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CATSI Act Review

## Part 4—Subsidiaries and joint ventures

Under the current CATSI Act, it is difficult for CATSI corporations to set up subsidiary corporations and enter into joint ventures. The primary obstacles are the limitations found in the rules relating to membership and directors.

## Items 86 to 92 and 96—Subsidiaries and joint ventures

Recommendation 18 of the CATSI Act Review final report was:

*It is recommended the membership and directorship provisions in the CATSI Act be changed to make it easier for corporations to establish subsidiaries and joint ventures.*

These items change the directorship and membership provisions to more easily facilitate corporations with only body corporate members. Upon registration, corporations will be required to indicate if they intend to be a wholly-owned subsidiary or a corporation whose only members are bodies corporate. It will allow for differential treatment of applications based on proposed corporate membership.

The existing requirement of the CATSI Act that the majority of the directors of a corporation are members of the corporation is replaced with a subsection that requires a majority of directors of a corporation to be members of the corporation unless the corporation is a wholly-owned subsidiary of a body corporate or a corporation whose only members are bodies corporate.

New membership requirements are set out based on the corporation type. A wholly-owned subsidiary of a body corporate should have one member. This change will make it easier for CATSI corporations to establish wholly-owned subsidiaries under the CATSI Act. It will also make it easier for other types of entities that meet the Indigeneity requirement under the CATSI Act, to establish a wholly-owned subsidiary that is a CATSI corporation.

If the corporation is not a wholly-owned subsidiary and its members are only bodies corporate, then it must have least two members. This change will simplify the process for corporations forming a joint venture that is a CATSI corporation. Joint ventures are still subject to the Indigeneity requirement under the CATSI Act. If there are two members—only one of which is Indigenous—the joint-venture will be subject to the new proposed section 201-117 (item 94 refers) which requires that the Indigenous member has a casting vote.

Corporations with fewer than five members that are bodies corporate, will not be required to seek an exemption to the minimum number of member requirement in accordance with section 77-5.

## Items 93 to 95—Two-member corporations

Recommendation 19 of the CATSI Act Review final report was:

*It is recommended the CATSI Act be changed to allow for the incorporation of two-member corporations where only one member is Indigenous as long as that member has the deciding vote.*

Recommendation 19 is being taken forward as recommended and items 93, 94 and 95 allow for the incorporation of
two-member corporations where only one member is Indigenous as long as that member has the deciding vote, creating more flexibility and opportunities for Aboriginal and Torres Strait Islander peoples and CATSI corporations.