

**BOARD COMPOSITION**

Term Limits for the Chair and Office Bearers

Correcting the nine-year myth, and building a case for limits anyway

There is a widely repeated claim in governance circles that nine years is the point at which a director's tenure compromises their independence. It is worth correcting this directly, because the actual history of that number in Australia is more instructive than the myth. In its 2013 consultation draft, the ASX Corporate Governance Council proposed that a board explain why it still considered a director independent after more than nine years' service. Following consultation, the final third edition (2014) dropped that marker for a flexible standard, whether a director has served for a period that could affect their independence, assessed case by case rather than against a hard number, although its commentary asked boards to regularly assess directors who had served more than 10 years.

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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What The Live Debate Actually Looks Like

This is not a settled question, and pretending otherwise does associations a disservice. In 2025 the Australian Prudential Regulation Authority proposed a default tenure limit for non-executive directors of APRA-regulated entities such as banks, insurers and superannuation trustees, a different and more heavily regulated sector. The proposal was initially 10 years and was revised in October 2025 to 12 years with limited extensions; check APRA's website for its current status. On the other side of the argument, longer tenure can also bring continuity and sustained contribution, so tenure alone is not proof that a director has lost independence.

The honest conclusion is that no single number is correct, and any governance adviser who tells you nine years, or six, or ten, is settled science is overstating a contested and still-evolving debate.

Why Associations Should Set A Limit Anyway

None of this contested evidence is a reason for associations to avoid setting term limits. It is a reason to set them deliberately, understanding what the limit is protecting against, rather than importing a number because it sounded authoritative elsewhere. For an association board, and particularly for the chair role specifically, the case for a limit rests less on independence in the listed-company sense, since most association directors are not assessed against shareholder independence tests at all, and more on the succession and bench strength arguments already covered earlier in this quarter. A chair without a term

limit structurally discourages the deliberate successor development discussed previously, since there is never a fixed point forcing the conversation.

A Chair-Specific Case For A Tighter Limit Than General Directors

It is worth treating the chair role differently from general director tenure. Boards are often well served by a mix of longer and shorter-tenured directors, but the chair role carries particular influence over board culture and the agenda. A general director serving a long tenure brings continuity. A chair serving an unlimited tenure concentrates influence over how the entire board operates, who gets heard, and what gets prioritised, for as long as they hold the role. This is why some associations that do not limit general director terms still cap the chair role, for example at two or three terms.

- Set a specific, defensible limit for the chair role, distinct from general director term limits, reflecting the office's disproportionate influence over board culture rather than a generic independence concern.
- Where you do set general director term limits, treat the number itself as a board decision grounded in your organisation's succession needs, not an imported industry number.
- Pair any term limit with the staggering structure discussed earlier in this quarter, since a term limit without staggered timing can simply recreate the cliff-edge turnover problem at a fixed, predictable interval.
- Decide how the limit treats partial terms, such as time served filling a casual vacancy, and whether time as deputy chair counts, since these are the questions that usually cause disputes.
- Build the limit into the constitution itself, consistent with the drafting discipline covered in the Foundations quarter, since a term limit that lives only in informal practice is easily set aside under pressure to retain a popular incumbent.

A term limit is not a verdict on any individual director's continued value. It is a structural commitment your board makes to itself, before any specific person's popularity or reluctance to step down is on the table, that renewal will happen on schedule rather than by exception.

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

Term Limits for the Chair and Office Bearers

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

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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