



Member  
Consultation  
Response Paper

Constitution Amendments  
2025

PROPOSED REMUNERATION OF AICD DIRECTORS

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# 1. Background

1.1. The Australian Institute of Company Directors' (AICD) Constitution currently prohibits the payment of fees to AICD's non-executive directors (**AICD directors**) for acting as a director on the AICD Board (**Board**). AICD directors are reimbursed for travel and accommodation expenses incurred in performing their duties as a director and the AICD provides AICD directors with complimentary registration for all AICD courses, webinars and events.

1.2. The current arrangement of not remunerating AICD directors is consistent with the historical practices of many not-for-profit (**NFP**) organisations, where non-executive directors (**NED**) and board members of NFP/ community-based organisations have generally served in a voluntary capacity.

1.3. However, over time, the question of whether to remunerate NEDs in the NFP sector has gained traction, especially for larger NFP/ Australian Charities and Not-for-profits Commission (**ACNC**) registered organisations, where regulatory compliance demands, governance complexities, responsibilities of office, personal liability risks and time and performance demands continue to increase, and as calls for board diversity escalate. According to the AICD's Not-for-Profit Governance and Performance Study, 16th Edition (2024–25), the proportion of NFP directors receiving remuneration has steadily increased, rising from 13% a decade ago to 21% last year, and now reaching 24%. Among larger NFP organisations with annual revenues exceeding \$100m, over half (53%) now remunerate their directors.

1.4. The Board regularly reviews its governance structure and composition. There is a concern that the current constitutional constraint of not remunerating AICD directors may no longer be appropriate and may be limiting AICD's ability to attract and retain directors with diverse experiences and backgrounds. The Board considered these matters and trends in the NFP sector, and sought to consult with members regarding AICD director remuneration.

1.5. In May 2025, the AICD released a **Discussion Paper** to members to provide background information concerning prospective constitutional amendments to allow remuneration to be paid to AICD's directors.

1.6. The AICD undertook a comprehensive member consultation process from 9 May to 13 June 2025 regarding the prospective constitutional amendments to permit the remuneration of AICD's directors. This paper outlines the consultation process, member feedback, and responses to general queries from members.

1.7. Following strong member support during the consultation, the AICD Board proposes to proceed with the proposal and will seek member approval at the 2025 Annual General Meeting (**AGM**).

## 2. About AICD's governance

2.1. The AICD is a national membership organisation with its Purpose to 'strengthen society through world-class governance'. The AICD aims to be the independent and trusted voice of governance, building the capability of a community of leaders for the benefit of society. This is achieved through governance education, director development and advocacy.

2.2. The AICD is:

- A public company limited by guarantee and is a national organisation with eight state and territory divisions (Division Councils), and
- A registered not-for-profit entity under the Australian Charities and Not-for-profits Commission Act 2012 (Cth).

2.3. The AICD Board consists of up to 13 directors. It is comprised of four national directors, eight division directors, and a Managing Director & CEO. The AICD's website includes additional information on the AICD's governance arrangements, which can be found [here](#).

2.4. Currently, AICD directors are not remunerated and the organisation's Constitution prohibits payment of fees to AICD's directors.

## 3. Consultation at a glance

3.1. The member consultation process commenced on 9 May 2025 with the release of a detailed [Discussion Paper](#), and an invitation to all AICD members to participate in the consultation through one of the following channels:

- a. Online form;
- b. Direct email to AICD's Company Secretariat; and
- c. Attendance at one of AICD's Constitution Amendments Town Halls online or in person in Sydney, Melbourne, Brisbane, and Perth.



