



# Goolawah Cooperative Ltd

## Annual Budgeting

First Issued: 15 May 2024  
Dates of Review:  
Version Number: Draft V3  
Author: Wayne Skinner

### **Next Review Due: TBA**

Applicable Documentation and Legislation:  
Cooperatives National Law  
Cooperatives National Regulations  
Goolawah finance Policy  
Administrative and Infrastructure Budget

Note:  
Responsible Director: Director with the Financial portfolio

Endorsed by Goolawah Board: Date  
Approved by Community: Date

Goolawah Policy – Annual Budget

## Table of Contents

1. Preamble
2. Purpose
3. Scope
4. Policy Statement.

### Appendices

1. Definitions
2. Administration Budget example
3. Infrastructure Budget example
4. Financial forecasts example

The electronic version filed by the Goolawah secretary is the controlled version of this document.

## **1. Preamble**

### **Annual Budgets**

The budgets estimate the necessary and reasonable expenditure for the financial year and derive the levies required to meet these expenditures.

Goolawah is committed to sound budget management practices and transparency in the development and presentation of financial information to the community. As such Goolawah has been producing annual budgets since 2020. The budget is linked to the Goolawah accounting system via the Job/Budget id with reporting from the GMBS.

## **2. Purpose**

This document provides direction on Goolawah's budgeting, including key principles underpinning budget development, that is consistent with the Cooperatives requirements.

## **3. Scope**

This guideline applies to Goolawah's annual budgeting activities. It does not alter in any way the Finance system (GMBS).

#### **4. Policy and process Statements**

The Budgets will be produced each financial year, pursuant to the requirements of the Cooperative National Law and Goolawah's financial policy.

##### **Goolawah will produce:**

- an annual financial report for the Annual General Meeting; and
- a budget before the End of Financial Year for approval in the June GM.

##### **Goolawah's annual budget, prepared as part of the budget process, will:**

- address Goolawah's primary activities and objects;
- assess Goolawah's financial requirements;
- address Goolawah's levy structures and financial policies; and
- take into account Goolawah's long-term financial management plan, including any significant infrastructure management issues.

The budget must be consistent with Goolawah's future plans and be adopted after the June GM and before the August GM.

The budget will utilise the reports provided by the GMBS and auditor comprising:

- a report of financial position;
- a budgeted report of income and expenses.
- Audit reports
- a budgeted cash flow statement; (TBA)

Goolawah will determine the form of the budget each year.

##### **Goolawah will aim for the following in its annual budget:**

- an operating surplus
- an asset renewal funding necessary to meet the 10 year plan.
- a favourable cash flow position at the end of each financial year, including a positive projected year-end net of cash reserves.

##### **Budgeting steps:**

###### **Notification**

- Notify the Treasurer, Board and community of the start of the Budgeting process.

###### **Expense identification**

- Break down the expenses or costs for each item.
- Identify new expenses or costs eg. New projects or adjustments.
- Identify potential variations to income and expenses and assess their impact on the overall budget.

###### **Review past reports for actual expenses**

- Review the Budget Summary Reports
- Review the Annual financial Statements
- Review the Treasurers reports
- Review the Detail Budget report for the last 12 months.
- Review the audit reports.
- Review the 10 year financial forecasts.
- Split out costs across timeframes. Crosscheck cashflow and expenses for the following year.

###### **Create Draft and Present for feedback**

- Create the first draft of the budget utilising the expenses in the Budget summary report and any known new projects or sinking items.
- After board review and approval, present the first draft to the community at a GM for feedback .

- Obtain feedback and then present the updated draft to the community at a GM for Draft approval.
- Update the draft with any feedback from the community and board of directors.

#### **Obtain approval**

- Obtain final approval from the board. (Note: This step is required as the board is held directly responsible for the financial position of the cooperative through the legislation. That is any proposed alteration to the budget or the resulting levies must be approved by the board of directors before submitting for approval at a GM.)
- Present a motion for approval of the final draft to the Community at the June GM.
- Present a motion for approval of the Levies to the community at the June GM. (Note: This step helps separate the two components of the budget. The levies which result from the budget and the funds available within the budget.)

