MACQUARIE

The Macquarie Securities Australian Conference (Sydney) 2007

Anthony Podesta
Chief Executive Officer

3 May 2007

McMillan Shakespeare

Benefit From Our Experience
EST 1988

McMillan Shakespeare Limited (Code: MMS)

- Market capitalisation Approx $310 Million

100%

McMillan Shakespeare — Benefit From Our Experience

RemServ — Remuneration Services (Qld) Pty Limited

easilease — Easi on your budget.

- Approx 170,000 employees under management
- Approx 23,000 motor vehicles under management/administration
- Approx $3 billion in payroll receipts and 3rd party payments
- More than 800 employer customers

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Workplace Solutions & Benefit Programs

"Pre-Tax Packaged Benefits"

All Employers
- Motor vehicles
  - traditional leasing
  - short term leasing
- In-house dining/benefits
- Laptop computer programs
- Additional superannuation

Public Hospitals / PBIs
- Meal entertainment programs
- Living expenses
- Mortgage payments
- School fees
- Car insurances

Mature & Established

"Post-Tax Benefits"

- Mortgages
- Insurance
  - General
  - Travel
- Motor vehicles – discount purchases
- Motor vehicles – accessories
- Travel services
- Select product discounts & benefits
- Financial services
  - wealth creation
  - advise
  - workplace banking

Developing

"Other Benefits & Programs"

- Employee assistance programs
- Financial management education programs
- Return to work incentives
- Reward & Recognition programs
- Childcare & General care programs
- Employee voucher programs (care & support services)
- Employee share programs
- Relocation assistance to employees
- In-house benefits
- Environmental & climate change programs

Under Development

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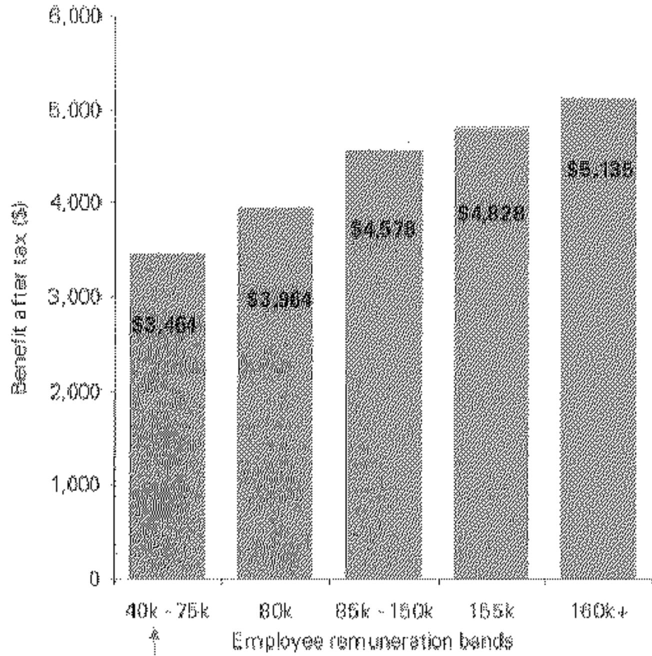
Salary Packaging Example (Mortgage Repayments & Laptop Computer) Public Hospital Employee

By salary packaging, an employee client could save up to $5,135 on mortgage repayments & purchase of a $2,000 laptop computer as described below:



• Pre-Tax Packaged Benefits •

All Employers
- Motor vehicles
  - traditional leasing
  - short term leasing
- In-house dining/benefits
- Laptop computer programs
- Additional superannuation

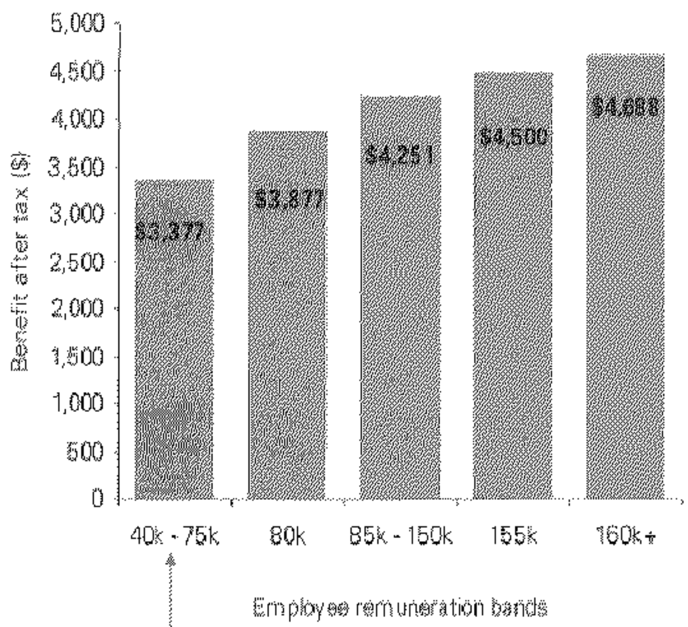
Public Hospitals / PBIs
- Meal entertainment programs
- Living expenses
- Mortgage payments
- School fees
- Car insurances

Mature & Established

- The example above assumes the employee client is employed by a public hospital, thereby allowing him/her to salary package mortgage repayments up to $9,095 p.a. exempt of FBT. Laptop computers do not attract FBT. Assumes ITCs are returned to the employee client.
- FBT legislation exists to assist the public sector in attracting employees. Hospitals make up the majority (circa 54%) of MSL's client base.

