

Article Information

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Key Takeaways | NFP Industry Boardroom Lunch

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Executive Summary

The recent exclusive NFP Industry Board Room Lunch held at Piper Alderman provided valuable insights into various aspects of business sustainability and risk management in the 'for purpose' sector.

Common themes important to guests included sustainability, regulation, the role of technology, costs of doing business, a risk averse climate, diversification of income and workforce challenges.

The discussions underscored the commonality of challenges and opportunities across for purpose organisations and the need to adapt and innovate.

Speakers

- [Tim O'Callaghan](#), Head of Adelaide Office & Deputy Managing Partner
- [Tom Griffith](#), Partner, Dispute Resolution & Litigation
- [Erin McCarthy](#), Partner, Employment & WHS
- [Simon Venus](#), Partner, Corporate & Commercial

Key Takeaways

1. **Sustainability:** Sustainability means different things to different organisations, but it was agreed sustainability is having an impact on, but is also an opportunity for, many NFPs.
2. **Regulation:** The regulatory burden is every present and increasing. Noted there is increased ACNC scrutiny, especially around PBI status.
3. **Technology:** Technology presents opportunities (e.g. efficiency measures in pursuing the NFP purpose) and threats (e.g. cyber).
4. **Governance:** Board composition and attracting and retaining the right members can be a challenge. Some boards, whilst very risk aware, are sometimes risk averse. We have seen a flurry of activity on access and indemnity deeds and increased efforts by board to address culture.
5. **Workforce:** Workforce pressures, especially resourcing, are common to most NFPs. Emphasised the need for sustainable workforce practices and the challenges faced in this area from regulation, including abolition of fixed term contracts.
6. **Diversification of Income:** Diversifying income sources is important to mitigate risks. Noted that joint venturing and collaboration initiatives between providers is becoming more common in a constrained funding environment.
7. **Costs of doing business:** Common to most NFPs is the financial impact of the increase in basic costs of doing

businesses that cannot be passed on and squeeze margins.

8. **Transactions:** Highlighted the complexities and strategies involved in M&A transactions in the NFP sector, often driven by funding challenges and soft balance sheets. Stakeholder engagement, transparency and communication is fundamental, but don't fall in love with the deal, it has to be the right fit.
9. **Conversions:** Associations 'converting' to companies limited by guarantee is becoming a trend. The complexities of stakeholder engagement are real for these transactions as well, together with getting the conversion mechanism and process right.
10. **Remuneration of Boards:** There is a case for and against, but this is very much a individual assessment.
11. **Privacy and Compliance in light of increased Cyber Risks:** Highlighted the importance of privacy and compliance with regulatory frameworks given the escalating risks of cyber incidents and bad actors.
12. **Royal Commissions and Regulatory Enquiries:** Discussion around adequacy of preparation and the fast paced nature of Royal Commissions, as well as the need to monitor the governmental responses to Royal Commission recommendations, particularly in the Disability and Aged Care sectors.

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