

Special Resolution Q&A

Why does ACF want to pay the President?

ACF has been fortunate in attracting some enormously experienced people to the President role over many years. However, the pool of people who are willing to be unpaid volunteers during the working week, without impacting their ability to earn a living, is relatively small. This particularly inhibits woman and people of working age from considering the role, limiting interest to people who are retired or wealthier. We believe that ACF needs to attract a greater diversity of high-quality individuals to its Board and the President role and that paying the President removes a barrier to inclusivity.

Does the ACNC allow ACF to pay board President's or Chair's?

ACF is required to comply with the Australian Charities and Not-for-profits Commission Act and Regulations (which include the Governance Standards), and guidance notes issued by the Australian Charities and Not-for-profits Commission (ACNC). The ACNC guidance note dealing with making payments to charity board members allows charities to pay board members noting that whether it is appropriate, depends upon each charity's unique circumstances, challenges and needs. The ACNC state:

“Charities registered with the ACNC must remain not-for-profit and, as such, cannot offer private benefit to people involved in the charity. As long as payments to board members are in furtherance of the charity's charitable purpose, permissible under the charity's rules, and properly authorised within the charity, the ACNC does not prohibit them.”

However, the ACNC counsel that any payments to board members that are unreasonable, unauthorised or unjustifiable may mean that the charity is not complying with the Governance Standards.

Are there any other prohibitions which would prevent ACF paying the President?

There is nothing in the ACF Constitution, the Associations Incorporation Act 1991 (ACT) (being the Act under which ACF is incorporated) or any other legislative requirements governing ACF that precludes ACF from making a payment to the President.

ACF is also bound by fundraising legislation and fundraising licences issued by states and territories. Under the NSW fundraising legislation, ACF will seek approval from NSW Fair Trading before making payment to a President.

Why is ACF consulting with members about this matter?

While payment to the President is not precluded by legislation or ACF's Constitution it is also not explicitly allowed in the Constitution. The Board seeks to make this explicit as part of our commitment to transparent governance and a democratic organisation.

How much are you intending to pay the President?

The amount paid to the President would reflect their experience, expertise and the amount of time they devote to furthering ACF's charitable objectives. We expect that payments will be modest relative to market rates. The President devotes considerably more time to ACF than regular board members. The Board intends to set a maximum payment to the President of \$30,000 per annum.

How will you keep ACF members informed about these payments to the President?

ACF will disclose payments to the President in its annual financial report, which is independently audited.

What is the process for making payments to the President?

The process for approving and making payments to the President is to be documented in an ACF policy and made available on ACF's website. Intended payments to the President must be approved by Board resolution and recorded in the Board's minutes. The President would be excluded from the decision in accordance with ACF's conflicts of interest policy.

Are payments to the President comparable to a salary?

Payments to the President are personal to them and will not be made to third parties, such as their employer or a consultancy firm. ACF will take further legal advice to determine whether the payments require deduction of income tax and payment of superannuation and other on-costs.

Aren't you already paying Board Members for things like hotels, airfares and other travel expenses?

ACF reimburses Board Members, including the President, for reasonable travel expenses incurred on ACF business and which are substantiated by written receipts. Expense reimbursement is already permitted and outside the scope of the proposed change to ACF's Constitution.

Do other charities pay their President/ Chair/ Board Members?

Some charities do pay their Chair and Board Members, typically larger charities that require a significant amount of time to be devoted to their activities. Smaller charities typically place lesser demands on Board Members and have fewer

resources. While it is still rare for charities to pay their board members, the practice is increasing to ensure boards are inclusive of people from all financial positions.