



CORPORATE GOVERNANCE PRINCIPLES

FOR ABORIGINAL AND TORRES STRAIT
ISLANDER CORPORATIONS

February 2025

About these principles

These principles are designed to ensure an Aboriginal and Torres Strait Islander corporation has corporate governance that supports performance and compliance, and is culturally legitimate.

Effective corporate governance enables a corporation to achieve its purpose and to be compliant with all the rules and laws. Aboriginal and Torres Strait Islander corporations must also consider where and how their Indigenous culture and traditions inform their corporate governance.

Aboriginal and Torres Strait Islander culture lies at the heart of governance for all Indigenous corporations. But the extent to which Indigenous culture is reflected in governance structures, decision-making practice and accountability will vary according to each corporation's purpose and operating context. Corporations need to achieve a workable balance between maintaining cultural integrity and self-determination, and the requirements (such as financial and legal accountability) of the wider society in which they operate. It's a balancing act between two laws – Aboriginal and Torres Strait Islander law and government-made law – often called two-way governance.

Some of these principles apply broadly to a corporation, while others focus on the role and performance of the board. The board is responsible for making sure the corporation is governed effectively and legitimately, but everyone involved in the corporation plays a part.

How to use these principles

These principles will help you understand what effective corporate governance looks like and how you can achieve it. Use it:

- as a guide when you have questions about corporate governance
- when you induct new board members and managers, and
- to evaluate a board's performance.



CORPORATE GOVERNANCE PRINCIPLES

FOR ABORIGINAL AND TORRES STRAIT ISLANDER CORPORATIONS

INDIGENOUS CULTURE



The corporation determines to what extent Indigenous culture is embedded and reflected in its corporate governance.

PURPOSE AND LEGACY



The corporation serves its purpose and honours its legacy.

GOVERNANCE STRUCTURE



The governance structure, roles and relationships are clear. There is a separation of powers and ultimate control rests with the membership.

BOARD EFFECTIVENESS



The board runs effectively.

LEADERSHIP AND CORPORATE CULTURE



The board leads the corporation, overseeing organisational culture, strategy, performance and compliance.

STRATEGY, RISK, COMPLIANCE AND PERFORMANCE



The board oversees strategy, risk management including financial security and controls, and compliance and performance.

ACCOUNTABILITY AND TRANSPARENCY



The board is accountable to members and stakeholders, demonstrating transparency and respect.

CONTINUOUS IMPROVEMENT



Governance is an ongoing and evolving practice.

Principle: INDIGENOUS CULTURE

The corporation determines to what extent Indigenous culture is embedded and reflected in its corporate governance.

What it is about	What it looks like
<p>An Aboriginal and Torres Strait Islander corporation must respect and honour its traditional culture.</p> <p>The corporation must consciously consider where there is an overlay between Indigenous cultural governance and organisational governance, and document their position. This could be how governance arrangements, decision-making structures, processes and accountability measures appropriately reflect traditional lore and protocols.</p>	<p>Ownership and control:</p> <ul style="list-style-type: none">• The corporation is owned and controlled by Indigenous people – the CATSI Act requires the majority of members and directors to be Indigenous people; a corporation may consider it appropriate for Indigenous representation within management as well. <p>Purpose and objectives:</p> <ul style="list-style-type: none">• The corporation understands its cultural mandate and authority. <p>Governance arrangements:</p> <ul style="list-style-type: none">• The corporation has considered cultural governance in defining roles, responsibilities and powers within the corporation and relevant eligibility criteria to perform those roles.• The corporation's governing documents (rule book and policies) reflect traditional cultural governance (legacy, protocols and cultural authority) appropriate to its context and operations (decision-making, representation, engagement, dispute resolution, management of conflict-of-interest etc).• The corporation protects cultural assets, knowledge and intellect.

Principle: PURPOSE AND LEGACY

The corporation serves its purpose and honours its legacy.

