

## **MEDIA RELEASE**

### **ASSOCIATIONS FREED UP TO GET ON WITH JOB**

Changes to legislation governing associations will make life easier for thousands of Queenslanders when they come into effect later this year, Fair Trading Minister Margaret Keech said today.

Mrs Keech said the *Associations Incorporation and Other Legislation Amendment Bill 2007*, passed today by Parliament, simplified the annual auditing and public liability insurance requirements for many of the 20,000 registered associations in Queensland.

"Associations have experienced significant increases in the cost of public liability insurance. This is a significant financial burden on some associations," Mrs Keech said.

"In addition, auditing requirements under the old Act could be costly and extensive. For a small to medium-sized association, the cost associated with meeting these requirements is not in proportion to the money they handle or generate.

"The changes are due to come into effect in the next financial year. This will allow associations' sufficient time to understand the new requirements."

Mrs Keech said the amendments were drafted in response to calls for reform of the non-profit sector.

"An extensive public consultation process identified financial and administrative pressures on small to medium sized associations as some of the key issues," she said.

"The Beattie Government is happy to work to make life easier for thousands of associations and their members."

The primary changes to the *Associations Incorporation Act 1981* (Act) are:

#### **Auditing requirements:**

The amendments introduce three levels of financial reporting requirements for associations, depending on their revenue and current assets.

##### *Level 1*

Level 1 associations are those which have *either* total revenue of more than \$100,000 *or* current assets of more than \$100,000. These associations will still be required to lodge fully audited financial statements.

##### *Level 2*

The association does not fall within the classification of a Level 1 or Level 3 incorporated association.

Associations who fall within Level 2 will need to have their financial records verified by an accountant.

### *Level 3*

Level 3 associations are those with *both* total revenue and current assets of less than \$20,000. The financial statements lodged by these associations must be verified by the president and the treasurer of the association.

Associations should be aware that despite these relaxations, other State or Commonwealth agencies may impose different reporting or accounting requirements, for example in relation to grants.

### **Public liability insurance requirements:**

When the legislation comes into effect, associations will no longer be required to take out public liability insurance unless they own, lease or hold land in trust. Where associations fall into this category, the management committee must determine the level of public liability insurance and advise the members accordingly.

The management committees of all other associations must decide whether or not there is a need to take out insurance. The management committee must also report its decision to the members.

Mrs Keech said all registered associations in Queensland would be given ample notice of the commencement of the new laws, together with more detailed information about the changes.

"These changes will help reduce the administrative burden on associations and free them to concentrate on serving their members," she said.

For more information on the amendments, download the *Associations Incorporation and Other Legislation Amendment Bill 2006* from [www.legislation.qld.gov.au](http://www.legislation.qld.gov.au) or visit the Office of Fair Trading website, [www.fairtrading.qld.gov.au](http://www.fairtrading.qld.gov.au).