### 500 Members

engaged through consultation channels



### 4 Town halls

around Australia and online



### 5 Division Council and Regional Forum

consultation sessions

## 4. Consultation outcomes at a glance

4.1. All members were invited to provide feedback on specific issues, including support to remunerate AICD directors, the proposed policy framework, remuneration levels, implementation options, and

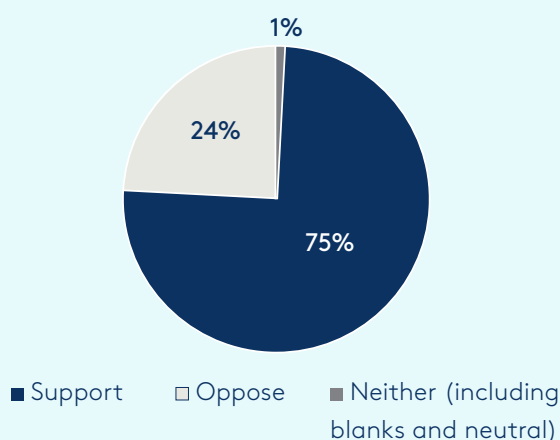
legal implications. Member sentiment arising from the consultation, specifically relating to these issues, is included at [Appendix A](#). A summary of member responses to the specific issues is outlined below:

### We asked members:

Are members supportive of AICD director remuneration?

### Members told us:

#### MEMBER SENTIMENT



A strong majority of members expressed support for AICD director remuneration as a means to recognise the time, expertise, and responsibilities of directors, and to facilitate diversity and inclusion on the AICD Board. Members recognise the increasing demands on directors and the need to attract diverse talent. Many comments highlighted fairness, alignment with sector norms, and the scale of AICD's operations as justification.

Common concerns from members not supportive of the proposal include potential cultural impacts, financial implications, and eroding the AICD's current volunteer model.

A summary of the key themes, for and against, arising from member responses is outlined below:

#### FOR

- Recognition of time, expertise, and liability of directors.
- Alignment with NFP sector trends and governance expectations.
- Enabling diversity and inclusion by removing financial barriers.
- Modest cost impact relative to AICD's revenue.
- AICD leading this important conversation for NFPs.

#### AGAINST

(AICD Responses to common queries are included in [section 5](#) below)

- Erosion of volunteerism culture.
- Implications for the broader NFP sector (i.e. belief that AICD is encouraging all NFPs to remunerate).
- Financial implications including potential increase in membership fees.
- Risk of entrenchment or reduced board renewal.
- AICD's current board size and composition (including appointment processes).

We asked members:	Members told us:
<p>Are members satisfied with the scope of the Policy Framework principles for AICD director remuneration, or do you believe any further principles should also be included?</p>	<p>The framework was broadly accepted by members. Members sought more clarity on how remuneration would be reviewed and adjusted.</p> <p>Suggestions from a minority of members included adding principles for diversity targets, transparency mechanisms, and member oversight.</p>
<p>Are members generally satisfied with the extent of the proposed processes to provide transparency and accountability in the setting and reporting of AICD director remuneration?</p>	<p>Members appreciated the proposed mechanisms for determining AICD director remuneration, that is, member approval of the remuneration pool and pool increases, annual reporting, and policy oversight. These mechanisms were seen as essential to maintaining member trust.</p> <p>Some members requested public disclosure of individual director remuneration, periodic independent review of the remuneration framework, and independent benchmarking.</p>
<p>Are members satisfied with:</p> <ul style="list-style-type: none"> <li>a. the suggested level of AICD director remuneration currently contemplated, given the benchmarking analysis provided?</li> <li>b. the proposed “Remuneration Pool” process for approval by Members in a general meeting?</li> </ul>	<p>Most members supported the remuneration pool concept however, some sought clearer review processes and member control. This area received a slightly lower positive sentiment with some members viewing the proposed remunerations as too high or too low.</p>
<p>Is the “staggered start” concept (Chair first, then Directors) worthy of further consideration?</p>	<p>The proposal for a staggered start was opposed by members.</p> <p>Members viewed staggered implementation as inequitable and potentially divisive. Many preferred a unified approach for all directors, citing fairness and consistency. Some members supported staggered implementation if required for budgetary or symbolic reasons.</p>
<p>Are members satisfied that the inclusion of the word “Limited” in AICD’s formal name will not have any material detrimental impact on AICD’s industry standing?</p>	<p>Most members accepted the change as a legal formality, with minimal impact on reputation or branding.</p>

