Topic 4

EMERGE
Supporting Farmer Led Groups

A collaborative project between
TAS FARM INNOVATION HUB
RMCG

Governance Structures

There are a few different ways a farmer led group can set itself up formally. The flowchart below can help talk through the options and decide what suits your group.

Many groups choose to become an Incorporated Association, but it's worth looking at other options too, especially if a group is still getting started. If you do decide to incorporate, you will also need to choose whether to run as a not-for-profit, a for-profit business, or a charity (which is a type of not-for-profit with additional rules).

Every group is different and determining which type of organisation is the best fit may depend on factors not covered in this sheet. The pros and cons of various governance structures are detailed in Table 1 and 2 below. The information provided is not legal advice.

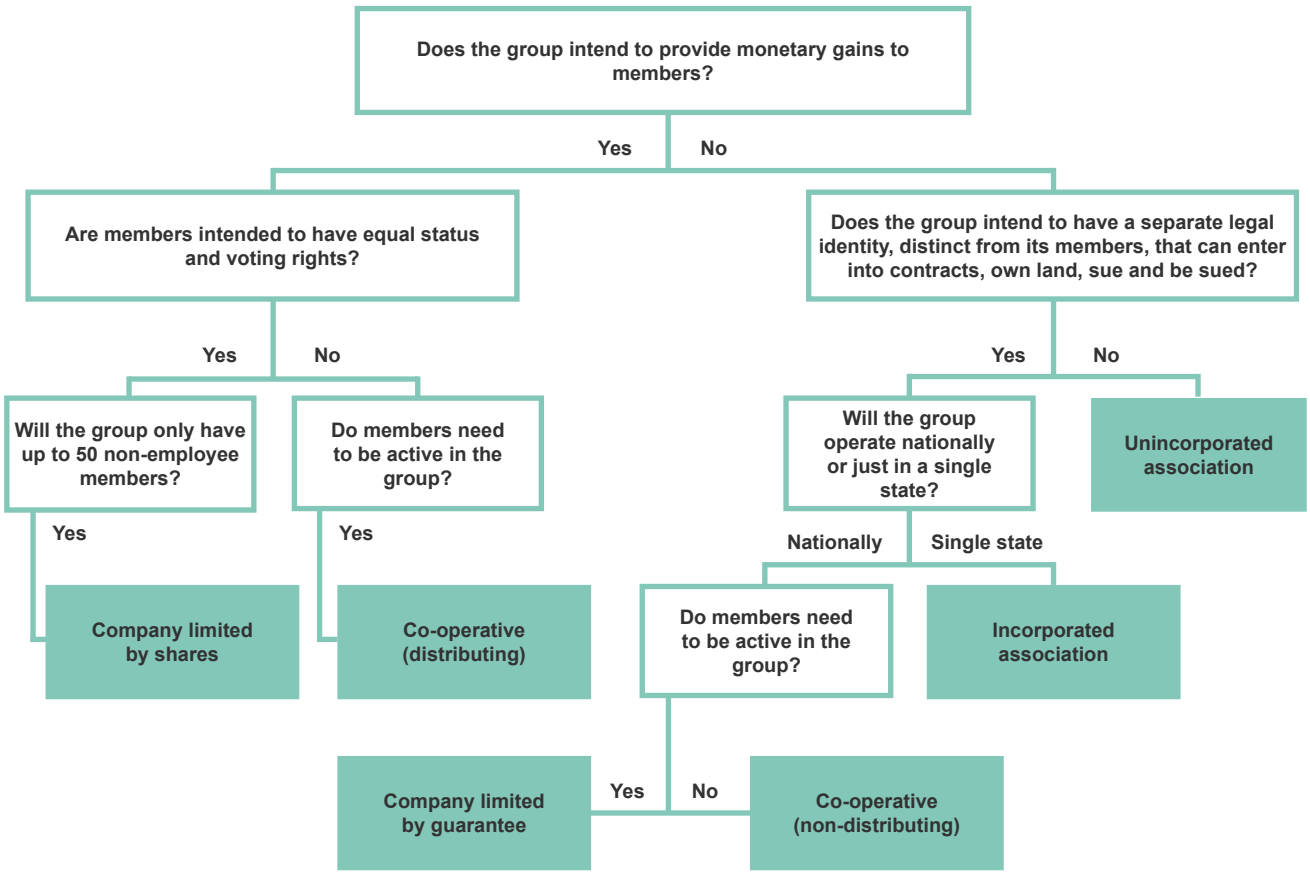

Figure 1 - Flowchart of possible governance structures (from 'Forming a National Representative Body for Emerging Industries' AgriFutures, 2025)

