

# KEY STATISTICS

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<b>Number of students</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016<sup>1</sup></b>
TOTAL	45,548	46,863	48,804	50,749	50,830	51,070
% Female <sup>2</sup>	55.4	55.3	55.4	55.2	55.0	54.5
Commencing	16,288	16,377	17,649	18,395	17,426	17,802
% Female <sup>2</sup>	57.0	56.9	56.8	57.0	56.5	55.8
<b>Student load (EFTSL)<sup>3</sup></b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016<sup>1</sup></b>
TOTAL	36,289	37,022	38,416	39,963	40,029	40,217
Undergraduate and non-award	28,155	28,989	30,367	31,574	30,916	30,176
Postgraduate coursework	5065	4937	4920	5224	5829	6752
Postgraduate research	3069	3096	3129	3164	3283	3290
<b>Student load by funding type (EFTSL)<sup>3</sup></b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016<sup>1</sup></b>
Commonwealth funded <sup>4</sup>	25,216	26,061	27,361	28,311	28,056	27,561
Domestic full fee paying	1697	1771	1797	1849	1777	1743
International fee paying	9377	9190	9258	9802	10,196	10,913
<b>Award completions</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016<sup>1</sup></b>
TOTAL	10,408	10,785	11,042	11,618	12,079	12,050
Undergraduate	6298	6623	6947	7221	7609	7680
Postgraduate	4110	4162	4095	4397	4470	4370
<b>Staff (FTE)<sup>5</sup> as at 31 March<sup>6</sup></b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
TOTAL	6548	6751	6892	6816	6791	6703
<b>Academic</b>						
Teaching and research	1331	1320	1265	1240	1207	1145
Research focused	1227	1320	1438	1436	1452	1460
Teaching focused	165	171	156	179	149	139
Other	20	25	24	28	26	28
SUB-TOTAL	2743	2836	2883	2883	2834	2772
<b>Professional</b>						
Research focused	623	642	633	593	547	490
Other	3182	3273	3376	3340	3410	3441
SUB-TOTAL	3805	3915	4009	3933	3957	3931
<b>Operating revenue (\$'000)</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Commonwealth Grant Scheme grants <sup>7</sup>	248,294	286,185	298,314	304,775	309,946	322,135
HECS-HELP and HECS-HELP student payments <sup>7</sup>	161,654	167,619	207,614	220,301	215,801	215,643
FEE-HELP and course fees and charges <sup>8</sup>	293,498	306,423	322,446	358,041	388,106	431,488
Research block grants <sup>9</sup>	119,581	130,925	132,981	137,466	144,480	149,136
Other government revenue <sup>10</sup>	447,071	325,003	321,368	332,907	316,597	285,358
Consultancy and contract revenue <sup>11</sup>	171,529	174,431	180,405	148,796	170,865	152,973
Other revenue <sup>12</sup>	195,777	192,103	208,443	186,387	167,017	194,377
<b>TOTAL</b>	<b>1,637,404</b>	<b>1,582,689</b>	<b>1,671,571</b>	<b>1,688,673</b>	<b>1,712,812</b>	<b>1,751,110</b>

<sup>1</sup> Figures for 2016 are preliminary. Data will be finalised in mid-2017.

<sup>2</sup> There has been a reassessment of how gender figures have been classified. As such, the data has been recomputed to reflect these changes retrospectively. Female and male percentages may not add up to 100 per cent as persons classified as Other are excluded.

<sup>3</sup> EFTSL figures may not add up to totals due to rounding. EFTSL = equivalent full-time student load.

<sup>4</sup> Commonwealth funded load comprises Commonwealth Grant Scheme (CGS) load, Research Training Scheme (RTS) load and extended domestic postgraduate research load.

<sup>5</sup> FTE = full-time equivalent. Data excludes casuals.

<sup>6</sup> The staff classifications shown here align with the reporting of data to the Department of Education.

<sup>7</sup> Revenue received for the teaching of the undergraduate student load.

<sup>8</sup> Revenue received from fee-paying students.

<sup>9</sup> Revenue consists of funding through Joint Research Engagement Program, Research Training Scheme, Research Infrastructure Block Grants, and Sustainable Research Excellence in Universities.

<sup>10</sup> Revenue includes capital grants and research funding from Australian Research Council and National Health and Medical Research Council.

<sup>11</sup> Revenue includes non-government competitive grant research funding.