#### 4.2. Key themes from member comments

We asked members:	Members told us:
<p>What further thoughts, queries or clarifications might members have?</p>	<p>Common themes from open-ended responses:</p> <ul style="list-style-type: none"> <li>• <b>Support for diversity and professionalism:</b> Many saw remuneration as a way to attract a broader range of directors.</li> <li>• <b>Concerns about loss of volunteerism and culture:</b> Some expressed concern about a shift away from service-oriented governance.</li> <li>• <b>Financial transparency:</b> Requests for clear reporting and assurance that member fees would not increase.</li> <li>• <b>Governance rigour:</b> Calls for performance reviews, term limits, and independent oversight.</li> <li>• <b>Sector leadership:</b> AICD should model a best practice approach for other NFPs considering director remuneration.</li> <li>• <b>Donations:</b> There should be consideration of a mechanism to donate director fees back to the institute.</li> </ul> <p>AICD responses to common queries are included in <a href="#">section 5</a> below.</p>

## 5. Responses to common member questions

### BOARD COMPOSITION

What is the rationale for introducing remuneration given the AICD Board has not had issues attracting suitable candidates?

While it is the case that the AICD has historically been able to attract capable directors, this proposal is about future-proofing our governance arrangements. Specifically, the pool of candidates can be expanded to include individuals who would contribute significantly to the Board but for whom the lack of remuneration would provide a significant barrier.

Remuneration can remove a significant barrier for individuals who may bring valuable skills and perspectives but are unable to commit the time required without compensation. This is particularly relevant for the Chair role, which now demands a substantial time commitment, often one to two days per week. For many, this level of involvement is not feasible without remuneration.

More generally, the AICD considered and utilised the ACNC guidance regarding **Remunerating Responsible People** in considering whether to introduce AICD Director Remuneration.

## BOARD COMPOSITION

What about the risk of entrenchment or reduced board renewal?

The [AICD Constitution](#) and [Board Charter](#) collectively establish a governance framework that reflects best practice governance in relation to transparency, accountability, and renewal.

Several mechanisms are already in place to mitigate entrenchment risks:

- **Term Limits and Rotation:** The Constitution (Rule 8.6) provides for director rotation, ensuring regular opportunities for renewal and fresh perspectives. The term of office for an AICD director is three years, with a maximum of six years, or two terms, in the position (with the exception of the term of office of the Chair which is nine years). The Constitution also allows for a director to serve one further term of up to one year, which requires a special resolution of the directors.
- **Performance Evaluation:** The Board is committed to regular performance assessments of directors and the Board as a whole (via the Board Charter), supporting continuous improvement and accountability.
- **Nomination and Succession Planning:** The Board, through its Nominations and Governance Committee, oversees succession planning and director selection, ensuring alignment with strategic needs and diversity goals.

Further mechanisms, including those proposed through the consultation, will be implemented as the proposal to remunerate AICD directors progresses.

## REMUNERATION

### What process did the AICD follow to determine the proposed director remuneration levels?

Note: The director remuneration levels are proposed to be set by inviting AICD members to approve a relatively modest maximum aggregate director remuneration pool at the 2025 AGM which will accommodate individual AICD director/Chair annual remuneration payments as follows:

- AICD Chair: \$50,000 (including superannuation and inclusive of all Board committee and related responsibilities);
- AICD Director: \$25,000 (including superannuation and inclusive of all Board committee and related responsibilities); and
- a modest contingency “buffer” to facilitate reasonable board succession planning and reasonable annual adjustments without having to frequently seek member approval for minor increases.