Salary Packaging Example (Motor Vehicle Lease)
Full FBT Employer

An employee client could save up to $4,688 per FBT year by salary packaging a novated motor vehicle lease (with a base value of $33,000) as described below:



•Pre-Tax Packaged Benefits•

<u>All Employers</u>

- Motor vehicles
  - traditional leasing
  - short term leasing
- In-house dining/benefits
- Laptop computer programs
- Additional superannuation

<u>Public Hospitals / PBIs</u>

- Meal entertainment programs
- Living expenses
- Mortgage payments
- School fees
- Car insurances

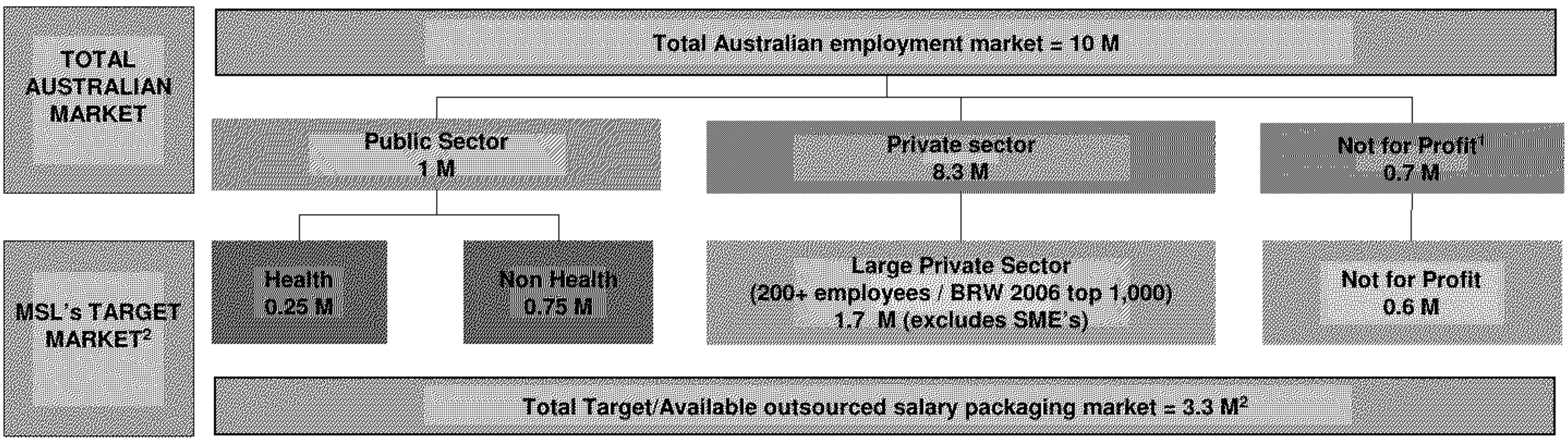
Mature & Established

- The example above assumes the employee client is employed by a full FBT employer and packages a fully financed motor vehicle lease with a base value of $33,000 at an interest rate of 9% p.a. over a 3 year term with a 45% residual payment. ITCs are returned to the employee client.
- Total running and finance costs are estimated at $15,984, with the employee making an annual post tax contribution equivalent to the FBT which would otherwise be payable ($6,621).

Market Size

Market Size

- The Australian employment market comprises approximately 10 million employees. Of this amount, approximately 10% are employed in the public sector, 83% in the private sector and the remaining 7% in the not-for-profit sector.
- MSL's target market comprises the entire public sector, whose employees, due to FBT legislation, employment policies or industrial regulation environment, make employee benefits attractive. MSL also targets large private companies and the not-for-profit sector.



1. Legal or social entities created for the purpose of producing goods or services whose status does not permit them to be a source of income, profit or other financial gain for the units that establish, control or finance them. (ABS)
2. Numbers in the target market above have been adjusted to remove casual staff.

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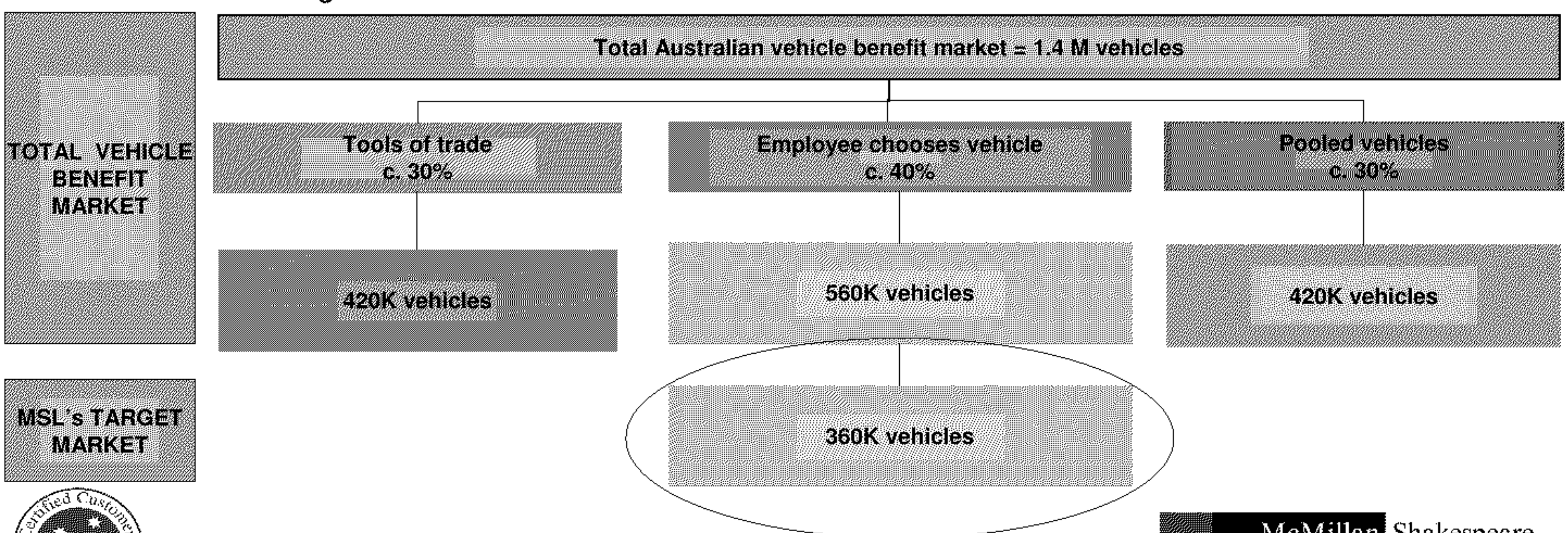
Market Size - Vehicle Benefit Market

Market Size

- The total vehicle benefit market comprises mainly fleet vehicles and novated lease vehicles. This is a subset of the overall Australian employment market (ie. employees who salary package may or may not include a car lease as part of such packaging).
- It is estimated that this market comprises circa 360,000 leased vehicles under administration/management.