Table 1 - Pros and cons of governance structures to consider

Structure Type	Best suited for	Cost	Complexity / paperwork	Separate legal identity?	Eligible for grants?	Pros	Cons
Unincorporated Association	Informal local farmer networks, early-stage groups	Nil	Low	No	Some restrictions	• Flexible • Useful for testing interest before formalising • 'Grass roots' often with a focus on activities rather than admin	• Members can be personally liable • Harder to open bank accounts, sign contracts • Less credibility with funding agencies, partner organisations, advocacy and communications
Incorporated Association (Tasmania)	Most local not for profit (NFP) farmer groups, Landcare-style groups, grower networks	Low	Low (annual compliance)	Yes	Yes	• Enables limited personal liability protections	• Mainly designed for not-for-profit activities • Limited if operating nationally or commercially
Working Group / Chapter / Sub-committee with auspicing arrangement	Quick start up and/or short-term projects, easing into being a group	Nil / Low	Low / minimal	No	Yes, dependent on lead organisation	• Group gains benefits of the management, infrastructure, insurance protection and resources of lead organisation	• Less control, you may lose some autonomy • Auspicing arrangement can be changed with little or no notice
Company Limited by Guarantee (CLG)	Larger industry bodies, statewide or national farmer organisations	Medium	Moderate - High	Yes	Yes	• National legal structure • Strong governance credibility • Suitable for larger operations • Good for employing staff and large contracts	• Higher setup and compliance costs • ASIC regulation • More reporting obligations

Co-operative (note – 'distributing' vs 'non-distributing')	Farmer marketing groups, machinery-sharing groups, collective purchasing or processing ventures	Medium	Moderate - High	Yes	Yes	• Member-owned and democratic;
						• Aligned with farmer collaboration
						• Depending on set-up, can:
						  • trade commercially
						  • distribute profits
							• Requires member participation
							• Slower decision-making
							• Higher setup effort

An auspicing arrangement (not in Figure 1) can be good for smaller groups that are not incorporated. Under this arrangement, an established organisation (the auspicor) applies for and manages grant funding on behalf of the group (the auspice).

Organisations such as Tasmanian Women in Agriculture, TasFarmers, or NRM Organisations may be willing to support a farmer group as a Working Group or Sub-Committee where their purposes align and there are benefits for both organisations. For more information, see **Emerge Topic 15: Auspice Agreement.**

Table 2 - Pros and cons of less likely governance structures

Structure Type	Best suited for	Cost	Complexity / paperwork	Separate legal identity?	Eligible for grants?	Pros	Cons
Proprietary Limited Company (Pty Ltd)	Commercial agribusiness ventures between a few farmers/ investors	Moderate - High	Moderate - High	Yes	Less	• Familiar structure • Easier for investment • Clear ownership shares • Flexible trading	• Not suited for community/ NFP groups • Formal director duties • ASIC compliance
Trust (with corporate trustee)	Holding land/assets, philanthropic or investment purposes (including long-term projects e.g. private irrigation infrastructure)	High	High (ongoing legal/ accounting support needed)	No, but trusts are treated as distinct taxpayer entities	Depends, may need to be NFP or charity	• Useful for asset protection • Separates operations from asset ownership	• Complex and legalistic • Not ideal as main operating structure

Table 3 - Pros and cons of registering as a charity

Structure Type	Best suited for	Cost	Complexity / paperwork	Separate legal identity?	Eligible for grants?	Pros	Cons
Charity (ACNC-registered)	Groups focused on education, environment, relief or public benefit	Lower	More	Depends on governance structure	Yes	• Access to tax concessions and some philanthropic funding • Increased credibility	• Must meet charitable purpose requirements • Restrictions on private benefit • More reporting obligations

Table 3 - Pros and cons of an informal structure (different to Unincorporated Association)

Structure Type	Best suited for	Cost	Complexity / paperwork	Separate legal identity?	Eligible for grants?	Pros	Cons
Informal Group	This is a group its very early forming stages	Low or Nil	Low	No	No	• Builds relationship and trust without complexity • Not formal	• No legal recognition or status • Lack of formal structure may limit good decision making • Could expose individuals to liability

Additional Resources

- **AgriFutures (2025)**

  https://agrifutures.com.au/product/forming-a-national-representative-body-for-emerging-industries/

- **Tasmanian Incorporated Associations Guidance (CBOS)**

  https://www.cbos.tas.gov.au/topics/clubs-fundraising/incorporated-associations/what-is-incorporated-association

- **ACNC Legal Structure Guidance**

  https://www.acnc.gov.au/for-charities/start-charity/you-start-charity/legal-structure

- **Not-For-Profit Law – Incorporated Structure Guides**

  https://www.nfplaw.org.au/free-resources/getting-started/legal-structure

- **What Are Co-operatives?**

  https://bccm.coop/about-co-ops-mutuals/what-are-co-ops-and-mutuals/what-are-co-ops/

- **Not-For-Profit Law – Auspicing guide**

  https://content.nfplaw.org.au/wp-content/uploads/2025/10/Auspicing-guide.pdf

How this resource came about

The Emerge project was funded by the Australian Government's Future Drought Fund to support new, emerging and informal farmer groups to develop their skills and knowledge, and to create this set of resources for use by groups into the future. Groups participating in 2026 received coaching and additional learning opportunities to supplement the content of these resources.

TAS FARM INNOVATION HUB RMCG

Australian Government Department of Agriculture, Fisheries and Forestry | Future Drought Fund | TAS FARM INNOVATION HUB | University of Tasmania TIA Tasmanian Institute of Agriculture | RMCG

This program received funding from the Australian Government's Future Drought Fund