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Regional Development Australia Pilbara submission to the Inquiry into family business

Regional Development Australia (RDA) is a partnership between the Australian, state and territory and local governments to support the growth and development of Australia's regions. RDA Pilbara works with governments, regional development organisations, local businesses, community groups and key regional stakeholders to provide strategic and targeted responses to economic, environmental and social issues affecting the Pilbara region of Australia.

Definition of 'family business'

There are numerous definitions of 'family business', with the central tenet being that the ownership and management of a family business rests with one or more members of a family. Most family businesses in Australia revolve around one family, but businesses can involve two or more families, who share responsibilities within the company. The adoption of a universal and inclusive definition of family business is recommended.

Availability and reliability of information and statistics about family business in Australia

A range of academic and industry studies have focused on certain themes of family business, yet the information is often outdated, limited by small sample sizes or too specific to be of value for generalising to the family business sector as a whole. One approach to improving understanding of the family business sector would be to engage the Australian Bureau of Statistics in an on-going consistent process of collecting family business data.



Contribution of family business to the Australian economy, in terms of financial, social, employment, innovation and sustainability outcomes

Many businesses operating in the Pilbara, and more broadly in Western Australia, are family businesses. These range from small businesses, to key players in the resource sector, which contribute significantly to the Australian economy. Family-owned companies such as Gina Rinehart's Hancock Prospecting and Len Buckeridge's BGC are among the State's biggest operators. A prime example of an important family business in the Pilbara is Thrifty Car and Truck Rental. The company began servicing the mining sector and local community in 1978, and now, servicing 14 WA locations with more than 2500 vehicles, is recognised as the leading vehicle supplier in the Pilbara.

Given that such a large portion of Australian businesses are family businesses – around 70% – it is clear that family businesses are integral in the creation of financial wealth and employment opportunities. Family businesses also generate positive social outcomes as they are often key contributors of sponsorship and in-kind support to their local community.

Structural, cultural, organisational, technological, geographical and governance challenges facing family business

A key challenge for family businesses is the transference of ownership and management when leaders are seeking to retire or leave the business. Succession may be passed to family members, if there are any suitable and willing, yet there can be resistance to changes brought in by new family management. Ideally, family businesses need to balance the founding family values and culture that drive the business with an appreciation for new ideas and the changing business environment. These issues are also relevant when family businesses are sold or external professionals are introduced to run the business.

We conclude that family business is an important contributor to the economy of our local Pilbara region, as well as the State and the Nation, with both positive benefits and unique challenges. The family business sector would, therefore, benefit from government actions that supports understanding of, and growth and development within, the sector.

Yours sincerely

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