

Wentworth Lawyers

COMMERCIAL LAWYERS

THE IMPACT OF RECENT ROYAL COMMISSIONS ON NFP GOVERNANCE

There have been many Royal Commissions in Australia's history but some notably will have a significant impact on NFP governance which include:-

- Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry (2017-2019);
- Royal Commission into Aged Care Quality and Safety (2018-continuing);
- Royal Commission into Violence, Abuse, Neglect and Exploitation of People with Disability (2019-continuing).

Our Principal Director Victor Hamit joined with two other experienced governance practitioners, Beth McConnell of Beth McConnell Consulting and Sabine Phillips of Gadens Lawyers to deliver the key note address to the Better Boards 2019 conference held at the Brisbane Convention Centre.

The topic for the keynote address was "The Implications of the Royal Commission and Regulator Activity on NFP Governance".

The keynote addresses were very well received by the capacity audience. Click [here](#) for access to the Better Boards website for copies of all presentations.

Victor, Beth and Sabine then formed a panel to address questions posted by the delegates through a conference app. There were over 140 questions submitted for this half hour session with remarkable subsequent appreciative feedback. Generally, the feedback was that whilst the session was too short, it provided an "honest, open and off the cuff tips and comments" from a very engaged audience.

The panel forum provided experienced advice and solutions to many governance questions that were posed.

Some aspects of the Hayne Royal Commission focussed on culture and remuneration. There were a number of queries on whether to remunerate board members or not.

Victor Hamit suggested that, depending on the size of the NFP, its capacity to pay, and the responsibilities of the directors, it was not unreasonable to remunerate, if only to remove the argument “but we are just volunteers”. The remuneration is generally not at commercial rates because it reflects a level of community service provided by many Directors.

Unfortunately, “but we are just volunteers” is often used as an excuse by some who do not apply reasonable skill and attention to the matters at hand. Do you have board members who:-

- Do not read the Board Papers prior to the meeting?
- Ramble off point, onto matters that are not relevant?
- Regularly miss meetings because they are travelling?
- Then on return, need to go over “old ground” because they missed meetings and didn’t read the previous minutes?

These are board members who are risks to themselves and to the organisation and should resign.

The Better Boards Conference is considered the premier NFP conference in Australasia as it attracts excellent speakers with quality papers covering the broad NFP landscape. We recommend checking out the Better Boards [website](#) and browse through those presentations which may be of interest.

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