



Governance

The CATSI Act outlines governance requirements for Aboriginal and Torres Strait Islander corporations registered under the Act. Some of these have been specifically developed to take account of the tradition and circumstance of Aboriginal and Torres Strait Islander people, others are general requirements that promote good governance and ensure accountability and transparency.

The CATSI Act outlines requirements about how corporations:

- manage their membership
- establish suitable corporate structures
- manage their meeting and reporting obligations
- develop and use their rule books.

Managing membership

Contacting members

Indigenous corporations incorporated under the CATSI Act are controlled by their members—therefore, it is important that corporations know exactly who their members are. Corporations must have a register of members with their names, addresses and date they became members.

- Should corporations also collect email addresses and phone numbers for members to be added to the register, which could make it easier and cheaper for corporations to contact members?
- Should corporations also be able to use social media and community noticeboards to contact members? How would corporations make this decision—through a motion at a general meeting?

Member privacy

The register of members is made available at Annual General Meetings (AGMs) for inspection by members. Privacy and safety concerns have been raised in relation to members' personal information being viewable.

- Should members' addresses be hidden from viewing?
- Should the relevant member have to request that their information be removed from the register, or in some circumstances, should the corporation be able to make that decision on behalf of the member?
- If members have to submit a request, should it be made to the corporation or could it be submitted to the Registrar directly?

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- Should there be particular circumstances for someone requesting the removal of personal information, such as personal safety?
 - How would members be able to organise a meeting without access to the personal information of other members?

Cancelling membership

Members can provide alternative contact details but the corporation can only use these details for certain types of contact.

- This could be changed so that corporations must use it when trying to contact members when deciding if their membership should be cancelled. Memberships can be cancelled if members haven't responded to contact for two years but it has been suggested that this should be 11 months. What do you think?
- How many times should a corporation be required to try to contact a member, and how long between each attempt?

Membership applications

Currently boards don't have to decide on membership applications within a specific timeframe.

- Should there be a specific timeframe within which membership applications need to be decided? What should that timeframe be?
- If a board rejects an application, even if it meets all the criteria, should the applicant be able to ask the corporation's members to reconsider the application at a general meeting? Should that be within a specific timeframe and with a specified quorum?
- If a member wants to challenge a particular membership, and they call a members' meeting, should that meeting occur in a specific timeframe and with a specified quorum?

Corporate structures

Currently it is difficult for corporations to set up subsidiaries and joint ventures under the CATSI Act. Changing the current rules for membership and directors would make it easier to set up subsidiaries and joint ventures to help grow their businesses.

Two-member corporations, when only one person is Indigenous, could also be easier to establish under the CATSI Act. This would encourage small business, especially in the case of spouses setting up a business together.

What do you think about changing the CATSI Act to allow a:

- corporation to set up a wholly-owned subsidiary CATSI corporation
- group of entities (which meet Indigeneity requirements) to establish a CATSI corporation, similar to a joint venture

- a two-person entity when one person is Indigenous and the other is non-Indigenous, if the Indigenous person has the casting vote?

Sometimes corporate structures are very complex which can make it hard for members to understand the operations of the corporation.

Should the CATSI Act be amended to make things more transparent for members by requiring corporations to include in their annual report:

- information about their corporate structure, for example, if the corporation has subsidiaries and/or trusts?
- the names of the key managers such as the Chief Executive Officer, Chief Operating Officer and Chief Financial Officer?
- Could the CATSI Act better support **for profit corporations** and if so, how?
- How can the CATSI Act be changed to help **single member corporations** develop and grow?

Size classification

A CATSI corporation is classified as small, medium or large, based on whether it meets thresholds for any two of three criteria relating to income, assets and number of employees. However, the way it reports to the Registrar, is based on its size and income. This means it could be classified as small according to assets and staffing, but have more reporting obligations because of its income. This is confusing and can make it difficult for corporations to self-assess.

- Should the test for size be the same as that of the Australian Charities and Not-for-profits Commission and be based solely on revenue as shown in the table below?
- Another suggestion was that there should only be two sizes—small and large. What do you think?
- If there were only two sizes, what criteria and thresholds could be used?

Current CATSI thresholds		Australian Charities and Not-for-profits Commission thresholds	
Small	Less than \$100,000	Small	Less than \$250,000
Medium	Between \$100,000 and \$5 million	Medium	\$250,000 or more and less than \$1 million
Large	\$5 million or more	Large	\$1 million or more



Meetings

Meetings are an important way to keep members engaged, and ensure accountability and transparency. However, meetings can be burdensome both financially and administratively, particularly for small corporations.

- Should small CATSI corporations be able to pass a resolution to not have an Annual General Meeting (AGM) for up to three years, provided the directors do not vote on that resolution (unless all members are directors)?
- Or, should corporations be able to hold AGMs online, when in-person meetings are not feasible? During the COVID-19 pandemic the Registrar introduced such special rules, which expire in November 2020—should they become standard under the CATSI Act?
- Should the Registrar be able to call a general meeting if, for example, there have been a lot of complaints or if members haven't been able to ask questions of the board?
- Should corporations be able to have an automatic 30-day extension to hold an AGM in the case of death, natural disaster or certain cultural activities in the community?
- Does the CATSI Act need to be clearer about holding and cancelling general meetings or are the rules around this clear?
- Should large corporations be required to have audit committees to advise boards on financial matters?

Reporting

Corporations need to prepare reports and lodge them with the Registrar at specified times. Sometimes it is hard for corporations to meet their reporting obligations particularly when faced with something unexpected.

- Should corporations be allowed to have an automatic 30-day extension to lodge reports with the Registrar in the case of death, natural disaster and certain cultural activities in community?
- Currently corporations only have to give members copies of reports (such as financial, audit and directors' reports) on request. Should they have to present them at AGMs to provide greater transparency to members?
- Should 'dormant' corporations have less reporting and audit requirements? If so, what makes a 'dormant corporation'? What should those reduced requirements be?

Rule books

All corporations are required to have a constitution, which is commonly known as a rule book. Rule books include rules for the internal governance of a corporation.

Not all of the rules relating to internal governance are located in the rule book. Some rules are located in the CATSI Act, in particular:

- rules that apply to all corporations and cannot be changed (unless exempted by the Registrar);
and



- ‘replaceable’ rules that apply to corporations unless modified or replaced by a corporation in its rule book.

Sometimes members and directors are unaware of the replaceable rules because they are not in the corporation’s rule book. To address this problem we are proposing that all replaceable rules be included in rule books, whether they have been replaced or not.

- Do you agree that all replaceable rules should be included in rule books—whether they have been adopted as they are or replaced?

The Registrar can change rule books and also approves changes made by corporations to their rule books. The CATSI Act says that the Registrar can reject changes that are different from changes he or she has already made to the rule book.

- Do you agree The CATSI Act should also say that the Registrar can reject changes to a rule book that are different from changes made by a special administrator?
- Some people think rule books should be simplified. What do you think?

Should the CATSI Act be strengthened?

- Are there more changes that can be made to make the rules for CATSI corporations the same as the rules for registered charities, in particular, registered charities that are also companies limited by guarantee under the Corporations Act?
- Members can be asked to vote on behalf of up to three other members at the moment—is this too many votes for one person to hold?

Contact the CATSI Act Team
e. CATSIActReview@niaa.gov.au
w. niaa.gov.au w. indigenous.gov.au