

## Borrowing Procedures

### 1. STRATEGIC PLAN THEME AND COMPLIANCE OBLIGATION SUPPORTED

*Curtin University Act 1966*

*Trustees Act 1962 (WA)*

*Financial Management Act 2006 (9WA)*

Strategic Plan Theme: [Sustainable Future](#)

### 2. PROCEDURAL DETAILS

- 2.1. Borrowings will only be entered into to enable funding of strategic initiatives where a business need exists and no other sustainable source of funding is available.
- 2.2. Per 2.2 of the Borrowing Policy, cumulative borrowings will be managed within a range determined by Council on recommendation from Finance Committee.
- 2.3. The Matters Reserved to Council and the Register of Delegations specify that authority to borrow rests with Council for amounts above \$5 million and with the Vice-Chancellor for amounts up to and including \$5 million.
- 2.4. If the University requires a State Government guarantee, advance notice of the intention to borrow and to seek a guarantee must be given to the WA State Governor.
- 2.5. All borrowings will be appropriately recorded in the University's financial system and financial reports.

#### 2.6. Request to borrow

- 2.6.1 The Chief Financial Officer will assess the business case for new borrowing requirements, with reference to the:
  - Business case for the borrowing identifying the strategic business need;
  - Amount of the borrowing request;
  - Proposed timeframe of the borrowing;
  - Details of any asset to be acquired/developed; and
  - Details of the future revenue streams to the University as a direct result of the proposal.
- 2.6.2 The Chief Financial Officer will submit to the Vice-Chancellor a borrowing proposal including, but not limited to, the following:
  - Risk analysis
  - Long term financial projections
  - Capacity to meet repayment obligations
  - Financial ratio analysis
  - Any security to be provided and any existing or new covenants to be complied with
- 2.6.3 If the amount proposed to be borrowed is greater than \$5 million, Finance Committee will assess and recommend the proposal for submission to Council.
- 2.6.4 Council will review and approve the loan proposal.
- 2.6.5 If the amount proposed to be borrowed is \$5 million or less, the Vice-Chancellor will review and may approve the proposal. Finance Committee will be informed accordingly.
- 2.6.6 IF the University intends to seek a guarantee under the *Curtin University Act 1966 (WA)* in respect of a borrowing, the University will give the Minister reasonable advance notice of its intention to borrow that money and to seek a guarantee; and will notify the Minister of the outcome of the University's application to borrow that money.

## **2.7 Drawdown of funds**

- 2.7.1 Requests 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.
- 2.7.2 Drawdown of borrowings will be made in a timely manner with respect to external payment obligations in order to minimise interest charges.

## **2.8 Repayment of funds**

### **2.8.1 Periodic Repayments**

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

### **2.8.2 Early Repayments**

Early repayment of borrowings will be at the discretion of the Finance Committee on advice from the Vice-Chancellor.

## **3. RESPONSIBILITIES**

In addition to any responsibilities set out in section 2.

## **4. SCOPE OF PROCEDURES**

Under the *Curtin University Act 1966 (WA)* the University may do all or any of the following:

- Borrow money;
- Obtain credit;
- Issue, acquire, hold or dispose of debt paper;
- Create and issue capital instruments;
- Arrange for financial accommodation to be extended to the University.

These procedures cover all borrowings by the University as listed above other than the University's Credit Card facility and ~~operating leases~~.

## **5. DEFINITIONS**

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

### **Borrowings**

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

### **Operating lease**

A contract that allows for the use of an asset but does not convey rights of ownership of the asset. The lease period is over a period smaller than the economic life of the asset and the asset is returned to the lessor at the end of the lease period. For the sake of simplicity, all leases of assets with a value less than \$5,000 (excluding GST) are regarded as operating lease.

## **6. SCHEDULES**

*Nil*

## **7. RELATED DOCUMENTS/LINKS/FORMS**

[Purchasing Procedures](#)

[Matters Reserved to Council](#)

[Register of Delegations](#)

<b>Policy Compliance Officer</b>	<a href="#">David Menarry</a> , Chief Financial Officer
<b>Policy Manager</b>	Chief Financial Officer
<b>Approval Authority</b>	Chief Financial Officer
<b>Review Date</b>	1 <sup>st</sup> April 2023

#### REVISION HISTORY

Version	Approved/ Amended/ Rescinded	Date	Committee / Board / Executive Manager	Approval / Resolution Number	Key Changes & 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 Required
	Approved	09/04/2019	Chief Financial Officer	EM1904	Conditional upon Council rescinding the Borrowing Policy and Procedures at its 3 July 2019 meeting