# Borrowing Policy

## 1. COMPLIANCE OBLIGATION SUPPORTED

*Curtin University Act 1966* (WA)

*Financial Management Act 2006* (WA)

## 2. PURPOSE

The purpose of this policy is to define the principles when the University borrows.

## 3. POLICY STATEMENT

3.1 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.

3.2 The University generally seeks to minimise borrowing levels.

3.3 In considering whether to borrow, Council will consider the following principles:

a) **Need** – The University's approach to borrowing prioritises the use of existing cash and investments to address operational and capital requirements before seeking any external debt funding. In managing these resources, the University will review projected cashflows as well as current and anticipated cash and investment balances to determine whether internal funds can adequately meet needs.

Indicative triggers that could prompt consideration of a borrowing strategy include:

- *Significant one-off cash requirements, including major capital milestones, that would otherwise result in liquidity buffers falling below prudent and sustainable levels.*
- *Where the cost of borrowing is demonstrably lower than the opportunity cost of liquidating investments or deploying internal funds earmarked for other strategic purposes.*

The presence of one or more of these indicative triggers does not, of itself, mandate borrowing, but may prompt consideration of a borrowing strategy for recommendation to the Finance Committee and Council.

There may be circumstances in which cash and investment balances temporarily fall below the Council-approved targets. Such instances are permitted in the short to medium term, provided they do not exceed a period of five years. The University expects that over the long term, cash and investment balances will meet or surpass the Council-approved target, ensuring ongoing financial sustainability;

b) **Strategic objective** - the purpose for which the borrowings are to be used will be of strategic significance. Other than leases for land and buildings, or operating leases for equipment (or similar), we will not borrow to fund operational expenditure or normal capital works.

c) **Amount** - the amount of borrowings will be limited to that required for the purpose for which the money is borrowed;

d) **Obligations** - for example, any security to be provided and any existing or new covenants to be complied with;

e) **Cost** - the costs of borrowing, such as interest, fees and charges payable, will be minimised within the context of borrowing options available and associated risks; and

f) **Period** - the period for which money is borrowed will be matched to the purpose for which the money is borrowed. If the repayment period is less than the period for which the funds are needed, the future availability of alternative funds or the need for and risks of refinancing will be considered.

3.4 Cumulative borrowings will be managed within a range determined by Council on recommendation from Finance Committee.

3.5 Council-approved targets including Unrestricted Cash and Investments, net of Borrowings compared to months of Operating Expenditure will be used to monitor the University's liquidity health and debt serviceability.

## 4. SCOPE OF POLICY

This policy applies to all employees, Finance Committee members and Council members involved in the management, recommendation, approval, and oversight of borrowing activities and related financial arrangements.

## 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

Borrowings exclude credit card facilities and operating leases.

**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 leases.

## 6. SUPPORTING PROCEDURES

*Borrowing Procedures*

## 7. RELATED DOCUMENTS/LINKS

*Purchasing Procedures*

Matters Reserved to Council

Register of Delegations

| | |
|---|---|
| **Policy Compliance Officer** | Rudy Koh, Director Financial Reporting |
| **Policy Manager** | Chief Financial Officer |
| **Approval Authority** | Council |
| **Review Date** | 1st April 2032 |

**REVISION HISTORY** *(To be completed by Risk, Compliance and Audit)*

| Version | Approved/ Amended/ Rescinded | Date | Committee / Board / Executive Manager | Approval / Resolution Number | Key Changes & Notes |
|---|---|---|---|---|---|
| New | Approved | 03/07/2019 | Council | C 82/19 | (previously Borrowing Policy and Procedures) |

| Version | Approved/ Amended/ Rescinded | Date | Committee / Board / Executive Manager | Approval / Resolution Number | Key Changes & Notes |
|---|---|---|---|---|---|
| | Approved | 14/10/2026 | Council | C 149/2026 | Attachment A to Item 5.5 |