Our finances: an overview

Our 2001 financial operations produced a surplus of $37 million – a substantial increase on the $12.6 million achieved in the previous year. There was substantial growth in fees and charges, particularly tuition fees, and in external funding for major University initiatives.

We determined our operating result after:

- capitalising property, plant and equipment ($76.5 million) less depreciation ($50.4 million), and
- recording surpluses of $21.5 million in restricted funds. These represent gifts and donations (see page 32, 43), specific research grants and other funds.

Our Operating Budget represents about two-thirds of our total income. It supports major teaching and research activities and associated services. We derive the remainder of our income from:

- specific research grants and contracts,
- provision of services to the community, and
- funds for scholarships, prizes and other special purposes nominated by donors.

The financial pressure experienced in recent years continued during 2001 and Operating Budget expenditure exceeded income by $11.4 million. This resulted in a cumulative budget deficit of $7.7 million – the first operating budget deficit for many years.

We expect a bigger Operating Budget deficit at the end of 2002, largely as a result of payment of the next instalment of the Enterprise Bargaining agreement (see page 46).

An operational priority in our Strategic Plan 2000-2004 is to increase non-Government income (i.e. income not derived from the Commonwealth Government operating grant) to 55 percent of total income by 2004.

We exceeded this target in 2001 by achieving 56 percent of total income from outside sources – up from 53 per cent in the previous year.

Our investment policy is to earn a rate of return which, over the long term, allows distribution of 4.5 percent of the initial value of the portfolio, indexed to the Consumer Price Index (CPI) for all future years.

At the end of 2001 our long-term investment portfolio had a market value of $81 million. Invesco (previously County Investment Management Limited) manages this portfolio and achieved a return of 5.6 percent for the year, compared with the benchmark return of 5.1 percent. Asset allocation benchmarks were:

- Australian equities 30 percent
- Overseas equities 17 percent
- Property trust 8 percent
- Australian fixed interest 30 percent
- Liquid assets 15 percent

In addition to managing effectively our

- Government grants,
- competitively-awarded research funding (see pages 28-29) and
- investments and endowments,

we were again active in direct fundraising (see page 43). Our 10th annual appeal, now known as the Chancellor’s Fund, raised $1,156,059 (see page 43).

This supported a range of activities including scholarships, research, equipment, Library resources and UQ-Link (see pages 24-25), our
special entry program for students from disadvantaged backgrounds.

**Developing our campuses**

The year’s highlights included:

- our largest lecture theatre refurbishment program to date, heralding a multi-million dollar building initiative over the next five years (see page 44); and
- the promise of another $3 million in Federal funding in 2003 for UQ Ipswich, on top of $2.3 million committed for 2002. This will fund Stage Three – a purpose-built Library and Resource Centre at the geographic heart of the ultra-modern Ipswich campus, opened three years ago.

Property and Facilities Section staff managed a capital program totalling $150 million in 2001. This included continuing work on three very large projects due for completion in 2002:

- UQ Centre ($20.6 million);
- General Purpose North Stage Three ($15 million); and
- UQ/CSIRO Joint Building Project ($110 million) to house Australia’s first Institute for Molecular Bioscience (see pages 29, 30, 32, 40, 50). We also began designing associated campus improvements ($3 million).

At UQ Gatton we completed:

- a new building for the School of Natural and Rural Systems Management ($5 million);
- a laboratory refurbishment ($1.4 million); and
- new Animal Studies laboratories ($600,000).

Other 2001 projects included:

- refurbishing Otto Hirschfeld Building for Anatomical Sciences ($6 million);
- documentation for refurbishing Hartley Teakle Building ($3.5 million);
- improving OH&S in the Chemistry Building ($1 million);
- preliminary stage of alterations for a language laboratory in Joyce Ackroyd Building ($400,000);
- new Glasshouse Services Unit Building ($850,000);
- cricket pavilion to replace WEP Harris Pavilion ($530,000);
- refurbishment for the Centre of National Research on Disability and Rehabilitation Medicine (CONROD), Medical School, Herston ($883,000);
- relocation of SunShark (a student-developed solar-powered vehicle) facility ($225,000);
- rehabilitating lecture theatre E109 in Forgan Smith Building ($350,000);
- renovating Cumbrae Stewart Building roof ($212,000); and
- replacing cooling towers/chillers in Ritchie Laboratories and the Medical School ($800,000).

