

Entering into contracts

An incorporated society is a separate legal entity. It can enter into a contract as if it were a natural person that is, an individual. The Incorporated Societies Act 1908 provides some specific requirements for a society entering into a contract:

- If the contract is the type of agreement that would need to be in a deed if it was between individuals, then the society must also have a written contract and it will need to be executed under seal. For example, an agreement to sell or buy land
- If the contract is the type of agreement that would need to be in writing if it was between individuals, then the society will also need a written contract signed by a person (usually an officer) with the express or implied authority of the society
- If the contract is the type of agreement that would not need to be in writing if it was between individuals, then the society is not required to enter into a written agreement if it is entered into by a person (usually an officer) with the express or implied authority of the society.

Societies should consider the following when entering into a contract:

- Is the purpose of the contract authorised by the rules and objects of the society?
- The rules may allow a society to borrow money, but is the money going to be used for a purpose covered by the objects of the society?
- Who is authorised to enter into the contract on behalf of the society?