

# Governance Story for Aboriginal Corporations

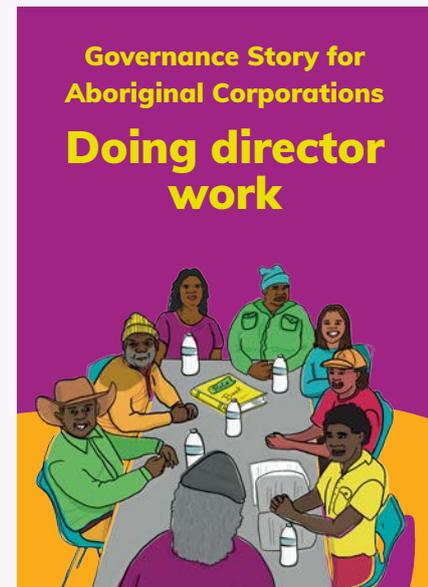
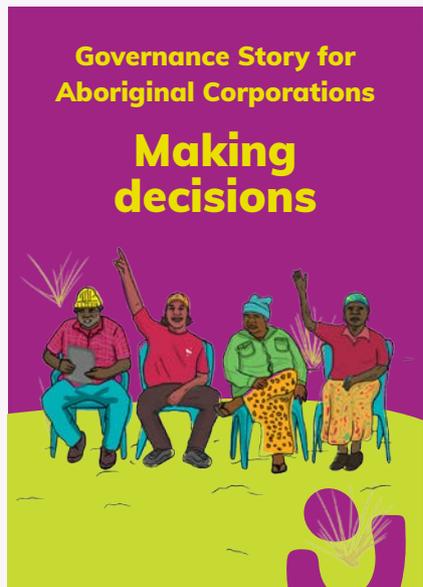
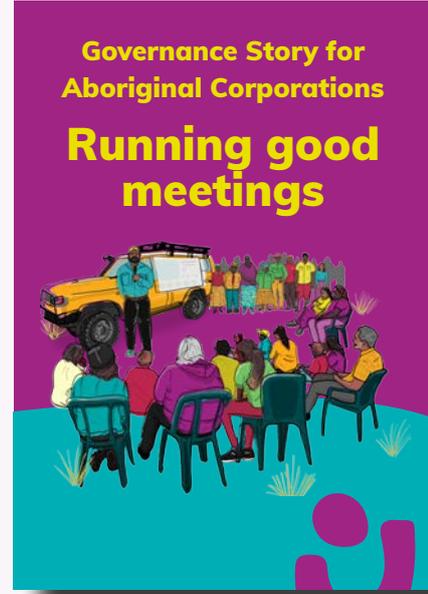
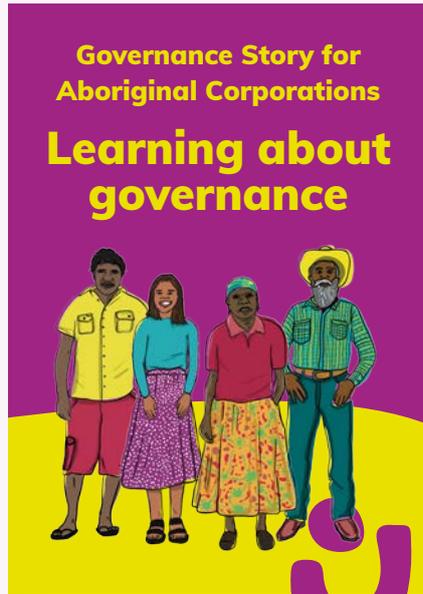
## Doing director work





## 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.

**Aboriginal corporation (AC)**

A corporation that is about making the lives of Aboriginal people or communities better. Most of the directors have to be Aboriginal people.

**CATSI Act**

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.



**members**

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

**director  
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.

**independent directors**

Directors who are not members of the Aboriginal corporation. They have special knowledge, skills and experience that can help the board.

**alternate directors**

Someone who does a director's job if the director is sick or away.

