

Governance Story for Aboriginal Corporations

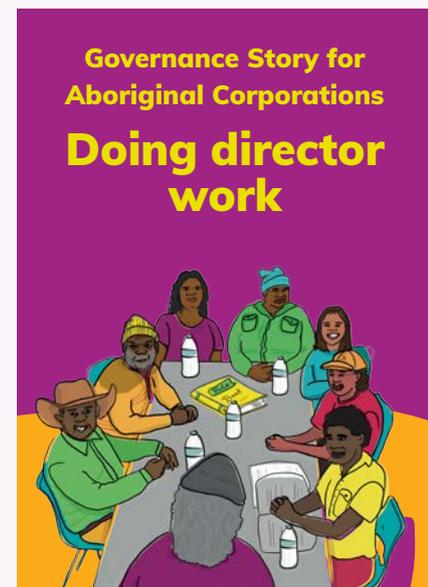
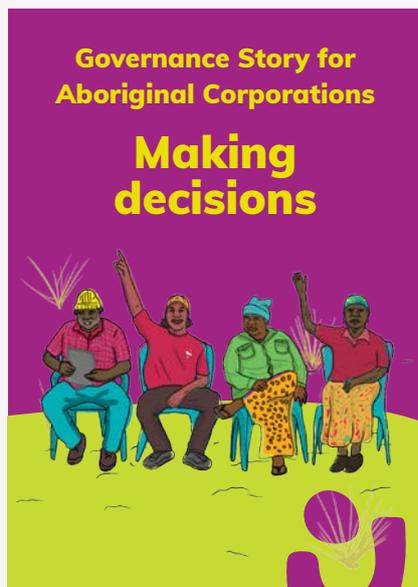
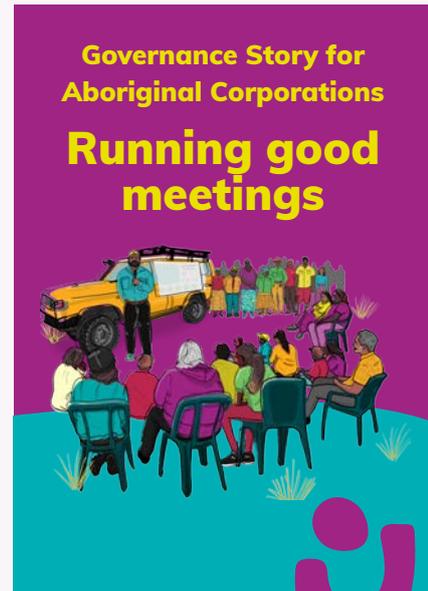
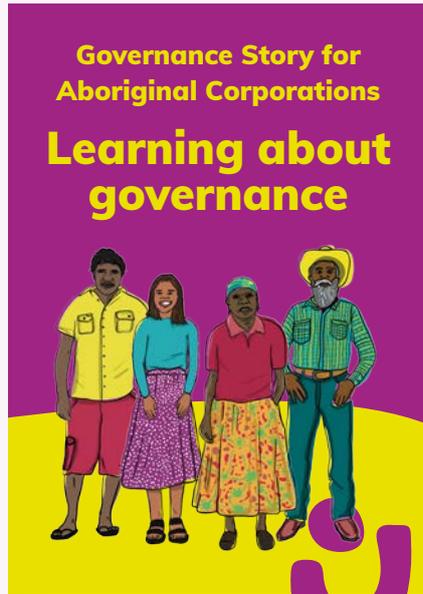
Making decisions





Governance Story for Aboriginal Corporations series

These booklets help members and directors of Aboriginal corporations understand governance.



Hard words

**governance
govern**

How a group of people makes decisions and does things in a clear, straight and fair way.

corporation

A group of people want to hold land, make money or do business together. So, they make a legal person, called a corporation. A corporation is only a person on paper.

CATSI Act

This is the law about how to set up and manage Aboriginal corporations. It says how Aboriginal corporations have to work. The full name is the *Corporations (Aboriginal and Torres Strait Islander) Act 2006*.

**rule book
constitution**

The rules about how the corporation works, makes decisions and follows the rules in the CATSI Act.

roles

Every person has a different job in a corporation.



