Submission to Phase 2 of CATSI Act Review

Executive Summary:

The Victorian Aboriginal Community Controlled Health Organisation (VACCHO) welcomes the opportunity to provide feedback on the CATSI Act Review Draft Report (Draft Report). Our submission, in principle, supports the submission of our Member organisation, Wathaurong Aboriginal Co-Operative, acknowledging they bring an important Victorian community-controlled perspective to the table. We also note that the current COVID-19 environment in Victoria might have put limitations on other Victorian ACCOs (Aboriginal Community Controlled Organisations) from fully participating in this process.

VACCHO, as the peak body for Aboriginal health and wellbeing in Victoria, views proposals to amend the CATSI Act and extension of the Registras functions as a pressing concern for its 32 Member Organisations.

Out of our 32 Members, a small minority have registration with ORIC while a majority have registration under either Commonwealth or Victorian regulatory bodies. Some of our Member organisations have been operating, growing, and serving their Communities for more than 50 years - and all are exemplary examples of community-control. Our Members enjoy financial stability and long-term sustainability, growing in size and reach, to respond to the health, wellbeing and social needs of their Communities.

It is our view that the CATSI Act - and the proposed amendments - do not serve in form or function the stated intention of the Act to take *affirmative action* to provide flexibility and support and advance Aboriginal self-determination. For many of our members, incorporation under ORIC represents further prohibitions than the business-as-usual model they enjoy under other state and Commonwealth bodies.

A central tenet of Aboriginal self-determination is choice - and the current push to see all Aboriginal organisations corporate under ORIC (as this is increasingly becoming a requirement for us to secure funding opportunities under the Commonwealth) means that registration with ORIC is involuntary and directly contravenes self-determination as defined by United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP):

> *"as the ability for Indigenous people to freely determine their political status and pursue their economic, social and cultural development."*

Our submission to Phase 2 is broken into two parts: the first serves to answer the Minister for Indigenous Australians Honorable Ken Wyatt's overarching questions:

- Whether the CATSI Act is meeting its objects and continues to be desirable as a special measure for the advancement and protection of Indigenous people as set out in the Act's preamble.
- Whether the functions and powers of the Registrar of Indigenous Corporations are appropriate, effective and adequate; and
- Possible amendments to the CATSI Act to better support the regulation of CATSI corporations.

On behalf of our member organisations in Victoria and based on the principles of self-determination as articulated in the Victorian Aboriginal Affairs Framework, VACCHO does not believe CATSI is meeting the *affirmative action* required for it to be deemed a special measure in the Racial Discrimination Act. The

lack of our Member's uptake to incorporate under ORIC, indicates they do not view it as desirable or indeed advantageous. In line with Aboriginal self-determination and community-control they should be supported in making the best-informed decisions on behalf of their organisation and Communities. It is our view that the three disparate roles of ORIC as a trainer, a regulator, and as a requirement for Commonwealth funding is paternalistic and contradictory - failing to best serve the interests of Aboriginal organisations.

Part two of our submission provides technical analysis on the Act and its proposed amendments.

VACCHO welcomes the opportunity to respond to the Draft and hopes to continue to work alongside an independent review to see that future governance support, capacity building, and regulation of ACCOs is fit-for-purpose and in-line with Aboriginal self-determination.

About VACCHO

VACCHO is the peak body for Aboriginal health and wellbeing in Victoria, with Membership consisting of 32 Aboriginal Community Controlled Organisations (ACCOs) that provide support to approximately 25,000 Aboriginal people. VACCHO champions Community Control and health equality, working towards building vibrant, healthy, and self-determining Aboriginal Communities. Our Members have a proud history as sustainable, grassroots organisations that assist in building Community capacity for self-determination. VACCHO believes that each Aboriginal Community needs its own locally owned, culturally appropriate, and adequately resourced primary health care facility.

Nothing for us - without us

The current public review of the CATSI Act is welcomed- however VACCHO does have concerns that the established steering committee is not representative of the diverse Aboriginal organisations across Australia that the reach and scope of this Act impacts. The steering committee is not representative of this diversity and the voices of organisations impacted by the ACT- in fact, the steering committee has vested interestsconsisting of representatives from ORIC, NIAA, and other regulatory bodies. We are also concerned about the level of engagement with stakeholders. Phase 1 received seven submissions nationally and due to the current environmental constraints of COVID-19 and the pressing need to prioritise the health and wellbeing of their Communities - particularly in Victoria- it is anticipated the current inquiry will not get the level of stakeholder engagement required to understand the diverse and divergent ways this Act will affect the regulation and operations of more than 3,000 Aboriginal organisations nationally.