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The Employer Remuneration, Reward and Recognition Spectrum

Base "Cash" Salary

- Award minimums apply
- Base contracted wage and salary

Superannuation

- Statutory minimum and additional contributions subject to employer and industrial relations considerations

Variable Incentive

- KPI results driven performance management (bonuses options, employee share plans)
- Competitions/ prizes

Pre-tax Employee Benefits

- ✓Motor vehicles
- ✓Laptops/ Notebooks
  - ⅄Mortgage payments
  - ⅄Private travel
  - ⅄School fees
  - ⅄Living expenses

⅄ Applies to PBI's and Charities

Post-tax Employee Benefits

- ✓Discounted and or "unique" products and services eg.
  - Merchandise and product sourcing
  - Travel and entertainment
  - Insurances
  - Mortgage and banking products
  - Other financial services

Recognition and Work Life Balance

- ✓Childcare
- ✓Elder/aged care
- ✓Climate change
- ✓Voucher program
- ✓Awards
- ✓Return to work programs

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Benefit From Our Experience

Opportunity

750 EMPLOYEES NO FOOTPRINTS

Going carbon neutral for the future

ABN AMRO knows the climate is changing and we believe the climate of doing business should change too.

We're a founding signatory to the Equator Principles and a leading participant in global carbon markets.

Now we're taking another step by minimising our own environmental footprint.

In 2007, ABN AMRO Australia & New Zealand is going carbon neutral.

We're purchasing carbon credits to offset travel, electricity and gas consumption, waste and paper use in our local business.

And we'll continue our existing environmental initiatives. Reducing water use, upgrading energy efficiency, purchasing GreenPower™ and increasing waste recycling.

Getting to grips with climate change is a global challenge. Reducing our own footprint will help to meet that challenge.

Making more possible ABN·AMRO

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Opportunity

Child centres charge more than rent

Herald Sun, Thursday, February 8, 2007 11

Care crisis as fees increase

'We are really struggling and the Government needs to do more to help working families like ours get ahead'

— Epping mother KELLY HOWELL

Childcare fees skyrocket

By NICOLETTE BURKE

NSW families are paying $42 a week more in childcare fees today ... previously unpublished government figures showing the extent ...

No expense spared at Byron's preschool

Banking on baby bonuses

Financial services firms competing for staff are offering big incentives for parents to stay.

Child care tax assistance plan

The Australian Financial Review Thursday 7 December 2006 • www.afr.com

Elder care takes an increasing toll on employees

Opportunity

"Its simple. Strong work and family policies make good business sense. Based on our organisational values, Minter Ellison's work life programs are a key competitive advantage in the recruitment, retention and development of top talent and in meeting the needs of clients". ***Alan McArthur, Managing Partner, Sydney, Minter Ellison.***[1]

"Work Life Balance … is not just a nice idea; it is good business sense that can deliver greater productivity, ignite passion and commitment in the workforce, and be a real differentiator in the battle to be seen in the community as an 'employer of choice'". ***Stephen Goodey, Managing Director, Sara Lee Household and Body Care Australia.***[2]

"Port Kembla Coal Terminal is a values based business. Our social and organisational systems have evolved to be aligned with and support work/life balance. It is this evolution that has contributed to our ability to collectively enhance and sustain our competitive advantage in the coal export industry". ***John Brannon, General Manager, Port Kembla Coal Terminal.***[3]

"The bottom line is that people make great companies. We want to make ANZ a great place to be. Being flexible about people's work arrangements and need for a balanced life is one way we are doing this. Give people the space to be themselves, and they will bring energy and passion to work". ***John McFarlane, CEO, ANZ Banking Group.***[4]

ACCI/BCA National Work and Family Awards 2004 – Winning Workplaces
1. Page 12 – Management Quote
2. Page 30 – Management Quote
3. Page 40 – Management Quote
4. Page 42 – Management Quote

Why Childcare and Work-Life Balance Programs?

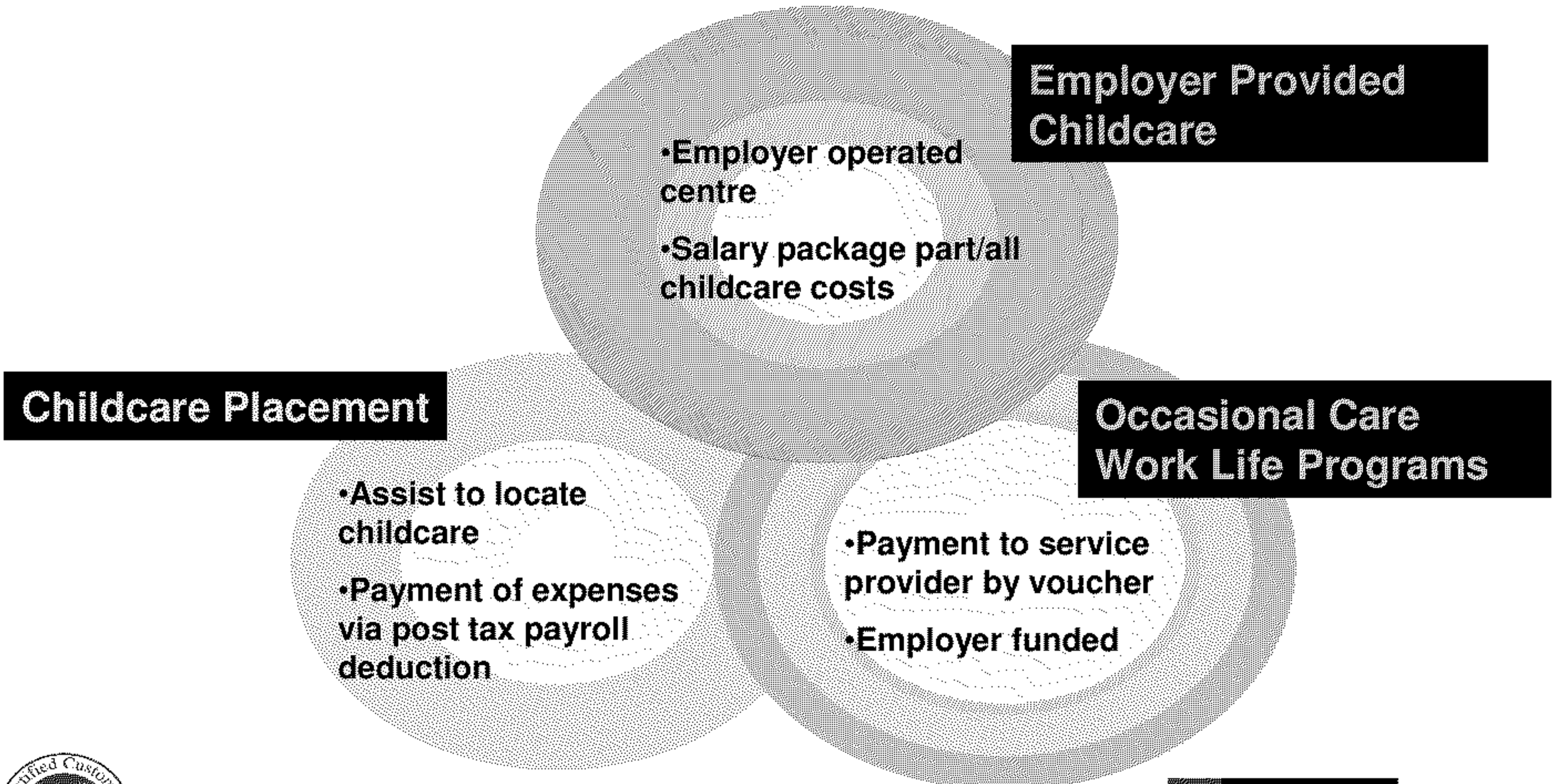
Employers are increasingly aware that programs that seek to help employees manage work, family and personal life can assist in:

