

31st October, 2012

Committee Secretary
Parliamentary Joint Committee Corporation
And Financial Services
P.O. Box 6100
Parliament House
Canberra ACT 2600

By Email: corporations.joint@aph.gov.au

Re: Family Business in Australia

Dear Sir/Madam,

I am writing to support the endeavor of the Federal Government to pursue a greater understanding of Family Business.

I am making this submission as a member of a multi-generation family business, and one that has deliberately and purposefully chosen to have an enduring company for many generations.

I hope that my observations assist the Committee to better understand Family Business and adapt a view to support, nurture and encourage Family Business success in Australia.

I have only just learned of your enquiry in to Family Business. Given more time, a more complete submission may have been provided. I also hope the inquiry leads to more in-depth consultation and meaningful engagement to assist Family Business.

Family business has enjoyed some significant success to become a substantial 'Sector' of the economy, although Family Business spans many industries and range in size to include some very large organisations as well as quite small.

A Family Business can be found to consistently be market leaders and large employers in every industry sector. There is particular initiative and enduring qualities consistent among Family Businesses that should be understood, valued and nurtured.

Leading Business Schools in the USA have curriculum that includes "Family Business" as an aerial study. This illustrates the unique attributes and needs of the Family Business and adds weight to better understanding by Government.

As a Family Business, Kennards Self Storage, we notice particular perceptions of our business from employees, customers and the public in general.

We have a stronger engagement and culture with our staff than the typical companies. Our employees value that the owners are visibly known people that they can talk to. The success of many Family Businesses is something employees take great pride in. We measure our organization culture to ensure our family values and expectations are embraced by our people.

It is our view also that customers and public perceptions of the reputations and credibility of Family Business is higher.

As Family Business owners, we have a long-term enduring view to preserve our brand and assets for many generations, and I believe this is typical among Family Business.

Our decision making is not confined to reporting periods and bonus horizons but reflect a vision over decades.

This contrasts starkly with much of the listed corporate sector whose leadership it is observed operates in short term and even mercenary methods.

Industrial Relations Laws (including Unfair Dismissal Laws) conceived and designed by Government, Unions and Big Business are often inconsistent with the more intimate warm and constructive ways of Family Business. I.R. Laws seem framed around conflict and combative approach to working relationships.

This complaint about the abrasive I.R. laws in Australia is not unique to Family Business, but it is particularly pertinent in Family Business. When employees join a Family Business, they are in many ways, joining the family.

The Government has chosen to have representations of many Sectors – Small Business; Regional Australia; Primary Industry; Mining and so on, but it neglects the Family Business Sector. This lack of attention results in a lack of understanding and neglect of impacts of Government action and inaction.

In closing, I would like to provide some high-level recommendations for the Committee to consider.

Recommendations

- **Measurement** – Arrange for comprehensive imperial measurement of Family Business in Australia. Understanding the existing size and scale will enable comparisons and analysis over time; with other countries; the economy as a whole and with industry sectors.
- **Articulate objectives to see Family Business grow** – establishing clear goals to support the growth of Family Business. Embracing a vision to have Australian Family Business the most globally successful.
- **Establish dialogue with Family Business** – formalise communication and dialogue to enable genuine consultation and pathways to improve the sector. Prosperous Family Businesses in Australia will be good for all of Australia.
- **Identify and remove obstacles, taxes and regulations that inhibit multi-generation family ownership and management of business.** Transfer of ownership to subsequent generations should be simple, clean and flexible. Enabling a diverse range of structures and entity (including Trusts) arrangements to be used without penalty or arbitrary limitation.
- **Reform I.R Laws to be less abrasive** – they are particularly problematic to Family Businesses.

I hope my comments provide additional insights to the Committees work in the area. Family Business is a quiet high achieving part of the economy deserving of deeper consideration, understanding and dialogue.

Yours faithfully,

Sam Kennard
Managing Director