The report's justification for special measures appears to focus solely on the needs and requirements of remote Aboriginal organisations. - While we don't want to comment on the applicability and effectiveness of these measures for Communities other than our own - we do think due consideration needs to be given to the negative impacts these measures have on metro and regional ACCOs - especially those that have been operating under different regulatory bodies for decades.

The report correctly states that there is no "one-size-fits-all" approach, but the special measures aimed at *affirmed action* to support Aboriginal organisations appear to do just this- placing additional requirements on our organisations with a justification that this best serves remote Aboriginal organisations or assists new Aboriginal organisations in

incorporating. We implore that such measures to consider the diversity of the Aboriginal organisations across geographic locations, sectors, and experiences.

Recommendation:

The inquiry is expanded and extended to reflect the diversity of Aboriginal organisations impacted by the CATSI ACT and run by independent consultants to ensure neutrality.

Corporate Governance support and capacity building is needs to be independent from regulation and should be Aboriginal led

ORIC is unique from any other regulatory body in that it offers Aboriginal organisations several initiatives to support and build corporate governance capacity. While culturally appropriate capacity building in corporate governance which is tailored towards the needs and aspirations of Aboriginal organisations is, in-principle, a welcomed initiative, VACCHO believes there is an inherent conflict of interest for ORIC to play dual roles of trainer and regulator.

VACCHO as a peak body representing 32 Member organisations prides itself on being responsive to its members organisational and business support needs. Over the years VACCHO has frequently provided similar governance support and capacity-building which ORIC provides - albeit unfunded. We have strong relationships with our Members, strong organisational and sector knowledge and support from Communities. It is our firm belief that central to capacity building is a relationship of trust and a knowledge and understanding of organisations needs and aspirations. In our view it is less likely for an organisation to approach ORIC for organisational support if asking for this support may potentially expose them to scrutiny or support is focused around a deficit model of Aboriginal organisations.

Recommendation:

The Inquiry consider the two following proposals:

1) Aboriginal organisations who identify a need for governance support receive brokerage based on organisational size and need to seek assistance from a capacity-building body/governance training from an organisation of their choice.

2) State and/or national Aboriginal peak body/ies are resourced to provide governance support and/or capacity training. (This is in line with prioritising funding to Aboriginal organisations, a Victorian government initiative to see Aboriginal organisations enjoy a competitive advantage when tendering for opportunities to support and serve Aboriginal Communities).

Future-focused legislation should seek to embed cultural rights affirmative action and special provisions within inclusive legislation

In response to the special measures' provisions: it is our view that the timely review of CATSI should consider options to incorporate special measures - such as the submission of documents in Aboriginal language - within legislation across all regulatory bodies thereby respecting the cultural rights of Australia's First Nations Communities and allowing Aboriginal organisations to operate within the best of both worlds free from discrimination.

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Standalone Acts targeted at Aboriginal communities have a dark colonial history - and even those levelled at positive discrimination can attract understandable anxiety and mistrust. They are also vulnerable to creating two different paths between Aboriginal and non-Aboriginal corporations despite stated intentions to ensure legislation is duly amended.

VACCHO is not satisfied that the CATSI Act needs to exist as a standalone Act:

"Other incorporation provisions under the CATSI Act that are specific to Aboriginal and Torres Strait Islander people and are aimed at allowing CATSI corporations to be run in a culturally appropriate manner include:
• enabling CATSI corporations to hold meetings and maintain their books in languages other than English as long as there are English language translations available; and
• providing for CATSI corporations to include rules in their rule books that take account of Aboriginal and Torres Strait Islander tradition and circumstances.

We would question the legitimacy and standard practice of other regulatory bodies to discount the above measures as this seems to contravene Aboriginal cultural rights and the responsibilities Australia has as a signatory to the *United Nations Declaration on the Rights of Indigenous Peoples*.

It is our understanding that our Member's incorporation under other regulatory bodies does not impeach their right to Aboriginal self-determination and to practice their cultural rights.

Recommendation:
That the inquiry:

- Consider the experiences of Aboriginal organisations participation in regulatory bodies capturing best practice for participation which supports Aboriginal self-determination,
- Investigate the principle of embedding special measures in legislation so there is protection and choice of Aboriginal organisations who require the application of special members
- Publicly respond to the query of embedding special measures in the mainstream Acts, such as the Corporations Act 2001.

