

MEDIA RELEASE

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NFP study reveals increasing demands has directors at a tipping point

The Australian Institute of Company Directors' (AICD's) Not-for-Profit Governance and Performance Study 2023-24 has revealed increasing demands and higher expectations has NFP directors at a tipping point.

The fifteenth iteration of the NFP Governance Study has revealed that as the time commitments for directors increases considerably, governance arrangements are being stretched particularly in NFP sub-sectors, like aged care.

Recent royal commissions have shone a spotlight on governance in the "care economy" and the results provide evidence that while changes are being made to enhance governance, organisations are stretched to meet increasing demands.

Pleasingly, half (50 per cent) of all respondents to the survey indicated that they are spending more time on director duties compared to last year.

Close to half of respondents (47 per cent) are spending more than three days per month on governance of their NFP. And of these, 22 per cent are spending more than six days per month.

Organisations are working towards ensuring quality of care, with half (50 per cent) of boards using CEO and management reports as their primary mechanism for oversight of care.

AICD Managing Director and CEO, Mark Rigotti said the need to support NFP directors, particularly those in the aged care sector, has never been greater.

"While we recognise the need for improvement in the aged care sector specifically, ensuring that the regulatory framework does not overburden NFP directors and hinder the sector's progress is crucial.

"The continued increase in time commitment for directors, coupled with the need for specialised clinical skills are already causing many to reconsider their availability for roles on aged care boards. This could have a profound impact on the sector particularly community run organisations in rural and remote Australia."

This year's study also revealed just over a fifth (21 per cent) of respondents identified that their organisation had been the target of a cyber attack within the last 12 months.

Forty-two per cent of boards include cybersecurity in every board meeting, but 44 per cent only discuss cybersecurity once per year.

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 52,000 includes directors and senior leaders from business, government and the not-for-profit sectors.

Other key findings of the 2023-24 NFP Governance and Performance Study:

- Twenty-one per cent of NFP directors were remunerated which has steadily increased from 14 per cent, five years ago. Just over three-quarters (77 per cent) of board members report being unpaid, or only have expenses covered.
- The increased rate of mergers previously expected has yet to materialise with just over a fifth of NFP organisations (21 per cent) discussing a merger, while only six per cent are currently undertaking a merger.
- Only 44 per cent of respondents reported making a profit in 2022/23, down from 49 per cent the previous year. Health and residential aged care sectors reported only 36 per cent made a profit. By comparison 67 per cent of development and housing respondents made a profit.
- More than half (52 per cent) of organisations reported governance of climate change never appears on their board's agenda.
- Seventy per cent of respondents rated their organisation as either highly or mostly effective in achieving their organisation's purpose.

The AICD aims to support directors of aged care providers with contemporary guidance, most recently through the publication of [Governing for quality aged care – A director's guide](#) in December 2023 and an upcoming refreshed short course [Care Governance: Achieving Quality Outcomes](#).

NFP directors are also encouraged to read the [Cyber Security Governance Principles](#) developed by the Cybersecurity Cooperative Research Centre in collaboration with the AICD, which highlighted the unique threat posed to NFPs, and download the [SME and NFP Director Checklist](#).

AICD programs and resources include more than 200 scholarships provided to leaders of small NFPs every year, to undertake the Governance Foundations for NFP Directors course.

The AICD partnered with Piazza Research Pty Ltd to conduct the Not-for-Profit Governance and Performance Study 2023-24. There were over 1,390 director-respondents contributing to this edition.

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