



## GOVERNANCE VS MANAGEMENT

# Quorum: Getting the Threshold Achievable

A threshold that fit your founding membership can quietly become impossible as you grow

A quorum requirement exists to make sure a general meeting reflects the membership, not just whoever happened to show up. Set it too low and that protection is meaningless. Set it too high for a growing, geographically dispersed membership, and an association can find itself unable to hold a valid AGM at all, which is a far more serious problem than most boards realise until they are staring at an empty room.

### 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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## The Default, And Why Most Associations Depart From It

Section 249T of the Corporations Act 2001 (Cth) sets the quorum for a public company's general meeting at just two members present, a replaceable rule that applies only if the constitution does not specify something else. Almost every association constitution does specify something else, and reasonably so. Two members is not a meaningful threshold for an organisation purporting to represent thousands, and most constitutions set either a fixed number or a percentage of the membership instead. For an incorporated association, the quorum is set by your state or territory Act, model rules or constitution.

## The Risk Most Boards Do Not See Coming

A percentage-based quorum set when an association was small and highly engaged can become unachievable once the organisation has grown into a large, dispersed membership base with typically low meeting attendance, precisely the trajectory this series has focused on throughout. A quorum of 10 per cent might have been comfortably met by a founding membership of two hundred people who all knew each other. The same 10 per cent threshold applied to a membership of nine or ten thousand, most of whom have never attended an AGM, can become a structural impossibility that nobody deliberately chose.

The consequences of getting this wrong are more serious than a delayed meeting. Under the Corporations Act replaceable rule in section 249T, which applies only if a company's constitution does not deal with it, a meeting without quorum 30 minutes after the scheduled start is adjourned, by default to the same time and place the following week unless the directors specify otherwise, and a meeting still

inquorate 30 minutes after the adjourned start is dissolved. Many constitutions provide differently, for example that the members present at the adjourned meeting form a quorum, so check your own constitution or your state's model rules. An association that has set an unachievable quorum threshold is not risking an inconvenient delay. It is risking the inability to hold a valid AGM at all, which matters whether the AGM is required by your governing Act or, for many registered charities, by your own constitution.

A quorum requirement that was appropriate for the organisation you were is not automatically appropriate for the organisation you have become. Left unreviewed, it stops protecting legitimacy and starts threatening it.

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## **A Lever Most Boards Do Not Realise They Have**

Here is a specific, underused design tool. For companies, under the section 249T replaceable rule and subject to the constitution, individuals attending as proxies count toward quorum, alongside members attending in person, with the sensible qualification that if a member has appointed more than one proxy, only one counts, and an individual attending both as a member and as someone else's proxy is only counted once. This means a well-run proxy solicitation campaign, encouraging members who cannot attend to lodge a proxy rather than simply not participating, is a legitimate way to help a growing association meet its quorum threshold, not a workaround but how the mechanism is designed to function. Incorporated associations should check whether their rules allow proxies and how they are counted.

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## **When Quorum Becomes A Real Dispute**

Quorum can also be weaponised, and it is worth boards knowing the courts have intervened where this happens. In *Laine Commodities Pte Ltd (Receiver Appointed) v CS Agriculture Pty Ltd* [2021] FCA 635, a commercial dispute between the two shareholders of a proprietary company, one shareholder's repeated non-attendance prevented a quorum and blocked resolutions the other wanted put to a meeting. The Federal Court ordered a meeting under section 249G, which allows a member of a company to apply to the court where it is impracticable to call or conduct a meeting. The case was not about an association, and incorporated associations should check what remedies their own Act provides. This is a narrow, exceptional remedy, but it confirms that quorum is not a mechanism the law will allow to be used purely as a blocking tactic indefinitely.

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## **Setting A Quorum That Actually Works**

- Prefer a fixed number over a pure percentage where your membership is growing, since a fixed number does not silently become harder to achieve as the organisation scales.
- If a percentage is preferred for legitimacy reasons, review it against actual attendance data at every constitutional review cycle discussed earlier in this series, not just when a meeting nearly fails.
- Build proxy solicitation into your AGM process as a standing practice, not an emergency measure reached for only when quorum looks doubtful.
- Ensure your constitution's adjournment and virtual meeting provisions, discussed later in this series, give the board real flexibility to reconvene a meeting rather than risking dissolution under section 249T or your own rules.

- Remember that changing the quorum means amending the constitution, which for a company requires a special resolution and for an incorporated association follows the process in its Act and rules.

Quorum is meant to be a test of legitimacy, not an accident waiting to dissolve your AGM. A threshold set deliberately, reviewed periodically, and supported by proxy engagement does its actual job. One inherited from an earlier, smaller version of the organisation and never revisited does the opposite.

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](#)

**Annie Gibbins**

Founder and CEO, Nexus Leadership

## BOARDROOM ACTION WORKSHEET

# Quorum: Getting the Threshold Achievable

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.

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### 2 What evidence do we already have?

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

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### 3 What evidence is still needed?

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

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### 4 What is the agreed next action?

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

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| Action owner | Review date | Board decision or resolution |
|--------------|-------------|------------------------------|
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