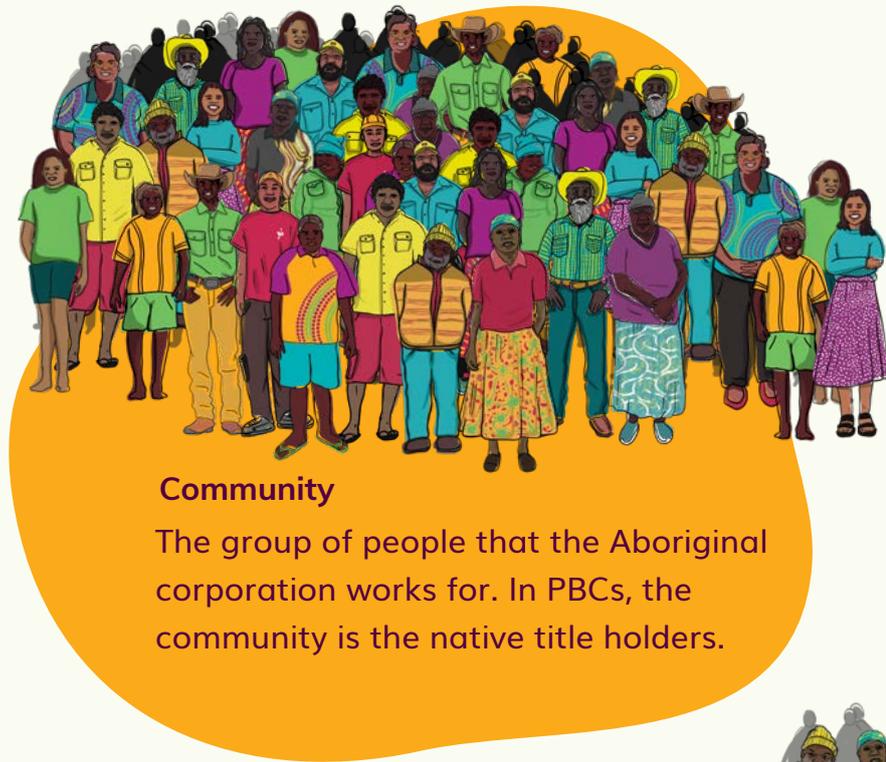
**Chief Executive Officer (CEO)**

The CEO is the staff who manages the operations. Operations is the everyday work of the corporation.

**general meeting**

A meeting for all members.

# 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.



Directors hire the CEO.



Members choose directors.



The CEO hires managers and other workers.



Managers



Other workers



## Why do some directors have extra roles?

A whitefella way to govern a board of directors is to have different director roles. These roles can help the board do all the jobs.

### contact person



The contact person gets all the emails, letters and phone calls from anyone who wants to talk to the corporation.

The CATSI Act says every Aboriginal corporation has to have a contact person. The contact person does not have to be a director or a member.

### chairperson meeting chair



The chairperson is the leader of a meeting. They make sure everyone follows the rules and holds the meeting right way.

Some corporations choose a different chairperson for every meeting. Some corporations have the same chairperson for all the meetings in a year.

### secretary



The secretary looks after all the corporation papers. They also read information that comes into the corporation and send information out.

Only some Aboriginal corporations have a secretary.

### treasurer

The treasurer looks after the money story for the corporation.

Only some Aboriginal corporations have a treasurer.

## What are independent directors?

The board of directors can choose some independent directors. Independent directors are not members of the Aboriginal corporation. They are people who have special knowledge, skills and experience that can help the board. Independent directors do not have to be Aboriginal.

Check the rule book to find out:

- if the corporation can have independent directors
- how many independent directors it can have
- what decisions independent directors can make.

I work for a big company in the city. An Aboriginal art centre asked me to be an independent director on their board. I share my business ideas and knowledge with the board.





## What are alternate directors?

Sometimes a director cannot go to a corporation meeting or do their director jobs. So, the CATSI Act says a director can choose someone to be their alternate director for a short time. The board of directors can say "yes" or "no" to that person becoming the alternate director.

Check the rule book to find out:

- if the board can have alternate directors
- who can be an alternate director
- how many alternate directors there can be
- what jobs alternate directors can do
- what decisions alternate directors can make
- what papers the directors have to write.

I cannot go to the directors' meeting next week. My sister is my alternate director. So, she will go to the meeting.



# Director responsibilities

A director's responsibilities are all the jobs they have to do for the corporation. These are the main director responsibilities in an Aboriginal corporation.

Look after membership

Listen to members

Tell members and others about the corporation

Make plans for the corporation's future

Make sure the corporation follows the laws and rules

Make sure the corporation has a good money story

Look after important corporation papers

Make sure corporation meetings happen

Manage problems that might happen

Make sure the corporation works well with others

Hire and manage the CEO

**Every director has jobs they have to do. These are individual responsibilities. There are also collective responsibilities. A collective responsibility is when the board has to do that job together, like making decisions.**



## Look after membership

The corporation gets membership forms from people who want to be members of the Aboriginal corporation. Directors have to check the rule book to make sure that those people can be members.

### Member register

The Aboriginal corporation has to have a member register. This is a list of all the members. It has to show these things about every member:

- name
- address
- when they started being a member
- if the person is not Aboriginal.

