

THINKING ABOUT FORMALISING YOUR NETWORK?

How to Set Up an Association

By The Association Specialists (TAS)

Many of the most impactful professional communities in Australia start the same way - a small group of passionate people, a shared purpose, and an informal network that grows over time. Eventually, the meetings get bigger, funds start accumulating, and the question becomes unavoidable: is it time to make this official?

If you're at that point, you're not alone and the good news is that formalising your organisation is more straightforward than it might seem. Here's a practical guide to help you get started.

Step 1: Know Why You're Formalising

Before diving into structure and paperwork, it's worth getting clear on your "WHY." Common reasons informal networks choose to formalise include:

- You're holding funds and need a legal entity to manage them properly.
- You want to apply for grants or charitable status.
- Your membership has grown across states or internationally.
- You need governance structures to make decisions and manage risk.
- You want to build credibility and attract sponsors or partners.
- You want a seat at the table - many networks formalise because they are not being adequately represented at a government or industry level. Having a recognised legal entity gives your organisation a voice in policy discussions, advocacy efforts and consultations that informal groups are often excluded from.

Getting clear on your goals early will shape every decision that follows.

Step 2: Choose the Right Legal Structure

This is one of the most important decisions you'll make. In Australia, the two most common structures for not-for-profit organisations are:

Incorporated Association (IA)

An Incorporated Association is registered under state legislation (for example, the Associations Incorporation Act 2009 in NSW). It's simpler and less costly to set up and is well suited to organisations operating primarily within one state. NSW IAs require a minimum of five members and three committee members.

Company Limited by Guarantee (CLG)

A CLG is incorporated under the Corporations Act 2001 (Cth) at a federal level, meaning it can operate anywhere in Australia and is more easily recognised internationally. It requires a minimum of three directors (two of whom must be Australian residents) and at least one member. For organisations with members across multiple states or international connections, a CLG is generally the recommended structure.

Which one is right for you?

Ask yourself these key questions:

- Will you operate across multiple states or internationally? → CLG is likely the better fit.
- Do you plan to register as a charity? → Both structures work, but a CLG registered as a charity is often simpler to administer.
- How quickly do you need to be operational? → CLGs can be incorporated by ASIC within 24 - 48 hours online; IAs generally take around five business days through Fair Trading.

It's worth noting that the setup and ongoing costs between the two structures have become increasingly comparable, so cost alone should not be the deciding factor. The right choice will depend on your organisation's purpose, geography and long-term ambitions.

Note: This information is intended as a general guide only and is not legal advice. We recommend seeking professional legal advice before making a structural decision.

Step 3: Register as a Charity (If Applicable)

If your organisation has a charitable purpose, registering as a charity with the Australian Charities and Not-for-profits Commission (ACNC) can unlock significant benefits, including tax concessions, GST exemptions, and reduced regulatory requirements.

Once registered with the ACNC, most Corporations Act obligations "switch off" for CLGs, and the ACNC takes a much more supportive, educative approach to compliance compared with ASIC. You can also apply to the ATO for Deductible Gift Recipient (DGR) status, which allows donors to claim tax deductions for contributions to your organisation, a powerful tool for fundraising and sponsorship.

The ACNC does not charge fees for lodging reports or notifications, making it a cost-effective regulatory pathway for eligible organisations.

Step 4: Develop Your Constitution

Your constitution is your organisation's rulebook. It sets out your purpose, how decisions are made, the rights of members, how the board operates, and how funds are managed.

For CLGs registering as charities, the ACNC provides a template constitution that is a useful starting point. A well-drafted constitution should include:

- The objects and purposes of the organisation.
- Membership categories and eligibility.
- Governance structure (board composition, roles and responsibilities).

- Meeting requirements (AGMs, board meetings, quorum).
- Financial management and reporting.
- Non-profit and non-distribution clauses (essential for charity registration).
- Dispute resolution processes.
- Winding-up provisions.

TAS provides a template constitution for new associations as part of our onboarding process. We also strongly recommend seeking legal review before finalising your constitution.

Step 5: Establish Your Financial and Operational Systems

Once your legal structure is in place, you'll need systems to manage your organisation effectively. Key areas to address include:

- Australian Business Number (ABN) - required for most business and financial transactions.
- Tax File Number (TFN) - needed for lodging tax returns and managing your organisation's tax obligations.
- Goods and Services Tax (GST) - registration is required if your annual turnover exceeds \$150,000 or may be beneficial even below that threshold depending on your activities.
- Fringe Benefits Tax (FBT) - relevant if you provide benefits to employees or volunteers.

Beyond registrations, you'll also need systems to manage your organisation effectively day to day:

Financial management: Set up a bank account, establish a budget, and determine your financial year. Depending on your size and structure, you may have annual audit or financial review requirements.

Membership management: How will you onboard, communicate with and retain members? A membership database or platform will be essential as you grow. Options range from sophisticated association management systems to simpler platforms tailored to smaller organisations.

Website and communications: A professional web presence builds credibility and supports member engagement and recruitment.

Governance support: Board meeting agendas, minutes, and reporting structures ensure accountability and build trust with your members and stakeholders.

Step 6: Plan for Your Costs

Running an association involves a range of upfront and ongoing costs that are important to plan for from the outset. While costs will vary depending on your structure, size and the services you need, key areas to budget for include:

- Incorporation and legal fees
- Administration and staffing

- Insurance
- Membership and operational systems
- Audit and accountancy
- Legal and governance support

Getting your financial planning right from the beginning is essential. TAS can assist with drafting a budget and cash flow forecast tailored to your organisation's specific needs - so you start on solid footing.

Step 7: Consider Professional Association Management

Running an association is a significant undertaking, and many founding groups underestimate the time and expertise required. Professional association management companies like TAS can take on the operational load, freeing your board and committee to focus on strategy and community.

Services typically include financial management and reporting, membership administration, website management, governance support, event management, and sponsorship development.

Engaging a partner early, even before you incorporate, can save considerable time, money and stress down the track.

Ready to Take the Next Step?

If you're thinking about formalising your network or association, we'd love to hear from you. At TAS, we work with organisations at every stage, from that first conversation about structure, right through to full association management.

Get in touch with our team to start the conversation.

The Association Specialists (TAS) is a leading association management company supporting professional associations, societies and networks across Australia. This blog is intended as a general guide only and does not constitute legal or financial advice.