The following principles will underpin the budget development:

#### **Honesty and accountability**

Goolawah will be honest and accountable in all aspects of the budget process, meeting Goolawah's expectations of transparency and openness with a reporting framework that supports and enhances this by:

- Acting with care and diligence when creating the budget.  
(This means taking into account all past and future expenses and legislative requirements.)
- Involving the community in the Budgeting process.  
(This means presenting drafts for feedback and obtaining approvals.)
- Presenting the budget in draft form at a GM.
- Obtaining board approval of the draft budget before presentation to the GM.
- Present to the final budget and the Levies separately to the community for approval.

#### **Goolawah's Annual Budget timing**

Will be available each year online via Goolawah's website and hard copy form at the GMs for review and approval and filed with the Secretary.

#### **Strategic approach**

Goolawah will maintain a strategic approach to the delivery of all its Administration budget and Infrastructure projects. The budget will respond to Goolawah's needs and provide a foundation for the ensuing 10 years. A 10 year infrastructure financial forecast will be reviewed each year and will be updated before the end date of the final year of the forecast.

#### **Asset consumption**

The budget will be prepared to align with the Infrastructure financial forecasts over a 10-year period.

#### **Realistic budgeting**

All budget figures will be realistic, based on the best available information, and will be arrived at using a zero-based rather than an incremental budgeting approach. However, figures from the previous budget expenses will be utilised to help determine the funds required for budget items.

Contingency is not included in the budget, however, it is expected that the Cooperative will ensure a contingency capability in Surplus that can be utilised outside of the current budget. Contingency funds should be equivalent to at least 3 months of the Administration Budget

expenses. The three month funding surplus is to ensure the community can meet it's quarterly bills before receiving levy income. However, the goal would be to strive to at least 12 month surplus to avoid any need for special levies.

## **Levies**

The Levies are derived from expenses, that is, the expenses in the Administration budget is funded through the Membership Levy and the Work Levy.

The levies for the Infrastructure budget are funded from the Infrastructure levies.

All Levies will be set at an affordable level having regard to Goolawah's goals and directions and its social and economic objectives balanced against the community's ability to pay. To understanding the affordability factor, community feedback should be obtained during Levy discussions at the GMs in April and June.

Levy increases reflect expenses and the 10-year Infrastructure financial forecasts, but this will be re-assessed annually.

Avoidance of cost-shifting

Goolawah will resist pressure to accept cost-shifting from one budget to another.

## **New initiatives**

All new initiatives (such as proposed services, assets or projects) will be evaluated in terms of meeting Goolawah's strategic directions and taking into account Goolawah's financial position and future commitments. New initiatives will be prioritised according to need and financial position at the time.

## **Administration budget**

The Administration budget estimates the expenditure for the financial year including, but not limited to, expenses such as insurance, rates, repairs of common property, road maintenance, APZ maintenance, Administration and costs for services supplied.

The Administration (operational) budget will be structured such that there is no reliance on transfers between budgets. That is, levies will be set to meet expenses. Exception to this will be when sufficient surplus exists such that it does not risk solvency.

Income for the Administration budget is derived from the Membership Levy and the Work Levy.

Format of the Administration budget report will consist of:

Job Id

Description

Item

Budget year (current)

Actual Expense

Budget year (Future)

Notes

Budget responsibility

Details of Income from Levies for the current year.

Calculated annual levies for the future year.

Note: When a Work Levy is expensed it is done so against the relevant item in the budget.

## **Infrastructure budget**

The infrastructure budget consists of Sinking fund and Projects.

Expenditure for the sinking fund is derived from the financial forecasts for repair and replacement of assets and the completion of projects for works, such as, Nevertire road, the Camp Kitchen or the Last Resort.

