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it's our business

newspad of the Employee Share Ownership Centre

Budget CGT move mixed blessing for share schemes

The employee share ownership industry breathed a half sigh of relief after the Coalition Government's emergency Budget unveiled a tax package, which was by no means hostile to basic rate taxpayers who invest in their employers' share schemes.

Capital Gains Tax remains at 18 percent for low and middle-income savers but higher rate taxpayers – those paying 40 percent or more - will now pay CGT at 28 percent, a 55 percent increase.

Although the increased CGT rate is much less than feared, it will tempt far more employees and share plan sponsors to participate in the Share Incentive Plan," said **Colin Kendon**, share schemes partner at Centre member Bird & Bird. "The increase in the fixed rate of CGT to 28 percent for 40 percent+ taxpayers will make SIPs more attractive, being the only tax-favoured plan which exempts participants from CGT," he said. "The demand for loan notes in corporate transactions is likely to increase to allow Enterprise Management Incentive, Company Share Option Plan and SAYE participants to mitigate the effect of the higher GCT rate. There was no announcement on geared growth arrangements which remain attractive for 50 percent taxpayers, indeed the net savings (after taking into account NIC and corporation tax) increase from nearly 6p in every £1 to more than 10p as the rate of Corporation Tax diminishes to 24 percent in 2014/15," Mr Kendon added.

The emergency Budget was rather like the dog that did not bark, said **David Pett**, Partner at Pett, Franklin & Co. LLP: *"Neither the Chancellor's speech, nor the detailed notices, make any specific new references to employee share schemes or the tax treatment of shares held by employees in their own company*," said Mr Pett. "The lifetime allowance for Entrepreneurs' Relief (attracting a reduced 10 percent rate of CGT) is increased to £5m with immediate effect but, as this applies only to an individual with a five percent shareholding, it is of no help to the vast majority of employees who will, subject to the Annual Exempt Amount (£10,100 for 2010-11) now be subject to a 28 percent rate on capital gains if or insofar as total taxable income and gains exceed the upper limit of the income tax basic rate band (£37,400 for 2010-11). No exception from the application of the higher rate charge to CGT has been made for gains realised upon the disposal of, or of interests in, employment-related securities - employee shares are treated in the same way as any other chargeable assets. No form of taper relief has been re-introduced." The CGT hike would make Joint Share Ownership Plans (in the context of unapproved options), CSOP, and EMI options less attractive to hold than before and conversely SIPs more attractive, he added. "Sadly though, no changes to the existing tax treatment of SIPs have been announced. It would take only a small change – removal of the risk of a penal clawback if the company is sold within 3 years – for SIPs to become very much more attractive as a tool for promoting employee share ownership in smaller and privately-owned companies (in particular)," added Mr Pett.

"Taking into account the proposed increases in National Insurance contributions (NICs) rates from April 2011, the effective rate of income tax and NICs payable on unapproved share plans (where employer NICs is passed on to employees) will exceed the new higher rate of CGT by up to 30.9%, said **Michael Deeks**, tax partner at Olswang. "Structuring employee share incentives to take advantage of HMRC approved plans and other arrangements, which are taxed as capital rather than income still looks well worthwhile. The 18 percent CGT rate is retained for basic rate taxpayers which is likely to increase the number of employee share plan participants

From the Chairman

The Treasury has broadly heard our prayer and dealt kindly with all-employee share ownership. Missing most is an imaginative look at EMI which could serve the wider government purposes of encouraging private sector employment outside the south east. We are writing to David Gauke about that. It is time to call a halt to the demonisation of the banks; bank staff have been key participants in shareholding and we shall take up their cause. Meanwhile let us also reflect on Prof David de Meza's gambling insight: you should back the favourite in the last race because that is when typical punters try to recoup by backing outsiders. We have a lot of new thinking to do.

Malcolm Hurlston

who transfer shares to their spouse/civil partner where this would result in a CGT saving. However, it should be noted that individuals must add their capital gains (after deducting applicable reliefs and losses) to their taxable income in order to determine the applicable rate of CGT. So individuals may find themselves paying CGT at both 18 percent and 28 percent," added Mr Deeks.

At least 160,000 employees in staff share-saving schemes would have been hit by higher tax payments if the government had pressed ahead with initial plans to increase CGT to as much as 50 percent in the Budget. Instead, Chancellor George Osborne appears to have listened to business leaders who asked him to water down plans to more than double the rate.