- Attracting and maintaining staff
- Improving job and overall life satisfaction
- Assisting with the management of work and family responsibilities
- Increasing commitment to the employer
- Decreasing absenteeism
- Improving accountability
- Enhancing productivity

Provision of Child and General Care Services to NSW Government Employees

- ASX announcement made on 5 March 2007 that McMillan Shakespeare Limited has entered into a Memorandum of Understanding with the NSW Government to deliver childcare and general care services to NSW Government employees.
- The objective of the childcare and general care programs is to deliver readily accessible care, which is tax effective and complies with ATO legislation and rulings, at no net cost to the NSW Government.
- The ABS reported that **324,700** children in Australia attend long day care centres each week. There are **5,372 long day care centres** in Australia.
- Almost 75% of working mothers use childcare. There are currently over **130 public sector** agencies employing **over 300,000 people** in NSW, which is approximately 12 per cent of the entire NSW workforce. It is estimated that more then 10,000 NSW Government employees currently use long day care.
- Over 1.1 million employees in NSW provided care for another person. Over **150,000 public sector** employees used work arrangements such as leave to assist in the provision of care in the previous six months. (*Managing Care and Work, NSW, October 2005 (Cat. No. 4912.1 – Australian Bureau of Statistics*)

McMillan Shakespeare Care Program



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Example - Employer Provided Childcare

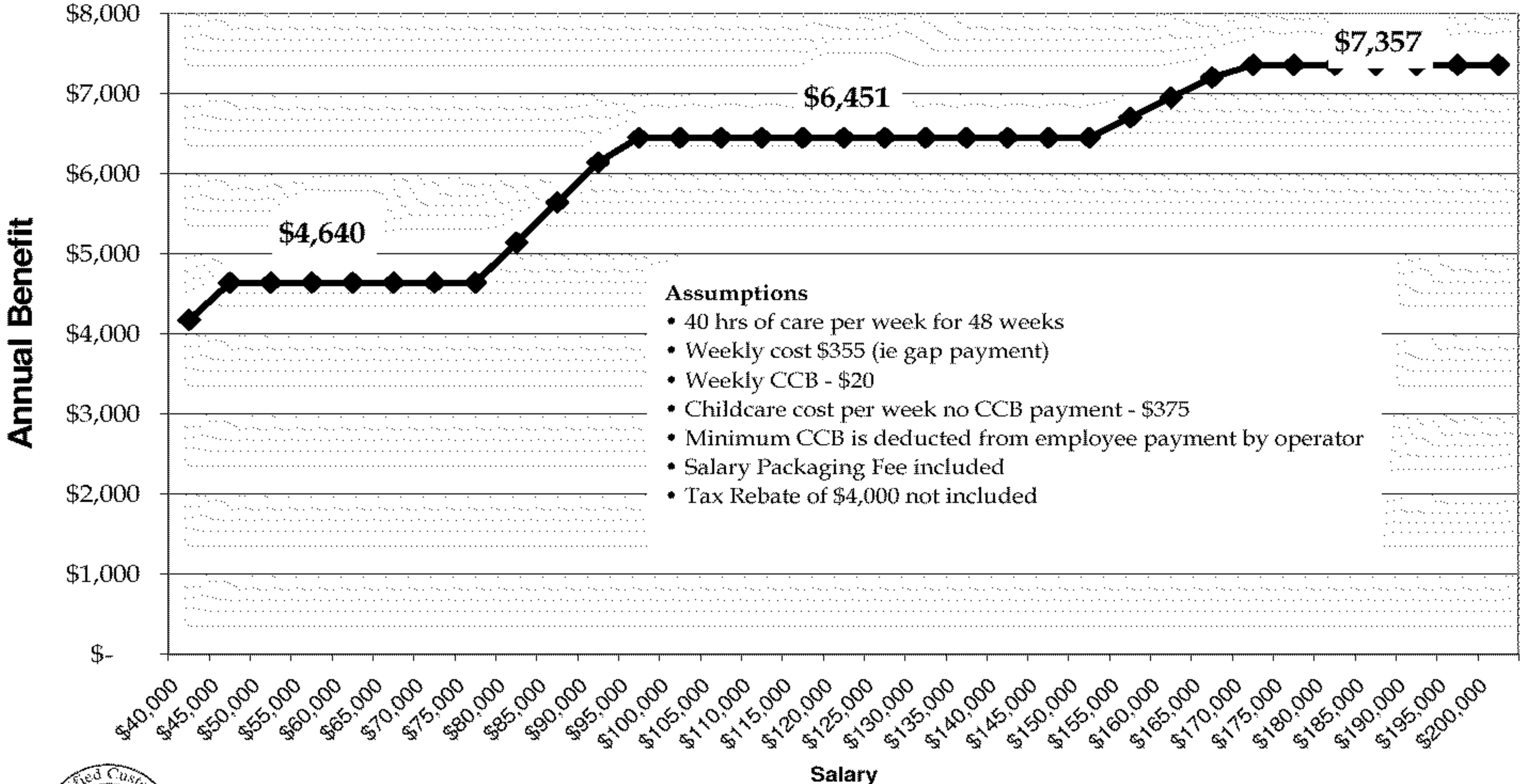
- A registered nurse and a teacher have one child and use long day care for five days per week.
- The estimated annual benefit of salary packaging their childcare expenses at a long day care centre is about $5,640 per annum. This reduces to $1,640 after allowing for childcare tax rebate of $4,000 which can be claimed in following income tax year.

