Mr David McKarzel
Assistant Director-General
Regulatory Policy and Legislation
Justice Policy Reform
Department of Justice
1 William Street
Brisbane QLD 4001
By email RPLconsultations@justice.qld.gov.au

9 November 2026

Dear Mr McKarzel,

Red tape reduction proposals for not-for-profit organisations.

Potential amendments to the *Associations Incorporation Act 1981* (Qld) and the *Collections Act 1966* (Qld).

Thank you for the opportunity to provide feedback on the potential amendments to the *Associations Incorporation Act 1981* (Qld) and the *Collections Act 1966* (Qld). Volunteering Queensland is grateful for this opportunity to be involved at an early date and thanks you for the consideration being given to reducing the regulatory burden of volunteer organisations.

Incorporated associations are a cornerstone of Queensland's community and not-for-profit sector, providing the legal and governance framework through which thousands of sporting clubs, community groups, cultural organisations, charities, and other voluntary organisations operate. We note that as at 30 June 2025, Queensland had 25,187 registered incorporated associations,[1] many of which depend on volunteers not only to deliver their activities and services but also to undertake the responsibilities of governance and administration.

The Australian Charities and Not-for-profits Commission's December 2025 report, *Charity by numbers: The volunteer effect*, reinforces this reliance. The report identified 22,629 volunteer-run charities nationally and found that 52.5% of Queensland's charitable incorporated associations represented in its data were entirely volunteer-run. These findings reinforce the importance of recognising that volunteers are not simply participants in community organisations; they are also the people who establish, lead, govern and sustain them.[2]

Good governance is fundamental to the effectiveness and sustainability of incorporated associations, ensuring accountability, transparency, responsible decision-making, and public

confidence. However, in our view, the legislative framework must also recognise the diversity of associations and the varying resources, capacity, and expertise available to those responsible for their governance. This is particularly important for smaller associations where committee members undertake their responsibilities voluntarily, often alongside employment, family, and other commitments.

The Queensland Parliamentary Inquiry into Volunteering recognised the growing burden of legislative, regulatory, and administrative requirements on volunteer-involving organisations and the difficulties experienced in recruiting people to committee and leadership positions. Its findings reinforce the importance of ensuring that governance obligations are appropriate and proportionate.

Volunteering Queensland submits that reform of the *Associations Incorporation Act 1981* should be guided by the principle that good governance and encouraging volunteering are complementary objectives. The legislative framework should provide appropriate safeguards and accountability while ensuring that requirements are proportionate to the size, complexity, resources, and risk profile of associations, and do not unnecessarily discourage individuals from volunteering or accepting governance responsibilities.

With this in mind, we provide the following feedback on the proposals.

Proposal 1: allow incorporated associations access to small business restructuring

Financial difficulties do not necessarily mean an incorporated association is no longer viable or that its activities should cease. Associations may experience temporary funding shortfalls, declining revenue, unexpected expenditure, or changes in government funding arrangements. In such circumstances, access to an appropriate restructuring process may enable an association to address its financial difficulties, preserve its operations, and continue contributing to its community.

For many associations, financial failure may also result in the loss of community assets, services and facilities built and sustained over generations through voluntary effort, fundraising, and community support. These organisations often hold significant social and community value that extends well beyond their financial position. Providing opportunities for viable associations to restructure is more than financial management; it also preserves community infrastructure, local knowledge, social connections, and services that may be difficult to replace.

Volunteering Queensland supports amendments to the *Associations Incorporation Act 1981* (Qld) to introduce a restructuring framework modelled on the small business restructuring provisions in Part 5.3B of the *Corporations Act 2001* (Cth). Such a framework should give eligible associations an accessible, proportionate mechanism to negotiate with creditors and restructure their financial affairs, while maintaining appropriate safeguards and accountability.

In answer to the specific query concerning the SBR eligibility criteria that no director or recent director of the company has been a director of another company under restructure or a simplified liquidation in the past 7 years, Volunteering Queensland submits that this provision be removed, as associations are not-for-profit and it is quite common that a committee member of one association serves as a committee member on other associations. Further, a volunteer's previous involvement in restructuring another association should not, of itself, prevent an otherwise eligible association from accessing restructuring arrangements. We submit financial difficulties may arise from circumstances beyond the control of committee members, including changes in funding, unexpected expenditure or declining community revenue. Previous involvement in a restructuring process may also provide valuable experience that assists an association to respond responsibly to financial challenges.