PART 2:

Below is technical analysis responding to the Draft Report.

<u>Issue 1: RNTBCs report on native title benefits</u>

Neither the CATSI Act nor the PBC Regulations address how non-monetary benefits must be reported and there is no express statutory requirement to keep separate records or report to common law holder beneficiaries about these holdings.

Currently, there is no requirement for Registered Native Title Body Corporates (**RNTBCs**) to report on native title monies, except where monies are allocated for corporate use (i.e., meeting costs). The report that occurs depends on legal requirements that apply. For example, if it is an ASIC corporation, financial reports must be given

to the shareholders (who may be a single corporate member). For trust structures, joint ventures and commercial enterprises, there may be no or limited requirement to report to native title holders.

The changes establish regulatory requirements for reporting about native title benefits. The Reports asked for feedback on whether reporting on native title benefits (including non-cash benefits) is appropriate and if so, whether there should be a threshold amount that triggers the reporting requirement.

The requirement to report on native title benefits may improve clarity and transparency about native title benefits. The goal of empowering native title holders to participant more actively in the management of benefits is supported. However, it is not clear how the cost of reporting will be met. We consider that this invites tension and dispute. The requirement for additional reporting to the regulator is not consistent with the principle of self-determination.

Issue 2: Change Regulations to include native title benefit decisions as 'native title decisions'

Under the Native Title (Prescribed Body Corporate) Regulations 1999 ("the **Regulations**"), the RNTBC must consult and seek consent from native title holders in relation to all native title decisions.

The Regulations state that the RNTBC must invest (or apply) native title monies (held in trust) as directed by the native holders, but do not outline how these directions need to be given.

In addition, the PBC regulations do not apply to decisions about native title monies held outside of the RNTBC. Often, this means that requirements for consultation under the Regulations do not apply in relation to benefits held in trusts and other benefit management structures.

Currently, matters involving native title benefits are not covered by the definition of "native title decision". The proposal is to amend the PBC regulations so that RNTBCs must consult and seek the consent of common law holders before native title benefits can be invested or otherwise applied.

In many cases, the cost of meetings to bring native title holders together to consider decisions about things that impact or impair native title are borne by project proponents. If the concept of a "native title decision" is extended to cover native title *benefits*, the costs of those meetings are likely to be borne by the corporation. This has the potential to significantly increase the costs of administering native title benefits.

Issue 3: Allowing trusts under the CATSI Act

Regulatory oversight of RNTBC benefit management structures is fragmented. They may be regulated by ASIC, the ACNC, state and territory jurisdictions (for charitable trusts) or have no external regulator, such as for private discretionary trusts. These arrangements can be costly to establish and maintain.

The Reports asks for feedback on the idea of allowing for the creation of trusts under the CATSI Act. In turn, the Registrar could hold a Register of Trust Deeds ensuring accessibility

and transparency for members and common law holders and could require regular reporting on trust activity.

ORIC is not a trusts regulator and is not experienced administering or regulating trust structures. A register of trust deeds gives transparency, however that can be achieved without widening the regulator's functions.

It is also unclear if existing trust structures would be transferred to ORIC. If so, there are concerns as to the capacity of ORIC to competently oversee trusts that are subject to varying legal requirements across different jurisdictions.

Issue 4: Membership details and application timeframes

Feedback was requested about whether the corporation should be able to determine what kind of contact is acceptable. For example, should email or phone only be allowed for certain kinds of notices or events? When might a community notice board and social media be acceptable forms of contact? If alternative forms of contact are accepted, how should the corporation make this decision – through resolution at a general meeting?

The proposal suggested that alternative contact details do not need to be published on the public register, but that corporations may be required to keep record of alternative contacts information, where provided.

Many people use email, and most people today have a mobile phone. Enabling corporations to use other methods such as email or phone to notify members may result in more effective and timely communication.

It is not clear when one method of communication would be required or when different forms of contact might be optional, and whether letters (i.e., meeting notices) would still be required. If a member provides someone else's email address, the person who receives a meeting notice via email may think they are invited to attend a members' meeting.

Currently the public register has details of members' addresses and other personal information. The proposal was that this information should be removed if it is in the interests of ensuring safety of a member, or members.

If the removal of personal information is requested by the individual or the corporation, it would be appropriate for the personal information not to be published. One way to implement this could be for members to "opt out" of the publication of personal information when a person applies for membership, or, when members "sign in" when attending corporation meetings.