The proposed director remuneration levels were determined through benchmarking data from the [2024 Australian Board Remuneration Survey Report](#). To ensure the amounts were appropriate and aligned with market expectations, the AICD considered remuneration insights across various sectors, including NFP organisations in the Education and Professional/Industry sectors (both of which are relevant comparators for AICD). The findings include:

#### NFP (Education Sector)

- Chair: Median remuneration is \$66,750, with an average of \$77,334.
- Director: Median remuneration is \$40,273, with an average of \$51,708.

#### NFP (Professional/Industry Sector)

- Chair: Median remuneration is \$28,000, with an average of \$38,254
- Director: Median remuneration is \$16,850, with an average of \$19,885

Given AICD’s primary function is education and as it is an NFP, the Board determined the mid-point between these two benchmarks was appropriate.

### What are the remuneration trends in the NFP Sector?

According to the [AICD’s NFP Governance and Performance Study 2024-2025](#), the proportion of NFP directors receiving payment has steadily increased to 24%, from just 13% a decade ago and 21% last year.

Recent data suggests that the proportion of organisations remunerating directors is commensurate with the size of the organisation. For organisations over \$100m revenue, the proportion rises to 53%, whereas for organisations under \$5m revenue, the proportion is only 9%.

## REMUNERATION

Will there be a mechanism for directors to repay their director fees?

We appreciate members' suggestions regarding a mechanism for AICD directors to voluntarily repay or forgo their director fees. Member feedback has indicated that this could be a meaningful option, and it has been considered carefully.

However, implementing such a mechanism presents practical complexities. AICD does not hold Deductible Gift Recipient (DGR) status, which means that any repayment or donation of fees back to the organisation would not be tax-deductible for the individual. This limits the effectiveness and appeal of such an arrangement.

While the intent is understood and valued, the current regulatory and tax framework does not provide an ideal outcome for directors seeking to return their fees. Nonetheless, we remain open to exploring alternative approaches that align with member expectations and uphold our governance standards.

## NFP SECTOR LEADERSHIP

Is the AICD Board suggesting all NFPs should pay directors?

No. The AICD strongly believes individual boards and organisations are best placed to determine their own governance arrangements based on their particular circumstances. There is no 'one size fits all' model of governance. The AICD will continue to advocate for principles-based, rather than prescriptive, governance arrangements and the issue of director remuneration is no different.

Additionally, the AICD, as a charity, is in a small minority of 0.5% of charities with revenue of \$100m or more (Refer [ACNC Australian Charities Report – 11th Edition 2025](#), page 12) and has considered the proposal in the context of its own circumstances (including size and complexity).

## NFP SECTOR LEADERSHIP

Is the AICD releasing resources in relation to NFP director remuneration?

Yes, the AICD is planning to release further resources. Many members have expressed that additional guidance on this topic would be valuable, and we are considering that feedback.

A dedicated resource is scheduled for release in 2026, which will incorporate insights from this consultation process to assist other organisations navigating similar considerations.

In the interim, members may find the [ACNC guidance on Remunerating Responsible People](#) helpful. The AICD has reviewed and considered this guidance in developing its own proposal.

The [AICD's NFP Governance Principles](#) also provides additional guidance for directors.

## CULTURE

Has the Board considered how remunerating directors may diminish the volunteerism culture of the AICD?

Yes, the Board has carefully considered this concern. We are deeply grateful for the ongoing voluntary contributions of our members, whether through service on policy committees, Division Councils, speaking at events, or contributing to our policy work. These efforts are vital to the strength and success of the AICD, and we remain committed to fostering a strong culture of volunteerism.

However, it is important to recognise that the role of a director carries distinct legal duties, fiduciary responsibilities, and governance obligations. These differ significantly from other voluntary roles within the organisation.

As the leading voice on governance in Australia, we believe it is appropriate to distinguish between general volunteer contributions and the professional responsibilities of directors. Introducing remuneration for AICD directors reflects the increasing complexity and time commitment of board service, while preserving and valuing the broader culture of member engagement and volunteerism.