Income for the Infrastructure Budget consists of the Sinking fund Levy and the Nevertire Road Stage 2 levy and Infrastructure Shares subscription.

Format of the Infrastructure budget report will consist of two sections.  
First will deal with the Sinking fund elements, while the second section deals with Projects.

**Sinking funds** accumulate each year and are depicted in the Accumulated amount column. These funds persist until utilised for the appropriate reason and spend is shown in the Actual Spend column.

Report format Sinking elements.

Job Id  
Description  
Item  
Budget year (current)  
Actual Spend  
Funds added in the budget future year.  
Accumulated amount.  
Comments  
Budget responsibility

**Project** funds once allocated will persist each year and be carried over until the project is closed. Should additional funds be allocated this will be included in the Funds added column and totalled in the Total Project amount remaining column.  
If Funds still exist when a project is closed the funds will be transferred to Consolidated Funds.  
Report format.

Report elements of Project elements.

Job Id  
Project name  
Item  
Budget year (current)  
Actual Spend  
Funds added in the budget future year.  
Total Project amount remaining.  
Comments  
Budget responsibility

Note: When a Work Levy is expensed it is done so against the relevant item in the budget.

**Project approval** can occur when the budget is approved by the community with funding through the levies or out of Budget by the community whereby funds are allocated out of surplus unless the community resolve to add to the Levies. However, the board must approve use of surplus to ensure Goolawah's solvency is not impacted.

**Debt considered**

Debt will only be considered at this stage in the form of Shares for funding of long-term infrastructure asset creation or infrastructure. As a means of distributing the costs of infrastructure among the Member's who use it (to achieve equity); and if necessary as a mechanism to fund temporary cash shortfalls.

### **Financial control**

Goolawah commits to ensuring that finance and other resources under its control will be used only for approved purposes and that all risks to its finances are properly managed. Goolawah's finance policy reflects the basis for managing the finances.

The Goolawah Board of Directors and Treasurer have a legislative responsibility for the finances of Goolawah and must discharge their duties with the degree of care and diligence that a reasonable person would exercise.

As such the board and Treasurer must review and approve the budget before submitting an Ordinary resolution to the community at a GM for final approval.

### **Financial sustainability**

Goolawah is committed to being financially sustainable over the long term. To ensure they remain solvent the budget must ensure all commitments are accommodated and the expenses do not exceed income plus surplus. An assessment of asset replacement and repair should include an understanding of asset depreciation and forecasts on replacement and repair.

### **Financial Forecasts.**

Financial forecasting is the process of identifying Goolawah's assets, assignment of value and then assignment of the length of time before the asset must be replaced or repaired over a 10 year period. The table in the appendix depicts elements.

### **Budget review**

Goolawah will review its budget performance each financial year. Beginning in January of the financial year with presentation for approval at the June General Meeting such that the budget is available for the new Financial year starting 1 July.

**(New step)** The finance committee will present a budget review to the elected Goolawah directors and the community for approval in draft form before presenting the final budget for approval.

### **Responsibility**

Overall responsibility for budget and budget review rests with Goolawah's Board of Directors. However, the Finance Committee will compile budget and budget review information with the work co-ordinated by the Director of Finances and the Treasurer.

Goolawah will consult with the community annually on its budget. Commencing in February and continuing until the new Financial Year budget is approved.

Overall approval of the Budget remains with the Community at a General meeting.

Example of Admin and Infrastructure budget.



## Appendix 1.

### Definitions

**Asset renewal and Asset repair.** The extent to which Assets are renewed and replaced compared with the asset renewal and replacement expenditure identified as necessary in Goolawah's 10 year plan.

**Asset renewal expenditure** refers to capital spent on renewing and replacing assets. Excludes capital spent on acquiring new assets.

**Operating surplus** refers to the amount by which operating income exceeds operating expenses, before capital items. The net gain or loss on the disposal or revaluation of assets (eg. Land) are not included in the Administration or Infrastructure budgets but are included in the finance system's Annual financial report.