Feedback was requested on whether there should be a timeframe for assessing memberships. The timeframe for assessing memberships should be determined by the corporation. If a timeframe were set, it could be linked to two cycles of the minimum number of directors' meetings.

For example, if there is a requirement in the rule book for the directors to meet at least

every three months, six months is likely to be reasonable.

Issue 5: Membership cancellation and appeals

Feedback was requested on whether a person who has had their application refused should be able to have their membership application presented and considered by the members at a general meeting.

Allowing aggrieved persons, whose membership has been cancelled or refused on the basis that they are ineligible, to put forward their membership application at a meeting of members may increase politicking and lead to public disputes about an individual's identity, including public shaming. For many RNTBCs, membership assessments require interpretation of complex laws and customs, which may require the knowledge of Elders. There may be a risk of breaching traditional laws and customs by the imposition of a public deliberation of a person's identity. That could, in turn, lead to cultural punishments for those in attendance at the meeting.

Grounds for cancelling membership in Section 150-25(3) of the CATSI Act include where members are not contactable and unable to contact a member at the *registered* address for period of two years and there has been two or more reasonable attempts to contact that member during that period. The proposal was to reduce the period that a member must be not contactable to 12 months. Feedback was requested on these processes.

For RNTBCs that have members who live in remote locations, contact can be difficult – members in these areas may have limited phone and internet access and may not have fixed addresses. Consider that 18 or 24 months is an appropriate amount of time and a minimum of three attempts to contact them should be made.

Issue 6: "Examinable affairs" and broadening grounds for administration

After completing examination of the "affairs of the corporation" the examiner gives a report to the Registrar. Section 700-1 of the CATSI Act defines "affairs" of the corporation. Section 453-1 of the CATSI Act sets out the issues that the examiner reports to the Registrar on. It was proposed to include "irregularity in financial affairs" as one of the issues that can be reported on.

Although it is not explicit that the examiner can report on financial irregularities, in practice any financial irregularity is reported. Note that the definition of "examinable affairs" in S 700-1 of the CATSI Act includes a broad range of matters, which include "profits and other income, receipts, losses, outgoings and expenditure".

Therefore, the proposed amendment does not impact the substance of what the examiner considers or the content of the examination report in a material way.

To place a corporation in special administration, the Registrar must decide that one of the criteria listed in S 487-5 of the CATSI Act has been met. Currently, one ground for appointing a special administrator is if the Registrar believes the corporation has

traded at a lost for at least six of the last 12 months (CATSI Act S 487-5(1)(a)). In practice, this is difficult to establish, particularly where there is poor record keeping.

It was proposed that the criteria that the corporation must have traded at a loss be replaced. Instead, a corporation can be placed into special administration when there has been "irregularity" in management of the corporation's affairs.

The proposal lowers the threshold for special administration from "trading at a loss" to any "irregularity in management of financial affairs". "Irregularity in management of financial affairs" is not a term used in accounting standards.

If the legislation does not define the criteria or principles that must be applied, the Registrar will have broad discretion to place a corporation into special administration.

We note that the Act provides a definition for "business affairs" and "affairs" but not *financial affairs* (CATSI Act S694-15, 700-1). It is unclear how the phrase "financial affairs" is to be defined. Noting that the definition of "examinable affairs" extends to the "business affairs" of connected entities, there is a risk that financial irregularities of connected entities may be grounds for special administration.

Affairs that are examinable (which extend to connected entities) must be distinct from "financial affairs".

Issue 7: Show cause notices

Under the CATSI Act, before placing a corporation into special administration, the Registrar must first issue a "show cause" notice. The purpose of this notice is to give the corporation an opportunity to respond and provide evidence to show why there is good cause that the corporation should not be put into administration.

The requirement to issue a "show cause" notice where *all* directors have requested special administration creates an unnecessary step in the process that may negatively impact some corporations that require urgent help.

The Report asked for feedback on whether it is appropriate that there be no "show cause" notice where a majority (most but not all) of the directors made a request to the Registrar asking that the corporation be placed into special administration.

The "show cause" notice is an important mechanism for making sure the corporation can respond to claims against it. Removing the requirement for a "show cause" notice where only a majority have requested may impact on minority directors. If majority of directors have made the request, this suggests there may be a disagreement. In those circumstances, a "show cause" notice is appropriate.

Issue 8: Presumption of insolvency

To wind up a CATSI Corporation, a court must be satisfied that one of the grounds listed in Section 526-5 of the CATSI Act exist. The proposal was to broaden the criteria for winding up of the corporation to include circumstances where the examiner or special

administrator has concluded that the corporation failed to keep adequate financial records.