Hard words

members

The Aboriginal corporation belongs to a group of people. These people are the members.

directors
board of directors
board

The members who the other members chose to govern and make decisions for the corporation.

The whole group of directors is called the board of directors, or board.

representation

When someone speaks up for a group of people. That person also has to share information with that group.

consult
consultation

To talk and listen to members to find out what they want and need.

informed

To learn about what is happening or what is going to happen.

Roles in an Aboriginal Corporation



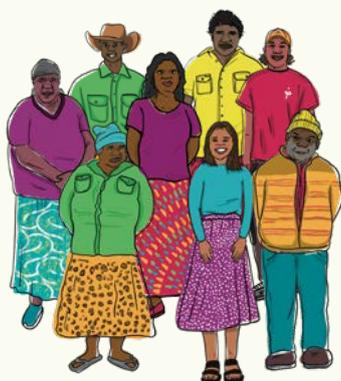
Community

The group of people that the Aboriginal corporation works for. In PBCs, the community is the native title holders.

People can choose to become members.



Members choose directors.



Directors hire the CEO.



The CEO hires managers and other workers.



Managers



Other workers



Types of decisions

There are many types of decisions that members, directors and staff have to make. Different roles make different decisions. They sometimes have to consult the right people to find out what they want and need.

Rule book

Members decide the rules in the rule book.

Membership

The CATSI Act has rules about membership. Members decide some rules. The board decides if people meet those rules.

Directors

Members choose the directors.

Contracts and agreements

The board and staff decide who the corporation wants to work with and how they will work together.

Strategic plan

The board makes the big goals for the future of the corporation.

Policies and procedures

The board and staff make the rules for how everyone behaves and does their work.

Finances

Members, the board and staff all make some decisions about the money story. But each role makes decisions about different parts of the money story.

Staff

The board hires and manages the CEO. The CEO hires and manages other staff.

Projects and programs

The board and staff decide what the corporation will do, like visiting country or starting a business.

Another word for decision is resolution.



Delegating power

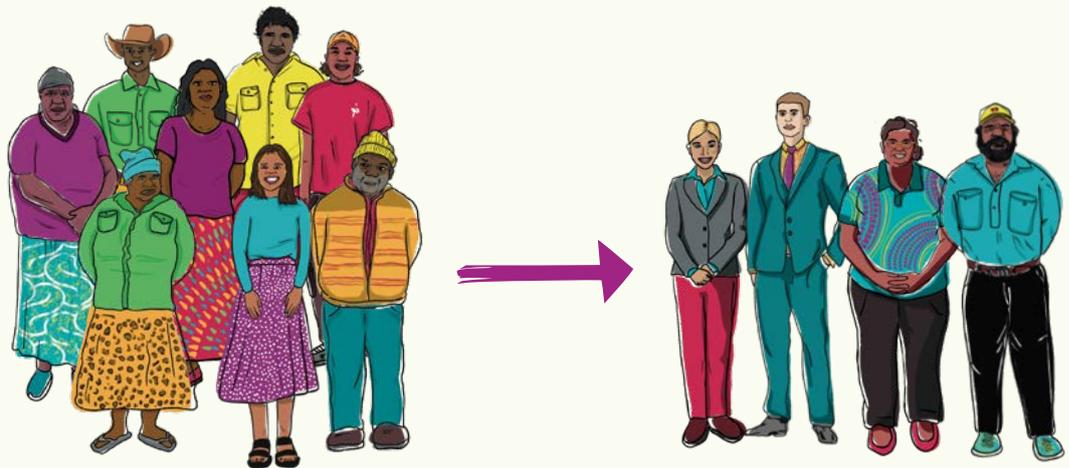
Delegating power means the board of directors gives permission to staff to do corporation work and make some decisions.

Directors are still responsible even if they have delegated the power to staff. So, directors have to make sure the CEO and other staff do corporation work right way.

Example of delegating power

The board delegates power to staff for some money story jobs.

