

GOOLAWAH CO-OPERATIVE - FUNDING OPTIONS

LOANS

Either from Members or Bank

Pro	Con
Legislatively permitted	Not in Rules - Requires Special Res and approval from DoFT
Can implement in time to meet deadline	Not in Finance Policy - Requires Special Res
Funds plus interest returned to member on winding up if there is a Surplus.	Additional cost to Co-op through interest at Reserve bank rate
Funds return to a member when the loan period expires, if funds available in surplus.	Must repay in fixed period
	Additional costs to Member as the member must first pay the loan through levies to the cooperative then pay back the loan to themselves via levies.
	Impact on Membership if member fails to keep up payments. (Active membership rules)
	Additional cost to Coop as members must repay the loan through levies
	High risk to Co-operative because of loan default, i.e. member refuses to maintain regular payments.
	GST impact because increase in levies for repayment.
	Additional cost in accountant fees BAS and GST annual return
	Cost increase to member approximately \$1500 per year

DEBENTURES

Either from Members or non-members

Pro	Con
Legislatively permitted	Not in Rules - Requires Special Res and approval from DoFT
Can implement in time to meet deadline	Not in Finance Policy - Requires Special Res
Funds plus interest returned to member on winding up if there is a Surplus.	Additional cost to Co-op through interest at Reserve bank rate
Funds return to a member when the loan period expires, if funds available in surplus.	Must repay in fixed period
	High risk to Co-operative because of payment default. ie. member refuses to maintain regular payments.
	Additional cost to Coop as members must pay the debenture through levies
	Additional cost to Member as member must pay the Coop the funds for the debenture.
	GST impact because of debenture repayment
	Impact on Membership if member fails to keep up payments. (Active membership)
	Additional cost in accountant fees BAS and GST annual return
	Cost increase to member approximately \$1500 per year

INCREASE LEVIES

Pro	Con
Simple method	Funds not returned to member as funds remain in the Co-operative if member sells or at winding up.
Can implement in time to meet deadline	Finance Policy Change - Requires Special Resolution

Pro	Con
No repayment to member as no Liability on the Co-operative as funds remain with the Coop.	Additional cost to members due to increase in Levies
Legislatively permitted	Additional costs in GST
	Additional cost in accountant fees BAS and GST annual return
	Higher levies may increase members ability to repay and therefore affect membership.
	Cost increase to member approximately \$1,500 per year

SHARES

Pro	Con
Legislatively permitted - and accepted method by Government for acquiring funds for this purpose.	Amendment to Rules - Requires Special Res and approval from DoFT
Can implement in time to meet deadline	Amendment required to Policy - Requires Special Res
Share in Goolawah Capital and can be transferred to other members	Additional cost to members as they must pay the CCU through levies
Funds returned to member on Sale of share	share Must be voluntary
Funds returned to member on Winding up if Surplus exists.	
No Repayment period	
No GST impact	
	Cost increase to member approximately \$1,200 per year for 5 years

CCUs

Pro	Con
Legislatively permitted - and accepted method by Government for acquiring funds for this purpose.	Not in Rules - Requires Special Res and approval from DoFT
Can implement in time to meet deadline	Not in Policy - Requires Special Res
CCU is a share in Goolawah Capital (except share capital) and can be transferred to other members	Additional cost to members as they must pay the CCU through levies
Funds returned to member on Sale of share	Must be voluntary
Funds returned to member on Winding up if Surplus exists.	
No Repayment period	
No GST impact	
	Cost increase to member approximately \$1200 per year for 5 years

GRANTS or DONATIONS

Pro	Con
Legislatively permitted	Not in Rules
No repayment	Not in Policy
	GST component may be payable on Grant
	Highly Unlikely to be available in time
	Highly Unlikely for someone to grant funds for uncharitable needs
	Additional cost in accountant fees BAS and GST annual return
	Additional costs in GST as Grant raises us above the GST threshold.

Pro	Con
	<p>Small increase to member with GST approximately \$250 for the GST year of the donation.</p> <p>GST payment on \$400,000 = \$40,000</p>