

Esso Australia Ltd.

12 Riverside Quay, Southbank 3006
PO Box 400C, Melbourne, Victoria 3001
Phone: (03) 9270 3333
A subsidiary of Exxon Corporation

6 May, 1999

The Committee Secretary
House of Representatives Standing Committee on Employment,
Education and Workplace Relations
Suite R 1 116 Parliament House
CANBERRA ACT 2600.

Dear Mr. McMahon,

Employee Share Ownership in Australian Enterprises

Reference is made to your letter of 19th March, 1999 requesting a written submission to the above-mentioned inquiry.

One of our employees has recently submitted a research paper entitled "Employee Share Plans in Australia" to Deakin University as part of her MBA program. We believe that this research paper addresses the terms of reference for the inquiry and also draws on the recent experience of the introduction of the Esso Employee Share Plan in July 1998.

We endorse the concept that employee share ownership motivates and encourages employee involvement in the organisation. Our experience of the introduction of a share plan has been positive, with an acceptance rate of 67% of eligible employees in the first year of operation. This has been followed by a keener employee awareness of the business imperatives and performance.

We would urge the government to reduce the complexity of the legislative requirements under which employee share plans operate. This will reduce the employer costs of implementing and maintaining employee share plans. Additionally, we would encourage the government to provide greater tax incentives for employees under the tax exempt plan. Most of our employees chose the Tax Exempt Scheme but find the current limit of \$1,000 per annum in salary sacrifice contributions as restrictive. Most employees would like to contribute more to our share scheme, by either an increase in the Tax Exempt level or being able to participate in both the Tax Exempt and Tax Deferred schemes at the same time.

We welcome the opportunity to contribute to this inquiry and look forward to further information in due course.

Yours faithfully,

Debra A. Lindsay

Human Resources Manager, Esso Australia Ltd.