

Snapshot: Differences and similarities between community and corporate governance

Aboriginal and Torres Strait Islander community governance happens outside and within corporations. There are some important similarities and differences between community governance and corporate governance.

	Community	Corporation
Differences	A community is a network of people and/or organisations with shared links such as personal relationships, cultural identities, political connections, traditions, rules, histories, social and economic conditions, and understandings and interests.	A corporation is formed for a specific purpose. It is likely to involve part of a community but may not reflect or include the whole community.
	Families, clans, and language and other social groups within separate settlements may have their own culture-based governance arrangements.	A corporation's main governance arrangements are guided by its rules and constitution.
	Some local leaders can represent a whole geographic community, as well as language, cultural or family groups, or even several linked communities.	A leader of a corporation must always act on behalf of that corporation, even if they are also on other boards.
	There may be conflict within the community about who has the authority to speak for everyone, and who can make decisions on behalf of other community members.	Corporations have a clear structure for decision making. Governing bodies are elected by the members, so there should be no or little dispute about who has the authority to make decisions.

	Communities are often changing and their governance arrangements need to be flexible to adapt to change.	Corporations are formed for a particular purpose and their rules are developed to achieve that purpose. If that purpose changes, the rules and constitution must be changed in a formal way to reflect the new objective.
	Community members can have very diverse roles and responsibilities. They may or may not be active and engaged within the community.	Members of corporations are mostly people who actively want to be part of the organisation. Often they apply for positions by writing to the governing body.
	Everyone can be a community member—from babies to the elderly.	Corporations must usually have a minimum membership age. For corporations under the <i>Corporations (Aboriginal and Torres Strait Islander) Act 2006</i> (Cth) (CATSI Act), the minimum age is 15, although corporations can increase that age if they want to.
	The duties of senior Aboriginal and Torres Strait Islander people in the community are not necessarily the same as those of directors under corporations law. For example, a leader in a community may decide it is not in the interests of other community members for certain information to be widely known, and they are under no legal obligation to disclose any information.	The duties of directors—including chief executive officers and other people who manage the corporation—are designed to make sure that good corporate governance standards are applied in all Aboriginal and Torres Strait Islander corporations. These duties include a duty of care, a duty of honesty, duties of disclosure and to avoid conflicts of interest, and a duty not to trade while insolvent.
	Any money received by individuals within communities with no legal requirements attached can be disposed of how those individuals see fit.	Corporations have to account for how they spend all their money and they are audited to make sure they spent it for the intended purpose.

Similarities	An Indigenous community is called an Indigenous community because the majority of people are Indigenous.	A corporation registered under the CATSI Act must have a majority of Aboriginal and Torres Strait Islander members.
	Leaders and decision-makers in communities most often try to make decisions for the benefit of the community.	Corporations and their staff make decisions in the best interests of the corporation's objectives.
	Communities must abide by cultural laws as well as wider Australian state and federal laws.	Corporations must abide by cultural laws and corporations law to remain legitimate.
	Leaders of communities are respected community members and are often elders.	Leaders of corporations are usually respected community members, and are often elders. These people often also make up the governing body of the organisation.