

MEDIA RELEASE

Annual NFP governance and performance study reveals complexity requiring more time of directors

The Australian Institute of Company Directors has today released its annual not-for-profit (NFP) governance and performance study, which revealed that NFP directors are spending more time on their roles due to increasing complexity.

The AICD's *NFP Governance and Performance Study* is in its 10th year and is the world's largest study in NFP governance.

Over its 10 years the NFP study has helped raise awareness of the contribution of directors.

This year the study found that 55 per cent of directors surveyed spend one to five days a month on their NFP role and 23 per cent spend more than five days a month on a single NFP.

The latest report identifies the factors that contribute to NFP board workloads which include rising governance expectations, community trust challenges for NFPs, the introduction of the NDIS, growing financial pressures, and changes in organisation complexity and regulation.

In addition to investigating the time directors spend on NFP board, this year's study explored directors' remuneration, succession planning, the sports sector, the slowdown in mergers, and financial performance.

AICD NFP Sector Leader Phil Butler will present the report findings to a group of Hunter directors at an event in Newcastle on Friday.

"Not-for-profits, from local sports clubs to aged care providers, make a crucial contribution to the Hunter community. We hope that the findings of the study help directors of these vital organisations continue to deliver for their stakeholders," Butler said.

Butler will also be running an NFP Governance 101 session following the briefing. The 101 session is designed for directors and committee members of small not-for-profit and community organisations to give them a grounding in the principles of good governance.

Other Key findings of the 2019 NFP Governance and Performance Study:

- Directors are devoting more time to each NFP board role with 23 per cent of survey respondents spending more than 5 days per month on a single NFP (compared to 13 per cent in 2013).

- NFP boards continue to comprise of mostly older directors with 77 per cent over 50 and only five per cent under 40 years old.
- The percentage of directors being remunerated hasn't fluctuated, with 19 per cent remunerated this year.
- NFP directors are optimistic about their organisation's future but financial challenges persist with some inconsistency between profit expectations and actual profit.
- Fewer organisations are engaged in or are considering merging with another NFP.
- Directors are generally satisfied with the performance of their board.
- Key challenges for sports organisations are growth in revenue and membership, and facility improvements.

To download the full report visit

<https://aicd.companydirectors.com.au/advocacy/research/2019-nfp-governance-and-performance-study>

For media enquiries please contact:

Lyn Tuit

Momentum²

ltuit@momentum2.com.au

(02) 9212 2000

0405 160 275

Emily Donnelly

Momentum²

edonnelly@momentum2.com.au

(02) 9212 2000

0423 159 473

The Australian Institute of Company Directors is committed to strengthening society through world-class governance. We aim to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. Our membership of more than 44,000 includes directors and senior leaders from business, government and the not-for-profit sectors.