



Amalgamation Explained

In this Information Sheet, we explain the **Who – What – Why – When – How** of amalgamating two or more incorporated associations.

WHO can amalgamate?

Section 22 of the *Associations Incorporation Act 1985* states:

(1) Any two or more incorporated associations—

- (a) may, by special resolution passed by each association, resolve to amalgamate; and
- (b) may apply to the Commission for amalgamation as a single incorporated association.

WHAT is amalgamation?

Amalgamation is when two (or more) separate incorporated associations become a single association. The property, assets, liabilities and members of each are transferred automatically to the new amalgamated association without formal transfers of ownership (except where necessary such as transfer of land).

WHY amalgamate?

Clubs may consider amalgamation for a variety of reasons, often financially motivated. These can include:

Location

- proximity of clubs can mean it's a challenge to attain viable membership numbers as separate organisations
- one or both clubs are struggling to attract volunteers

Finances

- one or both clubs are struggling financially
- increasing costs of staying 'in business'

Natural progression

- clubs have grown closer over time and many committee members and club members belong to both

Opportunity

- to move into a larger, more modern facility. This could be offered by local council for example
- to expand operations
- revitalise facilities
- to grow

Uncertain economic times

- better alternative than closing
- expand net asset base

WHEN should you amalgamate?

It is important to always have a good understanding your club's situation. While it may not seem relevant now, understanding some of the issues that could lead to an amalgamation may prove helpful to your club in the future.

To increase the chances of a successful amalgamation, it is far better to put it into action sooner rather than later and on amalgamation could be considered if your club is only beginning to struggle or explore expanding operations.

Amalgamation must always be in the best interests of both clubs for it to be successful.

Due Diligence

The minimum requirements needed to begin the decision process are to have a clear objective and list of the reasons for amalgamating, the details of the proposal and to know the expected costs and benefits. A valuable exercise would be to test the approval from the membership of each club is likely once you have a clear understanding of the above.

Considerations

It is important to consider every aspect of an amalgamation and not just focus on the benefits. Solutions to the obstacles and negatives can then be discussed to aide a successful transition.

Consider things such as:

Are the cultures of the clubs compatible?

Are the operations of the clubs compatible?

How can you avoid the feeling of loss? (Name, colours, emblems etc.)

How can you retain the clubs' respective histories?

What will be the location of the new association?

How will this impact members, visitors etc.?

What compromises will have to be made?

What are the benefits?

What will be the effect on existing funding agreements, employee contract if applicable, etc.?

Are there any privacy or confidentiality obligations?

What is the timeline?

Possible Benefits

Reduced overheads through eliminating duplications; 'economies of scale'

Sharing of experience, skills, knowledge, contacts

Able to offer more services

Able to seek more funding

Stronger brand

Larger number of volunteers

Potential Costs

Costs associated with the process

Takes considerable time & effort - new Rules, negotiations etc.

Member disengagement

Loss of names, brands

HOW to amalgamate

1. Each club must pass a Special Resolution by at least 75% of total membership being entitled to vote.

The Resolution must approve:

- the terms of the proposed amalgamation; and
- the name of the proposed amalgamated incorporated association.

2. The clubs must jointly lodge an application to Consumer and Business Services (CBS) with:

- copies of the Special Resolutions
- the proposed Rules (constitution)
- Certificates of incorporation
- details of the Public Officer of the new association
- a completed checklist
- the fee

(Refer to Clubs SA : Application Guide - Amalgamation of Associations and Liquor Licensees)

3. CBS - issues a certificate of incorporation for the amalgamated association
 - cancels the incorporation of the individual associations.

4. Liquor licence sought in new name.
Contact Clubs SA for the details to include in an email application to CBS.

AFTER Amalgamation

Listed below are suggestions of steps that the newly formed club might wish to take once the new Certificate of Incorporation is received.

- Apply for an ABN for the new entity
- Notify all stakeholders of the new name and ABN including:
 - o Membership
 - o Employees and volunteers
 - o ATO
 - o WorkCover
 - o Superannuation funds
 - o Bank accounts
 - o Council
 - o Lessors
 - o Utility companies
 - o Suppliers
 - o SA Gov for vehicle registrations
 - o Titles Registry
 - o Bank(s)

- Change letterhead, email signature block, logo, website, printed material, social media etc.