Current rule	Proposed rule
8.1.1 Minimum number of Directors Subject to rule 8.4.1, the corporation must have at least 4 directors. 8.1.2 Maximum number of Directors After the Initial Directors have ceased holding office, the Corporation must not have more than 6 Directors comprising of: (a) up to 4 Directors that are elected by the Members (Member Directors) in accordance with rule 8.13; and (b) subject to rule 8.5.2(e), 2 Expert Directors.	8.1.1 Minimum number of Directors The corporation must have at least 4 directors. 8.1.2 Maximum number of Directors The Corporation must not have more than 6 Directors comprising of: (a) up to 4 Directors that are elected by the Members (Member Directors) in accordance with rule 8.11; and (b) subject to rule 8.3.2(e), up to 2 Expert Directors.

Explanation

8.1.1: I propose to remove the words 'subject to rule 8.4.1' as references to this rule and "initial directors" are no longer relevant given the Corporation has been operational for a number of years.

8.1.2(a): It is the role of the Registrar to assist corporations with governance matters. This includes reviewing rule books and their formatting to ensure they are easy for members to understand, internally consistent, workable, appropriate to the context in which the corporation operates, and compliant with the requirements of the CATSI Act. As above, references to "initial directors" are no longer relevant given the Corporation has been operational for a number of years. The removal of such references aims to reduce the confusion for members in understanding their corporation's rules.

Current rule	Proposed rule
8.2.1(a) Prior to the appointment of any Directors other than the Initial Directors, the Corporation shall establish and appoint a Selections Committee to assess the eligibility of nominees to be appointed as Directors. … 8.2.1 (d)The Selections Committee will: (i) consider and decide whether in the reasonable opinion of the Selections Committee, candidates are eligible to be Member Directors or Expert Directors (as the case requires) having regard to: A. rule 8.2.2; and B. any information provided by the candidates. (ii) provide the Returning Officer with a list of candidates who are considered eligible to be Member Directors (Eligible Member Directors) or Expert Directors (Eligible Expert Directors); and (iii) make recommendations to the Board as to the Selection Committee's preferred pool of candidates for appointment as Expert Directors.	8.2.1(a) The Corporation shall establish and appoint a Selections Committee to assess the eligibility of nominees to be appointed as Directors. … 8.2.1 (d)The Selections Committee will: (i) consider and decide whether in the reasonable opinion of the Selections Committee, candidates are eligible to be Member Directors or Expert Directors (as the case requires) having regard to: a) rule 8.2.2; and b) any information provided by the candidates. (ii) provide the Returning Officer with: a) a list of candidates who are considered eligible to be Member Directors (Eligible Member Directors) or Expert Directors (Eligible Expert Directors); and b) a list of ineligible members and the reasoning for ineligibility (if applicable); and (iii) make recommendations to the Board as to the Selection Committee's preferred pool of candidates for appointment as Expert Directors.

Explanation

8.2.1(a): It is the role of the Registrar to assist corporations with governance matters. This includes reviewing rule books to ensure they are easy for members to understand, internally consistent, workable, appropriate to the context in which the Corporation operates, and compliant with the requirements of the CATSI Act. As the Corporation has been in operation since the initial registration, references to "initial directors" are no longer relevant and have been removed. The removal of such references aims to reduce confusion for members in understanding their corporation's rules.

8.2.1(d): I have concerns that the rule does not require applicants to be advised of the reasons they are considered ineligible by the Selections Committee. Members who apply to be a Member Director and who meet the eligibility criteria should be presented to the members for a vote, while those who do not meet the criteria should be informed of that decision and the reasons for it.

Rule 3(b)(v) of the Corporation's rule book relevantly states that the Corporation must operate with transparency in decision making processes. I consider that rule 8.2.1(d), in its current form, is inconsistent with the requirement set out in rule 3(b)(v), and for that reason does not meet the internal governance rules requirements. Making these minor amendments improves transparency and procedural fairness and, accordingly, removes this internal inconsistency.