The board decides how much money the staff can spend without asking for permission. Staff decide how to spend that money. If the staff want to spend more, they have to ask the board.



directors delegate power

so staff can do some directors' jobs

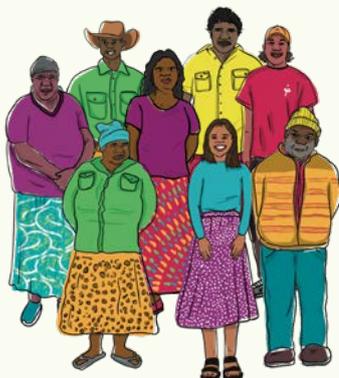
Separating power

Every role makes different types of decisions. This way, one person or group does not have all the power. Each role checks what the other roles are doing. This helps the corporation make decisions that are right and fair for everyone.

Separation of power between members and directors



Members decide who the board will be.



The board decides what work the corporation will do.



Separation of power when there is staff



Members decide the big goals of the corporation. Members decide who the board will be. Members check the board is doing a good job.



The board decides what work the corporation will do for the goals. The board chooses the CEO. The board checks the CEO is doing a good job.



The CEO decides how to do the work. The CEO chooses the other staff. The CEO checks the other staff are doing a good job.

What if my corporation has no staff?

Then, directors do all the work.



Making good decisions

People need to know what is happening

Learning what is happening or what is going to happen is called being informed. Being informed helps to decide things right way.

Get informed



- Look up information in books or the internet.
- Talk to, or consult experts. Experts are people who know a lot about something.
- Consult family, community and people in the corporation.



Give people time

People need enough time to do these things.

- Talk to everyone they need to talk to.
- Make sure everyone understands. Talking in language can help.
- Think about all the ideas and choices:
 - o what are the choices?
 - o what are the good sides of every choice?
 - o what are the bad sides of every choice?
 - o what does the corporation need for every choice, like, people, a plan, time and money?



Represent the right people

The right people have to be represented. Representing is a 2-way job.



For different decisions, members and directors have to represent different groups, like:

- families
- elders
- young people
- men or women
- communities.



Make a committee

The corporation can make a committee, or small group, to help everyone get informed. Committees can help with things like:

- getting information
- working on ideas
- bringing the information and ideas back to the corporation.

The corporation can choose different people for different committees. People who are not members or directors can be in a committee.

Know your role in a committee.

Know what the committee can and cannot decide.



Reasons to make a committee

Representation

The committee represents different groups, like men, women, young ones or elders.

Culture

A committee can help the corporation work traditional way.

Learn a lot about one thing

People on a committee can become experts on one thing for the corporation, like:

- risk planning
- making money
- hiring a CEO.

Then, they share what they know with the board.

Know your rights

Different laws and rules give you different rights. It is important to know what you can and cannot do when making decisions.

Ask questions if you are not sure about your rights.



Hard words

interests

Something that:

- a person cares about
- can make a difference to a person or their family
- can be good or bad for that person or their family.

conflict of interest

Interests that might stop a director making decisions that are best for the corporation.

minutes

The record of the meeting. Minutes say:

- when and where the meeting happened
- who was at the meeting
- what people talked about
- what decisions they made
- what people need to do after the meeting.

quorum

Having enough of the right people to have a meeting. Check the rule book to see how many people you need to make a quorum.

voting

A way to make decisions in a group.

vote

Every person makes a choice.



Working together

To make good decisions, everyone needs to feel safe. These are some ways to help everyone talk and listen to each other.

Have meetings in a place that is OK for everyone to go to

Follow the rules in the code of conduct or good meeting agreement

Make sure there is enough time for everyone to talk about their stories and ideas



Respect each other, even when people do not agree

Talk in a true, straight and fair way

Make sure there is time for people to talk in language, or in smaller groups

What are interests?

Every person has many roles in their life. Sometimes, we talk about these roles as wearing different hats. When people wear different hats, they care about different things. These things are called interests.



father



artist



member



leader



teacher



friend



staff



son



brother



husband



football player



director



As a father, my interest is what is best for my child.
As a teacher, my interest is what is best for all the children in the class.



As an artist, my interest is telling my stories.
As a mother, my interest is making art that will make money for my family.



When people make decisions in a corporation, they have to think about what is best for the corporation. They need to separate interests. They need to know what hat to wear.

Conflict of interest

Directors need to separate their interests when making decisions for the corporation. They have to wear the right hat for that decision.