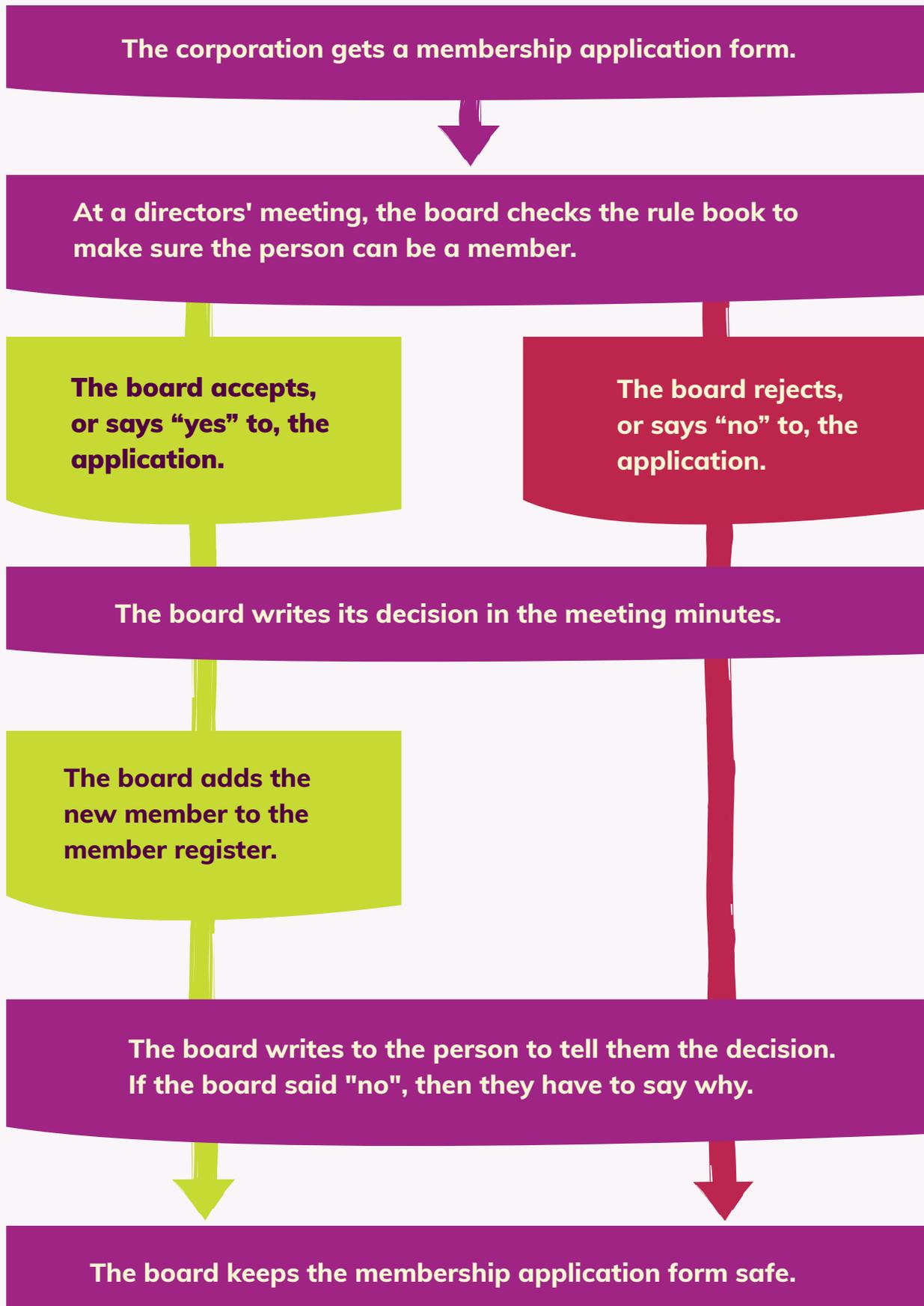
The directors ask members to check their name and address in the member register at a general meeting.

### Former member register

The board has to keep a former member register. This is a list of all the people who stopped being members. The former member register shows:

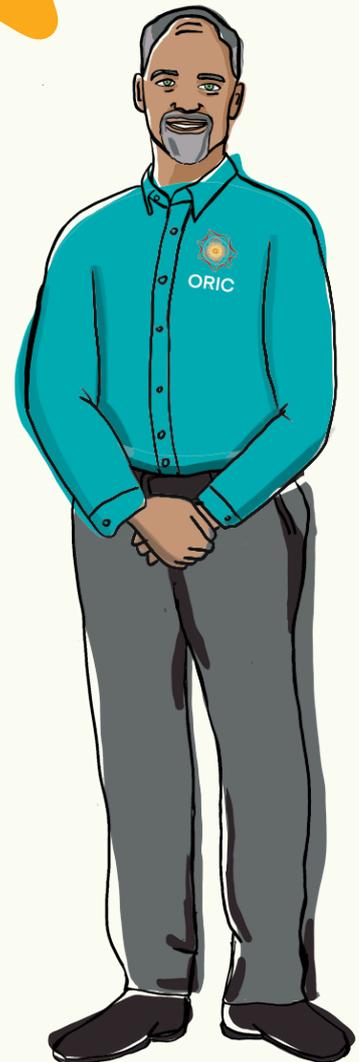
- all the former members' names and addresses
- the date each person stopped being a member.

## What does the board have to do when someone asks to be a member?



Always check your member register to find out who is a member of your corporation.

