



A corporation's rule book: what you need to know

Subject of provision	Provision	
How many votes a member has	section 201-115	<i>this section can be replaced</i>
Objections to right to vote	section 201-120	<i>this section can be replaced</i>
How voting is carried out	section 201-125	<i>this section can be replaced</i>
Matters on which a poll may be demanded	section 201-130	
When a poll is effectively demanded	section 201-135	
When and how polls must be taken	section 201-140	<i>this section can be replaced</i>
Corporation must hold first general meeting within three months of registration	section 201-145	
Corporation must hold AGM	section 201-150	
Extension of time for holding AGM	section 201-155	
Business of AGM	section 201-160	
Questions and comments by members on corporation management at AGM	section 201-165	
Questions by members of auditors at AGM	section 201-170	
Circulating resolutions	section 204-1	
Resolutions of one member corporations	section 204-5	
Constitution to provide for meetings	section 212-1	
Calling directors' meetings	section 212-5	<i>this section can be replaced</i>
Use of technology	section 212-10	
Chairing directors' meetings	section 212-15	<i>this section can be replaced</i>
Quorum at directors' meetings	section 212-20	
Passing of directors' resolutions	section 212-25	<i>this section can be replaced</i>
Circulating resolutions of corporation with more than one director	section 215-1	<i>this section can be replaced</i>
Resolutions and declarations of one director corporation	section 215-5	
Minutes	section 220-5	
Members' access to minutes	section 220-10	
Chapter 6—Officers		
Minimum number of directors	section 243-1	
Maximum number of directors	section 243-5	<i>this section can be exempted</i>
Eligibility for appointment as a director	section 246-1	
Majority of director requirements	section 246-5	
Consent to act as director	section 246-10	
Corporation may appoint a director	section 246-15	<i>this section can be replaced</i>
Directors may appoint other directors to make up a quorum	section 246-20	<i>this section can be replaced</i>
Term of appointment	section 246-25	<i>subsections (1) and (3) can be replaced subsection (2) can be exempted</i>
Alternate directors	section 246-30	<i>this section can be replaced</i>
How does a person cease to be a director?	section 249-1	
Director may resign	section 249-5	<i>subsection (2) can be replaced</i>
Removal by members	section 249-10	
Removal by other directors	section 249-15	
Remuneration	section 252-1	
How a secretary or contact person is appointed	section 257-20	
Terms and conditions of office for secretaries	section 257-45	<i>this section can be replaced</i>
Terms and conditions of contact person's appointment	section 257-50	<i>this section can be replaced</i>
Duties in relation to disclosure of, and voting on matters involving, material personal interests	Division 268	
Powers of directors	section 274-1	<i>this section can be replaced</i>
Negotiable instruments	section 274-5	<i>this section can be replaced</i>
Delegation	section 274-10	
Right of access to corporation books	section 274-15	
Member approval needed for related party benefit	Part 6-6	<i>this Part can be exempted</i>

Under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act), corporations have **internal governance rules**. That is, rules that guide how each corporation should be run based on principles of good governance. The CATSI Act allows Aboriginal and Torres Strait Islander people to create rules that best suit their specific needs. These rules form the corporation's **rule book**.

The rule book is a binding contract between the corporation, its directors and its members.

The rule book

It is made up of:

- matters specific to each corporation (such as its name, objectives and membership eligibility)
- any of the replaceable rules as adopted or changed by the members of the corporation
- set laws from the CATSI Act
- other corporation-specific rules created to suit the corporation's circumstances.*

* Corporations should check that any additional rules comply with the CATSI Act.

Rules specific to the corporation

These include the name of the corporation, its objectives, membership eligibility, and any rules that address corporation specific issues: for example, rules providing direction about native title issues, sub-committees, advisory or elders' groups, or the corporation's charitable status.

Replaceable rules

Some rules in the CATSI Act are 'replaceable'. This means a corporation can either accept the rule as it stands or replace it with another rule that better suits its needs and circumstances.