Current rule	Proposed rule
8.2.2 Eligibility of Directors … (d) … (iv) substantially satisfies the following qualifications and requirements: a) financial literacy; b) leadership experience; c) experience with directorships and boards, or can demonstrate a preparedness to question, challenge and critique, and a willingness to understand and commit to the highest standards of governance; d) commitment to uphold all the legal duties, responsibilities and obligations of a Director; e) absence of other commitments which would restrict the ability of the person to act effectively as a Director; f) is of high repute and recognised integrity; g) has not been convicted in the last five years of an indictable offence or criminal offence punished by imprisonment of 12 months or more by any Australian jurisdiction; and (v) is able to produce a National Police Certificate which is acceptable to the Selections Committee.	8.2.2 Eligibility of Directors … (d) … (iv) has not been convicted in the last five years of a criminal offence punishable by imprisonment for 12 months or more in any Australian jurisdiction; (v) Is able to produce a National Police Certificate (e) For the purposes of considering the appointment of an individual as a Director in accordance with rule 8.4, it is desirable that the individual have the following qualifications and attributes: (i) financial literacy; (ii) leadership experience; (iii) experience with directorships and boards, or can demonstrate a preparedness to question, challenge and critique, and a willingness to understand and commit to the highest standards of governance; (iv) commitment to uphold all the legal duties, responsibilities and obligations of a Director; (v) absence of other commitments which would restrict the ability of the person to act effectively as a Director; (vi) is of high repute and recognised integrity; An individual is not ineligible to be appointed as a Director only because the individual does not have one or more of the qualifications or attributes mentioned in rule 8.2.2(e).

Explanation

8.2.2(d): A number of the eligibility criteria listed involve a degree of subjective assessment. I do not consider the rule to be workable in its current form, as there is no clear or objective way to assess whether a person meets these eligibility requirements.

I consider that the criteria set out in the rule are matters that members should consider when deciding whether to appoint a person as a director. Currently the decision is made by a committee, where the membership of the committee is unknown by the members, and is not based on the Corporation's membership.

If the Corporation wishes to impose additional eligibility requirements, it may be more appropriate to adopt objective and measurable criteria, such as requiring a specific qualification or level of experience. This would allow for members to have greater clarity, consistency, and transparency in the application of the rule.

8.2.2(d)(v): I propose to remove the section which states 'is acceptable to the Selections Committee', as this assessment requires the application of subjective criteria which is not clear to the Corporation's members. I propose to change the rule to simply require a person to provide a National Police Certificate.

Current rule	Proposed rule
8.3 Directors on registration 8.4.1 Appointment of Initial Directors 8.4.2 Appointment of first Member Directors	Removed

Explanation

8.3, 8.4.1 and **8.4.2:** It is the role of the Registrar to assist corporations with governance matters. This includes reviewing rule books to ensure they are easy for members to understand, internally consistent, workable, appropriate to the context in which the Corporation operates, and compliant with the requirements of the CATSI Act. References to "initial directors" and "Directors on registration" are no longer relevant given the Corporation has been operational for a number of years. The removal of such references aims to reduce confusion for members in understanding their corporation's rules.

Current rule	Proposed rule
8.5.1 Appointment of Member Directors (a) Member Directors are appointed: (i) from the list of Eligible Member Directors provided by the Selections Committee in accordance with rule 8.2.1(d)(ii); and (ii) by an election in accordance with rule 8.13. (b) The appointment of a Member Director: (i) becomes effective from and is noted at the next AGM following their election; and (ii) cannot be opposed at an AGM.	8.3.1 Appointment of Member Directors (a) Member Directors are appointed: (i) from the list of Eligible Member Directors provided by the Selections Committee in accordance with rule 8.2.2(d) and by an election in accordance with rule 8.10; or (ii) in accordance with rule 8.5 Member Director casual vacancies. (b) The appointment of a Member Director (other than under rule 8.5): (i) becomes effective from and is noted at the next AGM following their election; and (ii) cannot be opposed at an AGM. (c) Where a Member Director is appointed under rule 8.5, the appointment becomes effective at the time when that candidate consents to acting in that position.

Explanation

8.5.1: The amendments proposed at rule 8.5.1 are intended to improve the ways in which the Member Directors are appointed, providing a clearer understanding of this rule. A new sub-rule (c) is included to clarify the time at which a director appointed under the casual vacancy rule becomes effective. The change is proposed to add clarity for members and improve their understanding of the process required.

Current rule	Proposed rule
8.7 Member Director casual vacancies ... (c) If no candidates from the most recent election are appointed as a Member Director to fill a vacancy, a by-election is to be conducted in accordance with rule 8.13(a)(vi).	8.5 Member Director casual vacancies ... (c) If there are no candidates from the most recent election to be appointed as a Member Director to fill a vacancy, the remaining Directors may appoint a member as a Member Director, provided they meet the requirements of rule 8.2.2. (d) If the Board is removed by resolution of the members during an AGM or general meeting, the members in attendance at that meeting must vote to appoint replacement directors.

Explanation

8.7(c): This rule appears to be circular, as it requires the Corporation to repeat a lengthy election process that has only recently been undertaken. During this time, the Corporation may be left without the required number of directors to effectively govern and operate on behalf of the members.

