

30 April, 1999

Mr. Paul McMahon  
Committee Secretary  
Standing Committee on Employment, Education  
and Workplace Relations  
House of Representatives  
Parliament House  
Canberra ACT 2600

Dear Mr. McMahon

On behalf of John Fairfax Holdings, I wanted to respond to your letter to Fred Hilmer regarding the Committee's inquiry in share ownership schemes.

Fairfax has an employee share ownership scheme, dating from the float of the Company in 1992 on its emergence from receivership.

In principle, the management of the Company believes employee share ownership schemes are laudable; that they promote both improved workplace relations and improved productivity; that they encourage a stronger sense of partnership in the Company's future; and that they create a potentially significant source of additional income and wealth for participants.

The original program at Fairfax was limited in scope. We are reviewing options to expand it, and make it an ongoing program, and such options will be discussed by management and the Board in the coming months.

We have identified, as one issue, the manner in which stock options are valued for tax purposes. Under current law, this works as a disincentive for some employees to take up stock options. We are hopeful that the pending tax reform legislative review process might address this issue.

Accordingly, we commend the Committee's interest in these issues and look forward to the results of your inquiry.

Please contact me if I can be of further assistance.

Yours sincerely,

Gail Hambly