



Meetings for directors

Meetings are an essential part of good corporate governance. Directors can not run a corporation without holding regular directors' meetings to ensure that the business of the corporation is on track and looked after. Directors must attend and take an active part in directors' meetings.

The *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act) sets out the rules for meetings but there are some parts of the law that corporations can change in their rule book.

The parts of the law that you can change in your rule book are identified by *.

You'll need to check your rule book to see if the rule has been changed.



What happens at directors' meetings?

Directors' meetings are for:

- discussing and making decisions about the corporation's business
- reviewing performance
- monitoring the corporation's financial position
- setting plans for the future direction of the corporation.

Some examples of the matters covered at a directors' meeting include:

- corporation activities, performance and risk management—usually reported by the chief executive officer (CEO) or manager
- financial matters including:
 - financial reports from the bookkeeper, accountant, auditor or chief financial officer (CFO)
 - financial position of the corporation and subsidiaries (if any)—directors need to ensure the corporation can pay its bills
 - management of grants from funding agencies
 - procedures—directors should check that staff are managing the finances properly
- business or strategic plan—development of policies, monitoring and review
- business projects or contracts, such as:
 - Indigenous land use agreements (ILUAs)
 - mining company contracts
 - heritage work
 - native title rights
 - commercial activities
- reports from subcommittees
- key business relationships or partnerships
- people management—employment or termination decisions, contract terms and the performance of the CEO or manager (not all staff)
- delegation of certain director functions or decisions to the CEO or manager
- membership applications
- planning for the corporation's annual general meeting (AGM).

Timing and calling directors' meetings

The corporation's rule book must specify how often directors meetings will be held. The Registrar recommends that directors meet at least every three months. But for corporations that are not likely to be active, such as some land holding corporations, holding meetings less often may be more appropriate. *

Calling a directors' meeting

Directors are responsible for calling directors' meetings. They can decide together but it is also possible for one director to call a directors' meeting by giving reasonable notice to each of the other directors. *

Usually the date, time and place for a meeting will be decided at the previous meeting. There may also be an agreed regular meeting time such as the second Tuesday of every month at 10.00 am.

Sometimes it is not easy to get everyone together in the same place. A directors' meeting may be held using any means of technology, as long as all the directors agree to it. This may include telephone conferencing or video calls using the internet (e.g. FaceTime, Skype and so on).



Preparing for a directors' meeting

Giving notice of a meeting

Notice must be reasonable—a corporation's rule book or a supporting policy document might say what is regarded as giving reasonable notice of a meeting. It does imply that the date, time or place for a meeting should not unreasonably prevent a director from attending. *

If reasonable notice is not given to all directors a court may declare invalid a directors' meeting and any resolutions passed at the meeting.

Every director of a corporation must be given individual notice of a directors' meeting.

A corporation's rule book might have a rule about the format of the notice—for example, in writing, by email or through social media. If there is no rule then a written notice is probably the best way. Putting it in writing helps to ensure the information is clear.

Notice of a directors' meeting should include:

- the corporation's name and ICN
- the type of meeting—directors' meeting or a committee of directors
- the venue, date and time of the meeting
- how directors can participate from another location using technology (if the directors have agreed to this)
- the business to be discussed (the agenda)
- any proposed resolutions.

Set the agenda (what the meeting is about)

Meetings are more efficiently run if there is a written agenda or plan of the items that need to be discussed. It should be provided to all directors before the meeting.

The agenda may look something like this:

AAA ABORIGINAL CORPORATION (ICN 000)

DIRECTORS' MEETING

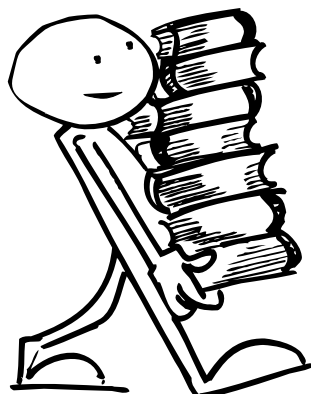
Time: 10.00 am

Date: Tuesday, 9 November 2016

Place: Conference room

AGENDA

1. Welcome
2. Confirm a quorum is present
3. Confirm chairperson of the meeting (in accordance with the rule book)
4. Apologies
5. Minutes of the previous directors' meeting and matters arising
6. CEO report
7. Financial reports
8. Correspondence in and out
9. New membership applications
10. Matters of business:
 - a. ILUA with BigData Telcommunications Company
 - b. Application for funding
 - c. Purchase of premises
11. Any other business
12. Time, date and venue of next directors' meeting
13. Close meeting.



Copies of reports and other documents

Any papers or reports to be discussed at a directors' meeting should be sent out to directors in advance so they have enough time to read them and prepare for the meeting. Please note that board papers are confidential for use only by the directors to perform their duties as directors of the corporation.

The directors are responsible for the management of the corporation so have a right to access all information about the corporation, including minutes, financial records and other material that assists them to perform their role. This right is subject to any restriction imposed by the directors or any law, such as privacy laws.

Running a directors' meeting

Selecting a chairperson

The chairperson's job is to make sure the agenda is followed—and that the meeting starts on time, stays on track and is held within the corporation's rules. A good chairperson also makes sure that everyone has a chance to share their views and listen to others.