What it is about	What it looks like
<p>The corporation's purpose is its why and what – why it exists; why it was established; what it aims to do and who for.</p> <p>Some corporations have a distinct background, origin story or founding person that explains how the corporation came to be and informs its identity and goals, such as activism, advocacy or a need to protect. For example, corporations formed to manage native title rights and interests secured through a native title claim. Other corporations may not have such distinct reasons for forming but there is usually an original need or aspiration that should be honoured into the future.</p>	<p>Corporations are purpose driven</p> <ul style="list-style-type: none">• The corporation's purpose is clear and recorded in its governing documents (expressed through objectives in its rule book).• Everyone in the corporation understands the corporation's purpose and how they contribute to achieving it.• Purpose informs the corporation's objectives, governance structure, membership eligibility criteria, board composition. <p>The board and management:</p> <ul style="list-style-type: none">• are clear on the mandate from corporation members• are committed to the corporation's purpose. <p>The board:</p> <ul style="list-style-type: none">• always considers the corporation's purpose when doing its work• understands the corporation's operating environment and stakeholder interests.

Principle: GOVERNANCE STRUCTURE

The governance structure, roles and relationships are clear. There is a separation of powers and ultimate control rests with the membership.

What it is about	What it looks like
<p>To perform effectively everyone needs to be clear on the various roles in the corporation – members, the board, individual board members, management and employees.</p> <p>There should also be clarity regarding the relationships between these parties and their respective authority to make decisions and be accountable for them.</p>	<p>Governance structure</p> <ul style="list-style-type: none"> • The corporation separates powers with accountability mechanisms designed to protect the corporation’s interests and drive outcomes, and as appropriate reflect cultural protocols and authority. • The corporation (in its rules) or board might establish ongoing or temporary: <ul style="list-style-type: none"> – board committees to assist the board in the performance of its functions – advisory committees or groups (such as an Elders advisory committee) to advise the board on particular matters. <p>Supporting documentation</p> <ul style="list-style-type: none"> • The corporation’s governance structure, roles and relationships are documented in its rule book. • Roles, responsibilities and powers, and codes of conduct are defined clearly, documented and accessible. • Policies, procedures, charters or other governing and operational documents are clear. • Each committee or advisory group, has a written charter setting out its purpose, role, membership, authority, processes, reporting obligations, term and review mechanism. The charter is approved by the board. • Delegations of the board’s authority (financial and non-financial) are clear, recorded and periodically reviewed. <p>Members</p> <ul style="list-style-type: none"> • Members understand their rights to: <ul style="list-style-type: none"> – be heard – make certain decisions such as setting the overall direction of the corporation, approving the giving of financial benefits to related parties of the corporation, appointing the auditor – receive information on the corporation’s performance – hold the board to account for their performance – decide if and how much directors should be remunerated – appoint and remove directors. • Members exercise their rights by attending and participating in general meetings and member decisions.

Governance structure continued...

What it is about	What it looks like
	<p>Board composition</p> <ul style="list-style-type: none"> • The board’s size and composition enable it to perform its role effectively, leading the corporation to achieve its purpose and with cultural legitimacy. <ul style="list-style-type: none"> – As required under the CATSI Act, the majority must be Indigenous and be members. – The composition reflects required cultural authority, technical skills and personal attributes. – Independent directorship is encouraged to diversify skills, thinking, expand networks, and complement local knowledge and cultural authority. <p>Board selection</p> <ul style="list-style-type: none"> • Directors have suitable skills and characteristics to govern the corporation, and meet any eligibility requirements relevant to their position. • Directors are appointed using a transparent process as set out in the corporation’s rules. • The board regularly considers board renewal and succession planning, including identifying and developing future talent. <p>Management</p> <ul style="list-style-type: none"> • The board uses a process for recruiting a CEO that is timely and selects a person with suitable skills, experience and values to take responsibility for all management and operational issues of the corporation. • The board regularly reviews the performance and conduct of the CEO. • The CEO and executive performance framework and remuneration policy aligns with the corporation’s purpose and strategy, drives the right culture and outcomes, and is regularly reviewed. • There is routine succession planning for the CEO and key executive managers aligned with the corporation’s strategy. • Staff, contractors and volunteers (if any) have skills, experience and values appropriate to support the CEO implement the strategic and operational plans.

