



Borrowing Policy and Procedures

1. PURPOSE

To ensure that external borrowings are in the best interest of the University and correctly approved including the appropriate management and approval of drawdowns and repayments.

2. APPLICATION

The policy covers all borrowings by the University from external organisations.

3. EXCEPTIONS

The policy does not apply to the University's Credit Card facility (covered under the *Purchasing Procedures*), internal borrowings and leases classified as operating leases.

4. DEFINITIONS

(Note: Commonly defined terms are located in the [Curtin Common Definitions](#). Any defined terms below are specific to this document)

Borrowings

Means the act of accepting money under a contract which requires its repayment, normally with an associated interest charge. Borrowings include but are not limited to:

- Advances by way of loans (short term or long term)
- Overdraft facilities
- Finance leases

Drawdown Authority

Means a person authorised by the Vice-Chancellor to request drawdown of funding from an approved borrowing facility.

Leases

Leases are defined and accounted for under Australian Accounting Standard AASB 117 - Leases:

- Finance Lease - is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset to the University. Title may or may not eventually be transferred.
- Contracts for the hire of an asset that contain a provision giving the University an option to acquire title to the asset upon fulfilment of the agreed conditions (usually known as Hire purchase contract) are classified as a Finance Lease.
- Operating Lease - is a lease other than a Finance Lease.

Minimum Borrowing Levels

| Borrowing Type | Minimum Borrowing Amount |
|----------------|--------------------------|
| Loan | \$5,000,000 |
| Finance Lease | \$100,000 |
| Overdraft | Not Applicable |

5. POLICY STATEMENT

This policy aims to ensure that:

- 5.1 The University is empowered to pursue its strategic objectives by obtaining external funding in the form of borrowings when required.
- 5.2 The University seeks to minimise the costs of financing external obligations.
- 5.3 Borrowing facilities and associated drawdowns and repayments are appropriately approved and meet legal and contractual obligations.
- 5.4 The University does not utilise an overdraft facility.

6. PRINCIPLES

- 6.1 All borrowings must be approved by the WA State Governor on recommendation from the WA State Treasurer.

- 6.2 Borrowings will only be entered into to enable funding of strategic initiatives where a business need exists and no other suitable source of funding is available.
- 6.3 Approval to borrow must be requested by Council.
- 6.4 The Chief Financial Officer is responsible for identifying the business need for borrowings by the University and the submission of borrowing requests through the Vice-Chancellor to Council.
- 6.5 Borrowings will only be entered into for amounts in excess of Minimum Borrowing Levels.
- 6.6 Request for drawdown will be made within the limits of the approved borrowing facility. Drawdowns must be within the limits of the approved facility and approved by 2 signatories to the authorised signatory list.
- 6.7 Drawdown of borrowings will be made in a timely manner with respect to external payment obligations in order to minimise interest charges.
- 6.8 Repayments of borrowings are to be in accordance with the borrowing payment schedules.
- 6.9 Early repayment of borrowings will be at the discretion of the Vice-Chancellor on advice from the Chief Financial Officer in accordance with the *Borrowing Policy and Procedures*.
- 6.10 All borrowings will be appropriately recorded in the University's financial system and financial reports.

7. PROCEDURES

7.1 Loans - Request for funding

7.1.1 The Chief Financial Officer will assess the business case for new loan requirements, with reference to:

- Business case for the loan identifying the strategic business need;
- The amount of the loan request;
- The proposed timeframe of the loan;
- Details of the asset to be acquired/developed; and
- Details of the future revenue streams to the University as a direct result of the proposal.

7.1.2 The Chief Financial Officer will submit to the Vice-Chancellor a loan proposal including, but not limited to, the following:

- Risk analysis
- Long term financial projections
- Capacity to meet repayment obligations
- Financial ratio analysis

7.1.3 Finance Committee will assess and recommend the loan proposal for submission to Council.

7.1.4 Council will review the loan proposal and if satisfied approve submission to the WA State Treasurer.

7.1.5 Following endorsement from the WA State Treasurer, the loan proposal is to be submitted to the WA State Governor for final approval in accordance with the Curtin University Act 1966 s24.

7.2 Leases

7.2.1 Equipment with an outright purchase cost of \$100,000 or less

It is University policy not to enter into finance lease arrangements for individual equipment items costing less than \$100,000 and therefore such items must be purchased outright or leased by way of an operating lease arrangement.

7.2.2 Equipment with an outright purchase cost of greater than \$100,000

University policy allows for finance lease arrangements for individual equipment items costing greater than \$100,000.

- 7.2.3 The Chief Financial Officer will assess the business case for new finance lease requests, with reference to:
- Business case for the finance lease identifying the business need;
 - The amount of the finance lease request;
 - The proposed timeframe of the finance lease;
 - Details of the asset to be acquired/developed; or
 - Details of the future revenue stream to the University as a direct result of the initiative.
- 7.2.4 The Chief Financial Officer will submit to the Vice-Chancellor a finance lease proposal including, but not limited to, the following:
- Risk analysis
 - Long term financial projections
 - Capacity to meet repayment obligations
 - Financial ratio analysis
- 7.2.5 Finance Committee will assess and recommend the finance lease proposal for submission to Council.
- 7.2.6 Council will review the finance lease proposal and if satisfied approve submission to the WA State Treasurer.
- 7.2.7 Following endorsement from the WA State Treasurer, the finance lease proposal is to be submitted to the WA State Governor for final approval in accordance with the Curtin University Act 1966 s24.

7.3 Drawdown of funds

- 7.3.1 Specific procedures for the drawdown of funds will be developed by Financial Services for each borrowing facility in conjunction with the relevant Administrative Area.
- 7.3.2 The Procedures developed will support the policy principles.
- 7.3.3 Financial Services will complete the appropriate accounting entries for the borrowing facility.

7.4 Repayment of funds

7.4.1 Periodic Repayments

Borrowing repayments will be made in accordance with the relevant borrowing agreement.

7.4.2 Early Repayment

Early repayment of borrowings will be at the discretion of the Vice-Chancellor on advice from the Chief Financial Officer.

8. OTHER RELEVANT DOCUMENTS/LINKS

[Purchasing Procedures](#)

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| Policy Compliance Officer | David Menarry , Chief Financial Officer Financial Services |
| Policy Manager | Chief Financial Officer |
| Approval Authority | Council |
| Review Date | 1 st April 2019 |

REVISION HISTORY

| Version | Approved/ Amended/ Rescinded | Date | Committee / Board / Executive Manager | Approval / Resolution Number | Key Changes and Notes |
|----------------|---|-------------|--|---|---|
| | Approved | 10/12/2008 | Council | C 198/08 | Attachment 1 to Document No 01270/08 |
| | Administratively Updated | 08/07/2013 | Director, Legal and Compliance Services | | Links Updated |
| | Administratively Updated | 26/03/2014 | Director, Legal and Compliance Services | | Updated Policy Manager |
| | Amended | 28/10/2015 | Audit and Compliance Committee | ACC 64/15 | Reviewed and No Changes Recommended |