Sometimes, it is difficult to separate interests, like when a corporation decision could be good or bad for you or your family. It can be hard to take off the family hat and put on the corporation hat. This is called a conflict of interest.

Our board is deciding if the corporation should buy lights for the basketball court or the football oval.

I am a director, so I have to think about what is good for the community and the corporation. But I play basketball, so I want the lights on the basketball court. I have a conflict of interest.





The community uses the basketball court for meetings.



There are more footy players than basketball players in the community.



I want to be able to train on the basketball court at night.



The community uses the footy oval for lots of things.



Different types of conflicts of interests

actual conflict

There is a conflict.

perceived conflict

Other people think there is a conflict of interest, even if there might not be one.

potential conflict

There could be a conflict. But it has not happened yet.

It is OK to have conflicts of interests. Everyone has them sometimes. But you have to speak up and tell the other directors about it.



Declaring a conflict of interest

When the corporation makes a decision, everyone has to say if they have a conflict of interest. This is called declaring the conflict of interest.

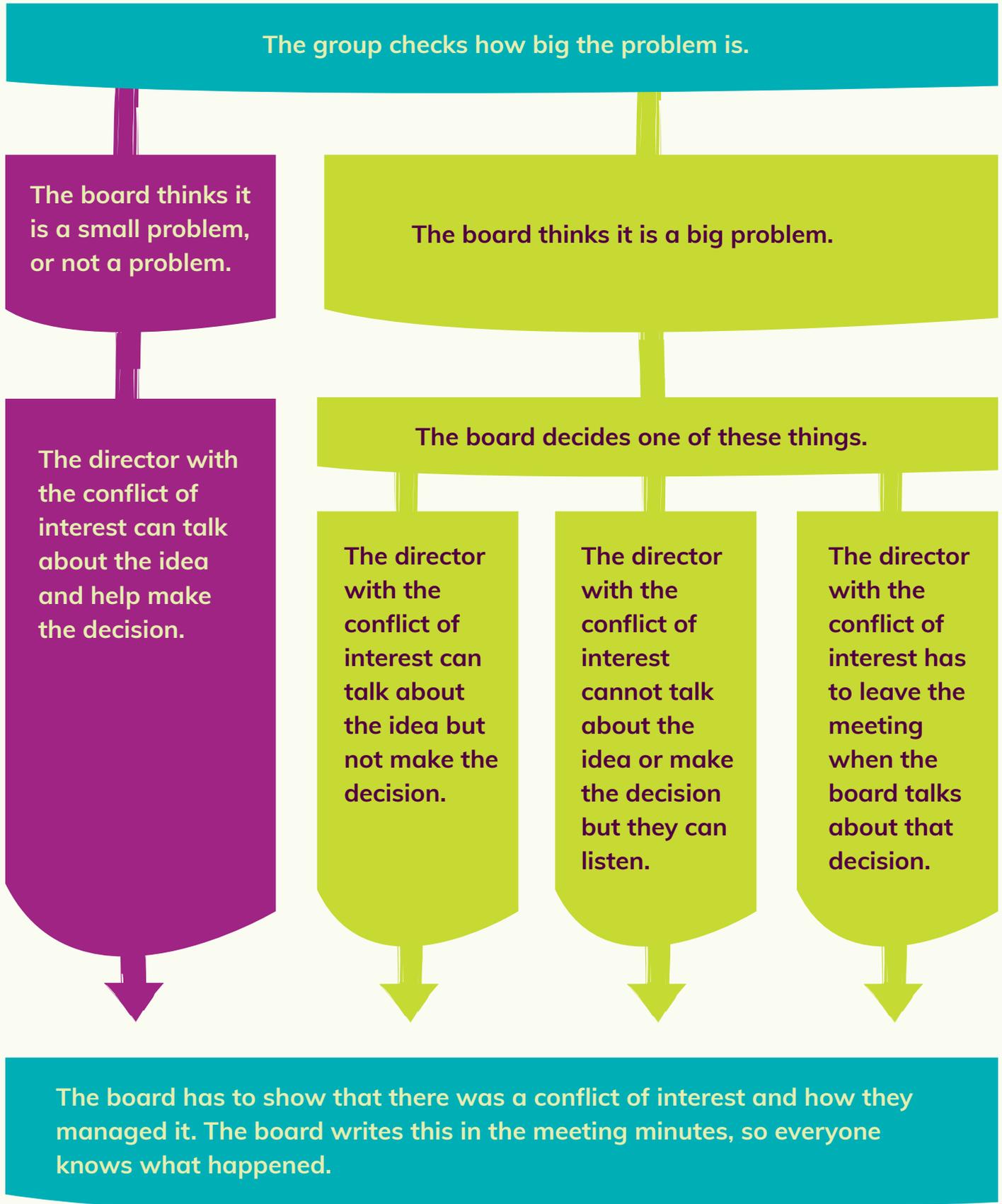
The board can only make a good decision for the corporation if everyone is straight and true about their conflicts of interests.