Feedback was requested on whether this is appropriate, and whether this should apply to records within the last seven years or at any time whatsoever. This change has been proposed by ORIC because there are a large number of 'ghost' corporations that are inactive but cannot be deregistered.

Although this lowers the threshold for insolvency significantly, the presumption of insolvency is rebuttable with evidence showing that the corporation is able to pay its debts as they fall due in the ordinary course of business. Also note that the orders to wind up can only be made the court; this is a safeguard to prevent corporations from being wound up involuntarily.

The proposal is supported on the basis the presumption applies only where an examiner or special administrator (or other authorised person) has formed an opinion that the corporation failed to keep adequate financial records for the last seven years.

Issue 9: Registrar power to call or cancel a meeting

The purpose of the general meeting is to keep members informed of the corporation's activities and obtain feedback / decisions on major plans or projects.

An annual general meeting must be held once a year, but meetings may be held at other times when there are issues to discuss. Sometimes, meetings may be delayed or held in a way that means people were not given an opportunity to ask questions or obtain all the information they are entitled to.

The power for the Registrar to require directors to hold a general meeting is subject to the condition that "it is reasonable to do so". This means that the Registrar must have a good reason for exercising the power – examples of this might be where members did not have a reasonable opportunity to ask questions of the Board or answers to questions raised by members were not provided at the meeting or in the annual report.

The requirement of reasonableness gives the Registrar wide discretion, which is consistent with the nature of a regulator's powers. For many RNTBCs, the costs of holding a general meeting are significant and are logistically extremely challenging. Section 201-5 of the CATSI Act also allows members to require the directors to call and *arrange to hold* a general meeting. It is unclear whether members are expected to first petition the directors for a meeting, or, whether it is intended that members' can informally request the Registrar to use this power to require directors to hold a meeting.

Issue 10: Corporation cancelling or delaying a meeting

Feedback was requested on whether the CATSI Act should be amended to define circumstances in which a meeting can be cancelled (once notice has been sent), and when the meeting be cancelled.

A further proposal would allow a corporation to notify the Registrar (do not need to request exemption) that an AGM is being delayed by 30 days where there has been death, natural disaster, cultural activity, or unavoidable delay **but** the corporation must not have notified the Registrar of extension for more than three years in row.

If the time is extended, directors can issue updated meeting notice within 30 days of the original meeting date if there has been a death, natural disaster, cultural activity that has impacted date, time or place of the meeting. Small corporations can pass a special resolution not to hold an AGM for up to three years, **but** directors must not vote on that resolution.

Meetings in remote areas involve significant costs. Flexibility to cancel meetings is important when there are important cultural practices that must be observed and respected. We consider that one week is a reasonable amount of notice to cancel a scheduled meeting.

Issue 11: Wholly owned subsidiaries

The proposal was to change the CATSI Act rules to remove the requirement that a majority of directors must also be members and that directors must be natural persons to make it easier to establish wholly owned subsidiaries or joint ventures. Subsection 246-5(3) of the CATSI Act requires that the majority of directors are members and the Revised Explanatory Memorandum to the CATSI Act states that this is to ensure that members' interests are protected. The proposal will allow a corporation to establish a wholly owned CATSI Act subsidiary (unless rule book does not allow), and, allow a group of corporations to establish a CATSI corporation (similar to a joint venture) where the 'parent entities' meet the Indigeneity requirement (that a majority of corporate members must be Indigenous).

Although not immediately relevant to all RNTBCs at this time, these changes promote greater flexibility in the structures that can be registered under the CATSI Act.

Issue 12: Director remuneration

The proposal was that the annual report to ORIC will include information about corporate structure, such as where the CATSI corporation has "associated" subsidiaries and/or trusts. Annual reports will also need to include the names of key management personnel (CEO, COO, CFO etc.).

It is also proposed that information about director sitting fees and salary packages (remuneration) of key personnel (including key personnel of entities in the corporate structure) are reported in financial reports that are lodged with the Registrar.

Information about remuneration of individuals will not be publicly available, but de-identified figures what is reasonable for different sectors, industries or areas will be published by ORIC to provide guidance to boards on what is reasonable.

The requirement for reporting on corporate structures, executive officer salaries and director sitting fees aims to improve transparency for members.

Many RNTBCs do not yet have executive staff positions in their governance structure, but it is likely that members would want information about their salaries reported if executive officers were employed.

