

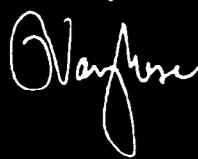
I am pleased to submit for presentation to the Parliament the Annual Report 2016 and financial statements for The University of Queensland.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*
- the detailed requirements set out in the *Annual report requirements for Queensland Government agencies*, April 2016.

A checklist outlining the annual reporting requirements can be found at uq.edu.au/about/annual-reports.

Yours sincerely



Peter N Varghese AO

Chancellor

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Public availability note

This volume and the Annual Financial Statements (Volumes 1 and 2) are available from the UQ Office of Marketing and Communications (see inside back cover) or online at uq.edu.au/about/annualreport.

The following information is also available online at uq.edu.au/about/annualreport:

- Consultancies
- Overseas travel.

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Interpreter Service Statement

The University of Queensland (UQ) is committed to providing accessible services to people from all culturally and linguistically diverse backgrounds. If you have difficulty understanding this 2016 Annual Report, please contact UQ's Institute of Modern Languages on (07) 3346 8200 to arrange an interpreter to effectively communicate this report to you.

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Front cover image: UQ Gatton's 3.275 megawatt Solar Research Facility features sheep, which are also used by the Vet School for teaching purposes, to help manage grass and reduce the need for mowing.

creating change

While various commentators understandably judged 2016 a year of historic flux, at The University of Queensland it was a year for facing up to the challenges of change and, in many cases, directing change towards more positive outcomes. Wherever improvements have occurred, they are due to the commitment of great people, and I thank all UQ staff, students and alumni, as well as our partners in government, the private sector, not-for-profits and philanthropy. Together, you enable fact-based knowledge leadership, which is increasingly important to the future of society.

The immense value UQ brings to Queensland and Australia is entwined with our global relationships and stature. It was therefore very pleasing to see our strength reaffirmed by many international sources, including the Academic Ranking of World Universities, where UQ rose 22 places to rank 55th among more than 10,000 universities globally, and the *Nature* Index, where we remained the top Australian institution.

High ratings are among the factors that attract discerning international students, who in 2016 contributed approximately \$385.5 million in direct tuition fees. On top of that came their spending on items such as accommodation, food and entertainment, and their cultural, social and reputational contributions.

Maintaining UQ's appeal to dedicated, ambitious students requires judicious planning and vigilance across our complex enterprise, and work is underway on a 2018-2020 Strategic Plan. It will be a guide for meeting various challenges and opportunities for the higher education sector, including matters such as the mix of international students and the rise of online learning.

The Strategic Plan will be anchored in UQ's values, and will support a 10-year statement of strategic intent covering our future directions and focus. It will be informed by master-planning for the St Lucia campus, and particularly by our new Student Strategy—launched in July after extensive consultation with students, staff and alumni. Broadly, the strategy is a guide for equipping students to be game-changing graduates, and this annual report documents some of the ways this is being realised.

An umbrella goal of the Student Strategy is an integrated learning environment, which received welcome impetus in May when the Queensland Government agreed to lend UQ up to \$251 million to create a 1300-bed residence on the St Lucia campus.

UQ's research edge is another must-have for students at all levels of study. Many of our researchers are exceptional in their fields, as reflected not only in the rankings and in Excellence in Research for Australia,

VICE-CHANCELLOR AND PRESIDENT'S REVIEW

but also in our position as equal 42nd in the world on the highly cited researchers list.

Our staff and students compete strongly for external funding and, for three years running, UQ has been Australia's first or second university as measured by total research income. Indeed, from a batch of Australia Research Council funding announced in May, UQ received more dollars than all universities in Western Australia, South Australia and the Australian Capital Territory combined.

UQ's significance to Queensland is underlined by our success in winning funding under Advance Queensland programs, including research fellowships, innovation partnerships, and PhD scholarships.

Despite downturns in key sectors such as resources, industry continues to invest in UQ, and we are on-target to double research income from industry between 2012 and 2020. Examples of major industry confidence have come from both Baosteel, which added a five-year extension to the Baosteel-Australia Joint Research and Development Centre (hosted by UQ), and Boeing, which will co-locate advanced research and development staff at the St Lucia campus—the only arrangement of its kind outside the United States and United Kingdom.

Fuelled significantly by excellent fundamental, applied and translated research, UniQuest has continued to perform as Australia's leading university commercialisation company. Among its 2016 transactions of note are one of the largest-ever series A raisings for Australian university intellectual property, and a licensing agreement that could lead to new therapies for patients in the aftermath of chemotherapy.

However, even great success in attracting funding does not inoculate a university from financial stresses afflicting the sector. UQ has been making difficult but necessary changes with the intention of not only stabilising, but also strengthening present and future academic endeavours and global reputation.

The University leadership greatly appreciates the patience and cooperation of staff—particularly those who have been directly affected, as well as people who have supported colleagues through change.

While our institution is global, we remain true to our roots as Queensland's 'people's university'. The people we serve are now increasingly diverse; for instance, the number of Aboriginal and Torres Strait Islander students who graduated in 2016 was more than twice the number of 2012. We need to make even more progress here, but the growth is encouraging.

Adding to the benefits for Queensland communities are partnerships in vital sectors such as health. One case in point is a new alliance with Metro North Hospital and Health Services, which will simultaneously give the community dental services, train dental professionals, and upskill the existing dental workforce.

UQ people have also continued to provide research and advice to facilitate government policies and targets in diverse areas—including domestic violence, renewable energy, and Great Barrier Reef water quality.

If still more evidence of the value of our community's work is needed, it is easily found among our alumni. Fast approaching a quarter of a million in number, alumni make durable contributions in perhaps every field of endeavour. Herein lies our most significant output as a leading educational institution. A mere glance across the sweep of alumni appointments announced in 2016 shows the Chair of the American Manufacturing Council, the Secretary of the Australian Department of Communication and Arts, a Director of the Reserve Bank of Australia Board (who joined two alumnae already on the board), Australia's first Small Business and Family Enterprise Ombudsman, the Chief Executive Officer of Trade and Investment Queensland, and Queensland's first Chief Entrepreneur.

In July a high-achieving alumnus, Mr Peter N Varghese AO, became the 14th UQ Chancellor. He has come full circle in his career, having spent almost four decades since graduation working interstate and internationally in the Australian Public Service. He held senior positions in foreign and trade policy and intelligence—including most recently as Secretary of the Department of Foreign Affairs and Trade.

Peter chairs a Senate of high calibre, as exemplified by Dr Jane Wilson, who acted as Chancellor for the first half of 2016. A UQ graduate in medicine and surgery, Jane



is highly sought-after in corporate circles and in November she took account of the demands on her time as a director of several companies, and resigned from Senate. Jane has served UQ in many capacities, including as a senator since 2006, and I thank her and all senators who generously devote their expertise to UQ's good governance.

Leadership is intrinsic to the University's progress, and we were sadly prompted to reflect on the influence of an outstanding and transformative Vice-Chancellor and President, Emeritus Professor John Hay AC. John, UQ's leader from January 1996 until December 2007, died in November. Although we mourned his loss, it was an honour to welcome Mrs Barbara Hay and their children back to UQ for a beautiful commemoration.

John was instrumental in positioning UQ as a 21st-century university with a tremendous professional and academic workforce, and a stream of fine students who evolve into wonderful alumni. These assets will serve the University handsomely, as we not only face our own challenges, but also help others respond to and anticipate challenges of state, national and global significance.

Professor Peter Høj
Vice-Chancellor and President