



FOUNDATIONS

Why Model Rules and Templates Fail Growing Associations

The unmodified template you adopted at formation may be changing without your board's knowledge

Model constitutions exist for a good reason. A small, newly formed association should not need to commission bespoke legal drafting simply to incorporate. But a fact about how these templates actually work in law surprises most boards who adopted one years ago and never looked back: your constitution may be changing right now, without a single vote of your board or members, and you may not know it has happened.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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How Model Constitutions Actually Operate

Take New South Wales as an example. Other states and territories have their own model rules, and the way they apply by default or update automatically differs, so check the position in your own jurisdiction. The Associations Incorporation Act 2009 (NSW) sets out, in Schedule 1, a list of matters every association's constitution must address. NSW Fair Trading publishes a model constitution covering all of them, which an association can adopt wholesale, or use as the basis for its own version.

Two features of this system matter enormously and are widely misunderstood. First, if an association's own constitution fails to address one of the required matters, the equivalent model constitution clause is automatically read into that association's constitution, whether the board intended it or not. Second, and this is the part that surprises most committees, an association is treated as having adopted the model constitution only if it made no additions or alterations to it. Check with NSW Fair Trading if you are unsure which applies to you. For an association in that position, any future amendment the government makes to the model constitution automatically changes that association's constitution too, without a special resolution, without notice to members, and without any action on the association's part.

Sit with that for a moment. An association that adopted the unmodified model constitution at formation, and never revisited it, does not have a fixed set of governance rules. It has a set of rules that moves whenever the regulator updates the template, silently, and entirely outside the association's own governance process.

A constitution you did not knowingly change can still change under you. That is not a hypothetical risk. It is how the model constitution system is legally designed to work.

Why This Works Fine For Small Associations And Poorly For Grown Ones

For a small, newly formed association with a simple structure, one class of member, straightforward annual elections, no significant assets, this arrangement is useful. The model constitution is drafted by government lawyers, it is free, and its automatic updates generally track sensible legislative and best-practice change over time. There is little reason for a small association to reinvent this wheel.

The problems start precisely as an association succeeds. Growth brings multiple membership classes, differentiated voting rights, more complex board composition requirements, sub-committees with delegated authority, and often charitable registration with its own layered requirements. A generic model constitution was never designed to hold any of this. It addresses the minimum matters a regulator requires, not the governance architecture a maturing, sector-specific organisation actually needs. An association still running on an unmodified model constitution five or ten years after growth is not being efficient. It is operating on governance settings designed for an organisation it no longer resembles, and settings that can shift under it without warning.

The ACNC's Own Templates Deserve The Same Scrutiny

It is worth noting that the ACNC publishes a [constitution template for charitable companies limited by guarantee](#), aimed at small charities with straightforward membership and designed to work with the Corporations Act and the ACNC Governance Standards discussed earlier in this series. It is a reasonable starting point for a small charity structuring itself as a CLG, though the ACNC notes it is not designed for incorporated associations. But the same underlying caution applies. A template, however well drafted, reflects a generic organisation. It does not know your membership structure, your voting philosophy, or the specific governance risks your sector carries. Using it as a foundation is sound. Leaving it entirely unmodified as your organisation grows is the same mistake in a more polished wrapper.

Signs Your Organisation Has Outgrown Its Template

- You cannot recall the last time your board deliberately reviewed the constitution, only whether it happens to still be the unmodified default.
- Your membership structure now has classes, rights, or categories the template's generic member provisions were never built to distinguish between.
- Your voting architecture, addressed in the previous article in this series, needs weighting or restrictions the template's default one-size approach does not support.
- You have grown into a scale, a charitable status, or a risk profile the template's generic drafting was never written to anticipate.
- Nobody on the current board can confidently say whether your constitution is still the pure model version or a modified one, which is itself a sign the document needs a proper audit. Start by obtaining the constitution currently registered with your regulator and comparing it, clause by clause, with the current model.

None of this means abandoning templates as a starting point. It means treating the moment of adoption as the beginning of a governance document's life, not the end of the conversation. A template is a foundation to build deliberately on top of, not a permanent substitute for thinking about what your specific organisation actually needs its constitution to do.

This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

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BOARDROOM ACTION WORKSHEET

Why Model Rules and Templates Fail Growing Associations

Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

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