbencher, chaired the parliamentary committee that wrote the Shared Endeavours report on employee share ownership in 2000, recommending changes, including the

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establishment of the dedicated unit to promote the schemes.

Advocates of the schemes argue they create a more motivated workforce, who have a stake in the company's fortunes. But many employers are sceptical and deterred by the cost and complexity and concerned by the taxation implications.

KEY POINTS

- The government is accused over its failure to support the new unit.
- The level of employee share ownership is 5.5pc of the workforce.
- Many employers remain sceptical.

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