**Administration Budget** - This is the annual recurring expenses expected during operations. The income for this budget is derived from the Membership Levy and the Work Levy.

**GMBS, Goolawah Members Billing System.** This is Goolawah's accounting system. The Budget is not meant in any way to substitute for this system but connects with this system through the Budget items. Once the budget is approved and the amounts input into the GMBS, the budgeting function is complete until the next financial year's budgeting process begins.

**Infrastructure Budget** - This is funding for Asset renewal, replacement or repair over the life of the asset and for Infrastructure projects which are either Asset related or requirements of Development.

**Zero-based budgeting** refers to a budget being built from the ground up each year with consideration to financial requirements rather than historic basis.

**Incremental budgeting** is a method of creating a budget based on the previous period's budget with some adjustment for inflation, growth or other factors.

**Sinking fund** - this is the funds required for Asset renewal, replacement or repair over the life of the asset.

**Projects** - This are the projects required to deliver assets or other infrastructure needs for Goolawah.

**Membership Levy** - income directed towards funding operational expenses.

**Sinking fund levy** - income for repair and replacement of assets.

**Work Levy** - Income from members do not fulfil the work requirement of Goolawah. This income is directed towards funding operational expenses.

**Work Claims** - expenses for members who claim against budgeted items. The amount claimed is expensed directed to the item.

**Infrastructure share levy** - income from the Infrastructure share subscription directed towards future sealing of Nevertire Road and other infrastructure needs if surplus exists.

**Infrastructure Financial Forecast** - A 10 year plan consisting of the asset, description, cost of the asset, life of the asset and the predicted expenditure over the duration to replace or repair the asset.

## Appendix 2.

## Administration Budget

Administrative Fund 2024-25								
Income								
Job ID	Item	Income 24-25	Calculated Levy 24-25	Proposed Levy 23-24 Ref to DM decision 8/5/24	Levy 23-24			
ML	Membership Levy	\$65,460	\$839	\$800.00	\$680.00			
WL	Work Levy	\$14,040	\$180	\$180.00	\$300.00			
	Total Admin income	\$79500	\$1,019	\$980	\$980			
Expenses								
Job ID	Description	Item	Budget 2023-24	Actual expense to May 2024	Budget 2024-25	Notes	Budget Responsibility	
APZ	Fire Management APZ Maintenance (Annual - DA requirement)			5,000	1,808	7,500	Increased as more effort required. Continued maintenance of Fire Zones and Trails, fire safety certificates, inspections	Jac
CKM	Camp Kitchen and Last Resort maintenance			500	259	1,000	Maintenance, repairs and supply of goods, eg. Tea, Coffee, plates,	Justine
	Work Claims out of Budget items			4,000	40	0	Work Claims are expensed in each Admin item. Reduced to zero 24/25 budget, remove.	Community
Fence NB	Fencing repairs			500	358	500	Fence repairs, inspections,	Jac
INS	Insurance	Annual insurance		5,000	9,528	14,000	Changed insurers and end dates of insurance. Due April	Secretary
LCM	Land Care Maintenance (Annual)			1,000	326	1,000	Trees, Soil, Pest control, planting, mulch, Mulching, equip hire, etc	Jac
RATES	Rates Annual and other Gov fees	Council Rates		10,000	10,128	12,000	Council Rates, Crown enclosure permit	Secretary
RM	Road Maintenance Internal and external (Annual)			30,000	15,685	30,000	Nevertire, Illa Langi and internal roads	Directors
TM	Tractor and Machinery maintenance			10,000	3,218	6,000	Fuel and Oil, Slasher, Tractor and Striker repairs.	Directors
ADMIN CONS	Administration Costs Consumables			5,000	5,009	7,000	Laptops, bank fees, training, Website costs, software, IT fees, Auditor, Doft, stamps, Telecomm fees, Memberships. Refer to DM minutes 8.5.24.	Directors
				500	270	500	Paper, ink, etc	
	Contingency on non-Road items			5,000	0	0	Used for unbudgetted amounts or where overspending is approved. Proposed to make zero as covered in delegation manual and to fund from Surplus.	Directors
	Surplus or Deficit						Surplus or Deficit not included	
	Total			76,500	46,629	79,500	Expense to be adjusted in June	
	Amount required per share to fund expenses	Number of Shares	Note: The Levy per share is calculated by dividing the total expenses for the year by the number of shares					
	\$1,019.23	78						

