

Employee Share Ownership

Palm Springs Limited Case Study

125 employees

Palm Springs employees share in the company's success via employee share ownership



Company name: Palm Springs Limited

Industry: Spring water bottling & distribution

Offices: Victoria, New South Wales, Queensland & Northern Territory

First broad-based share plan: 2002

No. of employees: 125

Employees participating in employee share ownership: 84

Palm Springs is a publicly listed spring water bottler & distributor, servicing the bottled and home/office water dispenser markets in Victoria, New South Wales, Queensland and the Northern Territory. The company is the second largest spring water bottling and distribution company in Australia and employs around 125 people, who Company Secretary Moss Pellen is quick to credit for the company's ongoing success.

Why did Palm Springs implement an Employee Share Ownership plan?

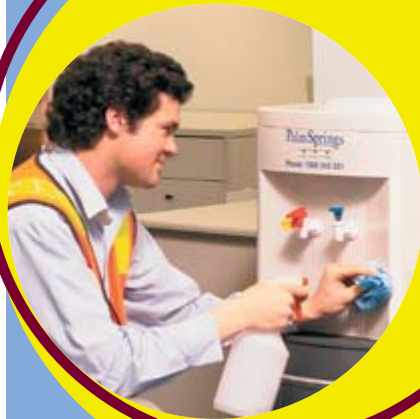
"Our greatest asset is our people, and by the late 1990s we were looking for ways to better recognise the contribution they make to the business. We saw the development of an Employee Share Ownership Plan (ESOP) as the best way to allow our people to have a greater share in the company's success" Moss says.

Which employees were eligible for the offer?

The ESOP was open to all employees (with the exception of executive directors) who had a minimum of 12 months continuous service (including part-time employment) with the company on the date the offer closed.

"Our main aim was to ensure as many of our employees were eligible to be part of the plan as possible" Moss says. "In total, 84 employees took up shares under the offer, which was a great response. I believe the key to this was our detailed communication strategy that identified the need for employees to have all the information available to them so they could make an informed decision about whether to participate".

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What were employees offered?

Employees were asked to contribute \$100 to participate in the plan, which was arranged via either payroll deduction or payment in cash. The company then provided these employees with \$1000 worth of shares, as well as covering all set up and ongoing administration costs. The plan is managed via a trust specifically established for this purpose.

What information or assistance did Palm Springs use in establishing their ESOP?

“We engaged the services of a specialist share plan consultant to help us establish the plan. Given the range of taxation and regulatory issues involved, we considered this the best way to ensure we didn’t run into any unforeseen difficulties. The benefits of using such a professional, who can tailor the plan specifically to your business’ needs and bring their wealth of experience to bear, far outweighed the costs of this service. Also, given our plan is a longer term employee incentive, the plan will continue to deliver positive outcomes for our organisation long after the payback period for this investment,” Moss says.





What impact has the implementation of an ESOP had at Palm Springs?

Moss believes the ESOP offered by Palm Springs is a central component of the firm's broader human resources management strategy, and continues to make a strong contribution to productivity levels and staff morale generally.

"While it's difficult to make simplistic conclusions along the lines of "Our ESOP has increased productivity by x per cent", I have no doubt our share plan has benefited our firm through more closely aligning employee and shareholder interests. Employees have the same rights as other shareholders such as receiving dividends and information on the company's progress, which I believe crystallises for them how much their efforts are directly related to the overall success of the firm," Moss says.

Finally, what advice would you give other companies looking to benefit from Employee Share Ownership?

"I think engaging a specialist firm with expertise in this area is critical - it has saved us considerable time and money," Moss says.



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Explore what Employee Share Ownership can offer for your business

For more information on employee share ownership and how it can be used to deliver positive workplace relations outcomes in your business, visit the Employee Share Ownership web site at www.workplace.gov.au/eso or call the Employee Share Ownership Enquiry Line on **1800 181 088**.

Would you like to learn more about Palm Springs' employee share ownership plan?

Palm Springs is happy to answer any questions you might have about their experience with employee share ownership. Please contact:

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**Employee
ShareOwnership**
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