For example, see the CATSI Act, section 144-5(2) **Application to corporation**. This rule is about applying for corporation membership and it says, 'The application must be in writing'. But your corporation may prefer that this rule said something different—for instance, 'The application can be made in writing, over the telephone or in person'. This part of the rule is replaceable, and the corporation can make this change.

Note: If a corporation changes or replaces a replaceable rule, it must make sure the rule change is reflected in its rule book.

Set laws

Set laws are those rules in the CATSI Act that, unless exempted by the Registrar, apply to all corporations and cannot be changed. They cover matters that are important for good governance, such as holding an annual general meeting each year.

Note: Corporations can apply to the Registrar to be excused (exempted) from certain set laws.

Good governance— why is it important?

Good governance means being accountable, internally and externally. The CATSI Act sets out what is generally accepted as good corporate governance.

Internal accountability—the need for directors to act in the best interests of members and the corporation as a whole, and be answerable to the members.

The CATSI Act gives corporations flexibility in the way they operate while still providing an appropriate level of internal accountability. This is achieved through the corporation's internal governance rules, which include its corporation-specific rules, the replaceable rules and set laws.

External accountability—when the corporation can justify its performance to external parties, such as regulatory authorities, funding agencies and the general public.

It's your rule book— what you should know

The members decide what goes in the rule book when the corporation is first registered. The rules can also be changed at any time by the members passing a special resolution in a general meeting.

Note: After a corporation decides to adopt a rule book or change its rules, the rules do not take effect until they are approved and registered by the Registrar.

A rule book sets out the roles and responsibilities of members, directors and officers. It also explains how a corporation is structured and carries on its business.

A copy of the rule book must be kept at the corporation's registered office or document access address. If a member asks for a copy, the corporation must give it to them within seven days.

A copy of every corporation's rule book is also available from the Registrar's website at oric.gov.au. Simply type in the corporation's name or ICN under 'Search for a corporation' and open the 'Documents' tab.

Some commonsense tips

Circumstances change over time so your corporation should review and, if necessary, change its rule book so that it remains relevant to the circumstances of the corporation and is able to deal with new opportunities and situations.

It's a good idea to bring a copy of your rule book to all meetings—it's very useful to be able to check the rules.

There is a range of tools available on the Registrar's website at oric.gov.au to help you write or change your corporation's rule book. Everything you want to know about rule books, replaceable rules and set laws is available on the website.

Remember you can always ask ORIC for help to create or change your rule book.



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NOTE: This fact sheet is not a substitute for legal advice. It is intended as a quick overview of the topic. For more detail see the CATSI Act or consult a lawyer.

Overall summary of what's usually in a rule book

Name	The name of the corporation must include the words 'Aboriginal corporation' or 'Torres Strait Islander corporation' or 'Aboriginal and Torres Strait Islander corporation' or 'Indigenous corporation' or 'Torres Strait Islander and Aboriginal corporation'. If the corporation is a registered native title body corporate, the corporation must have as part of its name the words 'registered native title body corporate' or the abbreviation 'RNTBC'. A special resolution of the members is required to change your corporation's name. Any name change must also be approved by the Registrar (see CATSI Act Division 88).
Objectives	Your rule book must set out the corporation's objectives—that is, the purpose, aims or activities for setting up your corporation.
Members	Who can become a member of your corporation must be set out in the rule book. Will the corporation only have Aboriginal or Torres Strait Islander members? How do you become a member of a corporation? Will members be liable for corporation debts? How do you stop being a member? These are the kind of questions that you need to be able to answer. Make sure you decide carefully so that your rule book can reflect your corporation and is well tailored to its needs.
Directors	Who can become a director of your corporation is also a requirement for any rule book. Will the directors need to be members? Will your corporation only have Aboriginal or Torres Strait Islander directors? How will directors resign or be removed? How many directors will you have and for how long should they be appointed? How will you appoint directors? Answering these kinds of questions will help you tailor your rule book to meet your corporation's needs. ORIC recommends you include the duties of directors and other officers in your corporation's rule book. For more information see the ORIC fact sheet <i>Duties of directors and other officers</i> and ORIC's rule book tools.
Meetings	Your rule book should have rules about annual general meetings and general meetings—such as, when to hold them, how to give notice, setting out the business for the meetings (agenda), resolutions, chairing, quorum and voting. Many of the rules in the CATSI Act about meetings are replaceable or can be exempted by the Registrar so you can change them to suit your corporation's particular requirements and circumstances.
Directors' meetings	Your rule book must say how often your corporation will hold directors' meetings. It is recommended that you hold them at least four times per year.
Dispute resolution	If there is a dispute in your corporation between members and directors, your rule book must set out a step-by-step procedure to help resolve it.
Other rules	The rule book may also include other rules not already covered by the set laws or replaceable rules in the CATSI Act—for example, some rule books may include rules on how the corporation prefers to conduct its business, or rules about sub-committees, or rules about advisory groups (such as an elders' group). Other common rules are: <ul style="list-style-type: none"> • how to deal with assets and money • banking and signing cheques • record keeping.