The member list on the ORIC website is not the member register. The information on the ORIC website might be old.



## Who can stop a membership?

A member can write to the corporation to say they want to stop being a member.

The board can stop a membership if:

- the member passes away
- the rule book says that person cannot be a member.

Members can stop a membership at a general meeting, if:

- no one in the corporation can contact the member for 2 years, or more
- the member behaves badly and stops the corporation from doing its jobs.

## How does the membership stop?

The board has to do these things.

Write to the member about why they are stopping the membership.



Take the person's name and address off the member register.



Write the person's name, address and the date that the membership stopped on the former member register.



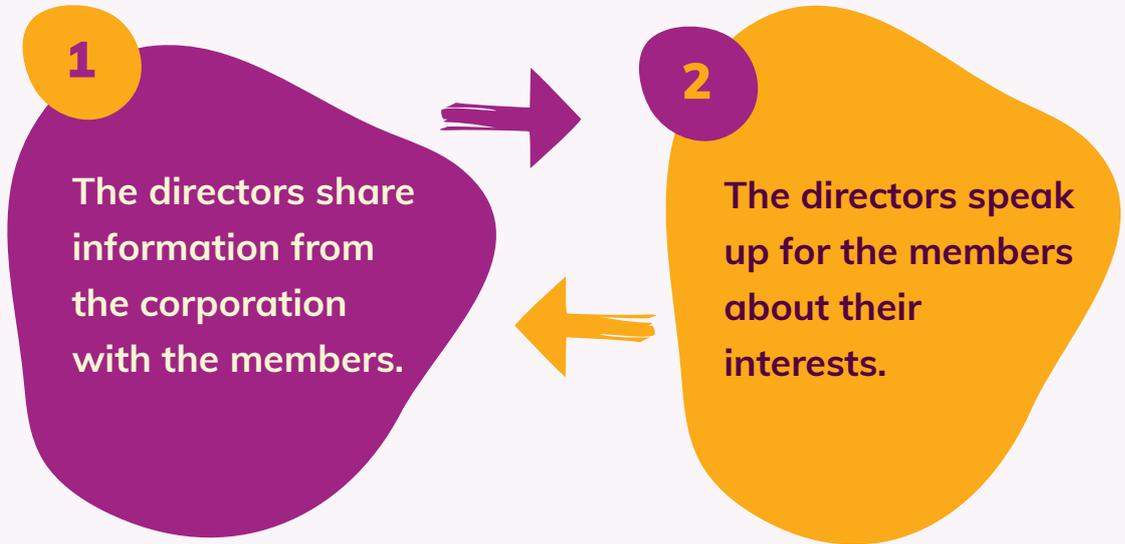
Write to that person to say why they are not a member anymore.

A member can object, or say "no", to stopping their membership. Check the rule book to find out what to do.

## Listen to members

Directors are representatives of the members.

Representing is a 2-way job.



When the board makes decisions for the corporation, they are representing the members. So, directors need to consult with members. Consult means to talk and listen to members to find out what they want and need.

After the meeting, they tell the members about the decision.



**Directors are not the bosses of the Aboriginal corporation.  
The members are the bosses.**

# Hard words

**comply**  
**compliance**  
**compliant**

These words mean the same thing. They all mean following all the laws and rules, so the corporation does not get into trouble.

**ORIC**

The organisation that makes sure Aboriginal corporations follow the CATSI Act. The full name is Office of the Registrar of Indigenous Corporations.

**finance**  
**financial**

The corporation money story.

**financial year**

From 1 July to 30 June the next year.

**agreement**

A document, or paper, that has the rules about how the corporation agrees to work with people or other organisations.

**manage**

Making decisions and looking after the corporation so it runs well.

**risk**

The chance of something going wrong.

