Appendix 1 - Approved Financial Instruments

Approved borrowing and financial instruments are as follows:

Category	Instrument
Working capital, seasonal and core borrowing	• Bank overdraft • Committed bank cash advance/revolving facilities • Bank term loans and term loan facilities • Medium Term Notes (MTN) and Floating Rate Notes (FRN) (up to 10 years) • Commercial Paper • Related party borrowings (up to 3 years)
Cash and treasury investments	• Bank bills (up to 90 days) • Bank term/call deposits • Bank Registered Certificates of Deposit (RCD) • Related party advances (up to 12 months)
Interest rate management (borrowing only)	Forward rate agreements ("FRAs") on: • Bank bills Interest rate swaps including: • Forward start swaps • Swap restructurings, extensions and shortenings Purchased interest rate options on: • Bank bills (purchased caps and 1:1 collars) • Interest rate swaptions (purchased swaptions and 1:1 collars only) Floating and fixed rate bank loans Fixed rate MTNs
Foreign exchange management	• Spot foreign exchange contracts • Forward exchange contracts • Forward exchange swaps • Foreign currency deposit account • Purchased options and collars (1:1 collar structures)

Any other financial instrument must be specifically approved by the University Council on a case-by case basis and only be applied to the one singular transaction being approved. Ministerial approval may also be required.

Application of policy hedging parameters

As per clause 8 of this policy, the fixed rate amount at any point in time for the core debt should be within the following maturity bands:

Core debt fixed rate limits		
Period	**Minimum**	**Maximum**
0 to 1 year	40%	100%
1 to 3 years	20%	80%
3 to 5 years	0%	60%

As an example, the following chart depicts interest rate hedging for an example $50m forecast ‘core’ debt position, applying the above hedging parameters. It is expected that the level of interest rate hedging will be managed to lie between the minimum and maximum levels (red lines on the chart) on a rolling basis.

Although the University’s bank borrowing facilities may not extend to the five-year horizon covered by these interest rate hedging control limits, it can be assumed that a replacement bank facility will be in place to meet the University’s ongoing funding requirements. Interest rate risk management decisions are therefore separate from funding decisions.