Jill Evans, head of YBS (Yorkshire Building Society) share plans, said: "While the rate of CGT has increased to 28 percent from 18 percent, the important thing for Sharesave is the holding of the CGT personal allowance at £10,010 which should mean, for the vast majority of Sharesave investors, no change to the tax they pay."

Amanda Flint, partner, human capital, at BDO, said: "The Budget announcements were met with some relief as the rumoured increase to 50 percent actually came in at a much more reasonable 28 percent. From a share scheme planning point of view we are now in the same position as we were prior to the 50 percent income tax rate: namely that the arbitrage is now 22 percent - just as it was when we compared 18 percent with the top rate of 40 percent. *However, there is still the spectre of an even higher CGT rate in the future.* The Q&As produced by HMRC on the Capital Gains tax and Entrepreneurs' relief refers to the a future decision on CGT rates in the 2010/11 Budget in response to a question on aligning CGT with income tax rates. *The message seems to be that we should take nothing for granted!"*

So the CGT tax changes will hit the highest earners who wish to cash in their share option awards, especially in the Enterprise Management Incentives scheme, which was designed to incentivise key employees in gazelle companies. However, some finance industry employees who participate in SAYE-Sharesave schemes - and who pay higher rate income tax - will be hit by the increase in CGT from 18 to 28 percent.

Some ceos wanted CGT be tapered so the longer an asset is held, the less tax would be paid on it, but the need for that diminished as the increase was not nearly so bad as feared.

More than 3m people invest in UK company share schemes, and those with holdings worth more than £10,100 incur CGT on disposal of their shares. Fortunately for the industry, that benchmark figure has been left untouched, despite pre-Budget rumours that it might be reduced to £2000 a year or less.

A survey by Saga on the eve of the Budget revealed that more than 60 percent of the over 50s who were polled said that there should be no CGT imposed on share schemes at all.

HMRC approved plans allow the employee to take the profits on any increase in value of shares as a capital gain, rather than be taxed as additional employment income. Many employees selling modest amounts of shares each year had little or no CGT to pay on the profits arising from the sale of shares in their employer company, even before the Budget, due to the annual exemption. These would otherwise have been subject in full to the higher rates of income tax and NICs.

Those employees who have been encouraged to accumulate holdings of shares in their employer company over the years, perhaps to supplement their pensions, would have been badly hit, had the Chancellor reduced the annual CGT exemption.

Employers who offer shares as part of the reward package are more likely to have an increased sense of loyalty and motivation in their workforce.

Matt Ellis, partner at Deloitte's employer consulting business, said the CGT change effectively restores the difference between income tax and CGT that was created when the rate of income tax increased to 50 percent for high earners. "What the Chancellor has done is restore the same difference between the two rates, so putting it up to 28 percent means we are back to a 22 percent difference, and so you have got that parity restored," he explained.

Centre chairman **Malcolm Hurlston** said that in response to Centre pre-Budget lobbying, David Gauke, the new minister responsible for Eso, had sent a warm letter, promising to take our concerns about CGT on board – and so it proved. Mark Hoban is the new Financial Secretary to the Treasury. Both have spoken at past Esop Centre Awards dinners.

Outcry over Network Rail bonuses

Network Rail provoked a huge media and public row by announcing £2.2m of bonuses for senior management, just days after the austerity emergency Budget. Transport Secretary, Philip Hammond said he was very disappointed by the decision, and called for a far-reaching pay review. Outgoing ceo Iain Coucher got a £641,000 bonus, raising his total earnings to £1.45m, up 53 percent from last year, when he gave up part of his package. The rail regulator had warned the government-subsidised infrastructure company about management pay. Earlier this year, the Office of Rail Regulation (ORR) demanded clear evidence to justify any bonuses to company bosses. Despite this, operations director Robin Gisby enjoyed a 104 percent reward rise last year to £735,000 - of which £309,000 was bonuses. Investment Projects director Simon Kirby clocked up a 109 percent rise in his total reward, which soared to £769,000, of which £331,000 was bonuses. The performance-related pay-outs comprised an annual bonus as well as an award under a three-year rolling management incentive plan.

"Network Rail is of course a private company," said Mr

Hammond. "But one that is dependent on taxpayer funding, so I am very disappointed that its executives have accepted bonuses of this scale in the current climate. ***Bonuses must be earned by exceptional performance: they should not be an entitlement.*** In the week when everyone has been asked to share the burden of reducing Britain's deficit, people will rightly be asking how Network Rail's top executives feel this is appropriate."