Everyone has a lot of interests. So, we keep a list of interests for our directors. We always check that list before we make decisions.



Managing conflicts of interests

The board can manage conflicts of interests in these ways.





Questions to make good decisions

When making decisions for the corporation, every director has to think about these questions.

- Why are we making the decision? What is the goal?
- Do I understand what the decision is about?
- Do I have all the information I need to make the decision?
- Who is this decision for? Have we talked and listened to them?
- Have we talked and listened to other people about the decision? Is it right for everyone else?
- Do I have any conflicts of interest with this decision?
- What are the choices?
Think about things like country, people, community, corporation and money.
- What are the good sides of each choice?
What are the bad sides of each choice?
- Are the choices OK by all the laws and rules?
- What does the corporation need to make each choice happen?
Think about things like people, a plan, time and money.

Ways to make decisions

Aboriginal corporations use different types of governance.

1 Aboriginal governance Looking after the members and community traditional way.

2 corporate governance Making sure the Aboriginal corporation follows the laws and rules from the government.

3 2-way governance Doing Aboriginal governance and corporate governance.



Each type of governance has different ways to make decisions.

The rule book says how to make different decisions. Some corporations write rules about culture and language to make decisions traditional way.



How many people do you need to make a decision?

Members and directors can only make decisions at meetings. There have to be enough people to have a meeting. This rule is called a quorum.

Example of quorum for an AGM

If there are:	Then, a quorum is:
20 or less members	2 members
21 to 30 members	3 members
31 to 40 members	4 members
41 to 50 members	5 members
51 to 60 members	6 members
61 to 70 members	7 members
71 to 80 members	8 members
81 to 90 members	9 members
91 members or more	10 per cent of members

Example

- 10 members for 100 members
- 20 members for 200 members

Check your rule book to see how many people make a quorum for different corporation meetings.

What are the corporate governance ways to make decisions?

Voting

Voting helps to decide things together. This is how voting happens.

Every person makes a choice. This is called a vote.



Someone counts all the votes.



Most of the time, the choice that has the most votes becomes the decision for the group.

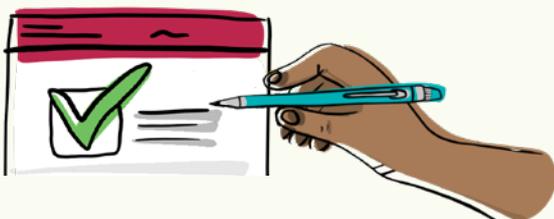
Voting can be public or anonymous.

public or open voting



Everyone in the group can see what choice each person is voting for.

anonymous voting



No one knows what choice each person is voting for.

Unanimous vote

Unanimous means that every person in the group agrees on the decision. It is when:

- everyone says "yes" to the same thing, or
- everyone says "no" to the same thing.



Consensus

Consensus is when people keep talking until everyone can agree on a decision. If there is consensus, even those people who do not like the decision can be OK with it. It is about finding a way, together.



