

## WHAT DOES INCORPORATION MEAN?\*

Incorporation gives your group long-term structure and legal recognition – two things that are hard to achieve without incorporating.

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Incorporation is the process of formalising the identity of your local community group, a charity, or even a sports club, and making it a separate legal entity.

That means your group becomes a “person” in the eyes of the law – able to own property, open bank accounts, enter contracts, take out insurance, and be sued – all under the group’s name, not yours.

For example, if you’re running a volunteer conservation group and want to lease a shed, the incorporated body signs the lease – not the individual members. It is like putting on a legal jacket that gives your group its own legal identity – distinct from the people inside it. The jacket protects individuals from liability!

### WHY INCORPORATE?

There are some practical reasons:

1. Limited liability: members usually are not personally liable for the group’s debts or accidents.
2. Asset clarity: the incorporated group owns the gear, not Gary who took it home the other night.
3. Credibility: funders, councils, and insurers often prefer working with incorporated groups.
4. Stability: the group continues even as members or leaders change.

### SHOULD YOUR GROUP INCORPORATE?

Incorporation is not always necessary, and it does bring responsibilities. Things to consider include when deciding whether to incorporate or stay unincorporated are:

- Does your group handle money, sign contracts, or hold property?
- Are you applying for grants or needing insurance?
- Can your members commit to governance – things like holding AGMs and keeping records?

*Practical tip: Read the factsheet on Reporting*