

Meld Studios first to introduce employee ownership by an Employee Ownership Trust (EOT)

[Meld Studios](#), a Sydney-based design company with over 20 employees, has become employee-owned by establishing an Employee Ownership Trust (EOT). This is the first of its type to be created by a business originating in Australia.

The purpose of an EOT is to provide long-term employee ownership of a trading company (or group). An EOT holds a company's equity (usually all or at least a majority) on behalf of all that company's employees, so as to provide them with good work, a share in the financial success of their company and a voice in its affairs. The EOT's trustee safeguards this employee ownership for all present and future employees.

Meld Studios Co-Founder and [Employee Ownership Australia](#) (EOA) Board member Janna DeVyllder says "We've spent 11 years building a mission based business from scratch and we want to ensure that it has the chance to continue having impact beyond our time and involvement as founders. Becoming employee owned by trust is the key to unlocking longevity for Meld, ensuring our people collectively have a say in how Meld operates today and well into the future. Whilst we know there are other types of employee ownership, the EOT is the one that gives all of our employees influence and access to our success for the long term."

Meld Studios employee Morgan Williams says "Becoming an employee-owner has shifted my perspective from working somewhere great to feeling like I can really play a role in the company's direction - it is a new responsibility, opportunity and privilege".

The establishment of an EOT in a business originating in Australia marks a significant step towards the widespread adoption of the model by businesses across the country – in the UK over 420 EOTs (with tens of thousands of employee-owners) have already been established since the EOT was introduced in 2014. The EOT is also being utilised in the US and is on its way to being established in Canada, with the Canadian federal government [recently announcing](#) a commitment to explore the EOT framework as part of Canada's economic recovery.

Jason Falinski MP says "Meld Studios is showing the way on employee partnership in the development of an enterprise, ensuring one of the most important ingredients in the success of an organisation, namely people, get a share in what they are creating. This expansion of employee participation in Australia will provide small businesses with greater opportunities to take on the world. It represents part of a global move to enhancing the range of employee ownership structures available to small businesses.

"Our [recent changes to the regulation of employee equity](#) are specifically directed to our continuing promotion of employee ownership, which can result in significant benefits to the Australian economy and hard working Australians. We continue to believe that the promotion of employee ownership is a critical aspect of enhancing and developing worker engagement which has a mutual benefit for all."

The EOT has been adapted for the Australian legislative and tax environment under the guidance of Graeme Nuttall OBE, a partner at the European law firm [Fieldfisher](#), who was responsible for introducing the EOT model in the UK, and Andrew Clements, a legal consultant at KWM and Chair of Employee Ownership Australia (EOA).

Fieldfisher partner Graeme Nuttall OBE says "The main reason why so many new EOTs are created each month in the UK is the EOT's success as a succession solution for private company owners. Selling to the trustee of an EOT avoids sharing trade secrets with competitors and gives control over timing. It also secures legacy, independence and ethos at the same time as rewarding and incentivising those who make a company successful, its employees. These are values that apply internationally and I look forward to seeing the widespread adoption of the EOT business model in Australia."

KWM legal consultant and Employee Ownership Australia (EOA) Chair Andrew Clements says “There has been significant interest from small businesses following our work in relation to EOTs. It is a model which is regarded as providing a very effective tool for employee ownership without the complexities of allocated employee share plans.

“An EOT is, in very simple terms, a discretionary trust share plan within which shares are held collectively for the benefit of all employees. It has a number of significant benefits over conventional allocated employee share plans offered in the market and regulated by the existing tax rules. It is not driven by tax outcomes.”

Deb Oxley OBE, CEO of the Employee Ownership Association in the UK, says: “Accelerated adoption of the EOT has helped to change the shape and size of the employee owned sector in the UK – in particular the past year has seen the largest growth to date.

“Employee ownership unlocks the potential of people and businesses, while the EOT model offers exiting founders the chance to release the finances they need to move on while sustaining the ethos, values and jobs for future generations. It is great to see Australia herald its first transition to an EOT and we wish the business and its employee owners every success.”

END (857 WORDS)

For the full statement from Andrew Clements on behalf of Employee Ownership Australia (EOA) please refer to page 4 of this press release.

Photo Credit: Meld Studios



Notes to the editors

About Employee Ownership Australia (EOA)

Employee Ownership Australia (EOA) assists companies of all sizes implement employee ownership by providing high quality and topical educational resources and hosting information sharing and networking events. EOA is also the leading advocate for change at the legislative level to improve the tax and legal operating environment for businesses with employee share schemes in Australia.

Website: <https://employeeownership.com.au/>

LinkedIn: <https://www.linkedin.com/company/employee-ownership-australia-and-new-zealand>

Twitter: <https://twitter.com/EOwnership>

About Meld Studios

Meld Studios is an award-winning design company with studios in Sydney and Melbourne. Our mission is to improve the everyday lives of people as they interact with the world around them. We believe that we can, and should, always make things better; and the small changes can have a big impact. We believe that the inclusive and iterative approach of human-centred design is the best way to do this.

Website: <https://www.meldstudios.com.au/>

LinkedIn: <https://www.linkedin.com/company/meld-studios/>

Twitter: <https://twitter.com/wearemeld>

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Full statement from Andrew Clements on behalf of Employee Ownership Australia (EOA)

Employee Ownership Australia (EOA) has been making progress in relation to providing alternative employee ownership structures for Australian small businesses.

We have been working on a structure based on the employee ownership trust model used in the United Kingdom. We have been assisted by Graeme Nuttall, partner, Fieldfisher London, who is the author of the influential UK Nuttall Review of employee ownership, in developing an employee ownership trust structure for pilot company, Meld Studios.

An employee ownership trust is, in very simple terms, a discretionary trust share plan within which shares are held collectively for the benefit of all employees. It has a number of significant benefits over conventional allocated employee share plans offered in the market and regulated by the existing tax rules. It is not driven by tax outcomes.

Meld Studios has established an employee ownership trust. This is the first of its type to be created by a wholly Australian based company.

We are seeking the views of the Australian Taxation Office in relation to the operation of employee ownership trusts in Australia. There are a number of aspects of the existing tax rules which are potentially an impediment to the broader rollout of employee ownership trusts in Australia.

There has been significant interest from small businesses following our work in relation to employee ownership trusts. It is a model which is regarded as providing a very effective tool for employee ownership without the complexities of allocated employee share plans. Interestingly, we are experiencing interest in a broad range of areas, for example:

- the maintenance of sustainable medical and dental practices in regional areas,
- the effective succession planning for baby boomer businesses to maintain their operation after the founder leaves the business,
- community based regional service organisations, and
- more generally, enterprises which are wishing to create more engaged workforces through greater employee involvement in the management and operation of the enterprise.

We look forward to the further development of this employee ownership model in Australia.

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