

CMA Standards Council's Policy on Governing Body Remuneration

Standards 3.7 states that:

“Financial dealings between the organisation and any member of the governing body must be governed by the ***CMA Standards Council's Supporting Policy on Governing Body Remuneration.***”

Remuneration of governing body members

The traditional position is that being a member of the governing body of a Christian church, charity or not-for-profit organisation is a vital and serious role, and one that should be pursued out of altruism and commitment to the purposes of the organisation, rather than for personal financial gain. Some of the reasons for this view are:

- **Potential for Conflicts of Interest:** Introducing fees can create potential conflicts of interest, where board members might prioritise their own financial benefit over the organisation's mission and the needs of its stakeholders.
- **Erosion of the Volunteer Ethos:** Many Christian organisations rely heavily on the spirit of volunteerism and the idea of selfless service. Paying board members could be seen as undermining this core value and potentially discouraging other volunteers.
- **Financial Strain on Resources:** Especially for smaller or financially struggling organisations, allocating funds for board fees can divert resources away from ministry programs and direct services.
- **Perception of Misuse of Funds:** Donors and the wider community might perceive the payment of board fees negatively, potentially leading to questions about the organisation's priorities and stewardship of resources. This could damage trust and reduce donations.
- **Spiritual Emphasis on Giving and Service:** Some believe that serving on the board of a Christian organisation should be a form of ministry and a way to give back to God, and that payment is inappropriate in this context.
- **Difficulty in Determining Fair Compensation:** Establishing an appropriate and fair level of remuneration for board members can be challenging and potentially lead to internal disagreements or external criticism.
- **Focus on Calling and Discernment:** The selection of board members in Christian organisations should involve prayer and discernment, seeking individuals who feel called to serve. Introducing financial incentives might shift the focus away from this spiritual aspect.

In more recent years a different view is emerging suggesting that payment of remuneration to governing body members may be appropriate. Some of the reasons for this view are:

- **Attracting and Retaining Qualified Individuals:** Offering fees can broaden the pool of potential board members, attracting individuals with specific expertise (legal, financial,

business management) who might not be able to volunteer their time extensively. This is especially the case where highly specialised knowledge or skills are required in a highly regulated area. Offering fees can lead to more effective governance and strategic decision-making.

- **Recognising the Time Commitment and Responsibility:** Board service demands significant time and carries substantial and increasing responsibility, especially in areas like fiduciary oversight and strategic planning. Also, there is increasing potential personal legal liability for board members eg in heavily regulated sectors and in the employment, WHS and environmental areas. Fees can acknowledge this commitment and the weight of their duties.
- **Increasing Diversity:** Paying board members can make it more feasible for individuals from diverse socioeconomic backgrounds to serve. Those who cannot afford to volunteer significant amounts of time due to financial constraints might be able to participate if paid.
- **Aligning with Best Practices in Governance:** In the commercial and government sectors, and also for larger non-Christian non-profits, paying board members (or at least a portion of them) is considered a standard governance practice to ensure the organisation benefits from skilled leadership.
- **Fairness and Equity:** If staff members are paid for their work, some argue that board members who contribute significant time and expertise should also receive some form of payment, promoting a sense of fairness.

In light of the above, the CMA Standards Council accepts that the governing body of an organisation may be remunerated in accordance with the following restrictions:

1. The governing body and the members of the organisation must prayerfully confirm that the payments are primarily for the benefit of the organisation, not the members of its governing body.
2. Members of the governing body are not entitled to any bonus payments.
3. The organisation's financial stability is a crucial factor in determining whether it can afford to pay board members without impacting its mission.
4. It is essential to have clear policies, transparent reporting, and accountability measures in place to ensure good stewardship.
5. Governing body performance must be reviewed (either internally or externally) annually.
6. Levels of remuneration should be benchmarked at least every 3 years to confirm that they are no greater than any comparable Christian and non-Christian organisations.
7. The remuneration settings should be approved annually by the governing body and the members of the organisation.
8. The remuneration must meet all legal, regulatory and constitutional requirements. Laws applicable to charities in different jurisdictions can affect the remuneration of board members. For example, in NSW, Ministerial approval is required to pay board members in respect of their service as board members in some circumstances. Under the Corporations Act the ability to leave out "Limited" from the organisation's name is dependent on no payment of fees to board members. The Corporations Act also provides that a director must not improperly use his position to gain an advantage for himself.
9. The organisation must attune with the views of any governing or associated denomination.

The CMA Standards Council recommends that any decision to move from non-remunerated to remunerated should only be made after transparent discussion with, and strong buy-in from, all stakeholders/members, and that legal advice should be obtained before proceeding (see for example the relevant Justice Connect [Fact Sheet](#)).

The above discussion does not apply to executives who are on the governing body, or to reimbursement of reasonable expenses, or to services provided to governing body members which are no more beneficial than similar services provided to other beneficiaries of the organisation.

Members of the Governing Body providing goods or services to the organisation

See the requirements set out in the CMA Standards Council's Policy For Excellence In Handling Conflicts of Interest.

Disclosure

The organisation must annually disclose the total amount paid to governing body members by way of remuneration and the total amounts paid by way of fees as consultants, in its annual report, annual accounts, or in whatever publication is used as the vehicle to communicate annual results to supporters and stakeholders.