List of internal governance rules—set laws and replaceable rules

This list sets out the main provisions of the CATSI Act that deal with the internal governance of Aboriginal and Torres Strait Islander corporations. It shows the rules that can be included in a corporation's rule book for good governance and that can be replaced.

Subject of provision	Provision
Chapter 3—Basic features of an Aboriginal and Torres Strait Islander corporation	
Resolution of disputes	section 66-1(3A)
Chapter 4—Members and observers	
How does a person become a member?	section 144-1
Application to corporation	section 144-5 <i>subsection (2) can be replaced</i>
Determination of applications for membership	section 144-10 <i>subsection (7) can be replaced</i> <i>subsection (8) can be exempted</i>
Fees for membership and being an observer	section 144-15
Obligation to contribute on winding up	section 147-1
Corporation may impose other membership obligations	section 147-5
Liability of corporation members	section 147-10
Cessation of membership	section 150-1
Resignation	section 150-10 <i>subsection (2) can be replaced</i>
Cancellation of membership—general	section 150-15
Member not eligible for membership etc.	section 150-20 <i>this section can be replaced</i>
Member not contactable	section 150-25 <i>this section can be exempted</i>
Member is not an Aboriginal and Torres Strait Islander person	section 150-30 <i>this section can be exempted</i>
Member misbehaves	section 150-35 <i>this section can be exempted</i>
Different classes of members	section 153-1
Observers	section 158-5 <i>subsection (2) can be replaced</i>
What protections apply to variations or cancellations of class rights?	Division 172
Corporation or directors may allow member to inspect books	section 175-15 <i>this section can be replaced</i>
Chapter 5—Meetings <i>this chapter can be exempted</i>	
Director may call meetings	section 201-1 <i>this section can be replaced</i>
Request by members for directors to call general meetings	section 201-5
When must directors comply with members' request?	section 201-10
When must a requested meeting be held?	section 201-15
Amount of notice for general meetings	section 201-20
Notice of general meeting to members, officers and observers	section 201-25 <i>subsections (2), (5) and (6) can be replaced</i>
Auditor entitled to notice and other communications	section 201-30
Contents of notice of general meeting	section 201-35
Members' resolutions	section 201-40
Notice of members' resolutions	section 201-45
Members' statements to be distributed	section 201-50
Purpose	section 201-55
Time and place for general meeting	section 201-60
Technology	section 201-65
Quorum	section 201-70 <i>subsections (1), (2), (5) and (6) can be replaced</i>
Chairing general meetings	section 201-75 <i>this section can be replaced</i>
Auditor's right to be heard at general meetings	section 201-80
Adjourned meetings	section 201-85 <i>subsection (2) can be replaced</i>
Who may appoint a proxy	section 201-90 <i>this section can be replaced</i>
Rights of proxies	section 201-95
Appointing a proxy	section 201-100
Proxy documents	section 201-105
Body corporate representative	section 201-110