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CATSI Act Review

# Part 9—Related party transactions

The Review of the CATSI Act recognised that the standards imposed on CATSI corporations in regard to related party transactions were higher than those of publicly listed companies under the *Corporations Act 2001*. It made one recommendation in regard to this area (recommendation 38):

*It is recommended:*

* *Part 6-6 be revised to simplify and align more closely with the needs of Aboriginal and Torres Strait Islander communities; and*
* *CATSI corporations be required to report any related party provisions in their annual reports to the Registrar.*

Items 165 to 171 give effect to this recommendation by reducing the red tape and restrictions associated with being able to give a financial benefit to a related party. In particular, the amendments remove the Registrar of Aboriginal and Torres Strait Islander Corporations (the Registrar) from having a role in the process, making it more streamlined and less administratively burdensome.

To balance this, it is now required that corporations report any related party transactions in their annual reporting to members, which will be given effect through the drafting of amendments to the CATSI Regulations.

Item 165 provides that member approval is not needed to give a financial benefit to a related party if the total amount of the benefit across the financial year is less than a threshold that will be prescribed in the CATSI Regulations.

Items 166 to 171 repeal the current sections that require the corporation to lodge the material to do with related party benefits with the Registrar prior to the meeting at which members will be voting on related party transactions. Existing requirements include that corporations prepare an explanatory statement that provides detailed information about the benefit and who will be receiving it. These items also repeal the provision allowing the Registrar to comment on the proposed material.

Item 167 repeals the current requirements for the notice of the meeting to be the same in all material respects as that lodged with the Registrar, and outlines what information it should contain. This simplifies and streamlines these processes.

Finally items 170 and 171 remove the ability for the CATSI Regulations or the Registrar to exempt a related entity from the provision restricting them from voting on a resolution under Division 290.