	No Salary Packaging	Salary Packaging
Annual Salary	$85,000	$85,000
Childcare and Fees	$0	-$18,100
Taxable Salary	**$85,000**	**$66,890**
Tax & Medicare	-$23,125	-$16,420
Net Salary	**$61,875**	**$50,470**
Childcare Fees Net of CCB	-$17,045	$0
Cash Salary	**$44,830**	**$50,470**
Childcare Tax Rebate	$4,000	$0
Cash Salary after Rebate	**$48,830**	**$50,470**
Estimated Benefit	**n/a**	**$1,640**

Assumptions

- The cost of childcare is $75 per day
- The family spends $18,000 on childcare per annum excluding the CCB payment

Employer Provided Childcare Annual Benefit



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Employer Provided Child Care

- **FBT exemption in s47(2) of FBTAA**
- **TR 2000/4 – ESSO case – business premises test**

Two factors (tests) need to be considered:

1. Two the control the employer has over the premises; and

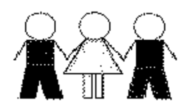
2. The consistency of an employer's actions and activities on the premises with those normal business practices.

Employer Child Care – Traditional Model

Employees

- Only one choice of centre
- May not adequately cater for child care needs eg casual bookings / under 2 years
- Salary packaging may not be available
- Limited number of vacancies therefore majority of employees not catered for especially rural employees
- Demand exceeds supply

Employer ↔ **Child Care Centre CBD**



Employer

- Builds / leases child care facility
- Significant additional costs (currently up to $2M in Sydney CBD)
- Long term contracts
- Management responsibilities and costs
- Locked into a centre with a fixed location
- Centre may be under utilised / changing demographics
- Tax Ruling required
- Some workplaces may not be appropriate

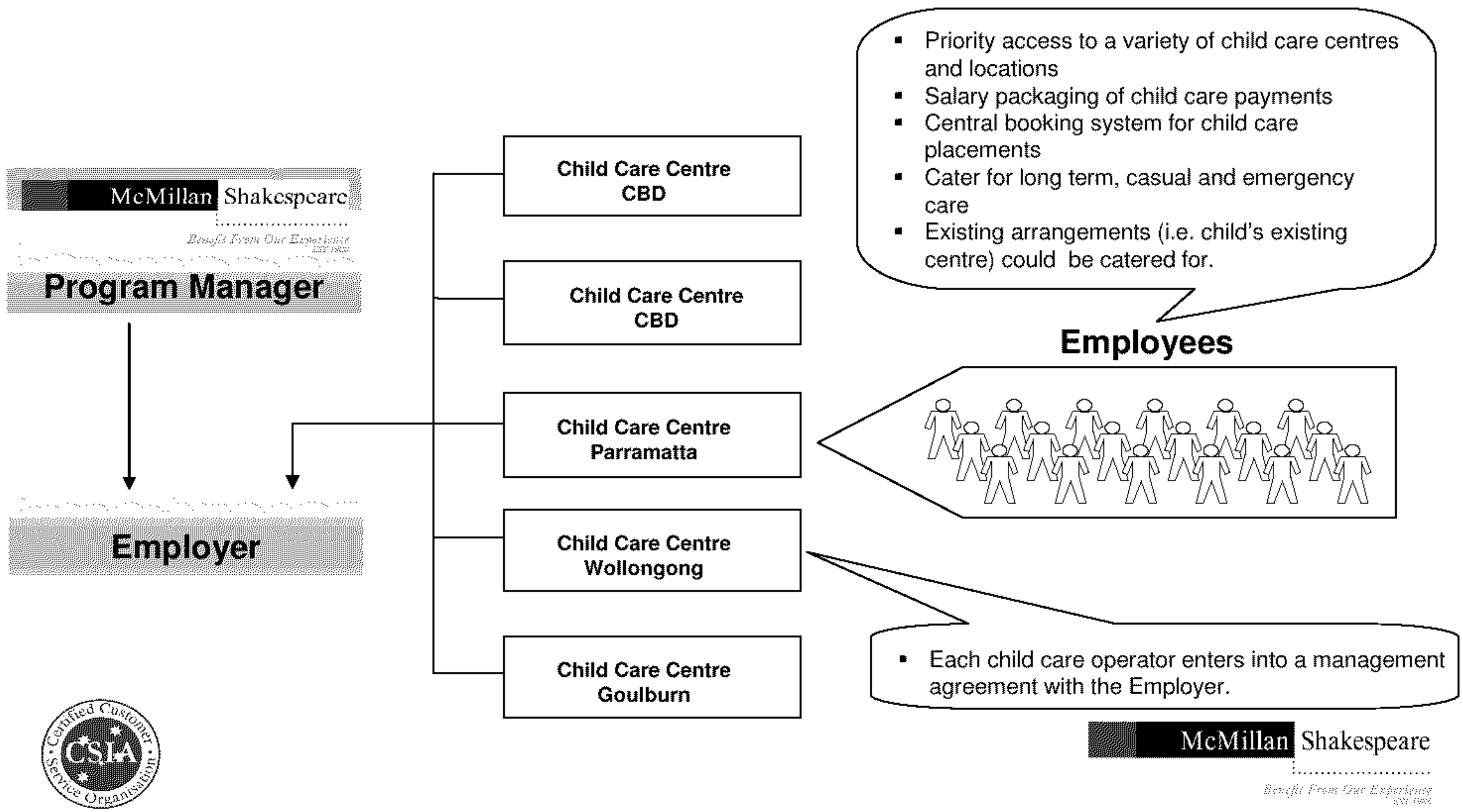
Not Translated into Action by Employers

Why?

