



Australian Government
Office of the Registrar of Indigenous Corporations

Special administrations: what members and directors should know

This fact sheet provides general information for members and directors of corporations about special administrations under the *Corporations (Aboriginal and Torres Strait Islander) Act 2006* (CATSI Act).

What is a special administration?

A special administration is when the Registrar appoints an independent and suitably qualified person (a special administrator) to take control and oversee the running of a corporation while, at the same time, helping it to fix its problems. These problems may be short-term financial troubles or the result of poor business practices, poor governance and/or a weak organisational structure.

The aim of a special administration is to restore the corporation to financial and organisational health and, once this is achieved, to give back control to the members.

Special administration is a special measure under the CATSI Act. It is different to a voluntary administration under the *Corporations Act 2001*. Only Aboriginal and Torres Strait Islander corporations can be placed under special administration.



Starting a special administration

Only the Registrar can place a corporation under special administration. The Registrar looks at many issues when making a decision to place a corporation under special administration. For instance, if a corporation is funded by government, the Registrar may ask the key funding agencies for their views.

The grounds for special administration are set out in section 487-5 of the CATSI Act.

The Registrar does not need to apply to a court but usually must give a corporation a chance to explain why it thinks it should not be placed under special administration (this is called a 'show cause' procedure).

To protect public money or to prevent an interruption to essential services, the Registrar can place a corporation under special administration without a 'show cause' procedure.

If a member or director makes a complaint or provides information to the Registrar about a corporation, the Registrar may refer to this material when deciding if the corporation should be placed under special administration. See the Registrar's policy statement *PS-02: Complaints involving corporations*.

The directors or members of a corporation can also write to the Registrar and request that their corporation be placed under special administration.¹

The Registrar can appoint one or more people as special administrators at a single corporation. It is not uncommon for joint special administrators to be appointed.

A corporation can be placed under special administration if a voluntary administrator or a receiver has been appointed but not if the corporation is in the process of being wound up or if a liquidator has been appointed.

¹ A majority of directors or the required number of members is needed. The number of members required depends on the size of the corporation. See the Registrar's policy statement *PS-20 Special administrations*.

Who pays the special administrator?

The Registrar sets the special administrator's costs, including their fees, charges and expenses. The Registrar may pay all these costs or decide that the corporation or a related organisation should pay them, either in full or in part.

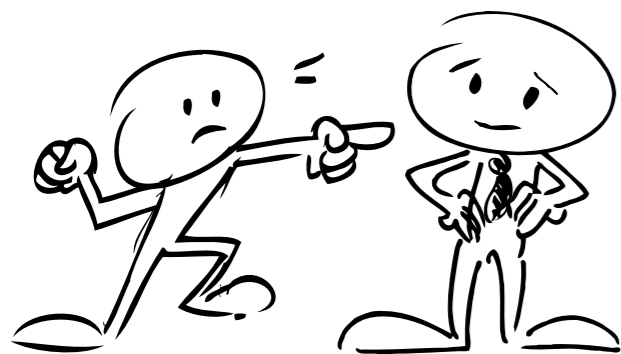
Complaints or concerns about a special administrator

If a member or former director of a corporation is not satisfied with what a special administrator either has done or is doing, they can seek advice from the Registrar's office or make a complaint.

The Registrar's policy statement *PS-03: Complaints and feedback about the Registrar's staff, contractors and services* is available at www.oric.gov.au.

In addition, a person aggrieved by an act, omission or decision of a special administrator may appeal to a court to reverse or modify what a special administrator has or has not done.²

² Section 576-10 of the CATSI Act



How does a special administration end?

When a corporation is ready to be handed back to its members, new directors are appointed by the special administrator. The new directors will start their duties as soon as the special administration ends.

If it is not possible to fix the corporation's problems, an application can be made to the court to place the corporation into liquidation. The application can be made by the special administrator, the Registrar or, at the end of the special administration, by a director, creditor or member.

At the end of a special administration a corporation can also move to an administration under the *Corporations Act 2001* (a voluntary administration process)—but this does not happen very often.

A straightforward special administration usually takes no more than six months and a more complex one no more than 12 months. The Registrar can extend or end a special administration early, if the desired outcome of the special administration has been met or the corporation's problems can not be fixed.

To find out more

For more information about special administrations see the Registrar's policy statement *PS-20: Special administrations* at www.oric.gov.au.

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CONTACT ORIC

freecall 1800 622 431

(not free from mobiles)

email info@oric.gov.au

website www.oric.gov.au

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.