<sup>12</sup> Revenue includes investment income, donations and scholarships, other fees and charges, and sales of goods and services.

# SUMMARY OF FINANCIAL INFORMATION

As per the financial statements, the University recorded a consolidated deficit of \$15.5m for 2016. This compares to a consolidated surplus of \$58.5m in 2015.

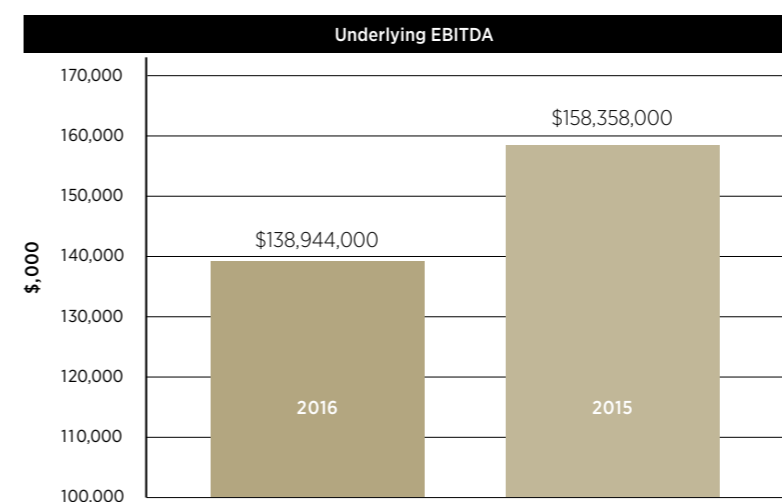
While the financial statements reflect a true and fair view of the financial position of the University and its consolidated entities in accordance with the applicable accounting standards, the University believes that the more relevant financial result is the underlying consolidated EBITDA (earnings before interest, tax, depreciation and amortisation). This represents the total funding available for debt servicing, major capital projects, and operational property, plant and equipment.

A breakdown of the items adjusted for as part of the underlying consolidated EBITDA is contained in the table *Reconciliation of operating result to underlying EBITDA* on page 8.

## University finances

### Underlying EBITDA

The underlying consolidated EBITDA moved from a surplus of \$158.5m in 2015 to a surplus of \$138.9m in 2016 – a decline of \$19.6m.

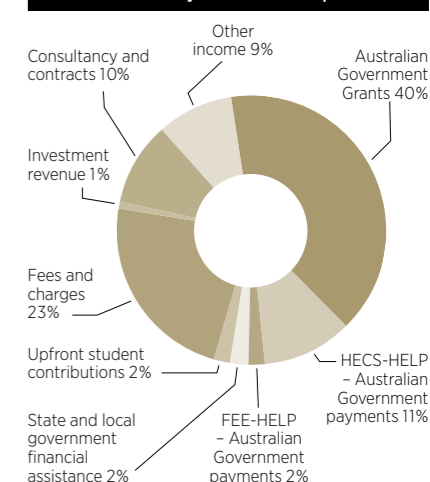


### Underlying income

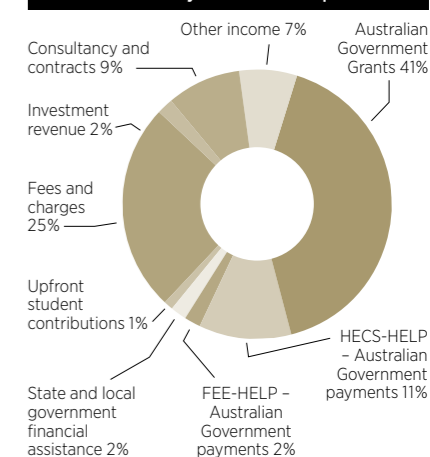
The University's underlying consolidated income increased by \$11.1m (or 1 per cent). This can be attributed to:

- An increase in course fees and charges of \$39.5m (or 10 per cent). The number of full-fee paying domestic and international students rose by 5.7 per cent from 11,973 EFTSL in 2015 to 12,656 EFTSL in 2016. Also contributing to the increase was fee band indexation of 4.0 per cent.
- An increase in the combined funding through the Commonwealth Grant Scheme (CGS), the Higher Education Loan Program (HELP), and HELP student contributions of \$12.0m (or 2 per cent). The number of Commonwealth-funded students fell by 1.8 per cent from 28,056 EFTSL in 2015 to 27,561 in 2016. Despite the drop, revenue increased slightly due to indexation and a refund of CGS funding previously withheld in the prior year.
- An increase in non-tied Research Block Grant funding of \$5.5m (or 3 per cent)

Revenue: University of Queensland parent 2015



Revenue: University of Queensland parent 2016



largely due to additional monies received through the Sustainable Research Excellence and Research Training Scheme programs.