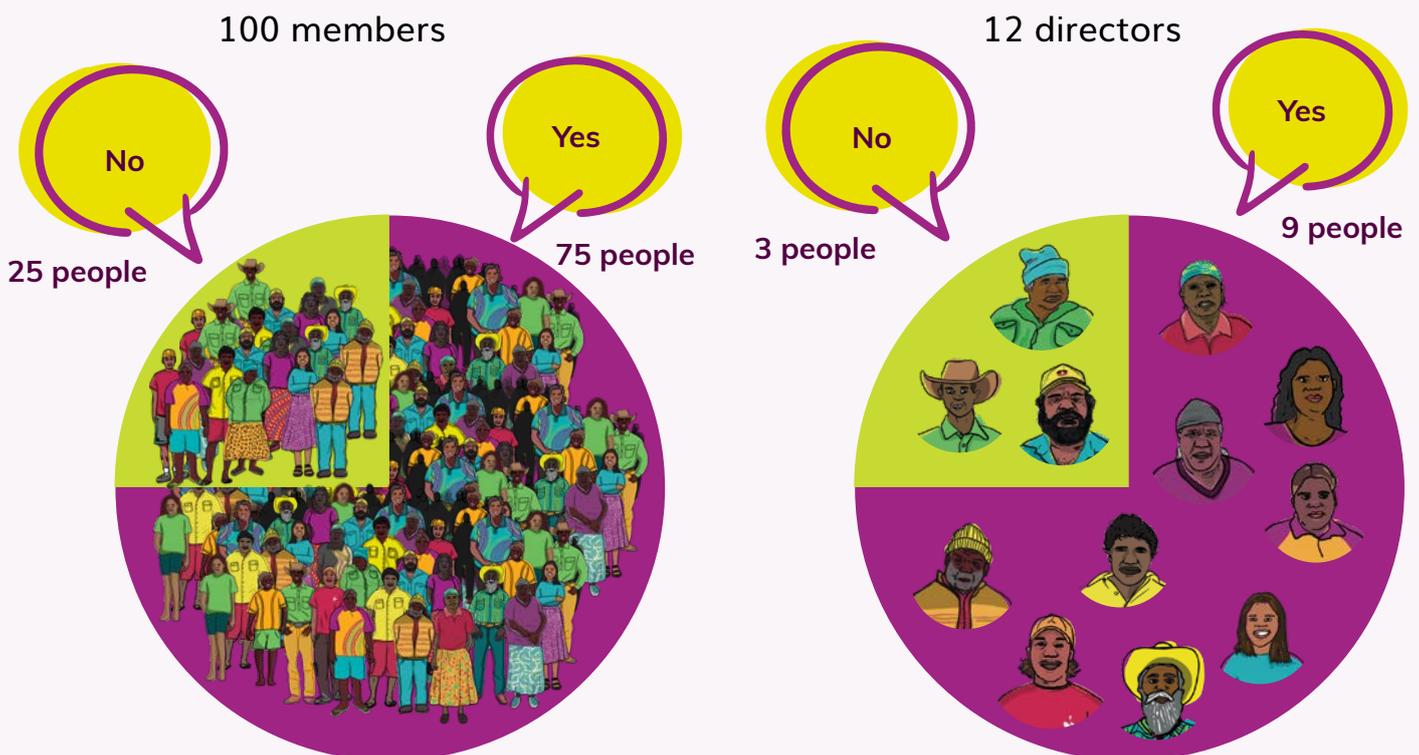
Majority vote

Majority means most, or more than half, of the votes. So, a majority vote is when most of the people who voted agree on the decision. The decision will still happen, even if there are people who do not like it.



Supermajority vote

Supermajority is when 75 per cent of the votes have to be "yes". Check your rule book to find out when you need a supermajority vote.



Casting vote

If there are the same number of "yes" and "no" votes, the meeting chair can vote again. This is called a casting vote. Check your rule book to find the rule about casting votes.



Consent agenda

The corporation puts a few easy decisions together. Then, the group decides "yes" or "no" to all the decisions in one vote. This is a quick way to make easy decisions.



No decision

Sometimes people cannot agree. When this happens, these are some of the things they can do:

- get more information
- talk about it again at a different time
- vote at another meeting
- follow the rules in the rule book.

Delegated authority

The board decides who can make some decisions. They can give permission to one person or a small group to make some decisions.

Check your rule book to find out if you can delegate any decisions.



delegated authority



When you cannot go to a meeting

Proxy

When a member cannot go to a meeting, they ask another person to speak for them. This person is called a proxy. The member can tell the proxy how to vote or give them permission to make decisions.

Proxies are only for general meetings. Check the rule book to find out about the rules for proxies.