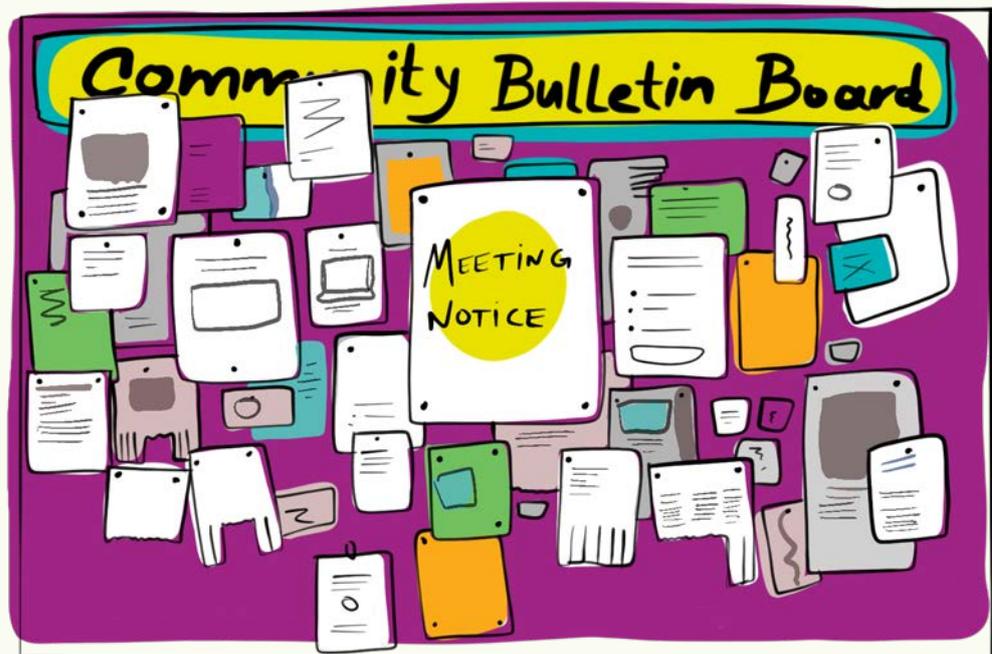


## Tell members and others about the corporation

Directors represent the Aboriginal corporation to:

- members
- community
- Office of the Registrar of Indigenous Corporations (ORIC)
- others, like government groups or organisations that work with the corporation.

The directors share information with them. Then, everyone knows what the corporation is doing. They know that the directors are doing their work right way.



## Directors share information

### Information the Aboriginal corporation shares:

Members

Community

ORIC

what the corporation is doing



what the corporation wants to do



what the corporation needs



the corporation's money story



the member register



meeting papers, like notices, agendas and minutes



general meetings

community meetings

general meetings

corporation reports about the last financial year



The board also shares information with other people and organisations they are working with. They only share what the person or organisation needs to know.



## Make plans for the corporation's future

The board decides the corporation goals and how to make those goals happen. This is called strategic planning.

The strategic plan is the document, or paper, that the directors make at the end of the strategic planning. Most of the time, this is what goes in the strategic plan.

<b>vision</b>	What does the corporation want the future to look like?
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<b>purpose</b>	What does the corporation do to help make that vision happen?
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<b>objectives</b>	What are the big goals to help make that purpose happen?
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<b>activities</b>	What will the corporation do to make the objectives happen?
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Always think about what resources the corporation needs to do the activities in the strategic plan. Resources are things like money, staff, computers and cars.

## Monitor the strategic plan

Monitoring means:

- watching what the corporation is doing
- checking the strategic plan is right.

**It is good for the board to ask these questions to monitor the plan.**



## Make sure the corporation follows the laws and rules

The board is responsible for corporation compliance. Compliance means following all the laws and rules.



### Ways to talk about compliance

**comply**  
**complying**

Following the laws and rules.

**compliant**

When the corporation has followed all the laws and rules.

**compliance**

The work the corporation does to follow the laws and rules.

Directors are legally responsible for everything the corporation does. This means that if the corporation does not follow the rules, the directors can get in trouble.

If you are worried about something, talk to someone at CLC.



## Examples of laws and rules

### laws about looking after the corporation, people, animals and land

Examples:

- Corporations (Aboriginal and Torres Strait Islander) Act 2006
- Northern Territory Sacred Sites Act 1989
- Aboriginal Land Rights Act 1976
- Native Title Act 1993
- Native Title (Prescribed Bodies Corporate) Regulations 1999
- Work Health and Safety Act 2011.

### rule book

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

### policies

Rules that govern how members, directors and staff behave and make decisions.

### procedures

Rules and instructions about how members, directors and staff do their work or look after things that the corporation owns.

### agreements

Rules about how the corporation agrees to work with people or other organisations.

**Directors have to keep checking that the corporation is complying with all the laws and rules.**



## Make sure the corporation has a good money story

Finance is the corporation money story. Financial reports are the papers that tell the corporation's money story. There are different financial reports that tell different parts of the money story.

1

Past

### Income and expense report

- what money the corporation got
- what money the corporation spent
- how much money is left in the bank

2

Now

### Balance sheet

- what the corporation owns or has
- what money the corporation can spend now

3

Future

### Budget

These are the money plans for one year.

- what money the corporation will get in the next year
- when the corporation will get that money
- how the corporation will spend its money in the next year



## Look after finances right way

Every director has to make sure they understand all the financial reports. If they do not understand the financial reports, they have to ask questions.



**The board has to do these things.**

- Make sure there is enough money to pay the bills.
- Make sure the budget is OK.
- Decide who can spend the money and how much money those people can spend.
- Make sure the corporation spent its money the way the budget says.
- Stop money fraud. Money fraud is when someone takes or uses corporation money wrong way.



## Financial experts

An expert is someone who knows a lot about something.

These experts can help the corporation look after its money story.

**accountant** Someone who helps the corporation look after its finances.

**auditor** Someone who checks the corporation's financial reports to make sure they are straight and true.

It is hard to understand corporation money story. So, our directors do finance training every year.