- A decrease in tied research, scholarship and other major project income of \$17.5m (or 4 per cent). As the underlying result does not recognise such revenue until it is expended, this decrease is due to a related decrease in research expenditure.
- A decrease in the fair value gains from commercialisation investments of \$11.7m. This is largely the result of a \$16.5m gain in 2015 following the sale of an investment in Spinifex Pharmaceuticals Pty Ltd.
- A decrease in non-tied donations and bequests of \$10.0m (or 28 per cent).
- A decrease in insurance proceeds of \$3.2m due to one-off funds received in 2015 in relation to storm damage that occurred in November 2014.
- A decrease in the remaining revenue categories of \$3.5m (or 2 per cent) due to a small decrease in other activities.

### Underlying expenditure

The University's underlying consolidated expenditure increased by \$30.7m (or 2 per cent). This can be attributed to:

- An increase in employee expenses of \$14.9m (or 2 per cent). This was driven by the following movements within the parent entity: a 0.6 per cent drop in the number of full-time equivalent (FTE) staff, salary and wage increases of 3.0 per cent on 1 January 2016 in accordance with the University's Enterprise Bargaining Agreement, and an increase in annual leave and long service leave taken.
- A decrease in non-employee expenditure on tied research, scholarship and other major project income of \$8.9m (or 5 per cent). Contributing to the decline was the completion of the Gatton Solar Flagships solar array in 2015.
- An increase in repairs and maintenance expense of \$10.4m (or 16 per cent) due to the timing of refurbishment works across the University.
- An increase in commissions paid of \$5.5m (or 19 per cent) due to an increase in international student numbers and an increase in students involved in the UQ-Ochsner Medical Program.
- An increase in the remaining expenditure categories of \$8.8m (or 2 per cent).

### Capital expenditure

The University has continued to invest in major infrastructure. The total amount capitalised on property, plant and equipment during 2016 was \$110.6m (2015: \$87.9m).

The two major capital projects undertaken in 2016 were the new Synthetic Fields Precinct and a major refurbishment of the Forgan Smith Building.

### Investment Portfolio

#### UQ Investment Fund

The University has a total of \$176.7m in a long-term investment portfolio that is managed by external specialist fund managers. Known as the UQ Investment Fund, it holds portfolio trust and bequest funds received in past years.

The fund managers are required to operate within designated asset allocation benchmarks and each has responsibilities for investments in cash and fixed interest, listed property, Australian shares, overseas shares, tactical asset allocation, and private equity.

The investment strategy of the UQ Investment Fund is to achieve a long-term return of the Consumer Price Index (CPI) plus an additional 6 per cent. The portfolio produced a return of 7.6 per cent for the year to 31 December 2016.

#### UQ Socially Responsible Investment (SRI) Green Fund

The University has a total of \$3.2m in another long-term investment portfolio managed by external fund managers. Known as the UQ Socially Responsible Investment (SRI) Green Fund, this fund was established in January 2016 through Dalton Nicol Reid. UQ has committed \$3 million to the establishment of this fund, which is seen as complementing its commitment to the United Nations-supported Principles for Responsible Investment initiative. The option to invest in this fund—as opposed to the general UQ Investment Fund—will be provided to donors.

UQ Investment Fund Performance			
	Return Of Portfolio (%)	Average CPI plus 6% (%)	Above/(Below) Target (%)
Return over past year	7.57	7.28	0.29
Return over past 3 years	9.95	7.75	2.20
Return over past 5 years	15.62	7.89	7.73
Return over past 7 years	9.50	8.23	1.27

UQ Socially Responsible Investing (SRI) Green Fund Performance			
	Return Of Portfolio (%)	Average CPI plus 6% (%)	Above/(Below) Target (%)
Return over past year	8.76	7.28	1.48

Externally funded chairs		
Contributor	2016 (\$)	Chair
Malcolm Broomhead	1,000,000	Malcolm Broomhead Endowed Chair in Finance
Arthritis Queensland	150,000	Chair in Rheumatology
Mount Isa Mines Ltd	50,000	Chair in Metallurgical Engineering
Paul Eliadis	76,000	Paul Eliadis Chair of Classics and Ancient History
Queensland Institute of Dermatology	150,000	Chair in Dermatology
Aegium Foundation	127,500	Masonic Chair in Geriatric Medicine
Mater Foundation	80,000	Chair in Perinatal Medicine
Leukaemia Foundation	200,000	Leukaemia Foundation Queensland Chair in Blood Cancer Research
Department of Transport and Main Roads	200,000	TMR Chair

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 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.

