

Chapter 1

Introduction

1.1 On 23 June 2009, the Senate referred to the Economics References Committee the operation of employee share schemes in Australia for inquiry and report by 17 August 2009.

1.2 This inquiry into the operation of employee share schemes follows a new budget measure announced on 12 May 2009. As part of the 2009–2010 Budget, the Treasurer, The Hon Wayne Swan MP, announced a new measure relating to the employee share scheme tax concessions. As a result of a wide disapproval of this measure, the Government developed a policy paper for public consultation. Based on the views expressed in over 60 submissions, the Assistant Treasurer, The Hon Senator Nick Sherry, announced on 1 July 2009 a revised proposal.

Conduct of the inquiry

1.3 The terms of reference for the inquiry include:

- the structure and operation of employee share schemes;
- the benefits of employee share schemes;
- the taxation issues relating to compliance of employers and employees participating in employee share schemes;
- the recent announcement of proposed changes to the treatment of employee share schemes, the background to these changes, consultation undertaken to develop these changes and the anticipated impact of these changes on employees, employers and Australian business generally;
- the rules governing employee share schemes in other countries; and
- any other related matters.

1.4 The committee invited written submissions by 17 July 2009. Details of the inquiry were advertised in *The Australian* on 1 and 15 July 2009 and placed on the committee's website. The committee also wrote to a number of organisations inviting written submissions. The committee received 33 submissions which are listed in Appendix 1.

1.5 A public hearing was held in Canberra on Monday 27 July 2009. A list of witnesses appearing at the hearing is in Appendix 2.

1.6 The committee thanks those who participated in this inquiry.