We also asked our accountant to show the money story in a different way. Now, they use pictures with the numbers to help us understand.

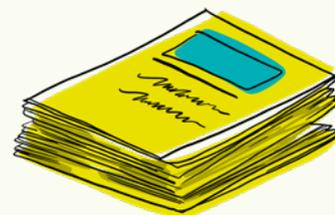


## Look after important corporation papers

Corporations have a lot of different types of papers for governance.

The board has to make sure the corporation papers are:

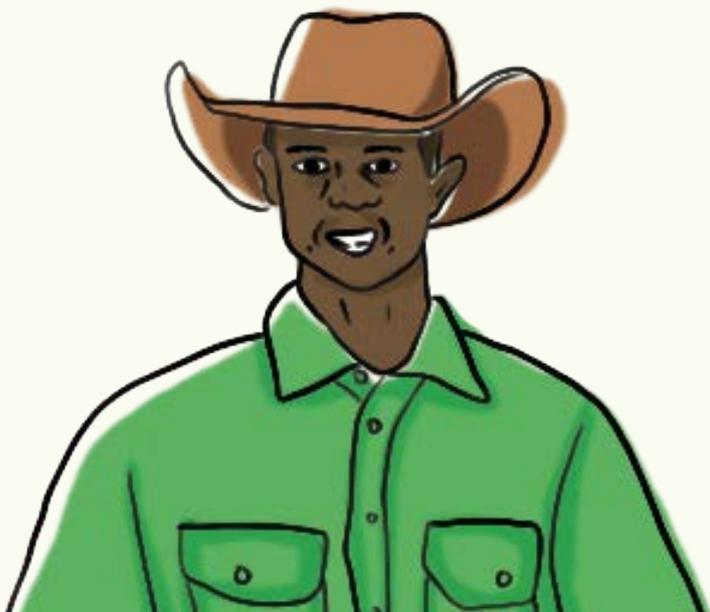
- clear, straight and true
- safe and easy to find.



The board needs to use these papers to help make decisions.

The board has to make sure the right papers go to ORIC, other people and organisations.

We do not have an office. But we have a service agreement with CLC. So, CLC looks after our important papers.





## Some important corporation papers

### Corporation rules

- rule book
- policies
- procedures
- consent to become a director form

### Membership papers

- membership application forms
- member and former member register
- letters to members

### Meeting papers

- meeting notices and agendas
- minutes
- proxy forms

### Agreements

- Indigenous Land Use Agreements (ILUAs)
- lease agreements
- employment contracts
- service agreements
- funding agreements

### Plans

- strategic plans
- business plans
- risk management plans

### ORIC reports and papers

- general reports
- audit reports
- directors' reports
- financial reports
- change of directors form

### Financial reports

- income and expense reports
- balance sheets
- annual budget and income forecasts

## Manage problems that might happen

A risk is the chance of something going wrong. There are risks in every corporation. These can be things like:

- fires, floods, and pandemics, like COVID
- accidents and emergencies
- problems in the community
- no money for the corporation
- problems between members, directors or staff.

The board has to know what the risks are so they can plan for them. They need to think about how each risk will change things for the corporation.

Some boards make a risk committee to do this work. A risk committee is a smaller group of people who learn a lot about risks for the corporation and plan for them.



Our Aboriginal corporation has a car. The vehicle-use policy has all the rules for using the car.

Sometimes we drive long way. A lot of things can go wrong. The policy says that we have to do safety checks before we go. We have to check the car has things like spare tyres, fuel and water.

It also has rules about picking people up for meetings and other events.



## How the corporation can plan for risks

There are a lot of ways the corporation can plan for risks.

- ✓ Keep a list of all the risks.
- ✓ Make plans and procedures to manage the big risks.
- ✓ Make sure directors and staff get the right training for their job.
- ✓ Do performance reviews to make sure the CEO is working right way.
- ✓ Know the corporation money story.
- ✓ Check all the financial reports at every directors' meeting.
- ✓ If the corporation is doing business, make sure it has insurance. This is protection so that the corporation does not lose money if something goes wrong.

**It is good to make  
a risk committee  
to plan for risks.**





## Make sure corporation meetings happen

There are many different types of corporation meetings. These are the main meetings that directors need to know about.



### **Directors' meeting**

A meeting for the board of directors. They make decisions and check that the corporation is working well.

### **General meeting**

A meeting for all members. They make the big decisions for the corporation, like changing the rule book and choosing directors.



### **Annual general meeting (AGM)**

A general meeting that the CATSI Act says all Aboriginal corporations have to hold one time every year.

Some corporations can ask ORIC to only have one AGM in 2 or 3 years.



### **Community meeting**

A meeting for everyone in the community to talk about important things. It is a good way for everyone to share ideas, plans or problems.

