

5 March 2007

ASX ANNOUNCEMENT**NSW Government signs MOU with McMillan Shakespeare Limited for Provision of Tax Effective
Childcare and Other Care Services**

Remuneration services company, McMillan Shakespeare Limited (ASX:MMS) announces that it has entered into a Memorandum of Understanding (**MOU**) with the New South Wales Government with a view to entering into a formal agreement to design and administer programs to deliver access to childcare and other care services for NSW public sector employees.

McMillan Shakespeare's care programs seek to provide a range of innovative and tax effective solutions, which enable:

- employers to provide childcare services to their employees which are exempt from Fringe Benefits Tax (**FBT**) utilising existing childcare centres;
- employees to locate and book childcare services; and
- employees to access emergency and occasional childcare and other care services, including elder care, nursing care and disability care using a voucher system exempt of FBT, which is similar to the system used in the United Kingdom for childcare.

The MOU formally commits both McMillan Shakespeare and the NSW Government to good faith negotiations to reach a binding contractual agreement for the delivery of FBT exempt childcare and general care services to NSW public sector employees.

Under the proposed agreement, McMillan Shakespeare would be engaged to establish management, logistical and administration systems in relation to the program.

The provision of these services enhances the existing family/work practices, assists in the recruitment and retention of employees and reduces absenteeism. In addition, it can provide tax savings for employees and increase access to suitable childcare places for employees.

It is not the intention for McMillan Shakespeare to establish its own care facilities. The programs will use existing childcare operators and other care providers.

McMillan Shakespeare is in discussions with other Governments and major employers about the initiatives offered in these programs.

The program is a new product line for McMillan Shakespeare, which will incur systems and development costs prior to deriving any revenue from the program. A positive financial contribution to McMillan Shakespeare may not occur until FY09. The contractual period of the proposed NSW Government contract is expected to be not less than 3 years.

For more information, please contact:

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About McMillan Shakespeare

McMillan Shakespeare is considered a market leader in the provision of salary packaging administration. Its services include remuneration policy design, salary packaging benefit administration, motor vehicle lease management and taxation recording. McMillan Shakespeare also provides a complementary fleet management service, including the procurement of motor vehicles and finance and fuel card and service maintenance programs.