



REGISTRAR'S POSITION STATEMENT

Member control

Corporations incorporated under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act) are by virtue Indigenous-member owned and controlled. The CATSI Act sets out provisions that mean members always hold rights and power to control their corporation including that certain decisions can only be made by members.

A corporation and its board also have particular reporting and accountability obligations to the members - similar to those for shareholders/owners of a company.

Members are responsible for:

- Approving that their group be registered under the CATSI Act in the first instance
- Approving the corporation's rule book including the purpose of the corporation, the rules that govern their corporation as well as who can be members and directors
- Appointing and removing directors
- Deciding if directors can be paid remuneration and the amount they can be paid
- Deciding if a corporation is de-registered, wound up or transferred to another corporate regulation framework (eg *Corporations Act 2001*).

As owners of the corporation, members are entitled to, at a minimum, an Annual General Meeting and annual reports. They can also:

- request directors call a general meeting of members



- ask questions of directors and the corporation's auditor at annual general meetings to understand the corporation's finances and operations
- raise any concerns with directors, including enacting the corporation's dispute process as set out in its rule book.

Active members who ask questions of directors, exercise their rights and monitor the corporation's direction and governance create strong corporations. Corporations can fail without an active membership base.

Principles

1. Members need to understand their rights and exercise them responsibly.
2. Members need to understand what is their right and responsibility and what is the right and responsibility of directors.
3. The Registrar will support members to understand and exercise their rights.

Principle 1: Members need to understand their rights and exercise them responsibly.

1. Member control is a fundamental principle of the CATSI Act.
2. Some of the rights available to members are not available to the Registrar of Aboriginal and Torres Strait Islander Corporations (the Registrar). For example, members can remove directors under the CATSI Act but the Registrar does not have the power to do so except where a special administrator is appointed.
3. Members need to understand what their rights are and know how to exercise them properly.
4. As owners of the corporation, members have responsibilities as well. They cannot expect the Registrar to exercise their rights for them.
5. Members need to exercise their rights responsibly and for the benefit of their corporations. The interests of the membership as a whole are more important than any individual member's interests.
6. Members should not use their rights to disrupt or disadvantage a corporation. Disadvantaging a corporation may be to take action that affects a corporation's governance, finances or operations. It can include actions such as undermining directors or participating in unnecessary, baseless or personal disputes.

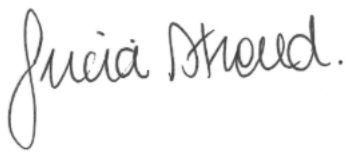
Principle 2: Members need to understand what is their right and responsibility and what is the right and responsibility of directors.

1. Members appoint the directors of a corporation. They then need to allow directors to fulfil their responsibilities and duties.
2. Directors are responsible for the governance and operations of the corporation including the strategic directions, culture and finances.
3. Directors are responsible for the appointment, performance and removal of corporation executive such as the Chief Executive Officer. This is not a right or responsibility of members.
4. Members can ask questions of directors. They can raise concerns with directors. They can enact the corporation's dispute process with directors. But they cannot assume the role, responsibilities and decision-making of directors.
5. Members can remove directors who have lost their trust and confidence. The Registrar cannot do this except where a special administrator is appointed.

Principle 3: The Registrar will support members to understand and exercise their rights.

1. The Registrar and their office will help members and directors understand their respective rights and responsibilities.
2. The Registrar will encourage directors to address matters raised by members even if they are not matters members have the right to ask for. The Registrar and their office will encourage directors to address member concerns as it promotes harmony within a corporation.
3. The Registrar expects members to use the rights available to them to actively participate in the governance of their corporation. For example, by attending annual general meetings and asking questions of directors and voting in director elections.
4. The Registrar will not support members who:
 - a. do not responsibly exercise their rights to elect directors and raise concerns with them
 - b. are taking action that is not their right or responsibility
 - c. do not accept a members' or directors' decision because it is different to what they wanted.

5. For example, a member who is disappointed in a director election result – regardless of whether they voted in the election or not – should not feel entitled to then undermine the actions and decision of the elected board.
6. The Registrar has low tolerance for members who misuse their rights to disrupt or disadvantage corporations.
7. The Registrar has low tolerance for corporations that do not allow members to exercise their rights.
8. The Registrar may consider regulatory action if they become aware of a corporation that is preventing members from exercising their rights. This includes directors who are deliberately trying to avoid being removed by members by not calling a general meeting or annual general meeting. Regulatory action available to the Registrar includes calling a Registrar-initiated general meeting to enable director elections to be held.



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