### **Committee meeting**

The board can make smaller groups, called committees. They talk about special jobs or ideas to help the board make decisions.



### **Performance reviews**

Directors and the CEO meet. They decide if the CEO is doing a good or bad job. They talk about how to do things better.

### **Training**

Directors learn how to do their jobs well.



Our corporation does not have staff.  
So, we have a service agreement  
with CLC.

CLC helps us run the meetings right  
way. But we have to make sure the  
meetings happen.



# Make sure the corporation works well with others

## Having good relationships

Corporations need to work with other people and organisations. It is important to have good relationships with them.

**A good relationship means respecting each other.**

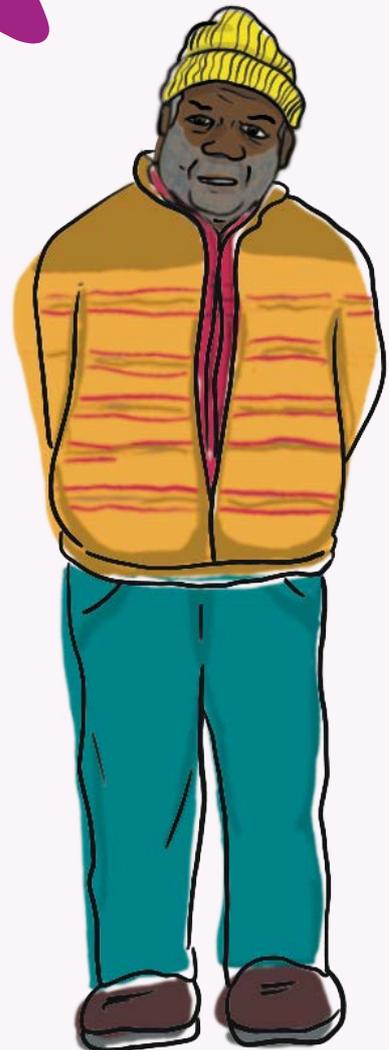




## Represent the corporation

Sometimes, a director has to represent the corporation at meetings with other organisations or events.

You need to keep working on strong relationships. Sometimes you have a good relationship, but then new people come along. You have to start again.



# Hire and manage the CEO

The board of directors is the boss for the CEO.

1

## The board hires the CEO

1. They advertise, or let other people know about, the job.
2. They interview, or talk to, the person to see if they are right for the job.
3. They choose the CEO.
4. The board and the new CEO sign the employment agreement.
5. The board inducts, or trains, the CEO.

2

## The board delegates authority

They give permission to the CEO to manage the operations of the corporation.

3

## The board supervises the CEO

They check that the CEO is doing a good job. If the CEO is doing a bad job, the board can:

- get training for the CEO
- get other help
- find out how to end the employment agreement.

We set a 3 month probation period for the new CEO to learn about the job. In that time, the CEO decided if they wanted to keep the job. We decided if we wanted to keep the CEO.

Now, we do a performance review with the CEO every year.



When our CEO left, we found out what they learned in the job. Then, we gave this information to the new CEO.

# Directors' legal duties

The CATSI Act has 5 legal duties for Aboriginal corporation directors. Duties means things someone has to do.

## 1. Care and diligence

**Directors have to care about the corporation and do their work right way.**

You need to:

- follow the rule book
- read meeting papers before the meeting
- go to meetings
- know what is happening in the corporation
- understand the money story
- ask questions to learn more.

## 2. Good faith

**Directors have to do what is best for the Aboriginal corporation.**

You need to:

- always be honest, or tell the truth
- always do things that are good for the corporation
- only make decisions that are good for the corporation
- always put the goals of the corporation first.



### 3. Not improperly use position or information

**Directors cannot use their director job to get things for themselves.**

- Do not share confidential information about the corporation. Confidential means only one person, or a group of people can know some things about the corporation.
- Do not share corporation information to get things that are only for you, your business or your family.
- Do not use your director job to get things that are only for you, your business or your family.

### 4. Disclose conflicts of interest

An interest is 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.

A conflict of interest is when there are things that could stop a director from making good decisions for the corporation.

**Directors have to say when they have a conflict of interest.**

- Tell the corporation about any conflict of interest that you might have.
- Write conflicts of interests in the meeting minutes.

### 5. Not trade while insolvent

**Directors have to stop the corporation if there is not enough money to pay the bills.**

- Keep checking the money story.
- Keep checking what bills the corporation has to pay.
- Make sure there is money to pay the bills.

## What happens if a director does not follow the 5 legal duties?

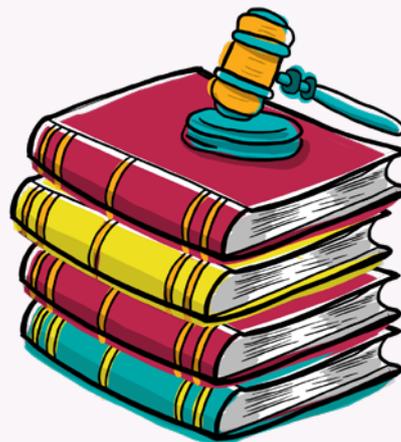
Members can stop someone being a director of their corporation.