Network Rail tried to defuse the row by suspending the future bonuses for top executives ending with a review of the entire scheme. It said the senior management team had only been paid 80 per cent of the maximum amount they could have expected. The ORR, which sets Network Rail's level of public funding, criticised parts of the operator's performance - including the death of three railway workers in the past year - in its recent annual assessment. In addition it said: "We consider that the level of our intervention and the pressure we needed to apply went above what should have been required." The ORR said it was "not yet convinced of the efficiency gains the company is claiming". The payouts were defended by NR chairman Rick Haythornthwaite, who said the company only gives rewards for success. “This is measured against what matters most to passengers - a better railway with more trains on time," he explained. "On that basis, awards for the past year have been earned, are a contractual right and should be paid." The timing incensed the Rail, Maritime and Transport Union, representing among others signallers and maintenance workers who are in dispute with the company. “While hundreds of rail workers face the prospect of being thrown on the dole, it is nothing short of a national scandal that Network Rail boss Iain Coucher is walking out of the door with a golden-handshake bonus of nearly two thirds of a million,” said Bob Crow, the RMT general secretary. TSSA, the railway’s main white-collar union, general secretary Gerry Doherty said Mr Coucher had "got away with daylight robbery".

Cannes

There’s still time to register for the Centre’s 22nd annual conference at the five-star Majestic Hotel in Cannes on Thursday July 8 and Friday July 9. The media and political waves made by executive reward will lead the agenda this year. The key questions seem to be: ‘Has behaviour changed among those who devise and approve reward packages?’ and ‘Does it matter anyway, regulators notwithstanding?’ Delegates and speakers get the chance to air their own views during a major open forum debate on Thursday afternoon. Chairman Malcolm Hurlston will announce in Cannes the names of the finalists in the World Centre’s ‘*Best international share ownership plan 2010’* awards competition for both large and smaller companies. All registrations by email please to Fred Hackworth at: fhackworth@hurlstons.com with a copy to David Poole in head office at: dpoole@hurlstons.com First practitioner member delegates pay £995 for the two nights accommodation (on half-board basis) and conference package deal. There is an informal pre-conference dinner on Wednesday July 7 in a Cannes beach resto and the conference cocktail party takes place on Thursday July 8, to which all guests and partners/VFRs are invited. Dr Jens Lowitzsch of Berlin University has joined the formidable speaker line up, hot foot from a European Commission led conference in Brussels on how broad-based employee share ownership can play a greater role in European business reconstruction, especially in the SME sector. Go to the Centre website at: www.hurlstons.com/esop and click onto ‘news’ and ‘events’ to find the full speaker programme and all their presentation topics. You can register your delegate online there too. The conference brochure is co-sponsored by **Appleby Global** and by the **Sanne Group,** leading Jersey–based international fiduciary services groups.

Ocado

The groceries delivery service Ocado is offering shares to regular customers who participate in its expected £1bn flotation this summer. Ceo Tim Steiner predicts that up to 15 percent of the shares will be bought by customers wanting to profit from the growth in Ocado’s activities – mainly delivering Waitrose products. It has emailed customers to inform them that they would be eligible to buy shares when the IPO goes ahead. Normally, individuals cannot compete against the institutions in such offers, because of fee structures, but exceptionally, they will be able to buy shares on the same terms. Customers who have spent £300 with Ocado since the new year will be eligible to buy the shares, as well as employees. The company is not planning a retail share offer. The John Lewis Partnership pension fund is set to make a £162m profit from its stake in Ocado when the IPO goes through.

Tesco

Supermarket giant Tesco will pay employees a record bonus after its annual profits soared to £3.4 bn. More than 216,000 Tesco staff - from checkout operators to drivers and managers - will share a £105m bonus pot. This year's payout for staff comes on top of £24m of pay and bonuses for executive management - including £5.2m in salary, bonus and shares for ceo Sir Terry Leahy. Non-executive chairman David Reid said: "We've had Tesco's best ever year in a really challenging economic climate and that success is down to the hard work and skill of the whole team. They've helped build a great business by doing what we do best, delivering for customers. I am delighted that once again all staff are sharing in this success." The payout follows profit growth of ten percent to £3.5bn in the year to February. Employees who have worked with Tesco for at least a year will receive the equivalent of 3.6 percent of their salary in shares, up to a maximum of £3,000-worth. Staff will be able to sell the shares tax-free in five years' time, under the supermarket's ‘Shares In Success’ scheme. 75,500 staff who have held shares in the scheme since 2005 are now eligible to sell tax-free the £39m worth of shares they have accumulated. Tesco increased its dividend for the 26th consecutive year.

