As per the financial statements, the University recorded a consolidated surplus of $72.7m for 2018. This compares to a consolidated surplus of $47.6m in 2017.

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 39.

### FINANCIAL INFORMATION

#### UNIVERSITY FINANCES

**Underlying EBITDA**

The underlying consolidated EBITDA moved from a surplus of $207.0m in 2017 to a surplus of $192.7m in 2018. The fall of $14.3m is largely due to a decline in the value of the University’s investment in the Queensland Investment Corporation Growth Fund.

**Underlying income**

The University’s underlying consolidated income increased by $39.7m (or 5 per cent). This can be attributed to:

- An increase in course fees and charges of $100.3m (or 21 per cent). The number of full-fee paying domestic and international students rose by 14.2 per cent from 14,098 EFTSL in 2017 to 16,001 EFTSL in 2018. Also contributing to the increase were price increases.
- A decrease in the combined funding through the Commonwealth Grant Scheme (CGS), the Higher Education Loan Program (HELP), and HELP student contributions of $9.5m (or 2 per cent). The number of Commonwealth-funded students fell by 3.8 per cent from 27,030 EFTSL in 2017 to 26,011 EFTSL in 2018.
- An increase in tied research, scholarship and major project income of $4.3m (or 3 per cent). This funding is not available for the general operating expenditure of the University.
- An increase in repair and maintenance expenditure of $6.4m (or 9 per cent) due to additional works performed to help reduce the backlog of deferred maintenance.
- An increase in the remaining expenditure categories of $12.7m (or 3 per cent) due to increased international student numbers, information technology projects, software and licences, and library electronic materials.

**Underlying expenditure**

The University’s underlying consolidated expenditure increased by $113.0m (or 9 per cent). Contributing to the increase were rises in commission payments (due to increased international student numbers), information technology projects, software and licences, and library electronic materials.

**Summary of Financial Information**

As per the financial statements, the University recorded a consolidated surplus of $72.7m for 2018. This compares to a consolidated surplus of $47.6m in 2017.
Capital expenditure
The University has continued to invest in major infrastructure. The total amount capitalised on property, plant and equipment during 2018 was $722.4m (2017: $92.1m).

Major capital projects commenced in 2018 include the construction of a solar farm in Warwick, a new chemical engineering building and new childcare centre at St Lucia, and a central chiller station at Gatton.

Investment Portfolio
UQ Investment Fund
The University has a total of $224.3m 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 negative return of 21 per cent for the year to 31 December 2018.

UQ Socially Responsible Investment (SRI) Green Fund
The University has a total of $3.4m 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 2016 and provides an alternative to those providing donations and bequests. The University contributed $3m towards the establishment of this fund.

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 involved with tobacco, armaments, gaming or pornography as they are not deemed socially responsible investments. 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 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 negative return of 21 per cent for the year to 31 December 2018.

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.

UNIVERSITY GOVERNANCE
The governing body of the University is the Senate, as constituted by the University of Queensland Act 1998. Senate has 22 members, comprising official members, appointed members, elected members and additional members.

Senate achievements
In 2018, UQ Senate:
- under the Seal of the University, conferred 13,902 awards to 12,692 students—including 578 PhD candidates
- approved the Reconciliation Action Plan 2019–2022
- participated in the University’s brand refresh
- adopted the revised version of the Voluntary Code of Best Practice for the Governance of Australian Universities
- approved the UQ Governance and Management Framework
- UQ Senate Charter, and updated UQ Standing Orders
- concluded the changes required as a consequence of the passing of the University Legislation Amendment Act 2017, in particular the updating of the Senate and Academic Board Elections Policy
- invited eight nominees to receive an honorary doctorate from UQ and one to receive a Gatton Gold Medal.

Financial reporting
The general financial reports prepared in accordance with prescribed requirements. The University of Queensland is a statutory body and is audited by the Queensland Audit Office.

Remuneration
The option of remunerating members was introduced in 2018 by way of the University’s Policy on Senate Remuneration and due to the passing of the University Legislation Amendment Act 2017. See also uq.edu.au/about/year-ended-december-31-2018.

2018 UQ Senate
Front row, from left: Professor Greg Hargreaves, ANU; Professor Peter Høj, AC (Vice-Chancellor and President); Peter N Varghese, AD (Chancellor); Tania Ferraro (Deputy Chancellor); Professor Peter Adams, University of Queensland; Back row: Whiti te Rangi; Dr Sally Ritton, Grant Mundich; Michelle Fredericks, Adjunct Associate Professor Emily Ritterman, AD; Associate Professor Douglas Craven, Thomas Haskayne; Timothy Cremorne; Absent: Kathy Henschke, Dr Zelle Hodge, AM; Rebecca Hunt; Jamie Merrick; Associate Professor Tony Roberts; Cecile Wake.