



STEWARDSHIP & RISK

Crisis Governance: What Changes and What Must Never Change

The law does not lower the bar in a crisis. It applies the same standard to a shorter clock

A crisis, a financial shock, a safety incident, a reputational emergency, tests every governance discipline this series has covered, all at once and under real time pressure. The instinct in the moment is often to assume the normal rules pause. They do not. What changes in a crisis is speed and delegation scope. What must never change is the underlying standard of care the law holds directors to.

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 Law Already Accommodates Time Pressure

For directors of non-charitable companies limited by guarantee, section 180(2) of the Corporations Act, the business judgment rule discussed briefly earlier in this series, offers protection where they make a judgment in good faith and for a proper purpose, without a material personal interest, informed themselves about the matter to the extent they reasonably believed appropriate, and rationally believed the decision served the organisation's best interests. The critical phrase is 'to the extent they reasonably believed appropriate'. The rule only protects against claims about the duty of care, not other duties such as insolvent trading. It does not apply to directors of ACNC-registered charities or to committee members of incorporated associations under state and territory Acts, but for every association the duty of care is assessed in light of the organisation's circumstances, which can include urgency and limited information. A fast, under-pressure decision is not automatically a poorly governed one. What protects a director is the process they followed, not the outcome the decision produced.

This matters enormously for how boards should actually think about crisis decision-making. The standard is not that a crisis decision must be made with the same deliberation as a routine strategic choice made months in advance. It is that the decision must still be made in good faith, informed within the time available, and rationally connected to the organisation's interests, even where that process compresses to hours rather than weeks.

What Legitimately Changes

- Decision speed and meeting frequency, moving from a quarterly or monthly cadence to daily or even hourly contact as the situation demands.

- The scope of delegated authority temporarily extended to the chair, chief executive, or a small crisis response group, provided this operates within the emergency succession and delegation discipline discussed earlier in this series, not as an informal, unbounded expansion of power.
- Communication frequency and format, including designating a single spokesperson to ensure the organisation speaks with one voice rather than several conflicting ones during a fast-moving situation.
- Which matters reach the full board immediately versus which can be handled within pre-agreed emergency delegation and reported back once the immediate pressure eases.

What Must Never Change

- The duty of care and diligence itself does not lower in a crisis. It is applied to a compressed timeframe, not suspended.
- Documentation and minute-taking discipline, discussed earlier this quarter, becomes more important during a crisis, not less, since crisis decisions attract the most scrutiny after the fact and are the ones most likely to be tested later.
- Conflicts of interest management does not pause because the situation is urgent. A conflicted director stepping aside from a decision matters just as much, arguably more, under pressure than in routine business.
- The organisation's constitutional authority structure remains in force. Emergency does not permit informally bypassing quorum, notice, or delegation limits, though the virtual and hybrid meeting flexibility discussed earlier in this quarter should be used deliberately to enable faster, still-valid decision-making.
- Mandatory notifications still apply, including WHS notifiable incidents, eligible data breaches, insurer notice obligations and any reporting required by the ACNC or your state or territory regulator.

A crisis does not lower the bar the law holds directors to. It changes what a reasonable process looks like within a shorter timeframe, and a board that understands this distinction makes faster, better-protected decisions than one that either freezes out of excessive caution or assumes the normal rules simply do not apply.

Building The Capability Before The Crisis Arrives

The single most effective thing a board can do is decide these boundaries before a crisis arrives, not during one. A pre-agreed crisis governance protocol, who holds emergency delegated authority, what triggers full board notification versus after-the-fact reporting, who communicates externally, and how decisions will be documented in real time, converts a crisis from a moment of institutional improvisation into the execution of a plan the board has already thought through calmly. Following a crisis, a deliberate post-crisis review, what worked, what did not, and what the emergency delegation and communication protocols should learn from the experience, closes the loop and improves the organisation's readiness for the next one.

Every governance discipline this series has covered, delegation, documentation, conflicts, accountability, exists precisely for moments like these. A board that has built these disciplines throughout the ordinary course of governance will find a crisis considerably less destabilising than a board discovering, for the first time, under real pressure, that it never actually had them.

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

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BOARDROOM ACTION WORKSHEET

Crisis Governance: What Changes and What Must Never Change

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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