Economic Capital Management Policy

Section 1 - Introduction

(1) The University of Newcastle (University) does not have the capacity to directly control adjustments to its economic capital, as it:

a. cannot raise economic capital from shareholders; and
b. cannot reduce economic capital through dividends or other economic capital management strategies.

(2) The University does have the capacity to directly control adjustments to the mix of its assets and liabilities, as it makes decisions with respect to:

a. investment in fixed assets;
b. investment of financial assets;
c. incurring liabilities, including borrowings; and
d. engaging in operating activities.

(3) Accordingly, this policy is based on the management of the four controllable parameters above, using an "A" rating methodology.

Section 2 - Intent

(4) The intent of this policy is to provide a framework to manage the University's financial position, financial performance and cash flows, by reference to the financial metrics used by the main rating agencies.

Section 3 - Scope

(5) This policy applies to the University and its controlled entities as a group. Controlled entities are included in this policy's scope due to the impact they have on the University's consolidated financial position, financial performance and cash flows.

Section 4 - Audience

(6) This policy should be read and understood by Council members, Finance & Infrastructure Committee members, Chief Operating Officer, Chief Financial Officer, management staff of the University and its controlled entities.

Section 5 - Policy

Policy Principle

(7) The University will manage its financial position, financial performance and cash flows to maintain an "A" rating.

(8) In managing debt facilities under this policy, the University will give consideration to the funding requirements of its controlled entities.

(9) The University will give consideration to the allocation of internal loans to controlled entities, where deemed viable for the group.

Procedures

(10) The University will monitor its indicative or actual rating through the Capital Management Plan.

(11) The Chief Financial Officer may, by written determination, determine additional procedures for the implementation of this policy.

Section 6 - Roles and Responsibilities

Role	Responsibilities
The Council through the Finance & Infrastructure Committee	- Monitor actual and forecast performance against the Capital Management Plan to maintain an "A" rating. - Review consolidated business plans incorporating the initiatives proposed to maintain an "A" rating.
Management – principally delivered by the Chief Financial Officer	- Prepare a Capital Management Plan designed to achieve and maintain an “A” rating. - Recommend changes to the Capital Management Plan for approval. - Monitor and report actual and forecast performance against the Capital Management Plan to maintain an “A" rating. - Assess and report on the ongoing effectiveness of management plans to achieve a financial position, financial performance, and cash flows of an "A" rating.

Section 7 - Breaches

(12) If a breach of the "A" rating benchmark or our Capital Management Plan metrics occurs the Chief Financial Officer will present to the Council, within two months of the breach being first identified, a plan to remedy the breach. That plan will incorporate initiatives that will remedy the breach within a period of two years of identification unless an alternative period is specified by the Council, in which case the alternative period will apply.

Status and Details

Status	Current
Effective Date	9th October 2025
Review Date	9th October 2028
Approval Authority	Chief Financial Officer
Approval Date	9th October 2025
Expiry Date	Not Applicable
Responsible Executive	Michael Di Rienzo Chief Financial Officer
Enquiries Contact	Michael Di Rienzo Chief Financial Officer Financial Services

Glossary Terms and Definitions

"Council" - The governing authority of the University established under section 8A of the University of Newcastle Act 1989.

"University" - The University of Newcastle, a body corporate established under sections 4 and 5 of the University of Newcastle Act 1989.

"Council member" - A person who is a member of the University Council as described in Section 8B of the University of Newcastle Act, 1989.

"Asset" - Any tangible or intangible item (or group of items) that the University owns or has a legal or other right to control and exploit to obtain financial or other economic benefits.

"Controlled entity" - Has the same meaning as in section 16A of the University of Newcastle Act 1989.