## FINANCIAL IMPLICATIONS

**Will member fees increase due to the remuneration of AICD directors?**

The AICD reviews membership pricing annually through a working group of senior staff, with a recommendation to the CEO and CFO. The Board makes the ultimate decision through approval of the yearly budget.

In determining membership fees, the AICD considers a range of factors, including: market conditions (CPI); economic conditions (cost of living); competitor movements in fees; membership product performance (financial and non-financial), and member feedback.

Financial analysis of the proposed AICD director remuneration indicates that the aggregate amount represents around 0.31% of actual operating revenue for FY25.

## TRANSPARENCY AND ACCOUNTABILITY

**What steps will the AICD take to ensure accountability and transparency mechanisms are bolstered due to remuneration of AICD directors?**

Some members queried, and provided suggestions, regarding the accountability and transparency mechanisms. These included performance reviews, independent oversight and annual disclosures.

These member suggestions will be incorporated in the supporting Policy Framework for AICD Director Remuneration.

## 6. Next steps

6.1. All member feedback has been carefully considered. While acknowledging that some members do not support the proposal, the AICD Board notes strong overall member support. On balance, and taking into account the matters raised during consultation, the AICD Board proposes to proceed with the proposal.

6.2. In response to member feedback, the Policy Framework will be revised accordingly. Notably, the previously proposed staggered approach will be removed from the final proposal.

6.3. Amending the **AICD's Constitution** will require a special resolution of AICD members. Members will be invited to vote on a special resolution to amend the AICD Constitution at the 2025 AGM. The resolution, a revised Constitution and a supporting explanatory memorandum will be included in the Notice of Meeting.

## 7. Acknowledgement

7.1. The AICD Board thanks all members who contributed to the consultation process. Your feedback is instrumental in shaping the future governance of the AICD.

7.2. Any further queries can be directed to [companysecretariat@aicd.com.au](mailto:companysecretariat@aicd.com.au).

# Appendix A

All members were invited to respond to the consultation. The member sentiment outlined below is only representative of those members who responded to the following issues during the consultation period.

## MEMBER SENTIMENT REGARDING SPECIFIC ISSUES FOR CONSULTATION

■ Support    □ Oppose    ■ Neither (including blanks and neutral)

1. Are members supportive of AICD director remuneration?



2. Are members satisfied with the scope of the Policy Framework principles for AICD director remuneration, or do you believe any further principles should also be included?



3. Are members generally satisfied with the extent of the proposed processes to provide transparency and accountability in the setting and reporting of AICD director remuneration?

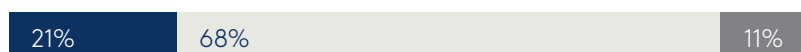


4. Are members satisfied with:

- a. the suggested level of AICD director remuneration currently contemplated, given the benchmarking analysis provided?
- b. the proposed "Remuneration Pool" process for approval by Members in a general meeting?



5. The AICD Board has considered a "staggered start" approach to director remuneration with the AICD Chair (only) initially being remunerated, with the AICD directors remunerated in subsequent year(s). Is this "staggered start" concept a feature that members believe to be worthy of further consideration?



6. Are members satisfied that the consequential inclusion of the word "Limited" at the end of AICD's formal name will not have any material detrimental impact on AICD's industry standing?



7. What further thoughts, queries or clarifications might members have on the subject of AICD director remuneration that have not been reasonably addressed in the discussion paper and which members may wish to raise with AICD for consideration?

A summary of key themes arising from member responses to this question is included at [Section 4.2](#) of this paper.

## ACKNOWLEDGEMENT OF COUNTRY

The Australian Institute of Company Directors acknowledges the Traditional Custodians of the Lands on which we are located and pay our respects to the Elders, past and present. We acknowledge the First Nations people across this Country and recognise their unique cultural and spiritual relationships to the Skies, Land, Waters, and Seas and their rich contribution to society.

## ABOUT AICD

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 includes directors and senior leaders from business, government and not-for-profit sectors.

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