

## **OPENING STATEMENT – BUDGET ESTIMATES, June 2024**

Registrar of Aboriginal and Torres Strait Islander Corporations

ORIC continues in its efforts to build confidence in both:

- the governance of Aboriginal and Torres Strait Islander corporations, as well as
- its own regulatory approach.

While the lodgement of annual reports is one indicator of good governance, we remain focussed on the lifting of reporting rates.

Annual reports for 2022-2023 were due 31 December. As at 17 May 2024, 1285 or 40.4% of corporations, who were required to lodge reports, have overdue reports.

As is the usual trend, around 80% of corporations with overdue reports are those with an income of less than \$100k.

We continue to use de-registration and prosecution, where appropriate, as a reminder of our position on annual reporting obligations. As mentioned, annual reporting is one indicator of good governance, however it is also the foundations of transparency and accountability. One owed to corporation members firstly, as well as funders and the public more broadly.

Since returning to the use of these powers:

- 409 corporations have been de-registered. We have now commenced the deregistration process for 2024, and estimate that between 200 and 300 inactive corporations will be deregistered.
- 29 corporations have been referred to the Commonwealth Director of Public Prosecutions for minor regulatory prosecution and 13 have been or are currently before a court. Three have had charges proven so far, with fines of \$15,000 and \$5,000 imposed for in two matters.

Typically, small corporations are de-registered, and medium and large corporations are referred for prosecution. This is reflective of what is a reasonable expectation of accountability for medium and larger corporations more likely to be receiving public funding.

Where appropriate small corporations will also be referred for prosecution, and we are currently considering this for corporations that have not lodged reports for more than 2 years but who cannot be deregistered.

In February we released our inaugural Regulatory Posture and a new Regulatory Compliance Framework, setting out a shift to a risk-based regulatory approach where:

1. Small corporations that are low risk are supported to self-regulate and resolve governance issues themselves, allowing us to focus our efforts on higher risk corporations.
2. Our focus is on the governance standards of corporations – namely director duties, and member rights and obligations.
3. Our focus is on breaches and governance concerns that compromise the integrity of Indigenous member-control of corporations.

We will shortly release our Corporate Plan 2024-27 setting out a commitment to:

- Building our policies, processes, systems and responsiveness in pursuit of being a regulator of choice, and more importantly one that is trusted.
- Lifting corporation reporting and AGM compliance rates.
- Seeing corporations resolve internal complaints and disputes themselves, so that we can focus on more serious governance issues.
- Delivering more flexible and mature training and education programs for corporations.
- Helping stakeholders better understand the CATSI Act and the powers it affords me, including:
  - the responsibility of funding bodies to ensure the delivery of funded activities and the appropriate use of grant funding; and
  - the responsibility of ORIC to consider corporate governance issues.

We will also shortly release some principles for effective governance for Indigenous corporations which will support corporations to achieve a mature and self-determining governance standard - beyond compliance.

Other immediate priorities include:

- RNTBCs having rule books that are compliant with the Native Title legislative amendments. There remains 31 RNTBCs who have not yet updated their rule books. A number who have now engaged and we still closely monitor their progress.

Recently I wrote to 27 RNTBCs advising them that we will now undertake a full review of their rule book in its entirety – not just the rules which require updating.

- Supporting Directors to apply for their Director Identification. Unfortunately, only 35.9% of director positions have an identification. We have recently set out our enforcement position.

Directors who fail to apply for a Director Identification after being directed to, or where there is evidence of risks to a corporation, or where it is relevant to other regulatory action being taken will be considered for prosecution.

Finally Senators, we will be moving to a new approach to public reporting on our performance. While there is no legislative requirement to produce an annual report, we will be replacing the current yearbook with 3 reports a year, being:

1. What we are doing
2. How well we are doing it
3. The impact of our work

We will continue to contribute to NIAA's Annual Report.

I look forward to providing further updates on our regulatory progress.

Senators, I'm happy to take any questions.