

**MEETING WITH ANGELA PERRY
CHAIRPERSON
AUSTRALIAN EMPLOYEE OWNERSHIP AUSTRALIA AND NEW
ZEALAND**

11 November, 2013

In ifs ProShare office, London

Present: Angela Perry, Chairperson, EOA
 John Collison, ifs ProShare
 Nelly Voeax, IAFP
 Kevin P O'Kelly, IAFP

The purpose of the meeting was for the IAFP to establish contact and to explore areas for co-operation with EOA. The AEOA was set up in 2002 and was rebranded as the EOA in 2011.

Angela Perry outlines the current situation with financial participation in Australia and New Zealand. In Australia it is hard to arouse any enthusiasm for financial participation and employee ownership, as there is very little incentive through the taxation system – since 2009, only 5% of the equity of a company is open to tax relief. However, the new Liberal/National Government, that came into office in September, 2013, is more open to financial participation and the EOA has initiated discussions with the Government.

She added that the experience in New Zealand's public policies is even more discouraging, with less taxation incentives than in Australia.

The EOA is looking at a 3 to 4 year programme to promote employee ownership, in particular for amendments to the 2009 changes, assistance to start-ups, succession planning in family-owned businesses and, also, with the hope of expanding it into the Public Sector.

Nelly Voeax suggested that, with regard to family-owned businesses, it would be useful to discuss this with the IAFP German affiliate organisation, AGP. Germany has a similar problem with family-owned enterprises and AGP has a lot of experience in dealing with this challenge. She will arrange an exchange with Heinrich Beyer, AGP, and Angela Perry.

John Collison outlined the situation with financial participation in the UK and the various State incentive schemes to promote employee-owned shares, such as SIPP's (Self Invested Personal Pension). He pointed out that the tax relief for SIPP's, at £250 per month, had not changed for 14 years and ifs ProShare had been lobbying Government for this to be increased. There is a growing concern with any link of share schemes to pensions.

He said that, in general, financial literacy was a big challenge and employee share-ownership was a great way to improve financial literacy. He referred to ifs ProShare research that showed that 60% of employees holding shares in their enterprises understood what share-holding meant. The recently proposed 'Rights for Shares' suggested by the Chancellor of the Exchequer is not popular and has not taken off by enterprises.

With regard to research, Angela Perry agreed that it is essential to have empirical evidence

to present to governments and employers and she pointed to a two-year study undertaken by the University of Melbourne. In 2005, Associate Prof Ann O'Connell wrote a paper on the taxation implications of employee share schemes for a report on "Providing shares or rights as remuneration to an IP provider" as part of a project on taxation issues associated with the commercialisation of intellectual property. She has also worked with the Centre for Labour Law and Prof Ian Ramsey of the Centre for Corporations Law and Governance on a 3 year Australian Research Council-funded research project, *Employee share ownership: current practice and regulatory reform*. However, more research is needed.

In promoting employee ownership, the EOA is also co-operating with other Australian organisations, such as the Institute of Governance, the Institute of Company Directors and venture capitalist organisations. The EOA has also had contact with a number of businesses in South Africa that are interested in financial participation. She will let the IAFP have contact details.

After this exchange of views and experiences, the following actions were agreed:

- Arrange an exchange of experiences with AGP, Germany (Heinrich Beyer) (Nelly)
- Exchange website links between IAFP and EOA (Nelly)
- Also establish link to "IAS" - the French stock exchange index for companies having a significant part of EO (Nelly)
- Organise contact with Prof Andrew Pendleton, University of York, who is a frequent visitor to Australian universities (Kevin)
- Forward the ifs ProShare study *The Human & organizational impact of employee share ownership*, September 2012, (also for IAFP website). Also presentations (case study, etc) of the 2013 ifs ProShare conference (John)
- Send the definition been used for the IAFP European Index for Financial Participation (Nelly)
- Angela Perry will participate in a special IAFP Skype conference call every quarter – because of the time difference, 09.00 or 10.00 (CET) would suit best. However, this would mean that David Hildebrandt would not be able to join these conference calls (IAFP Secretariat)
- Angela Perry will propose to the EOA Board that it affiliate to the IAFP from 2014.

Kevin P O'Kelly
Nelly Voyeux

November, 2013.