



COSBOA Submission to
The Parliamentary Joint Committee on
Corporations and Financial Services Inquiry into
the Operation of Australia's Family Business Sector

November 2012

If you have learned how to disagree without being disagreeable, then you have discovered the secret of getting along - whether it be business, family relations, or life itself. - Bernard Meltzer (American Radio Announcer)

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Submission to the inquiry into the operation of the family business sector

The Council of Small Business Organisations of Australia

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The Council of Small Business Organisations of Australia (COSBOA) appreciates the opportunity to provide a submission to this inquiry.

We have provided a submission based on the changing nature of society, the increasing number of family businesses in Australia and their peculiar and particular needs and behaviours.

The definition of a “Family Business” will always cause confusion. The submission from Family Business Australia (FBA) provides a good summary of technical and structural issues for what they see as a Family Business.

Our response is based on the facts that:

- Most small businesses are run by an individual or a couple who can easily be classed as ‘family’.
- Most small businesses will employ family members at various stages of their operations. This will depend upon the age of the family members, their closeness to the business and the business owners and their inclination to work in the business.
- Many families have been running businesses for generations and the culture of these families is one of jumping in and providing help when needed rather than one of definite hours and rosters.

The main issues that we see and hear are around: Employment of family members, succession planning, business structures, management of disputes and life/business partner separations.

The other issue that is important in the family business sector is the difference between large and wealthy family businesses and the smaller mum and dad type businesses.

For the larger or wealthier families where there have often been generations involved in the business there is much complexity and more to be gained and lost. Therefore structures, succession plans, inheritance and management styles become important and open to scrutiny and at times abuse.

For the smaller less wealthy businesses they are more focused on day to day activity and making an income then they are on structures and succession planning. Indeed in

most cases succession planning is about selling the business rather than passing the business onto family members.

Better research into particular business sectors is needed to inform any future policies. The information needed would include:

The number of wealthy family groups with turnover of above \$2m and assets of over \$10m.

The sectors in which these families are found.

The number of family members employed in small businesses in general and the nature of their employment ie casual, on call, permanent, vacation work, after school work, apprenticeship, partner etc.

The regulations and rules that relate to employment of family members with regard to Workplace Relations, insurance, workers compensation and Workplace safety requirements.

In the end we need to ensure we do not make a family business more difficult than it should be and we also need to provide the right level of support and protection for the people in these families. Better information will inform better process and policy.

Ends