Principle: BOARD EFFECTIVENESS

The board runs effectively.

What it is about	What it looks like
<p>The board's composition of skills, experience and diversity needs to be appropriate to guide and drive the corporation's strategy and effectively govern. The board needs the right people with the right skills and attitude to lead and govern the corporation.</p> <p>Board composition should be reviewed regularly to ensure it aligns with the corporation's strategy.</p> <p>The board also needs to have a positive dynamic so that board members engage with each other in a constructive yet robust way. Setting standards of expected conduct for board members assists in ensuring this appropriate dynamic.</p> <p>The board should have processes in place to ensure it regularly reviews its performance and engages in continual professional development.</p> <p>The board should plan its work through an annual work plan which not only sets out board and committee meeting dates but also the key matters to be considered by the board throughout the year. This work plan should align with rule book requirements and will influence how often and when the board meets.</p>	<p>Board processes</p> <ul style="list-style-type: none"> • The board maintains an annual calendar and work plan. • The chair manages the business of the board. They oversee preparation of the agenda and the board pack, and follow up with minutes after each meeting as well as communicate actions/directives from the board to management and members as appropriate. • The board meets with appropriate frequency, and there is agreement on what constitutes 'reasonable notice' for emergency or unplanned meetings. • The standard board agenda effectively focuses the board's discussion and decision-making. • Directors obtain the information they need to perform their duties and make effective decisions. • The board's decision-making processes are sound. • Conflicts of interests arising from cultural or other personal interests are recognised, recorded and dealt with transparently. • There is a secure and complete record of board meeting papers and minutes, which provide an accurate record of proceedings, decision-making processes and decisions. • The board has appropriate governance and administrative support for the corporation's size and complexity. • The board routinely evaluates its meeting processes. <p>Board performance</p> <ul style="list-style-type: none"> • Alternative/ supplementary/ complementary measures are put in place to support directors' skills and experience. • The chair provides leadership to the board and ensure the group works collaboratively and follows a sound process to reach its decisions. • The board has a constructive and productive dynamic – the team works positively to make collective decisions; there is trust and openness; constructive discussion and sharing of information; enthusiasm and a sense of purpose. • The board manages disagreement in a healthy and constructive manner. • The performance of the board is regularly and appropriately reviewed. • There is a demonstrated commitment by individual directors and the collective board to ongoing professional development.

Board effectiveness continued...

What it is about	What it looks like
<p>The board's meetings should result in effective decision-making through timely and relevant information sharing and purposeful, honest and challenging discussions.</p> <p>Key matters discussed and decisions made at board meetings should be captured in board meeting minutes.</p> <p>The board should be supported by appropriate secretariat assistance (such as a corporation secretary) in the administration of its meetings and record keeping.</p>	<p>Capability and conduct of individual directors</p> <ul style="list-style-type: none">• There is an induction process for new directors.• Directors understand their individual and collective responsibilities, and meet their duties under the law.• There are clearly stated and published enforced expectations of directors' behaviour and performance (code of conduct).• The performance of individual directors is regularly and appropriately reviewed.

Principle: LEADERSHIP AND CORPORATE CULTURE

The board leads the corporation, overseeing organisational culture, strategy, performance and compliance.

