The importance of incorporation

There are thousands of incorporated sport and recreation associations across Queensland (recognisable by ‘Incorporated’ or ‘Inc.’ in the name). They are not-for-profit clubs or community groups whose members decided to give their organisation a formal legal structure. While there is no legal requirement for a sport or recreation club to become incorporated however, it is highly recommended and any organisation seeking government funding will need to be incorporated. There are many benefits in incorporating your club and risks in not doing so. This fact sheet outlines those and the importance of incorporation.

What is incorporation?

When an organisation incorporates, it becomes a legal entity in its own right and independent of its members. That means that individual members of the club are protected from any legal liability.

An incorporated club can sign contracts in its own name, such as to borrow money, lease a building or oval, or buy equipment. Sport and recreation organisations incorporate under legislation in each state and territory. Further information on setting up an incorporated association can be found at www.qld.gov.au by searching for ‘Associations, charities and not for profits’.

How will our club benefit by incorporating?

1. Greater access to grant and sponsorship funds—many grant programs and sponsors will only provide funding to incorporated bodies.
2. Individual members are largely protected from being sued; for example, if someone is injured during organisation-run activities.
3. The organisation exists as a separate legal ‘person’ regardless of changes in membership.
4. The organisation can enter into leases, open bank accounts, borrow money and buy/lease land.

What are the risks for unincorporated clubs?

- Legal issues and debts incurred by the organisation can fall to individual members.
- Organisations can’t borrow money, lease or buy land or equipment, or buy insurance in its own name.

Duties outline

Your incorporated association must:

- comply with the Associations Incorporation Act 1981 and the Associations Incorporation Regulation 1999
- review its financial affairs every year
- lodge copies of your rules, annual returns and financial statements with us.

Who can qualify?

To incorporate an association in Queensland, you must:

- have at least seven members
- be a not-for-profit association
- have a physical address in Queensland.