Currently there is no guidance for boards or members about what a reasonable level of remuneration might be given the corporation's circumstances and the skills, experience, and performance of the executive in question. Publishing of de-identified salary information will assist Boards to make informed decisions about salary packages for executive managers.

The Report also identified the apparent inconsistency in the CATSI Act about membership approval for director remuneration.

Most RNTBCs seek membership approval for the payment of meeting attendance fees. Indeed, membership approval can be a good indicator of what is 'reasonable' in the circumstances. In saying this, readily accessible and publicly available information about CATSI Act director remuneration would be useful to inform reasonableness of remuneration. Clarification of the relationship between subsections 252-1(2) and 287-1(2) would be helpful.

Issue 13: Board composition and independent directors

The Report invited comments on whether there should be legislated board membership and composition controls.

Many RNTBCs already have rules about board composition. However, flexibility is required to adapt and update these rules as expectations and standards change. Indeed, it is consistent with self-determination to allow the corporation to make its own rules about board composition.

The Report also invited comments on whether the CATSI Act should make it easier for corporations to appoint independent directors, and, whether there should be legislated requirements for independent directors for large corporations.

Independent directors can add significant value to the effectiveness of a corporation and is good governance. Independent directors complement the principle of skills-based director appointments. However, the decision for a corporation to have independent directors, and the rules around the necessary qualifications, appointment, and roles of those directors, should be a decision for each corporation.

Issue 14: Incorporation of traditional law

The Report invited comments on how the incorporation of laws and traditions into the operation of the corporation would work in practice.

We are aware of several RNTBCs that have attempted to incorporate laws and traditions in its rules in relation to issues like membership.

This has proved to be very difficult. The incorporation of laws and traditions into the operation of the corporation risks complexity,

issues with interpretation and is indicative of the inherent tension between differing legal systems.

The appropriateness of the incorporation, and the extent of the incorporation, will vary significantly. Caution should be exercised so as not to inadvertently undermine traditional laws and traditions by attempting to codify and incorporate a traditional legal system that is different to the Australian legal system.

Issue 15: Arbitration of RNTBC disputes

The Report invited comment on whether a new arbitration function would assist in resolving RNTBC disputes.

There is a risk that arbitration may be misused by disgruntled members. Arbitration may also be inconsistent with self-determination by the imposition of a decision that was not reached by the corporation and members on their own accord.

On the other hand, it may promote resolution of disputes. In any event, we have reservations about existing agencies attempting to perform arbitration functions.

It may be possible to utilise the process of the Federal Court of Australia's assessment and approval of external native title mediators to identify suitably skilled arbitrators.

Governance and reporting on subsidiaries, executive officers and payments to directors

A wholly owned subsidiary is a corporation or other entity that is controlled by another corporation (the 'parent' entity).

Under Section 246-5(3) of the CATSI Act, the majority of a corporation's directors must also be members and a majority of directors must be individuals (natural persons). Consequently, a CATSI corporation could not be established as a subsidiary with only one corporate member unless a class of members is established for individuals who can be directors.

This makes it difficult to establish wholly owned subsidiaries, particularly where the corporation will be established as a subsidiary with only one corporate member.

A way around this is for CATSI corporations to establish subsidiaries by ensuring most directors are members of the subsidiary for the term of their directorship, and the sole corporate member is the only member with voting rights. While effective, this solution imposes unnecessary administrative burden on corporations.

Depending on their size, corporations are required to prepare specific reports within six months of the end of their financial year, unless granted an extension or exemption from the Registrar. Small corporations are required to prepare a general report while large corporations are required to prepare a general report, financial report, audit report and directors' report.

Where there are complex entity structures, members may be given little information about the structure itself or the business of entities (trusts or other corporations) within the structure. The Report suggested that consideration needs to be given to supporting more flexible corporate structures while also

providing transparency to members about these structures.

The changes that were proposed are aimed at improving visibility of structures that co-exist with CATSI corporations, by requiring that certain information about subsidiaries and trusts are included in annual reports to ORIC:

- Information about their corporate structure, for example, where the CATSI corporation has associated subsidiaries and/or trusts; and
- The names of the key management personnel such as the Chief Executive Officer (CEO), Chief Operating Officer (COO) and Chief Financial Officer (CFO) within that structure.

In addition, it was also proposed that reports to ORIC include:

- Salary packages of key personnel (of CATSI corporations and subsidiaries), and.
- Directors' sitting fees.