

Duties of directors

Directors have specific statutory duties under the CATSI Act.

Duty of care and diligence: Directors must take their responsibilities seriously and carry out their duties with thoughtfulness and care. This means they must be knowledgeable about the corporation's business, attend directors' meetings and be prepared to ask questions.

Duty to disclose conflicts of interest: Directors must not put themselves in a position where they seem to have divided loyalties or an unfair advantage.

If you have a conflict of interest simply declare it—tell your fellow directors.

Duty of good faith: Directors must act honestly and always do what's right for the corporation. In other words, they must not misuse their power to manipulate the corporation's business for their own ends.

Duty not to use position or information improperly: Directors must not pass on confidential information, particularly to competitors, for example, about a contract.

Duty not to trade while insolvent: Directors must not allow the corporation to trade if it hasn't enough money to cover its running costs.



For more information see ORIC's fact sheet *Duties of directors and other officers* on the ORIC website under 'Publications'.



Australian Government
Office of the Registrar of Indigenous Corporations

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Directors at the helm

The board of directors is the highest authority within the corporation.

The directors have the 'big vision'—they understand the corporation's purpose and set its goals. By making firm decisions and showing leadership they guide the corporation forwards.



Congress: 40 years on

Central Australian Aboriginal Congress (CAAC) celebrates its 40th anniversary in June 2013. CAAC, along with the Central Australian Aboriginal Legal Service, was founded in 1973—a big year for community-controlled organisations in the Northern Territory. This was also the year in which the Woodward Commission of Inquiry recommended that the Central and Northern Land Councils be established to present the views of Aboriginal people.

Originally Congress's main aim was to give the local people of Central Australia a voice. From the start it advocated hard, both at the national and grassroots levels, to improve the quality of life for Aboriginal people, particularly in the area of health.

Today Congress runs a comprehensive and innovative Aboriginal community-controlled primary healthcare service that provides quality care for people far beyond its base in Alice Springs. It's now probably the largest Aboriginal health service in the Northern Territory.

In late 2012 Congress made the big decision to transfer to the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act) and, in December, at its first general meeting, elected a new board of directors.

'We as a board are dedicated to working together to achieve better health services and outcomes for our people,' says William Tilmouth, the board's president.

In the coming weeks the directors will recruit three independent (non-member) directors to contribute specialist knowledge in the areas of primary health care, finance, governance and administration.

'We've been here for 40 years which is quite something. Our 40th anniversary is a time to look back and measure how far we've come and realise what we've accomplished. It's also a time to look forward. There's much more we want to achieve over the next 40 years,' says the CEO, Donna Ah Chee.

Congress has made great strides and in many ways has led the way. It deserves to celebrate.

Congratulations Congress!

"I am a firm believer in accountability to the people who fund us. I am also a firm believer in accountability to the people we serve."

Mr William Tilmouth, president of the board, CAAC

Top right: CAAC board members in training. Bob Turner (standing) and George Donaldson (seated at the right next to Bob) from ORIC's Alice Springs office provide corporate governance training specifically tailored to the corporation's needs—one of the many advantages of registering under the CATSI Act.

Photo courtesy of Central Australian Aboriginal Congress (CAAC) Aboriginal Corporation.

What's the going rate for CEOs?

In 2012 the average total remuneration for CEOs of the largest Aboriginal and Torres Strait Islander corporations was \$122,448. This was one of the findings in ORIC's *Remuneration report* published in March 2013.

There's also information on:

- » bonuses paid to directors, CEOs and other employees
- » remuneration, travel allowances and other benefits paid to directors
- » total remuneration paid to senior staff other than CEOs
- » policies that corporations have in place to determine the level of remuneration, bonuses and other benefits which should be paid to directors, CEOs and staff.



Download the report from www.oric.gov.au under 'Hot topics' or go to the publications tab at the top and click on 'Other reports'.

2013 ORIC client survey now open

You'll find it at www.oric.gov.au.

Directors, members and staff tell us what you think about ORIC's services.

We're listening: Your feedback from the 2011 and 2012 ORIC client surveys has led to significant changes in the way we do business. For example, you asked for more local support so we now have five ORIC officers in regional locations specifically to provide more face-to-face contact and hands-on assistance as and when you need it.

We value your comments and suggestions.
IMPORTANT! The survey closes on 31 July 2013.

BE PREPARED for your AGM

Make sure your corporation is ready to hold its **AGM by 30 November**. Follow these important steps.

STEP 1: AUDITED FINANCIAL STATEMENTS

- » By 31 July finalise the financial accounts up to 30 June.
- » By 10 August send the financial accounts to your auditor.
- » By 30 September check the audit is completed.

STEP 2: OTHER REPORTS (general and directors' reports)

- » By 30 September prepare your general and directors' report.
- » By 30 September prepare CEO/manager report (with reference to the annual report and strategic plan).

STEP 3: DIRECTORS' MEETING

- By 15 October call a meeting of directors to:
- » set the date for the AGM
 - » prepare the agenda for the AGM
 - » invite the auditor to the AGM
 - » review the register of members and former members BEFORE the AGM
 - » set a date for the first directors' meeting AFTER the AGM.

STEP 4: NOTICE FOR AGM

- » Make sure the notice and agenda contains all necessary information, such as the date, time and place of the meeting before sending out.
- » Issue the notice for the AGM by **1 November**.

Directors at the helm

The CEO or manager runs the corporation in a practical sense, but only under instructions from the directors and within the constraints of the corporation's rule book and the law.

With support from the CEO or manager, the directors create the corporation's business plan, organisational structure, and policy and procedures. The CEO or manager offers advice and makes recommendations, but it's the directors who make the final decisions.

Directors' obligations

A director must:

- » be fully up to date with what the corporation is doing
- » know how any proposed action will affect the corporation's business performance, especially if it involves a substantial amount of the corporation's money
- » get outside professional advice when required to make an informed decision
- » take an active part in directors' meetings.

Essential qualities

When electing new directors look at those people who are **honest** and have the corporation's **best interests at heart**. Directors should be active in the community, have **good communication skills** and be fully behind the aims and purpose of the corporation.

The best directors think strategically, plan for the future and manage risks.

Money matters

The directors are responsible for the corporation's finances.

They must make sure:

- » there is enough money in the bank to pay the corporation's bills
- » proper financial governance procedures are in place
- » the corporation is meeting its statutory requirements (that is, getting its reports in on time).

You don't have to be an accountant or financial expert to be a director but you must be able to read a balance sheet and understand the corporation's finances. Directors must keep up to date with money coming in and going out and, at all times, know the corporation's financial position. Don't hesitate to ask questions.

The powers and functions of a director are set out in the corporation's rule book.

“When you're elected you know the members are putting a great deal of trust in you. It can be daunting at first but you just have to step up—no half measures. And it is very rewarding, especially when you start to see good things happening in the community because of decisions you've made.”



CAAC's new board of directors (from left to right) Chansey Paech, Donna McMasters, Dawn Ross, Chippy Miller, Joe Hayes, William Tilmouth with CEO Donna Ah Chee.