A proxy form is the paper that says

- who the member is
- who will be the proxy
- what the proxy can vote on.

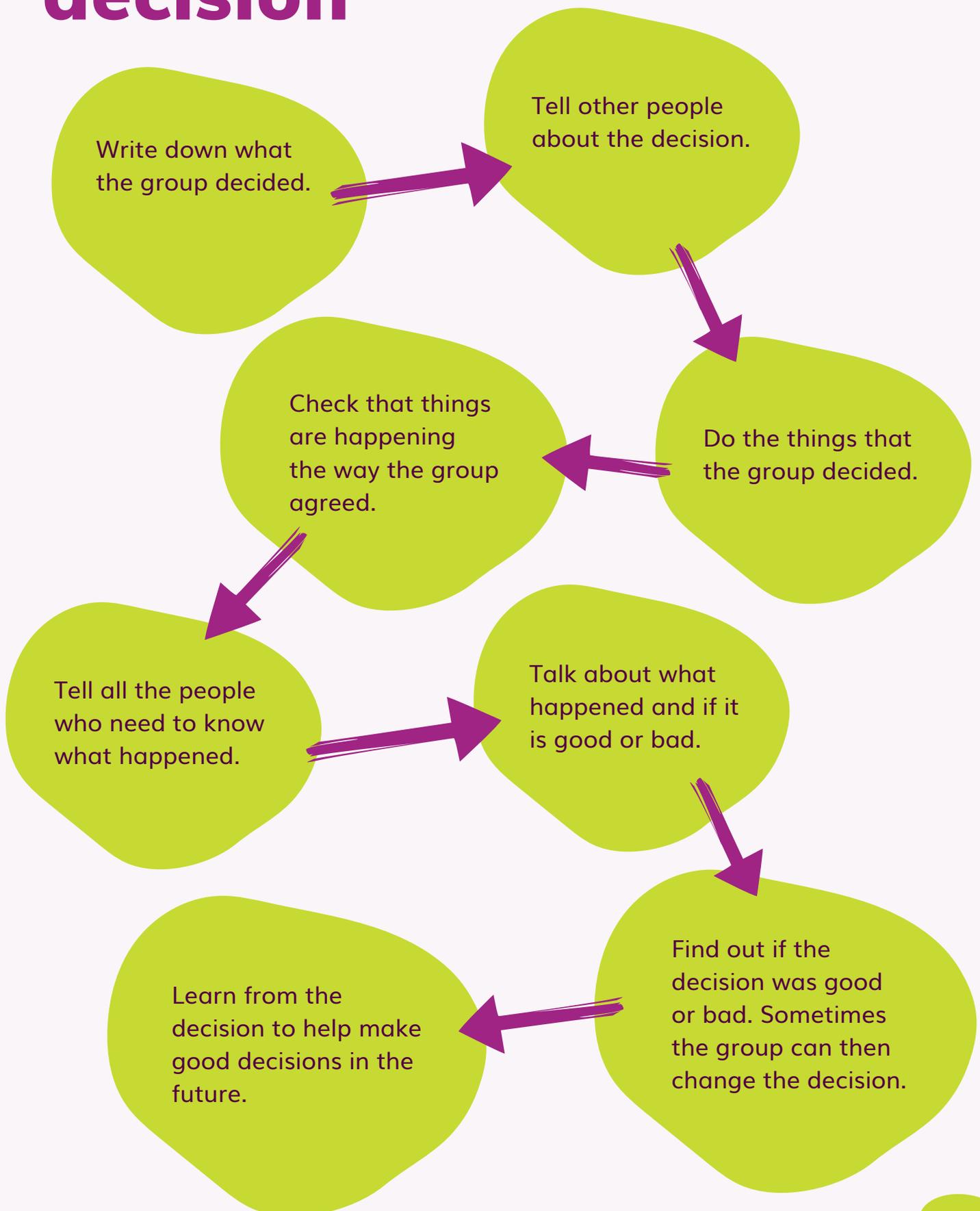


Alternate director

There are no proxies in directors' meetings. But, the CATSI Act says directors can have an alternate director, if the board agrees.

Check the rule book to find out about the rules for alternate directors in your corporation.

What happens after a decision





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