## Appendix 3.

### Infrastructure Budget

Infrastructure Fund 2024-25 (Sinking fund for future repair, replacement and upgrades)								
Income								
Job ID	Item	Total from	Per Share					
INFRASTR	Sinking fund and Projects component	12,800	\$164.10 Note: This is the amount collected for sinking fund and Projects					
	NRS2 component	117000	1500 Note: this is equal to the amount collected to fund Nevertire Road Stage 2					
	Levy Grand total	129,800	1,664 Note: Levy is reduced for members who pay the infrastructure share subscription					
Expenses								
Job ID	Description	Item	Budget to 2023-24	Actual spend to April 2024	Funds added in 2024-25	Accumulated Amount 2024-25	Comments	Budget Responsibility
CK	Camp Kitchen and Machinery Shed upgrade/replace/repair	Camp Kitchen and Machinery shed	2715	715	500	2500	Yearly contribution per the 10 year plan May 2020.	Directors
ABF	Fencing replacement Goolawah boundary	All boundary fencing	2000	0	500	2500	Yearly contribution per the 10 year plan May 2020.	Directors
LRM	Last Resort upgrade or repair	Last Resort Sinking costs	1500	0	500	2000	Yearly contribution per the 10 year plan May 2020.	Directors
TM	Tractor and Machinery replacement	Tractor and Machinery Sinking costs	20000	14000	5000	11000	Yearly contribution per the 10 year plan May 2020.	Directors
DM	Dam repair sinking	Dam repair sinking	4000	0	1000	5000	Yearly contribution per the 10 year plan May 2020.	Directors
WM	Water pipes, tanks, replace/repair	Water infrastructure sinking	1500	0	300	1800	Yearly contribution per the 10 year plan May 2020.	Directors
	Sinking fund Subtotal		31715	14715	7800	24800		
	Projects		Budget to 2023-24	Actual spend	Funds added in 2024/25	Total Project Amount remaining	Comments	Project responsibility
INFRASTR	DA ROAD Fund						Parent Code for Road	Directors
NRS2	DA Nevertire Road Stage 2 project	DA Nevertire Road Construction Stage 2 first half financial year	250000	0	0	250000	Funds approved at GM 10.2.2024. Future project stage 3 funds will be raised through Road Levy component.	Directors
	Camp Kitchen Pizza Oven Roof	Project for Camp Kitchen	2,500	1,823	0	677	Project - Pizza Oven Roof approved June 2023.	Wayne
LR	DA Last Resort (Project)	LR Construction	35,200	34,878	5,000	5,322	Additional funds approved at GM 13/4/24	Julica/Alicia
PLAY	Playground Project	Playground	1000	0	0	1,000	Approved Feb 2022	Marty
RHP	Red Hill Planting Fund	Red Hill	1000	803	0	197		Jac
Playsafe	Red Hill Playground Safety		1581	581	0	1,000	Approved April 2022. Close Project?	Marty
CAF	Cemetery Application fee	Cemetery	500	0	0	500	Close project?	Aliya
	Project Subtotal		291,781	38,085	5,000	258,696		
	Grand Total for Infra budget		323,496	52,800	12,800	283,496		
Notes:	Some projects are over multiple years but have been rolled into the current financial year							
	Infrastructure fund levy per Share	Number of Shares	Infrastructure Nevertire road	NRS2 levy				
Calculation line	\$164.10	78	117000	1500				
Notes:	The Infrastructure levy consists of the future needs for infrastructure replacement and Projects.							

## Financial Forecasts

[illegible]