Admirable Admiral

Car insurer Admiral, a true Eso believer, has hired 750 people this year. It recently broke through the 2m-customer mark. Admiral Group includes leading insurance brands including elephant.co.uk, Diamond and Confused.com as well as Admiral. It is Wales's only FTSE100 company and has been listed in the Best Companies list every year since 2000. Admiral says it has a philosophy that people who like what they do, do it better. It has a Ministry of Fun to organise fun events inside and outside work, free fruit to encourage healthy eating and a free share scheme, which offers at least £3,000 worth of free shares to every member of staff, annually. Since the company floated on the LSE in 2005 it has awarded 3.5m shares to staff, with a value of £45m.

Bonuses: saints and sinners

Willie Walsh, the ceo of BA, turned down a £334,000 bonus, but his performance-related pay could rise this year if he can improve the industrial relations of the strike-hit airline. For the third consecutive year, Mr Walsh declined to take a bonus as BA slumped to a record loss of £531m. Two years ago it was the botched opening of Heathrow's T5 that led to Mr Walsh waiving a bonus worth potentially £625,000. He turned down a bonus worth up to £550,000 last year after BA lost £401m as the airline was hit by the economic crises. Car dealer Inchcape's ceo Andre Lacroix gave up share options worth more than £1m to stave off a threatened shareholder revolt.

Outgoing M & S chairman Sir Stuart Rose was paid £3.4m in cash and bonus last year, more than double the £1.8m he received in 2008. The payout came as senior managers at M & S hit sufficient targets to receive their bonuses. Of Sir Stuart's £2.8m bonus, 60 percent was being paid in shares. M & S has a long-term incentive scheme for directors – its 'Performance Share Plan.'

Guardian Media Group ceo Carolyn McCall received a bonus of £143,000 last year on top of her £495,000 base salary, despite GMG having lost £171m in 2009, largely through write-downs against its stake in the publishing and events group Emap and its radio businesses. Guardian chief editor Alan Rushbridger took a seven percent pay cut.

Lead City regulator the Financial Services Authority revealed that Hector Sants, its outgoing ceo, last year received a 19 percent increase in pay to £742,000. He said he would give his bonus to charity. Lord Turner, the FSA chairman, received a total reward rise of more than 100 percent – up from £247,000 to £482,000. Insider dealing is at its worst for six years, figures from the FSA suggest, indicating that the regulator's aggressive war on stock market cheats has yet to pay dividends. The FSA identified suspicious share price movements before 44 of the 144 takeover bids launched in the year to April — 30.6 per cent. The proportion was up on 29 percent recorded for 2008 and 29 percent in 2007

RBS gave its top nine directors share awards worth collectively £18m in a Long-Term Incentive Plan in order to lock them into their partly-nationalised employer for another three years. However, none will receive the bonus unless they hit toughened up share price targets after three years.

Shareholder anger over allegedly 'excessive' executive reward packages has reared its head with a vengeance at several company AGMs this season. Insulation and roofing group SIG saw its remuneration package rejected by 66 percent of voting shareholders in May after the board's reward was increased despite SIG's record pre-tax losses last year. Engineering group Cookson scraped home by a whisker – only 51 percent of voting shareholders approved its remuneration report.

De Meza delights Centre members

It may be hard to imagine a presentation that touches on hubris, pension opt-ins, jam and Homer Simpson. Harder still one that does so in order to question how much in classical economics we take for granted. So it was a treat for Centre members to hear Professor **David de Meza** do just this at Towers Watson on June 16. The topic was behavioural economics, which tries to explain why people sometimes do not behave as models say they should. Prof. de Meza questioned how much we rely on the tenet that people make rational decisions and whether these suppositions translate to reality. It is held that we best make decisions when presented with the all the information and all the choices at our disposal. However, an experiment with stalls selling jam proved that a wider selection may draw in more people to browse, but the increased choice will lead to decreased sales. In other cases hubris may blind us to the choices we do have. This is the case in takeovers, which tend to destroy value more often than they create. CEOs may be driven by empire building or remuneration concerns but the fact that they increase their stakes in their company before and after the acquisition suggests they really believe that they are acting in the interest of shareholders. At times we need to be guided down the path to our decisions. This might explain why financial advisers fill out forms for clients – to take away the inertia of choice. Relatively simple decisions such as whether to opt in or out of a pension scheme were looked at. Surprisingly, the evidence showed that very different participation results were achieved under automatic opt-ins versus automatic opt-outs. This suggests a large proportion of the work force is either happy with the status quo (whatever it may be) or too inert to change it. Eso advisers may consider this when designing communications strategies and executive reward packages. Levels of participation in employee share schemes should be looked at in this light. It was suggested that Mr de

Meza might consider this as a future area for research. *The Centre wishes to thank Damian Carnell of Towers Watson for helping to make this event possible*.

