Australian Government
Australian Sports Commission

Director Remuneration

Given most sporting organisations are not-for-profit, the payment of directors is not common practice. Board directors will usually volunteer their time, experience, and expertise without the expectation of payment. However, for a variety of reasons, some organisations choose to pay their directors. These reasons may include compensation for responsibility, time involved or to attract more skilled directors.

While there is no blanket rule regarding the remuneration of directors, there are a number of important matters an organisation should consider before deciding whether to remunerate a director.

Can we pay a Director?

In determining whether to pay directors, a sporting organisation must first refer to its constitution and in particular the clauses relating to Board Director remuneration. If the constitution expressly allows the payment of directors' fees, then it is possible to pay directors, provided the necessary approval is given in accordance with any requirements set out in the constitution.

The Australian Sports Commission Model NSO Constitution provides the following commentary as it relates to Director Remuneration:

Clause 14.12 Remuneration of Directors

Subject to clause 14.13, a Director must not be paid for services as a Director but, with the approval of the Directors and subject to the Corporations Act, may be:
  a) *paid by the Company for services rendered to it other than as a Director; and*
  b) *reimbursed by the Company for their reasonable travelling, accommodation and other expenses when:*
      (i) *travelling to or from meetings of the Directors, a Committee or the Company; or*
      (ii) *otherwise engaged in the affairs of the Company.*

Clause 14.13 Honorarium

The Company may in General Meeting by ordinary resolution determine to pay a Director an ex-gratia payment.

Should we pay a Director?

Payment to a director can affect the volunteer nature of the relationship between the organisation and the director. There are a number of impacts that can flow as a result of this including:
  • Disparity with other volunteer roles, given the vital role of volunteers for sporting organisations
  • The financial impact of any payment
  • Alignment with the organisation's values
  • Perception among the organisation's members and participants

These impacts should be considered in detail by both the organisation and the director before deciding whether payment is an appropriate strategy for the organisation.

Having considered each of these impacts, if an organisation does decide to pay a director it should transparently:
  • Advise its members of the payment and its rationale at a general meeting; and
  • Disclose all payments in its Annual Report.

Is Reimbursement considered a payment?

Depending on the policies of the sporting organisation, it may reimburse directors for costs that are reasonably incurred. A reimbursement is not a payment to a director for the purpose of this fact sheet and will not generally give rise to the same considerations.

Travel expenses related to carrying out functions of the organisation are an example of a reimbursement. For example, if a director needs to travel to attend a board meeting, it may be reasonable to reimburse the member for the costs incurred in attending that meeting.

If the organisation regularly reimburses directors for costs incurred, the organisation should develop a reimbursement policy to provide clarity and transparency for all parties.

For additional information or assistance, please contact the Sport Governance & Organisational Enhancement team via email at SportsGovernance@sportaus.gov.au.

This document is from the Sport Governance Resource Library, which contains a suite of consistent governance resources aligned with the Sport Governance Principles and Sport Governance Standards. The library is a collaboration between the Australian Sports Commission and the state and territory agencies for sport and recreation, which are united in the pursuit of sport governance excellence.

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