As per the financial statements, the University recorded a consolidated surplus of $341.9 million in 2021. This compares to a consolidated surplus of $108.7 million in 2020.

The significant difference when comparing the 2 years (an increase of $233.2 million) is largely due to the 2021 result including:

- one-off Commonwealth Government Research Support Program grant revenue of $82.9 million forecast for expenditure in 2022
- additional investment revenue of $109.4 million due to more funds being invested and increased returns relative to the prior year
- additional endowed donation revenue of $51.2 million relative to the prior year

While the financial statements reflect a true and fair view of the financial position of the University and its consolidated entities in accordance with the applicable accounting standards, the more informative financial result is the ‘underlying consolidated EBITDA’ (earnings before interest, tax, depreciation and amortisation).

The underlying consolidated EBITDA represents the total annual funding available for major capital and infrastructure projects, operational plant and equipment, debt servicing and a contribution to the UQ Future Fund.

A breakdown of the items adjusted for as part of the underlying consolidated EBITDA is contained in the Reconciliation of Result to Underlying EBITDA table above right.

## Summary of Financial information

### University finances

#### Underlying consolidated EBITDA

The University’s underlying consolidated EBITDA was a surplus of $355.2 million in 2021. This compares to a surplus of $246.9 million in 2020.

#### Underlying consolidated revenue (excluding investment revenue)

The University’s underlying consolidated revenue (excluding investment revenue) increased by $33.8 million (or 2.6 per cent). This can be attributed to:

- An increase in the combined funding through the Commonwealth Grant Scheme (CGS), the Higher Education Loan Program (HELP), and HELP student contributions of $13.9 million (or 2.7 per cent). The number of Commonwealth-funded students rose by 0.7 per cent from 25,233 EFTSL in 2020 to 25,453 in 2021.
- An increase in course fees and charges of $1.9 million (or 0.7 per cent). The number of full-fee paying domestic and international students rose by 6.4 per cent from 17,448 EFTSL in 2020 to 18,516 EFTSL in 2021. However, growth in this revenue stream was minimal due to a higher percentage of students receiving the Commonwealth Postgraduate Research Scholarship (CPRS) and Australian Government Research Training Program (AGRTP) awards.
- An increase in non-research contract revenue of $8.6 million (or 4.7 per cent). This represents an increase of $65.2 million (or 85.9 per cent) and can be attributed to:
  - An increase in the unrealised returns on the long-term investment portfolio (excluding unspent endowment earnings) of $71.3 million. The annual return of the UQ Investment Fund was 23.74 per cent in 2021 compared to 15.80 per cent in 2020.
  - An increase in the unrealised returns on the medium-term investment portfolio of $15.2 million. The annual return was 11.69 per cent in 2021 compared to 17.8 per cent in 2020.
  - A decrease in the returns on investments in commercialisation entities of $27.9 million. The 2020 result included a significant one-off sale.

#### Underlying expenditure

The University’s underlying consolidated expenditure increased by $30.7m (or 0.6 per cent). This can be attributed to:

- A decrease in employee expenses of $24.6 million (or 2.4 per cent). This was largely driven by the following movements within the parent entity:
  - A 12 per cent decline in the average number of full-time equivalent (FTE) permanent staff
  - A 4.7 per cent rise in the average number of FTE casual staff
  - Salary rate increases of 2.7 per cent that occurred on 1 January 2021 in accordance with the University’s Enterprise Bargaining Agreement
- A decline in termination payments as the 2020 year included $76.4 million in costs associated with a Voluntary Separation Scheme (VSS) for eligible staff.
- An increase in non-employee expenditure on tied research, scholarship and other major project revenue, and the one-off Research Support Program grant revenue of $8.6 million (or 4.7 per cent). An increase in repairs and maintenance expenses of $12.2 million (or 17.9 per cent). This expenditure was low in 2020 due to a deferral of projects.
- An increase in the remaining expenditure categories of $15.7 million (or 3.8 per cent). Much of this related to the increased digital and on-campus activities, including: computing software and licences, student support, advertising and promotion, and marketing (e.g., consumables, insurance, printing and stationary, and trading purchases).

#### Capital expenditure

The University has continued to invest in major infrastructure. The total amount capitalised on property, plant, and equipment, and intangibles during 2021 was $239.5 million (2020: $192.0 million).