SAYE scheme savings rise sharply

Employee savings through the medium of employee share schemes jumped by 35 percent during 2009, research has shown. The average monthly contribution people made to an approved Save As You Earn scheme increased to £111 during the last year, up from £82 in 2008. Almost a quarter of all employees who belonged to one of the schemes paid in the maximum of £250 a month. There has been a 16 percent rise in the number of employees joining SAYE schemes; 589,152 people signed up to one during the year. Employees save for a fixed period, usually three or five years. At maturity, employees receive a tax-free bonus on their savings, which are used to buy shares at a discount price set at the start of the scheme. These they can then sell at their current trading price or hold on to them. Alternatively, they can opt to take their money as cash. The Centre is urging the Government to increase the amount people can save into SAYE schemes each month from the current limit of £250. If the limit, which has been in place since 1991, had increased in line with inflation it would now stand at more than £400.

On the move

Global Shares PLC, a leading provider of global share plan administration and consulting services, announced the appointment of Gerard Flood and Anthony Kirwan to the Board of Global Shares Plc. Mr Flood was until May 2009 a Partner in the KPMG Irish practice for 25 years and chairman of its corporate finance division. He has advised public and private companies, state and semi-state organisations in merger and acquisition activity, fund raising, project finance, corporate and financial structuring and strategy determination. Anthony (Tony) Kirwan is a corporate lawyer with 20 years experience at the Dublin-based law firm, Beauchamps, and a director of The Law Firm Network since 1994. Gerard and Tony will be joining non-executive directors Richard Hayes, Andy Rogers, Roy Bukstein and Maoiliosa O'Culachain as well as executive directors Carine Schneider and Tim Houstoun.

Sir John Sunderland, former CBI President, was appointed chairman of the Financial Reporting Council's corporate governance committee. It monitors the operation of the combined code and reviews developments in UK corporate governance. He said: "As we learn the lessons from the financial crisis it is important that companies increase their accountability to shareholders and nurture boardroom talent to ensure the UK remains an attractive and competitive place to do business." (see news story below)

Corporate Governance Code toughened up

The Financial Reporting Council introduced changes to the UK corporate governance code to help company boards become more effective and more accountable to their shareholders. Changes include a clearer statement of the board's responsibilities concerning risk, a greater emphasis on the importance of getting the right mix of skills and experience on the board, and a recommendation that all directors of FTSE 350 companies be put up for re-election every year. Introducing the new code, Baroness Hogg, FRC chairman, said: "The FRC responded to the financial crisis by examining the questions it raised about corporate governance and thoroughly reviewing the code. We have reconfirmed its core principles and the flexibility provided by the 'comply or explain' approach. The changes we have made are designed to reinforce board quality, focus on risk and accountability to shareholders. In return, we look to see a step up in responsible engagement by shareholders under the stewardship code."

Changes to the code include: *To improve risk management, the company's business model should be explained and the board should be responsible for determining the nature and extent of the significant risks it is willing to take. *Performance-related pay should be aligned to the long-term interests of the company and its risk policy and systems. *To increase accountability, all directors of FTSE 350 companies should be put forward for re-election every year. *To promote proper debate in the boardroom, there are new principles on the leadership of the chairman, the responsibility of the non-executive directors to provide constructive challenge, and the time commitment expected of all directors. *To encourage boards to be well balanced and avoid 'group think' there are new principles on the composition and selection of the board, including the need to appoint members on merit, against objective criteria, and with due regard for the benefits of diversity, including gender diversity. *To help enhance the board's performance and awareness of its strengths and weaknesses, the chairman should hold regular development reviews with each director and FTSE 350 companies should have externally facilitated board effectiveness reviews at least every three years.