### OPERATING BUDGET AND ACTUAL EXPENDITURE

<table>
<thead>
<tr>
<th></th>
<th>2000 Actual ($ million)</th>
<th>2001 Budget ($ million)</th>
<th>2001 Actual ($ million)</th>
<th>2002 Budget ($ million)</th>
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<tbody>
<tr>
<td><strong>INCOME</strong></td>
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<td>Academic activities</td>
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<td>Research only</td>
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<td>University overheads</td>
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<td>Power, lighting and heating</td>
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<td>Minor works</td>
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<td><strong>TOTAL EXPENDITURE</strong></td>
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<td>363.115</td>
<td>387.511</td>
<td>388.155</td>
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<td><strong>SURPLUS (DEFICIT) FOR YEAR</strong></td>
<td>(22.904)</td>
<td>0.000</td>
<td>(11.430)</td>
<td>0.000</td>
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### INVESTMENT PORTFOLIO AT DECEMBER 31, 2001

- Cash Deposits and Balances 16%
- Property Trusts 9%
- Fixed Interest Trust 28%

Total market value = $81,220,158.67

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Caring for our environment

Research outcomes (see pages 30, 31, 33, 34), responsible management and high levels of environmental awareness backed continuing efforts to preserve our environments.

Internal audits of a number of schools and centres also boosted awareness and observance of environmental practices addressed in our Environmental Management Systems (EMS) www.pf.uq.edu.au/ems-stlucia.html

Our 2001 operating budget for Environmental Services was $140,000 and contributions from Site Works, Site Services, Capital Management Plan and Deferred Maintenance brought total spending on environmental projects this year to more than $600,000.

Projects included the following.

■ When our lease expired on a 243ha site in Bribie Island National Park, we removed more than 200 antennae, footings and other structures with minimal disturbance to parkland.

■ Following complaints about night-time noise from plant at the School of Medicine, we built a dedicated attenuated chiller station. Other noisy units were decommissioned, replaced, relocated or rescheduled for daytime use.

■ After a landslip near our rowing shed we surveyed the riverbank and worked on priorities for stabilisation, as part of an ongoing assessment and rectification program.

■ The CSIRO Building demolition in 2000 removed a noise buffer for nearby areas and led to complaints about noise from chillers on the Otto Hirschfeld Building roof. We resolved this by installing quieter units elsewhere as part of the building’s refurbishment.

As part of our 10-year plan to develop Environmental Management Services for all campuses and high-risk sites, we maintained sustainable development concepts. Outcomes included:

■ a comprehensive plan for monitoring and reducing energy and water usage, for progressive implementation;

■ increased use of our Building Management System for more efficient electrical and mechanical systems;

■ a recycling system to reduce waste going to landfill;

■ maintenance of ISO 14001 certification for the St Lucia campus EMS; and

■ development and/or implementation of EMS for UQ Gatton, the School of Medicine, Moreton Bay Research Station and the Dental School.

The year 2002

■ The $105 million UQ/CSIRO Joint Building Project will open on the St Lucia campus as headquarters for the Institute for Molecular Bioscience.

■ We will upgrade our inter-campus IT network with high-speed fibre optic links connecting St Lucia with UQ Gatton, and later St Lucia with UQ Ipswich.

■ A purpose-built facility for the $60 million Australian Institute for Bioengineering and Nanotechnology (see page 31) will begin construction on the St Lucia campus.

■ We will begin a Timetabling Replacement Project (due for launch in Semester Two, 2003) to maintain efficient class and exam timetabling.