Major capital projects in 2021 included the completion of a new chemical engineering building (Andrew N. Liveris Building), the completion of new student accommodation (New Camody House), the acquisition of existing student accommodation (units in UniLodge on the St Lucia campus), and the development of a central hub for all student services and support (Student Central).
Investment Portfolio

Background
The University maintains 2 long-term managed investment portfolios – the UQ Investment Fund and the UQ Socially Responsible Investment (SRI) Green Fund. These portfolios serve 2 purposes. Firstly, they hold endowments received by the University over the past century. The principal amount of the endowment is invested in perpetuity and the investment earnings are used to support a particular purpose (e.g. scholarships, prizes, chairs) consistent with the donor’s intent. Secondly, they hold a portion of annual operating surpluses generated by the University in recent years. This is known as the UQ Future Fund and the funds are invested in the long-term to provide for (1) a stream of investment earnings that can be used for innovative or strategically important teaching and learning activities, and/or (2) a reserve to draw upon to absorb a large financial shock.

CFO Statement
In preparing the financial statements, the UQ Chief Financial Officer has fulfilled the reporting responsibilities as required by the Financial Accountability Act 2009. They have provided the accountable officer with a statement that the financial internal controls of the University were operating efficiently, effectively and economically in accordance with section 57 of the Financial and Performance Management Standard 2019.

UQ Investment Fund Performance

<table>
<thead>
<tr>
<th>Return Of Portfolio</th>
<th>Average CPI + 6%</th>
<th>Above/(Below) Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return over past year</td>
<td>23.74%</td>
<td>9.50%</td>
</tr>
<tr>
<td>Return over past 3 years</td>
<td>22.24%</td>
<td>7.84%</td>
</tr>
<tr>
<td>Return over past 5 years</td>
<td>14.57%</td>
<td>7.60%</td>
</tr>
<tr>
<td>Return over past 7 years</td>
<td>13.49%</td>
<td>7.45%</td>
</tr>
</tbody>
</table>

UQ Socially Responsible Investment Green Fund Performance

<table>
<thead>
<tr>
<th>Return Of Portfolio</th>
<th>Average CPI + 6%</th>
<th>Above/(Below) Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return over past year</td>
<td>28.15%</td>
<td>9.50%</td>
</tr>
<tr>
<td>Return over past 3 years</td>
<td>20.49%</td>
<td>7.84%</td>
</tr>
<tr>
<td>Return over past 5 years</td>
<td>13.40%</td>
<td>7.60%</td>
</tr>
</tbody>
</table>

UQ Investment Fund
The UQ Investment Fund is managed by external fund managers who are required to operate within designated asset allocation benchmarks. Each has responsibilities for investments in cash and fixed interest, listed property, Australian shares, overseas shares, tactical asset allocation, and private equity. The balance at 31 December 2021 was $950.0 million. Of this total, $427.5 million relates to endowments and $522.5 million relates to the UQ Future Fund.

The investment strategy of the UQ Investment Fund is to achieve a long-term return (net of all fund manager fees) of the Consumer Price Index plus an additional 6 per cent per annum. As at 31 December 2021, the fund had produced a one-year return of 23.74 per cent and a 7-year return of 13.49 per cent per annum (meeting its target).

The UQ Investment Fund has no direct investments in fossil fuel companies. The University regularly monitors the composition of investments managed by external fund managers and ensures fossil fuel companies do not form a material part of the total investment.

UQ Socially Responsible Investment (SRI) Green Fund
The UQ SRI Green Fund offers an alternative to donors providing endowments who are looking for socially responsible investments. The fund will not invest in companies involved with tobacco, armaments, gaming or pornography as they are not deemed socially responsible investments. Further, the fund will not invest in companies excluded from the FTSE All-World ex Fossil Fuels Index.

The fund managers are required to operate within designated asset allocation benchmarks and each has responsibilities for investments in cash and fixed-interest and Australian shares. The balance at 31 December 2021 was $5.8 million.

The investment strategy of the UQ SRI Green Fund is to achieve a long-term return (net of all fund manager fees) of the Consumer Price Index plus an additional 6 per cent per annum. As at 31 December 2021, the fund had produced a one-year return of 28.15 per cent. A 7-year return is not yet available as the fund was first established in 2016.