New legal vehicles in Jersey

Jersey is poised to introduce two new types of legal vehicle: a separate limited partnership (SLP) and the incorporated limited partnership (ILP), writes Centre member Bedell Cristin. These new structures will complement the range of vehicles already available in Jersey, giving businesses greater flexibility as to how to structure their operations, and fund and private equity promoters additional options for the creation of their Jersey investment and carried interest vehicles. But what do these two new partnerships have to offer and how are they different from each other and the limited partnerships already available in Jersey? SLPs and ILPs can be seen as variations on the existing and frequently used 'traditional' limited partnership, which was introduced by the Limited Partnerships (Jersey) Law 1994. SLPs and ILPs will, however, each be created and governed by their own separate and independent pieces of legislation. These laws were adopted by Jersey's States Assembly on May 25 this year and are awaiting Privy Council approval. The principal features of a traditional limited partnership are that: *it does not have separate legal personality; it must have at least one limited partner and one general partner; *the liability of the general partner for the debts of the partnership is unlimited; *the liability of the limited partners is limited (unless they participate in the management of the partnership) to the unpaid amount of their agreed contribution to the partnership. The key difference between a traditional limited partnership and an SLP is that an SLP will have its own legal personality distinct from that of its partners. This means that, whilst an SLP is not a body corporate, it is able to transact, hold rights, assume obligations and to sue and be sued in its own name. An ILP also has separate legal personality, but the legislation expressly provides that it shall be a body corporate, with unlimited capacity in terms of its activities and perpetual succession.

Esop for Irish state health insurer?

Health Minister Mary Harney has said that the Irish government will consider introducing an Eso for the 900 staff in the state-owned health insurer, the VHI, as part of its proposed sale by 2013. The government said it would sell off the state health insurance company, which serves 1.4m of the 2.2m Irish people who have private health insurance. The decision to sell VHI is designed to ensure community rating, which guarantees that everybody pays the same premium regardless of age. The government will need to invest up to €350m to prepare the VHI for a sale. Employee share deals have been agreed in previous state sell-offs, but Ms Harney said that VHI would not be the same as the flotation of other state companies such as Eircom, where employees ended up with almost 15 percent of the company through the creation of an Esop.

Valuation of Dutch restricted stock

Some employee share purchase plans in the Netherlands contain restrictions; for example employees may buy shares in the employing company, but are not allowed to sell the shares for a number of years. Such a trading restriction has a value repressing effect. The Dutch tax authorities take into account a discount of 2.5 percent per year for each year for which the restriction applies. That this general rule from the Dutch tax authorities cannot be applied with respect to every share purchase plan that contains a trading restriction is again confirmed in a court case at The Hague. The employees received shares in the employing company but, according to the share plan, the shares could not be sold for five years. The employer had calculated, on the basis of the put-option method, that this trading restriction represented a decrease in value of €7,42 per share, which was a 34 percent cumulative discount. At first the tax inspector said that the value repressing effect of the trading restriction was not more than 1.25 percent per year for which the restriction applied. However, in Court the tax inspector admitted that, in accordance with the general rule from the tax authorities, a discount of 2.5 percent per year the value suppressing effect of the trading restriction was accounted for sufficiently. Regarding both valuation methods the Court noted: As the put-option method used by the employer only took into account the risk of a fall in prices, this was not the appropriate method to determine the value suppressing effect of the trading restriction. Furthermore, the court said that a single reference by the tax inspector to the developed practice and by the tax authorities used rule, without further substantiation, was inadequate to justify a write-down of 2.5 percent per year. Since both parties had not presented an appropriate valuation, the Court estimated that the value suppressing effect of the trading restriction should be set at 18 percent for the period for which the trading restriction applied.

News from Oz

Representatives from the Ohio Employee Ownership Centre (OEOC) in the USA visited Australia in June at the invitation of the Australian Employee Buyout Centre. The OEOC is the most successful employee buyout centre in the world. Based at Kent State University it was established in the economic downturn of 1984 when the university, trade unions and the Catholic Church endeavoured to save a steel mill from closure. That experience led to the formation of the OEOC, which went on to establish 89 buyouts over the next 25 years. About 15 percent of these buyouts involved companies that were threatened with closure. The OEOC was established by the late Professor John Logue who played a key role in advising AEOA co-founder Anthony Jensen in planning for the establishment of the Australian Employee Buyout Centre (AEBC).

Centre plans Royal Mail thinktank

The Centre is planning to hold a think tank in July on the options for employee shareholding within Royal Mail. Leading Centre members will present alternatives to the historic BT and demunicipalisation models. It is time for new thinking in the view of Malcolm Hurlston and the Centre should be at the forefront.

The Employee Share Ownership Centre Ltd is a members' organisation which lobbies, informs and researches on behalf of employee share ownership.