- Financial risk – lease, build, own
- Exposure to childcare operator
- Lack of suitable property and location
- Equal access difficult to satisfy – large employers require multiple sites
- Hard to quantify employee needs – changing demographics
- Cost of a private ruling
- Administration burden

Note: Approximately only 65 employer centres Australia wide

MSA Model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Program Manager
Employer
Child Care Centre CBD
Child Care Centre CBD
Child Care Centre Parramatta
Child Care Centre Wollongong
Child Care Centre Goulburn
Priority access to a variety of child care centres and locations
Salary packaging of child care payments
Central booking system for child care placements
Cater for long term, casual and emergency care
Existing arrangements (i.e. child's existing centre) could be catered for.
Employees
Each child care operator enters into a management agreement with the Employer.
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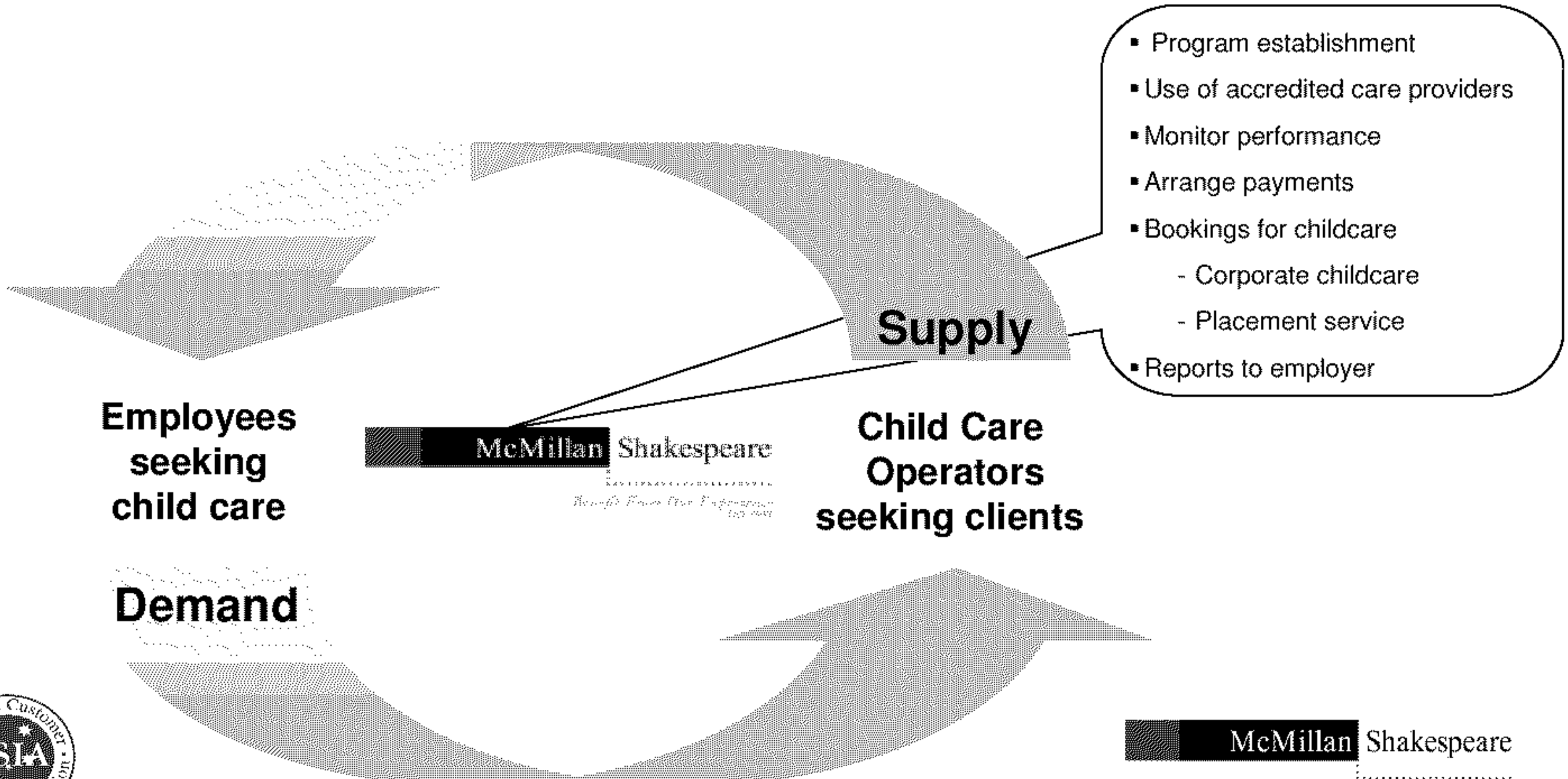
Objectives of the Model

- Establish access to quality childcare using **existing facilities with vacancies**
- **No** need for an employer to establish a facility, fit out the facility etc
- Link an employer and their employees with a **one or multiple** quality child care operators (rural and metropolitan locations)
- Provide tax effective (i.e. exempt of FBT), quality childcare services to employees
- Eliminate the hassle associated with claiming the CCB and the tax rebate (18 month delay)
- Minimise risks and workload for the employer
- Increase occupancy for the childcare operator
- Cater for casual/emergency care
- Contribute to family friendly policies

Employer Provided Childcare - The Model

McMillan Shakespeare is seeking to form partnerships with operators acting as the agent for Employers



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McMillan Shakespeare Voucher Program

Program aim – to assist the employee to attend work & confidently address family & personal demands by providing a broad range of services, including:

- Emergency/casual child care
- Vacation care/outside school care
- Eldercare-at-home
- Nanny service
- Nursing
- Home help services
- Other initiatives could include:
  - Taxi Service
  - Parking arrangements close to workplace for pre/post maternity leave
  - Nappy provision or wash service
- McMillan Shakespeare will co-ordinate the administration of payments by employers to service providers using a voucher system
- Ready supply of service delivery across all categories

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Examples of Payment Vouchers

Additional, Emergency / Ad Hoc, Replacement Care

- Employee works overtime and requires additional childcare
- A part-time employee is required to work a non-rostered day and requires childcare for that day
- An employee attends a professional development activity in non business hours and requires the services of a nanny
- Employee is required at work on Saturday, Employer arranges in-home aged care for day
- Employee is provided with childcare on pupil free days and /or school vacation

Return to Work Support

- Employee returning from maternity leave and is provided with a nappy service
- Employee returning from illness is provided with car parking
- Employee is provided with taxi fares to and from work after returning from ill health

Examples of Payment Vouchers

Home Help

- Housekeeping assistance while employee recovering from illness
- Employee's spouse ill and employee requires home help
- An employee who is a new parent is provided with a nappy service
- Employee who is shifting residence is provided with removal assistance

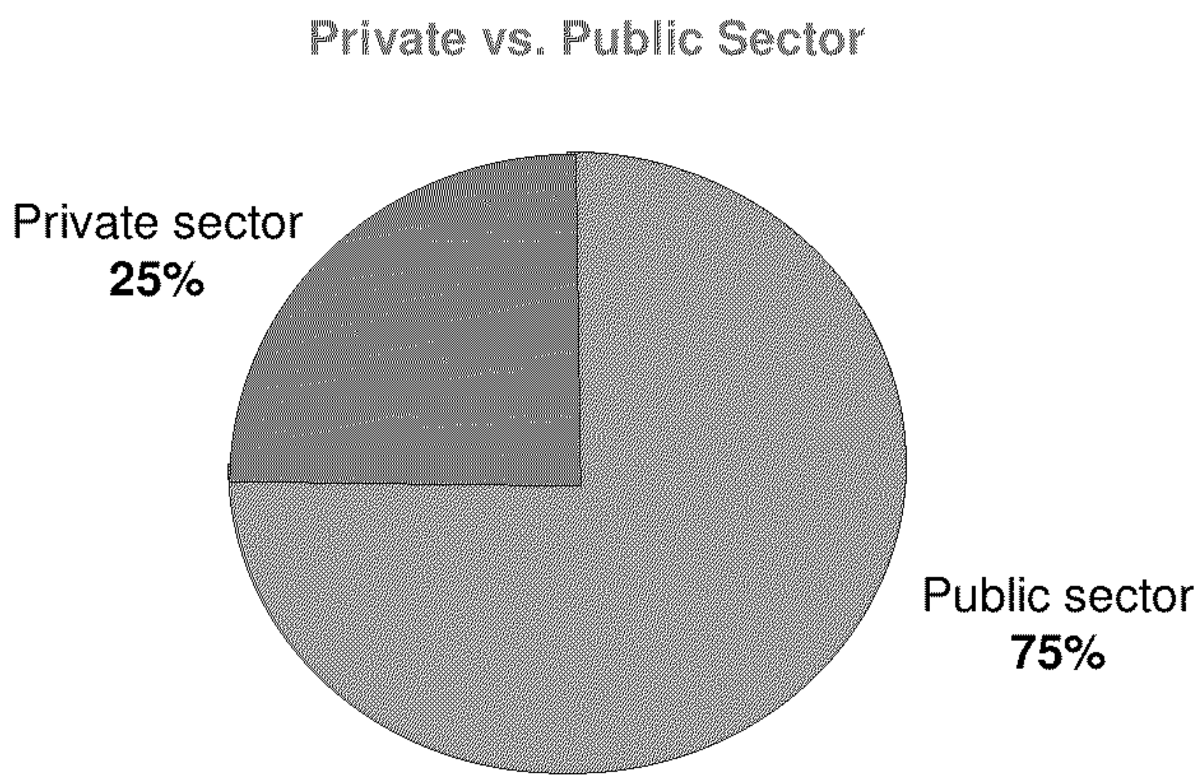
Personal Growth Initiatives

- Yoga, nutrition courses, medical assessments, stress management courses
- Quit smoking program