The government can stop someone being a director of any corporation in Australia.

The director might have to pay a fine, or money, to the government. The court will decide how much money the director has to pay.

The director might have to pay money for compensation to the corporation or other people. This means the director has to pay money to the corporation for the damage or loss they caused.

The director might go to prison.





# Help directors learn

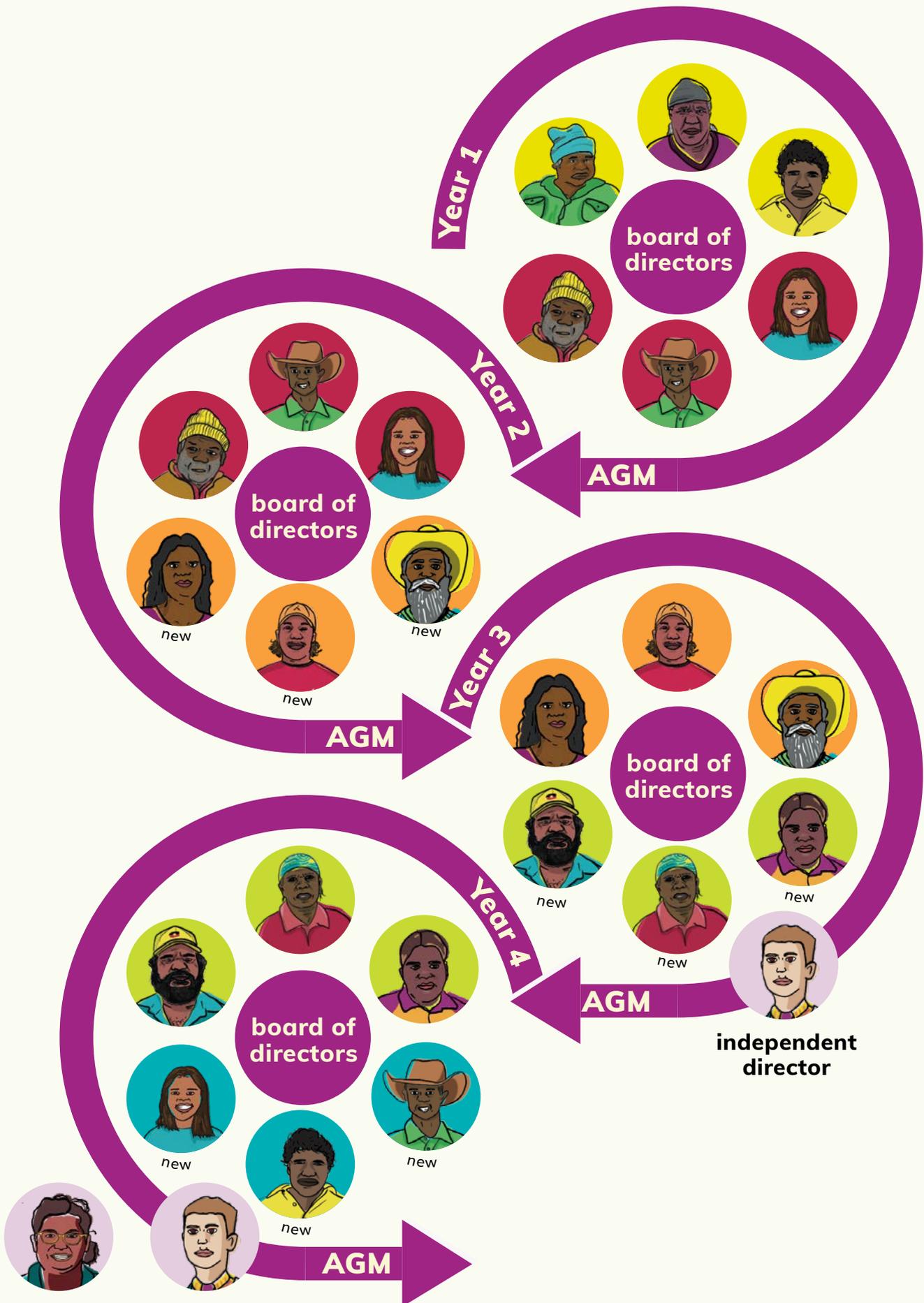
Directors have to learn a lot of things to do their job right way. It is hard and it takes a long time to learn.

Members choose new directors at the AGM. Then, those new directors have to start learning from the beginning.

Our directors stay in the job for 2 years. We choose half of the directors at one AGM. We choose the other half at the next AGM. This way, there are always some directors who have experience and knowledge of the corporation business. Half the directors can teach the new directors.

We had to change our rule book to do this.





independent director    independent director



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LAND  
COUNCIL**

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