This amendment would provide a practical mechanism for the Corporation to continue operating should an election process fail to secure a sufficient number of candidates. It would help ensure that vacancies can be filled in a timely manner and reduce the risk of the Corporation being left without the minimum number of directors required under its rule book or the CATSI Act. This change is proposed to add clarity for members and improve their understanding of the rule.

The rule book, in its current form, does not provide a mechanism for members to exercise their right under section 249-10 of the CATSI Act to remove existing directors and appoint new directors during a director's term of office.

The proposed addition of sub rule 8.5(d) would allow eligible directors to be appointed by members at the same meeting at which directors are removed, helping to ensure continuity of governance and reducing the risk of the Corporation being left without the minimum number of directors required by the rule book or the CATSI Act.

This change would, however, only become operative if the Selections Committee process does not provide a sufficient number of eligible directors for the Corporation to draw upon in such circumstances. Therefore, the intention of the rule is not to change the current processes of the Corporation, but to provide a backstop to resolve the consequential governance issues that might arise when the Selections Committee process does not provide a sufficient number of eligible candidates.

Current rule	Proposed rule
8.8 Alternate Directors (a) A Director may not appoint an alternate to exercise any of the Director's powers. (b) The Directors of the Corporation may not appoint other persons as Directors to make up a quorum.	8.6 Alternate Directors (a) A Director may not appoint an alternate to exercise any of the Director's powers. (b) The Directors of the Corporation may appoint other persons as Directors to make up a quorum.

Explanation

8.8(b): I do not consider the rule to be workable in its current form and in the context in which the Corporation operates.

This change enables the Corporation to appoint someone should it fall below the required number of directors, without regulatory intervention. The Corporation is required to have rules that support its governance.

Current rule	Proposed rule
8.9 How a person ceases to be a Director (a) A person ceases to be a Director if: (i) the person dies (ii) the person resigns as a Director as provided by in rule 8.8; (iii) the term of the person's appointment as a Director expires; (iv) the person is removed as a Director by the Members as provided for in rule 8.9.1; (v) the person is removed as a Director by the other Directors as provided for in rule 8.9.2; (vi) the person becomes disqualified from managing Aboriginal and Torres Strait Islander corporations under Part 6-5 of the Act. (vii) a person ceases to be eligible under rule 8.2.2 and the Selections Committee confirms this is writing to the Board; or (viii) the person becomes disqualified from managing corporations under the ACNC. (b) A Director is under an obligation to inform the Corporation if any of the events listed in rule 8.9(a) has occurred.	8.7 How a person ceases to be a Director (a) A person ceases to be a Director if: (i) the person dies (ii) the person resigns as a Director as provided by in rule 8.8; (iii) the term of the person's appointment as a Director expires; (iv) the person is removed as a Director by the Members as provided for in rule 8.9.1; (v) the person is removed as a Director by the other Directors as provided for in rule 8.9.2; (vi) the person becomes disqualified from managing Aboriginal and Torres Strait Islander corporations under Part 6-5 of the Act.

Explanation

8.9(a): It is the role of the Registrar to assist corporations with governance matters. This includes reviewing rule books to ensure they are easy for members to understand, internally consistent, workable, appropriate to the context in which the Corporation operates, and compliant with the requirements of the CATSI Act. The proposed rule is set law under s249-1of the CATSI Act.

Current rule	Proposed rule
8.13 Procedure for election of Member Directors (a) … (v) preserving records of the tally of Votes received, which may be required for the purpose of filling a Member Director vacancy in accordance with rule 8.7(a) and 8.7(a)(i); and (vi) conducting a by-election to fill a Member Director vacancy in accordance with rule 8.7(a)(ii) or rule 8.13(j). The conduct of a by-election must comply with this rule 8.13. … (j) If an election results in the appointment of less than 4 Member Directors, a by-election in accordance with rule 8.13(a)(vi) is required to fill any Member Director vacancies.	8.11 Procedure for election of Member Directors (a) … (vi) preserving records of the tally of Votes received, which may be required for the purpose of filling a Member Director vacancy in accordance with rule 8.6; … (j) If an election results in the appointment of less than 4 Member Directors, the elected directors may appoint a member to the vacancy or vacancies in accordance with rule 8.6.

Explanation

8.13(a)(v): I propose to remove the by-election process, as it requires the Corporation to repeat a lengthy election process that has only recently been undertaken. In its current form, the rule is considered unworkable and inadequate.

8.13(j): This amendment would provide a practical mechanism for the Corporation to continue operating where an election process fails to secure a sufficient number of candidates. It would help ensure that vacancies can be filled in a timely manner and reduce the risk of the Corporation being left without the minimum number of directors required under its rule book or the CATSI Act.