What it is about	What it looks like
<p>Organisational culture is the way people in the corporation work and interact with each other. It comes from the shared values, beliefs, attitudes, expectations and practices across a corporation.</p> <p>The board is responsible for their corporation's culture. They should be leaders in demonstrating ways of working that are expected across the whole organisation.</p> <p>A good corporate culture means everyone in the corporation:</p> <ul style="list-style-type: none"> works together to achieve the corporation's purpose obeys the law embraces and demonstrates the corporation's values, including its traditional culture and lore makes decisions that are best for the corporation takes responsibility for what they do. <p>This will build a good reputation for the corporation and strong relationships with members, employees (if the corporation has them), stakeholders and the broader community.</p>	<p>The corporation:</p> <ul style="list-style-type: none"> defines and practises a culture that aligns to the corporation's purpose, legacy and values has described the behaviour and ways of working expected by people in the corporation (members, directors, staff, volunteers etc), for their dealings with each other and when working with external parties has a clear set of values that serve the corporation's purpose and legacy, and are reflected in its governing documents, policies and procedures reflect a clear set of values and embrace relevant cultural elements includes measures and indicators of organisational culture within its strategic and operational plans and performance reports. <p>The board and CEO:</p> <ul style="list-style-type: none"> have a positive and structured relationship, and documented protocols covering mutually agreed goals, standards of behaviour and performance, delegated decisions and limits, reporting and frequency, and succession plan. <p>The board:</p> <ul style="list-style-type: none"> models the culture it wants others in the corporation to follow ensures the corporation understands and practices the desired organisational culture at all levels.

Principle: STRATEGY, RISK, COMPLIANCE AND PERFORMANCE

The board oversees strategy, risk management including financial security and controls, and compliance and performance.

What it is about	What it looks like
<p>The strategy is how the corporation will achieve its purpose.</p> <p>What success looks like varies between corporations, but all corporations have obligations to deliver more than financial profits. Those operating on a not-for-profit basis need to demonstrate the outcomes and value they create.</p> <p>Strategic plans are used to record the strategy. The strategic plan looks at what the corporation's challenges and opportunities are, and sets out priority goals and activities – services, projects or new ventures – that will help the corporation achieve its purpose. The plan will also say how the corporation will bring in money and use its resources – financial, human and assets – to support the strategic priorities.</p> <p>A strategic plan should cover several years at a time (often 3 years). It's then broken down into a more detailed work plan for the year – called an operational or business plan.</p>	<p>The corporation has:</p> <ul style="list-style-type: none"> • a current board-approved risk appetite statement in place • an appropriate system of internal controls • an appropriate external audit function. <p>The board:</p> <ul style="list-style-type: none"> • understands the factors critical to the corporation's operations, such as how it makes sustainable profit or delivers value • sets the strategy and monitors it: <ul style="list-style-type: none"> – works with management to develop a multi-year strategic plan that helps the corporation achieve its purpose – the board sets expectations for management in the strategic plan including key performance indicators (KPIs) but does not interfere with its implementation – approves an annual operational plan derived from the strategic plan – regularly reviews how the corporation is implementing the strategic plan and adjusts strategic direction to respond to emerging risks or opportunities. • oversees an asset management framework, including cultural assets, knowledge and intellect • work with management to design a performance framework that measures and drives the right culture and outcomes • monitors the corporation's operational and financial performance including use of resources against delivery of its strategic plan and longer-term financial plans, and monitoring for solvency • constructively challenges management on organisational performance • ensures there is an appropriate compliance management policy and framework in place • ensures operational, financial and statutory reports, tax returns, business activity statements etc. are prepared and lodged with relevant regulators, accreditation bodies or funders



Strategy, risk, compliance and performance continued...

What it is about	What it looks like
<p>Boards need to find ways to measure both short and long-term performance.</p> <p>The range of risks facing a corporation will depend on its activities and industry. The board needs to oversee a risk management framework that protects the organisation and individual board members against failures in relation to performance, and against mischief and wrongdoing.</p> <p>The board must also decide how much risk it is willing to accept to advance the corporation's objectives. In other words, it must set the organisation's risk appetite in key risk areas such as finance, operations, and workplace health and safety.</p> <p>The corporation needs to behave in a legally and financially responsible manner, including complying with financial accounting standards. It needs systems to monitor and identify breaches within the organisation (for example, management reports or via auditors and members) and take steps to correct and prevent these breaches.</p>	<ul style="list-style-type: none"> ensures the corporation has a risk and opportunity management policy and framework relevant to its objectives and activities, including financial, fraud, workplace safety etc has an appropriate focus on emerging strategic risks including cyber, climate and sustainability risks reports to members in accessible formats on corporation governance, business operations and finances, related party benefits, director remuneration and payments, and performance in implementing strategy and achieving the corporation's purpose. <p>Management:</p> <ul style="list-style-type: none"> implements the strategic and operational plans, and report on progress to the board The CEO manages the corporation's administration/ operations in a manner accountable to the board and members, in line with the board-approved strategy provides the board with appropriate information to perform its functions including overseeing strategic direction, financial and operational performance and organisational culture attends board meetings to report on operations and answer questions.

