



SUPPORTING INDIGENOUS CORPORATIONS

A new study from the Office of the Registrar of Indigenous Corporations (ORIC) reveals the importance of early support and intervention to turn around Indigenous corporations at risk of failing.

ORIC regulates around 2300 Indigenous corporations and commissioned the study to determine what factors can contribute to corporate failure. The Registrar of Indigenous Corporations, Anthony Beven, said the study of Indigenous corporate failure between 1996 and 2008 was the first of its kind. The study is entitled, *Analysing key characteristics in Indigenous corporate failure*.

‘This study provides policy makers and regulators with an evidence-based approach to help shape the ongoing support we provide, especially to corporations exhibiting early warning signs of failure,’ Mr Beven said.

‘Of course, of the 2300 Indigenous corporations regulated by ORIC, the majority are functioning well. But for those struggling, we need to know why,’ he said.

The study found the most common cause of failure was poor management and poor corporate governance. The findings suggest that early external intervention in corporations demonstrating poor corporate governance, management issues or potential insolvency could prevent failure.

‘It also found that more than 70 per cent of struggling corporations were returned to members control after they had been placed under special administration by the Registrar,’ Mr Beven said.

Another key factor in the failure of corporations is underlying disputes and conflict within and between corporations. ORIC has responded to this by providing a new mediation and dispute resolution service.

‘This new ORIC service aims to effectively respond to the tensions within and between corporations so as to avoid major disputes and disruptions that can hinder a corporation’s success,’ Mr Beven said.

‘Significantly, the research findings show only five out of the 93 cases studied involved fraud and just one case involved a bankrupt director.’

The research was conducted for the Registrar by the Australia and New Zealand School of Government’s Institute for Governance and is based on examining ORIC regulatory data without identifying specific corporations.

Copies of *Analysing key characteristics in Indigenous corporate failure* can be downloaded from www.oric.gov.au or by calling ORIC tollfree: 1800 622 431.

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