



GOVERNANCE RISK & OPERATIONS

Federated Models: The Structure Nobody Currently Serving Actually Chose

State delegates on a national board often report back to their state, but their legal duty is owed to the national entity

Many of Australia's oldest national associations were built as federations, a national body sitting alongside largely independent state bodies, deliberately mirroring Australia's own system of government. Some association leaders now ask whether this structure still serves the associations that inherited it, or whether it has quietly become a liability many boards have never actually chosen to keep.

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.

In this resource

1. [What A Federation Actually Is](#)
2. [The Specific Governance Mechanic Worth Understanding Precisely](#)
3. [The Honest Tension Worth Confronting Directly](#)

What A Federation Actually Is

A federation is commonly described as an enduring coalition of largely independent not-for-profit groups, established to achieve coordination, shared strategy, and pooled resources while each member organisation retains autonomy. Australian national associations historically adopted this structure because it worked well when most of the organisation's actual activity happened at the state level, member services, events, and advocacy delivered locally, with the national body coordinating rather than directly operating. This connects directly to the chapter, branch, and affiliate liability distinction discussed earlier in this series, since a federation is, structurally, the affiliate model applied consistently across every state simultaneously.

The Specific Governance Mechanic Worth Understanding Precisely

A defining feature of the federated model is that the national governing body is typically composed of delegates sent by each independent state organisation, rather than directors elected directly by the entire national membership. An illustrative example shows how this can operate: a national peak body with eight state and territory constituent members, governed between general meetings by a committee drawing two delegates from each member organisation. Delegate directors are often appointed by and report back to their state body, but once on the national board their legal duty is to act in the best interests of the national entity, whether under the Corporations Act, Governance Standard 5 for registered charities, a state or territory Act, or general law. That tension needs clear rules on conflicts and confidentiality. A national board composed of state delegates is not simply a national board with a different election method. It is a different accountability structure, where each director may feel a strong pull towards the state body that sent them, but their legal duty is owed to the national entity the board is there to serve.

The Honest Tension Worth Confronting Directly

Some association leaders describe this structure as a source of friction rather than settled wisdom, describing federated associations as feeling over-governed and constrained by state-level autonomy that was appropriate a century ago but can obstruct coordinated national action. This is not a universal criticism, federations bring governance closer to members through locally elected representation and preserve real flexibility for individual states to operate as their own circumstances require. The honest question is not whether federation was historically the right choice. It is whether it remains the right choice for an association whose actual activity and member expectations have shifted since the structure was first adopted.

- Confirm how your national governing body is composed, elected national directors or state-appointed delegates, and agree a protocol for delegate directors on conflicts and on what board information they may share with their state body, remembering their legal duty is to the national entity.
- Assess honestly whether the proportion of your association's activity conducted at state versus national level still matches the balance the federated structure was originally designed around.
- Weigh the benefits of federation, local representation and state autonomy, against the real costs of slower national coordination and strategic agility, rather than treating either as automatically decisive.
- Consider the amalgamation and consolidation mechanics discussed earlier in this series as an alternative structural path, where the federated model has become a documented obstacle, and before any restructure map who must approve it under each constitution and what registrations, contracts and staff arrangements would change.
- Revisit this structural question periodically as a strategic decision, rather than assuming a structure inherited from a previous generation of leaders should remain unexamined indefinitely.

A federated structure is neither inherently outdated nor automatically the right choice for every national association. It is a governance architecture decision, and the associations navigating this question most effectively are the ones treating it as a deliberate choice to revisit as circumstances change, rather than an inherited structure nobody currently serving the organisation actually chose.

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

Federated Models: The Structure Nobody Currently Serving Actually Chose

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.

CONTINUE YOUR LEARNING

Turn governance principles into practical board action.

Self-paced courses, editable resources and practical support for association boards and CEOs at nexusleadership.com.au.