



How big is big?

Corporations are keen to know what size they will be assessed as being, so they can work out how much reporting they will have to do under the new *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (the CATSI Act). However, just remember, you've got up to two years before your reporting must comply with the new Act.

The Registrar of Aboriginal Corporations will stream corporations into small, medium and large, depending on their income, assets and number of employees. This will happen over time. Transitional corporations will start off with an initial size of medium until they are streamed.

These amounts will be set down in the regulations rather than in the Act because they will then be easier to change in future years.

These regulations are almost finalised and ORAC will send you information about them as soon as they are finished.

It is likely that the following will apply:

A **small** corporation will have at least TWO of the following:

- Consolidated * gross operating income: less than \$100,000
- Consolidated gross assets: less than \$100,000
- Less than 5 employees

A **large** corporation will have at least TWO of the following:

- Consolidated gross operating income: \$5 million or more
- Consolidated gross assets: \$2.5 million or more
- More than 24 employees

All other corporations are **medium** and typically have:

- Consolidated gross operating income: between \$100,000 and \$5 million
- Consolidated gross assets: between \$100,000 and \$2.5 million
- Between 5 and 24 employees

*consolidated gross operating income means: the gross operating income of the corporation and any entities it controls.

CDEP participants will be treated as employees for the purposes of these thresholds. Part time employees will be counted on a pro rata basis.

FURTHER INFORMATION:

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How corporations will report over the next two years

- 2006–07 All corporations will report in the same way as they have done under the ACA Act.
- 2007–08 Transitional corporations have the choice to either report in the same way as under the ACA Act OR they can report under the CATSI Act. However, if they want to report under the ACA Act, **they must write and let the Registrar know before 30 June 2008 that is how they will report.**
- 2008–09 All corporations must report under the CATSI Act as either small, medium or large, depending on their income, assets and employee thresholds.



Camp dogs from remote areas.

What's the difference?

Here are some differences between the ACA Act and the new CATSI Act:

The ACA Act

The new CATSI Act

Registered office

Corporations only need to notify the Registrar of the place where activities will be carried out.

Large corporations must have a registered office to make sure members and others can get hold of important documents, such as the corporation's rule book, and to make sure that people who need to can contact the corporation.

Small and medium corporations must have a 'document access address' which is a place where people can inspect important documents. This can be a person's home and people wanting to inspect documents have to give written notice.

Corporation secretaries and contact persons

Only a public officer is required under the ACA Act—who doesn't have the same level of duties and obligations as the new position of corporation secretary.

Large corporations must have a corporation secretary who is responsible for making sure that the corporation meets certain responsibilities such as lodging documents with the Registrar. The secretary could be a staff member or the accountant.

Small and medium corporations will only have to have a contact person, which is like the public officer as applies now under the ACA Act.

Duties of directors and other managers

Duties are not specifically set out. Directors must act honestly and diligently. Common law principles apply—e.g. duty of care, duty of honesty, duties of disclosure and to avoid conflicts of interest, and a duty not to trade while insolvent.

The duties set out in the Act are in line with the Corporations Act. They are designed to make sure that good corporate governance standards are applied to Aboriginal and Torres Strait Islander corporations.

The duties apply to chief executive officers and other people who manage the corporation. Directors and these managers are called officers.

Disqualified directors and officers will be listed on a register and will generally not be allowed to manage a corporation.

What do corporations have to do?