However, and importantly, these reforms should also include express safe harbour protections for management committee members. Volunteer committee members undertake significant legal and financial responsibilities, including obligations relating to preventing insolvent trading. Section 70I of the *Associations Incorporation Act 1981* imposes obligations on management committee members regarding insolvent trading, and a breach constitutes an offence carrying a maximum penalty of 60 penalty units. While these obligations promote responsible financial management and protect creditors, the Act does not currently provide an express safe harbour for committee members who take reasonable steps to address financial distress.

By comparison, the *Corporations Act 2001* provides safe harbour protections under section 588GA for directors pursuing a course of action reasonably likely to lead to a better outcome for the company than immediate administration or winding up. Section 588GAAB provides additional protection for qualifying debts incurred during a formal small business restructuring process.

Volunteering Queensland considers that equivalent protections, appropriately adapted to the legislative framework for incorporated associations, should be introduced in Queensland. These protections should apply both to responsible efforts to address financial difficulties before formal restructuring commences and to qualifying debts incurred during the restructuring process itself. Such protections would encourage committee members to identify financial difficulties early, seek appropriate advice and pursue reasonable options for restructuring without undue fear of personal liability. This is particularly important for volunteer-governed associations, which may have limited financial expertise or access to professional assistance but still assume significant legal and financial responsibilities.

The Queensland Parliamentary Inquiry into Volunteering identified concerns about the regulatory burdens and personal liability risks associated with volunteer leadership. These concerns are particularly relevant to incorporated associations, where the prospect of personal

liability may discourage individuals from accepting or continuing in committee positions, especially during periods of financial uncertainty.

The introduction of restructuring and safe harbour provisions also presents an opportunity to review the existing insolvent trading offence and penalty framework under section 70I to ensure that the obligations and potential penalties imposed on volunteer committee members are appropriate and proportionate. The approaches adopted in other jurisdictions, including Victoria, should inform consideration of these reforms.

Proposal 2: enable incorporated associations to adopt rules under which some members of the management committee may be appointed rather than elected

Section 62 of the Associations Incorporation Act 1981 (Qld) currently requires management committee members to be elected at a general meeting, while permitting an association's rules to provide for appointing members to fill casual vacancies. The model rules also recognise casual vacancies and the ability to appoint a secretary. The existing provision therefore already recognises that appointment can be an appropriate mechanism for filling committee positions, although such appointments do not replace the requirement for elections.

Volunteering Queensland considers that associations should have greater flexibility to determine the composition and selection of their management committees through their own constitutions. This could include elected members, appointed members or a combination of both, provided the arrangements are approved by members and accompanied by appropriate accountability mechanisms.

Such flexibility would recognise the diversity of Queensland's incorporated associations. For some smaller community organisations, direct election of all committee members may remain the most appropriate approach. For others, particularly larger or more complex organisations, the ability to appoint members with particular skills or experience may strengthen governance, succession planning and organisational sustainability.

There is also a particular case for recognising the governance arrangements of peak bodies, federated associations and representative organisations. These organisations may have members drawn from different regions, sectors or constituent organisations, and their governance arrangements may appropriately provide for the nomination or appointment of representatives by those members. Such arrangements can strengthen representation and ensure that the management committee reflects the interests and expertise of the broader membership.

The approach adopted in New South Wales provides a useful precedent. The Associations Incorporation Act 2009 (NSW) expressly recognises that committee members may be elected or appointed in accordance with an association's constitution.

Volunteering Queensland submits that the legislation should establish minimum governance and accountability standards while allowing members to determine the governance structure most appropriate to their association. Safeguards could include requiring the constitution to specify the method of appointment, terms of office, eligibility requirements, and mechanisms for removal and accountability.

Proposal 3: remove director's liability for offences under the Collections Act 1966

Volunteering Queensland supports the proposal to remove liability for each member of the governing body of the charity or association as provided for in section 11(2) of the Collections Act.

Thank you again for the opportunity to provide our sector perspective, and for your commitment to reducing red tape and making it easier for incorporated organisations to do business.

Sincerely,



Jane Hedger
Chief Executive Officer