



STRATEGIC & EXTERNAL ENVIRONMENT

Sector Consolidation: Not a Binary Choice Between Solo and Merger

Trust between organisations matters as much as the legal structure chosen. Both need attention

In 2023, the Association of Australian Convention Bureaux, the Australian Convention Centres Group and the Exhibition and Events Association of Australasia came together to form the Australian Business Events Association, citing duplicated services and the need for one industry voice. It is a local example of what sector consolidation can look like when combining forces makes more sense than each organisation continuing to compete for the same members, sponsors and attention alone.

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 Pressure Driving Consolidation Across The Sector

One pressure some associations face is worth naming precisely: as the number of industry gatherings and programs an association runs grows, sponsorship revenue does not always grow alongside it, creating a structural funding gap. Combined with the membership value proposition and engagement pressures discussed earlier in this series, smaller associations facing this specific combination of rising costs and stagnant or declining revenue benefit from considering consolidation as a serious strategic option, rather than treating financial strain as something to simply absorb indefinitely through cost-cutting alone.

Consolidation Is Not A Binary Choice Between Independence And Full Merger

A useful reframe, connecting directly to the joint venture and alliance spectrum discussed earlier in this quarter, is that consolidation exists on a continuum, not as a single binary decision between staying fully independent and merging completely. A full merger is one option. It usually requires member approval and must follow each organisation's constitution and governing law (the Corporations Act for a company limited by guarantee, or the relevant state or territory Act for an incorporated association), and a charity must ensure its assets move to a body with compatible purposes. A strategic alliance, a shared services arrangement, or a joint venture around a specific program or event can each capture real efficiency and resilience benefits without requiring the organisation to give up its separate legal identity entirely. A board facing financial pressure should examine this full spectrum before assuming the choice is simply between independence and merger. Experience from association mergers suggests trust between the

organisations matters as much as the legal structure chosen, and even the most sensible structural plan can fail without it.

Why The Relationship Matters As Much As The Structure

People who have worked through association mergers commonly point to trust and relationship strength between the organisations as a critical success factor, alongside the legal and financial structure chosen. A board pursuing consolidation purely as a financial rescue measure, without investing in the relationship-building this process requires, is pursuing exactly the kind of structurally sound but relationally hollow plan that tends to falter.

- Treat declining sponsorship revenue relative to growing program activity, and stagnant membership growth, as early triggers to explore consolidation options, not signals to simply absorb through further cost-cutting.
- Examine the full spectrum from light collaboration through to full merger, connecting directly to the joint venture and alliance discipline discussed earlier in this quarter, rather than treating the choice as binary.
- Invest in relationship-building and trust between potential consolidation partners before committing to a specific structure, since any structure only works if the organisations trust each other.
- Before committing, request due diligence on each organisation's financials, liabilities, staff entitlements and contracts, confirm the constitutional and member-approval steps, and obtain legal and tax advice.
- Confirm which specific structure, full merger, incorporated joint venture, or looser alliance, matches the scale of the challenge being addressed, rather than defaulting to the most dramatic option available.
- Look to local precedent, such as the formation of the Australian Business Events Association, for practical lessons rather than assuming consolidation is uncharted territory for the sector.

Sector consolidation is not a sign of failure. Approached deliberately, with the full range of structural options considered and the relationship work it requires properly invested in, it can be one of the more effective strategic responses available to an association facing the financial and membership pressures discussed across this series.

This is one of the practical governance topics built into our Association CEO 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

Sector Consolidation: Not a Binary Choice Between Solo and Merger

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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