The CATSI Act requires the directors to elect a director to chair their meetings. Some directors elect a chairperson for a period of time (e.g. one or two years) and other directors take turns at chairing their meetings. The corporation's rule book may have a rule about electing a chair. *

If a previously elected chairperson is not available for all or part of a meeting, the directors must elect a director who is present to be the chairperson for that meeting or part of it.

Keeping minutes

Minutes are the official record of what happened at a meeting and the decisions that were made—this could be in a written or recorded format.

When the meeting is over and the minutes finalised, the chairperson of the meeting (or chairperson of the next meeting) will need to sign them. The directors must approve them at the next directors' meeting. If minutes are kept in audio or video recording—the chairperson of the meeting (or chairperson of the next meeting) must sign a declaration that identifies the recording, says if the recording is of the whole meeting or part of it, and that the recording is taken to be the minutes.

This topic is discussed in more detail in the fact sheet, *Minutes of meetings* available on the Registrar's website at www.oric.gov.au.

Attendees and quorum

Make sure that everyone attending a directors' meeting is a current director of the corporation. Corporations will have different rules and policies around whether people, such as the CEO or manager, can attend directors' meetings.

Then make sure that a quorum is present. A quorum is the number of directors that must be present before a meeting can take place. The quorum must be present at all times during the meeting.

The CATSI Act says that a quorum for a directors' meeting is a majority of the directors. But check the corporation's rule book to see if this rule has been changed. For example, a corporation that represents different groups of native title holders where each group nominates their director/s might add an extra rule for a quorum that requires a minimum number of directors from each group to be present. *

Confidentiality

Directors have a duty to not use their position or information improperly. They should at all times keep confidential information (including board papers) and discussions to themselves.

Declaring conflicts of interest

A director who has a material personal interest in a matter relating to the business of the corporation must give written notice to the other directors at a directors' meeting. The details must be recorded in the minutes of the meeting.

A director who is likely to gain personally from a board decision must:

- tell the other directors before the start of the meeting that they have a conflict of interest
- offer to leave the meeting while the rest of the board makes a decision.

The rest of the directors will then decide if the director with the conflict of interest can stay and vote on the item or must leave the room while the decision is made.

Related party benefits

A director is a related party of a corporation. If a director is given a related party benefit, such as money, an asset, a vehicle, a loan or free rent, it must first be approved by members at a general meeting, unless it falls within one of the exceptions in Division 287 of the CATSI Act. *

If a director breaks the related party benefit rules, the director and anyone else involved, but not the corporation, may be held liable and subject to civil penalty proceedings.

See the Registrar's fact sheet, *Related party financial benefits*, for more information.

Making decisions

Decisions at directors' meetings are made by passing resolutions.

The CATSI Act says that resolutions at directors' meetings must be passed by the majority of votes cast by the directors. If the vote on a resolution is tied the chair of the meeting has a casting vote. This is in addition to the vote the chair has as a director.

A corporation may have a different rule for decision-making in its rule book, for example, if they have chosen to use another process to make decisions such as traditional law or custom. Some corporations provide for a consensus agreement before putting a resolution to a formal vote. *

Making decisions without a meeting

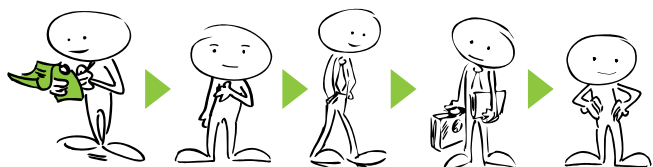
Resolutions can be passed by directors without holding a directors' meeting. *

These are called circulating resolutions.

All directors entitled to vote on the resolution must sign a statement that says they are in favour of the resolution set out in the document.

The resolution is passed when the last director signs it.

If a decision is made in this way it must be recorded in the corporation's minute book within one month.

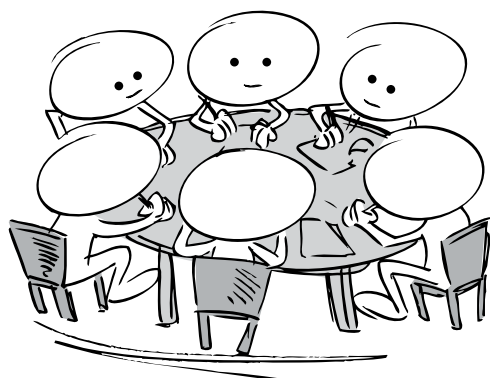


Follow up actions arising from the meeting

The directors may have follow up actions arising from the business of a directors' meeting, for example:

- lodging reports with the Registrar or funding bodies
- making entries in the corporation's register of members and writing to people that applied for membership to let them know about the decision.

Directors also need to let people who were not present at the meeting know about any tasks or actions that may have been assigned to them.



CONTACT ORIC

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Exemptions

Any corporation can apply to the Registrar to ask for an exemption from the meeting provisions in the CATSI Act.

Applications must:

- specify the relevant provision
- be authorised by a resolution of the directors
- be in writing and signed by a director.

The Registrar may change or suspend a decision to exempt a corporation. The Registrar must give the applicant written notice within 28 days of the changing or the suspension of the decision, or its conditions.



Helpful resources

There are a number of free templates available on the Registrar's website: www.oric.gov.au as part of the *Healthy corporation checklist* that can help make meetings easier. Some relevant templates for directors' meetings include:

- consent to become a director
- notice of directors' meeting
- minutes of directors' meeting.

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.