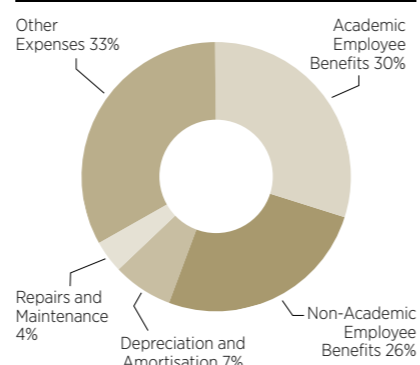
The investment strategy of the UQ SRI Green Fund is to achieve a long-term return of the Consumer Price Index (CPI) plus an additional 6 per cent. The portfolio produced a return of 8.8 per cent for the year to 31 December 2016.

### Reconciliation of Operating Result (Income Statement in Published Financials) to Underlying EBITDA

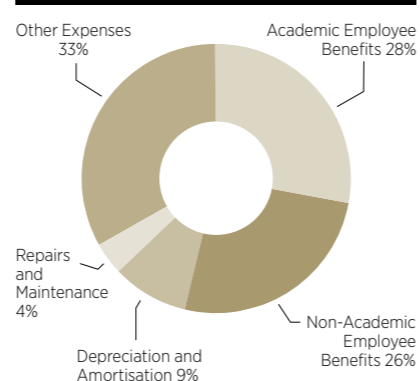
	Consolidated 2016 \$'000	Consolidated 2015 \$'000	Variance \$'000
Net operating result before income tax as per University's published financial statements <sup>1</sup>	(15,477)	58,479	(74,139)
Income tied to major capital projects <sup>2</sup>	5856	(1922)	7778
Movement in unspent research, scholarship and major project income <sup>3</sup>	(899)	1112	213
Fair value gain on TRI Investment	462	270	192
Interest expense on Smart State loans	-	47	(47)
Donations for managed investment portfolio <sup>4</sup>	(12,406)	(10,405)	(2000)
Unspent investment portfolio losses/(gains) <sup>4</sup>	(8970)	(15,443)	(6473)
<b>UNDERLYING OPERATING RESULT BEFORE INCOME TAX</b>	<b>31,433</b>	<b>29,914</b>	<b>61,530</b>
Depreciation and amortisation expense	160,681	125,365	35,316
Loss/(gain) on disposal of property, plant and equipment	17,666	3596	14,070
Donated assets	(7930)	(954)	(6976)
Interest revenue	(11,559)	(10,753)	806
Interest expense	11,554	11,280	274
Income tax expense	(34)	90	59
<b>UNDERLYING EBITDA</b>	<b>138,944</b>	<b>158,538</b>	<b>(19,593)</b>

<sup>1</sup> This is the net operating result of the consolidated entity before income tax as per the University's statutory financial statements.  
<sup>2</sup> This category represents funding provided by governments and other sources for specific major capital projects. This funding is not available for the general operating expenditure of the University.  
<sup>3</sup> In accordance with Australian Accounting Standards, the majority of the University's tied research, scholarship and major project income is recognised as received (as opposed to when it is spent or earned). This mismatch can create significant fluctuations in the operating result. The increase/decrease in unexpended tied research, scholarship and major project income is therefore excluded from the underlying operating surplus as it is not available for the general operating expenditure of the University and must be refunded if not spent or earned in future years.  
<sup>4</sup> Funds invested in the managed investment portfolio are restricted funds set aside for corpus donations and bequests earmarked for purposes specified by the giver. Such donations are not available for the general operating expenditure of the University nor is the unspent increase/decrease in the fair value of the portfolio.

### Expenditure: University of Queensland parent 2015



### Expenditure: University of Queensland parent 2016



### 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*. He has 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 Standards 2009*.