

MEDIA RELEASE

Wednesday, 11 March 2026

NFPs resilient in the face of mounting pressures

The latest *Not-for-Profit Governance and Performance Study*, launched today by the Australian Institute of Company Directors (AICD), shows that the sector is at a critical point and facing mounting challenges.

Not-for-profit boards across Australia are operating under sustained pressure, with governance workloads, regulatory demands and workforce challenges continuing to escalate.

The study finds that while commitment to purpose remains strong, NFP boards are being asked to do more, often with fewer resources. NFP directors are facing greater personal accountability, with increased time commitments, governance responsibilities, and skills requirements. Nearly half of directors now spend more than three days a month working on a single board, and many report their role increasingly extends beyond traditional oversight into operational matters.

While most NFP boards remain unpaid, director remuneration is being considered more frequently, reflecting the increasingly complex and demanding operating environment. The number of directors being paid has increased from 24% in 2024 to 27% in 2025. Remuneration is most common in larger, more complex or high-risk sectors such as health and residential aged care.

Financial performance within the sector is highly variable – most reported their organisations met or exceeded income expectations and fewer reported losses than in the previous year. However, profitability remains modest with most organisations operating on very low margins - limiting their capacity to absorb financial shocks or invest in transformation.

Together the findings point to an NFP sector that while relatively financially resilient, it remains constrained, demanding strong financial oversight by boards.

AICD Managing Director and CEO Mark Rigotti said the not-for-profit sector is continuing to operate in an environment of increasing complexity and heightening expectations.

"The results of this study highlight both the resilience of the sector and the increasing demands placed on boards and executive teams. And while pressures remain, I'm pleased to note the data also reflects areas of measurable progress and signs of greater maturity in how emerging challenges are being approached."

The Australian Institute of Company Directors (AICD) is a not-for-profit organisation committed to strengthening society through world-class governance. A trusted voice in national policy creation and rollout, the AICD advocates for, informs and empowers those leading, influencing and shaping the future of contemporary governance. Its flagship Company Directors Course™ has been the gold standard in practical, real-world governance education for over 50 years - equipping leaders across all sectors with the skills and confidence to navigate complex boardroom challenges and lead their organisations with impact. The AICD is also home to the world's largest community of professionals committed to better governance for a better future. To learn more, visit aicd.com.au

The study shows boards are engaging more deliberately with issues such as cyber security, digital capability and climate-related risks.

Other key findings of the 2025-26 NFP Governance and Performance Study:

- 87% report a higher frequency of cyber related board discussions.
- 82% report improvements in board governance.
- Remuneration averaged across all paid directors and sectors is \$29,760; median is \$20,750.
- Profitability over the past year increased from 46% to 49% of organisations; those reporting a loss fell from 26% to 21%.
- Confidence in future financial performance remains strong with half (50%) expecting a slightly stronger financial position within 3yrs and 22% much stronger.
- 71% say their organisations are mostly or highly effective in achieving their purpose; 12% say ineffective
- 89% indicate satisfaction with their organisation's performance over the past year.
- Increased use of AI; 17% using generative AI regularly; 42% on an ad hoc basis.

Beyond Bank Chief Executive Officer David Marshall said the bank was proud to partner with AICD to support the NFP Study 2025–26.

“The report highlights the increasing pressures facing community organisations and reinforces the need for strong governance, sustainable funding and clear impact measurement.

“As a purpose-led member-owned bank, we are committed to powering the sector through long-term, shared value partnerships that deliver meaningful community impact. The not-for-profit sector and the people who work with and support the sector are the true heroes of our society.”

Now in its seventeenth year, the *Not-for-Profit Governance and Performance Study 2025-26* captures the views and experiences of directors and executives who lead the NFP organisations that play such a vital role in Australian communities.

The AICD remains committed to assisting NFP leaders as they navigate the complex challenges highlighted in this study.

Media Contact: Jane Braslin 0439 167567