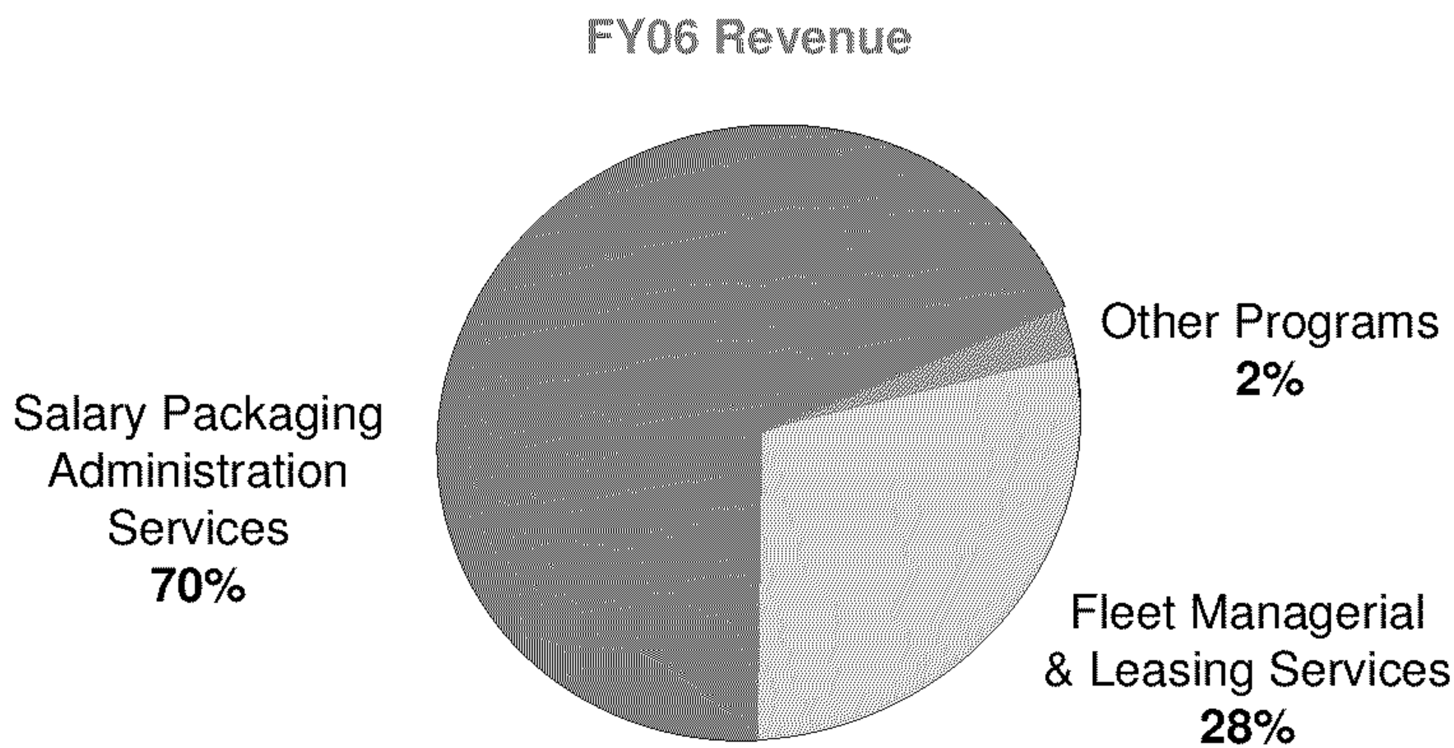
Employee Assistance Program

- Counseling services for employees and immediate family
- Financial advice – retirement, superannuation etc
- Fitness assessment

McMillan Shakespeare's Client Composition – Private vs. Public Sector



McMillan Shakespeare's - FY06 Revenue



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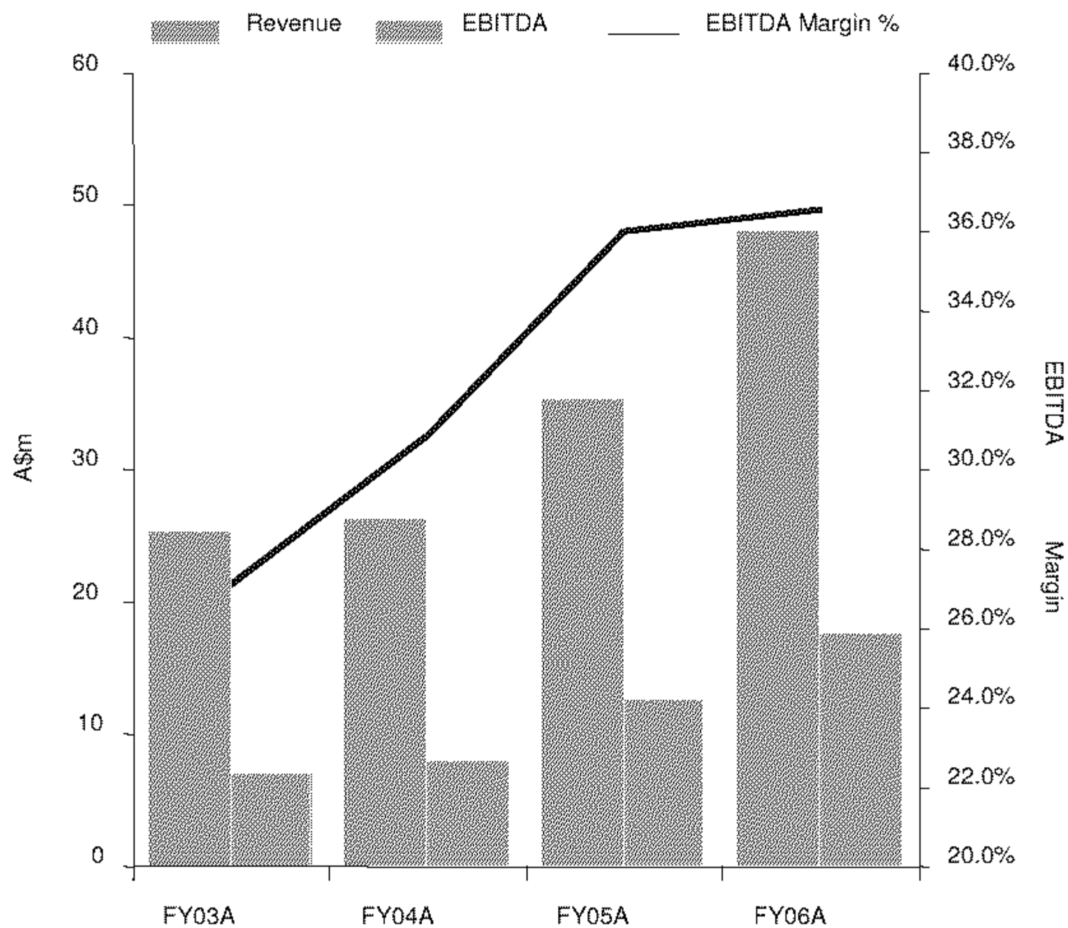
McMillan Shakespeare Revenue and EBITDA Analysis



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McMillan Shakespeare Limited Positioned for Growth

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Outsourced business services sector

- Asset Management & reporting services
- Customer services & processing
- Back office administration services including customer care centre management

Remuneration services spectrum

- Remuneration policy and procedures consulting ✓
- Payroll processing and payments
- Salary packaging administration ✓
- Employee benefit Programs & rewards Recognition system ✓

Specialist & related service sectors

- Fleet management & maintenance ✓
- Childcare salary packaging logistics & support services ✓
- Financial services including mortgage broking, insurances, wealth management & card programs ✓
- Superannuation administration
- Specialist benefit programs ✓
- Finance & workplace banking services
- Other
- Other

✓ – Active & developed service provision

✓ – Currently developing & limited activity

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