Principle: ACCOUNTABILITY AND TRANSPARENCY

The board is accountable to members and stakeholders, demonstrating transparency and respect.

What it is about	What it looks like
<p>The board represents the corporation and is accountable for its performance to members, and stakeholders.</p> <p>In a corporation the members have the right to hold the board to account. At general meetings members can raise issues, ask questions or replace board members.</p> <p>Depending on its activities, some organisations have a wide range of stakeholders to satisfy, such as funding bodies, an industry standards body, contract managers, business partners, service recipients or customers, and employees.</p> <p>The board needs to ensure the corporation is building relationships that help it achieve its objectives. The role flows two ways: representing the corporation's interests to external parties; and ensuring that the interests of key external stakeholders are known within the corporation.</p> <p>Stakeholder engagement is also important to revise the corporation's strategic plan. Stakeholders' needs and feedback should inform the annual review of the strategic plan.</p>	<p>The corporation:</p> <ul style="list-style-type: none"> • has clear processes for receiving and resolving complaints from clients, members and stakeholders • has and follows its internal rules to resolve internal disputes • ensures parties to the corporation's rule book understand and follow the process to raise and resolve internal disputes. <p>Members (are informed):</p> <ul style="list-style-type: none"> • are aware of their responsibility to keep the corporation updated with their contact details • can access and understand the corporation's rule book and other corporation records • understand their rights and their responsibilities and how to exercise them • receive information and notifications from the corporation, including reports on the corporation's performance and activity, including auditor reports (if relevant) to help them make informed decisions. <p>Members (are engaged and involved):</p> <ul style="list-style-type: none"> • can confidently ask questions and provide feedback on the corporation's governance and performance and hold the board to account • participate in corporation affairs, including making decisions • are involved in certain major decisions of the corporation, such as changing the corporation's rule book • are informed of the board's renewal plan and encouraged to participate in development pathways for future board opportunities. <p>The board:</p> <ul style="list-style-type: none"> • knows whose interests the corporation serves and who may influence its success • understands the needs and expectations of members and other stakeholders • oversees a member and stakeholder engagement plan to give and receive information – the plan should cover processes and activities for reporting, gathering and responding to feedback and complaints • considers the various interests of stakeholders in strategic planning and other decision-making

Accountability and transparency continued...

What it is about	What it looks like
	<ul style="list-style-type: none"> • maintains key stakeholder relationships • is open and transparent with members about its activities and representations on the corporation's behalf • holds an AGM every year and seeks member review and feedback.

Principle: CONTINUOUS IMPROVEMENT

Governance is an ongoing and evolving practice.

What it is about	What it looks like
<p>The corporation strives towards self-regulation. That is, where it monitors its own adherence to legal obligations and ethical standards.</p> <p>It is committed to governance standards and accountability beyond compliance obligations.</p>	<p>The corporation:</p> <ul style="list-style-type: none"> • is committed to high governance standards beyond compliance requirements • regularly assesses and reports to members on the effectiveness of its governance arrangements, compliance with its rule book and policies, and operations • demonstrates its effectiveness and credibility with external stakeholders such as the community they serve or operate within, funding bodies or governments • has a continuous improvement system to revise rules, policies and procedures.

Providing feedback

ORIC has developed these principles with assistance of Directors Australia, the Australian Indigenous Governance Institute and the Australian Institute of Company Directors.

Our aim is to provide a practical framework relevant to the unique circumstance of Aboriginal and Torres Strait Islander corporations.

We welcome your feedback, contributions and suggestions for supporting resources to help corporations practice effective and appropriate governance – please email publications@oric.gov.au.