Information systems and recordkeeping

The University continues to promote compliance with the Public Records Act 2002 (information Standard 98 (2018) and the 2022PR01) information security management system. In 2022, UQ made key system improvements to recordkeeping, information management, and security and information systems to support University objectives and priorities, including:

- The next phase of the Human Capital Management System (human resources) transformation began, focusing on implementing modern, integrated payroll and time and attendance capabilities. This will enhance the consistency and accuracy of key staff and payroll-related information, and allow the decommissioning of legacy systems.
- A new customer relationship management platform was implemented, enabling more effective communications with prospective students and the decommissioning of legacy solutions.
- Multi-factor authentication was applied to all student user accounts, adding an important layer of security to the University systems.
- A 5-year Technology Master Plan was developed to ensure UQ’s investment in information systems is considered and coordinated at an enterprise level and aligns with and enables UQ’s Strategic Plan. The consultative plan will be submitted for approval in 2023.
- UQ continued to deliver components of the Information Governance and Management Framework, recapitulating the entire strategy for information governance. Activities included:
  - The University’s Information Governance and Management Framework and Information Management Policy are undergoing a comprehensive review to ensure legislative alignment, clarify roles and responsibilities, clarify connections with records management, incorporate principles of data ethics and further streamline the framework. These aspects will now enter a consultation phase before being submitted for approval in 2023.
  - Data awareness campaigns and staff development training are continuing. These aim to increase the data literacy of all UQ stakeholders.
  - A structured data sourcing process is being implemented as part of the governance of IT projects with data requirements.

Human rights

The Human Rights Act 2019 has been in operation since January 2020, with its main objectives being to:

- protect and promote human rights
- help build a culture in the Queensland public sector that respects and promotes human rights
- help promote a dialogue about the nature, meaning and scope of human rights.

The University is committed to ensuring all decisions and actions taken are compatible with human rights. During 2022, the University continued to embed processes to ensure new or revised policies and procedures were compatible with human rights. Further decision-making training and resources were made available to UQ staff, which included tailored training in making decisions consistent with human rights.

UQ received no human rights complaints in 2022. Of the 2 complaints that raised human rights concerns in 2020, one matter was settled and discontinued in 2021, while the other was dismissed in 2022.

External scrutiny

Notably, the University of Queensland was identified by a State entity in 2022.

Summary of Financial information

As per the financial statements, the University recorded a consolidated deficit of $310.8 million in 2022. This compares to a consolidated surplus of $341.9 million in 2021.

The significant difference when comparing the 2 years (a decrease of $652.7 million) is largely due to:

- A $45.0 million investment in movement in investment revenue. In 2021, the University recorded investment revenue of $220.7 million as being global stock markets created positive returns for the medium and long-term portfolio. In 2022, the University recorded an investment loss of $209.3 million due to the change in market conditions resulting in global stock markets falling.
- A $14.9 million timing difference related to the one-off additional Commonwealth Government Research Support Program revenue. In 2021, $99.5 million in revenue was received and $10.6 million was expanded (creating a surplus of $89.2 million). In 2022, no additional revenue was received and $61.0 million was expanded (creating a deficit of $61.0 million). The remaining $21.9 million will be expended in 2023.

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 capital and infrastructure projects, operational plant and equipment, debt servicing, and contributions 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 Operating Result to Underlying EBITDA’ table on this page above right.
University finances

Underlying consolidated EBITDA

The underlying consolidated EBITDA was a surplus of $34.4 million in 2022. This compares to a surplus of $353.2 million in 2021.

Underlying tuition revenue

The University’s underlying tuition revenue decreased by $11.5 million (or 0.9 per cent). This can be attributed to:

- A decrease in the combined funding through the Commonwealth Grant Scheme (CGS); HECS-HELP, and HELP student contributions of $41 million (or 8.8 per cent). The number of Commonwealth-funded students fell by 2.6 per cent from 25,542 EFTSL in 2021 to 24,679 in 2022.
- A decrease in course fees and charges, and FEE-HELP of $34.4 million (or 11.5 per cent). The number of full-fee-paying domestic, and international students fell by 4.9 per cent from 8,160 EFTSL in 2021 to 7,830 EFTSL in 2022. This decline was offset by fee increases and a lower per cent of students receiving a 12.5 per cent fee reduction, as a result of studying offshore (the result of COVID-19 related travel restrictions).

Underlying other revenue (excluding investment revenue)

The University’s underlying other revenue decreased by $262.5 million – a loss of $213.1 million in 2022 compared to a gain of $49.2 million in 2021. This can be attributed to:

- A decrease in the realised returns on the long-term investment portfolio (excluding unspent endowment earnings) of $39.7 million. The annual return of the UQ Investment Fund was a loss of 19.4 per cent in 2022 compared to a gain of 23.7 per cent in 2021.
- A decrease in the unrealised returns on the medium-term investment portfolio of $54.0 million. The annual return was a loss of 6.4 per cent in 2022 compared to a gain of 11.9 per cent in 2021.
- A decrease in the returns on investments in commercialisation entities of $85.4 million.
- A decrease in remaining investment revenue of $24.3 million. This was largely due to a decline in value of the investment in iDP Education, which was sold in 2022.

Underlying employee expenditure

The University’s underlying employee expenditure increased by $151.5 million (or 4.6 per cent). This can be attributed to:

- A 4.5 per cent increase in the average number of full-time equivalent (FTE) permanent staff. Half of the increase was related to staff funded by the arts research block grant funding (received in 2021).
- Salary rate increases of 2.0 per cent in January 2022, and 3.0 per cent in December 2022.
- The above increases were slightly offset by a reduction in employee provisions with staff, in addition to their current year entitlements, using annual leave and long service leave accrued in prior years.

Underlying other expenditure

The University’s underlying other expenditure increased by $106.7 million (or 13.5 per cent). This can be attributed to:

- An increase in non-employee expenditure on tied research, scholarship and other major project revenue, and the one-off additional Commonwealth Government Research Support Program revenue of $19.8 million (or 10.4 per cent).
- An increase in utilities and insurance expenses of $34.5 million (or 60.3 per cent) largely due to an increase in electricity costs.
- An increase in travel and hospitality expenses (excluding the portion covered by lod seed funding) of $18.4 million (or 208.5 per cent) largely due to the opening of state and international borders following the COVID-19 pandemic.
- An increase in commercialisation supply (excluding the portion covered by tied funding) of $9.2 million (or 64.4 per cent) largely due to an increase in research stipends.
- An increase in the remaining expenditure categories of $27.2 million (or 9.2 per cent). Categories with an increase in expenditures included computing software and licence fees, digital library collections, student support, teaching/research consumables, trading purchases, and operating costs for the new Kav Cardy House.

Capital expenditure

The University continued to invest in major infrastructure. The total amount capitalised on property, plant and equipment, and intangibles during 2022 was $189.8 million (2021: $239.5 million).

Major capital projects in 2022 included the refurbishment of 308 Queen Street (The Atrium), the construction of the new Plant Growth Facility, and the renewal of the UQ lake.

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 have the following purposes:

First, 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.

Second, 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.

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 2022 was $803.2 million. Of this total, $342.7 million relates to endowments and $460.5 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 over rolling 7-year periods. As at 31 December 2022, the fund had produced a one-year loss of 19.4 per cent and a 7-year return of 8.05 per cent per annum.

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 2022 was $5.6 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 over rolling 7-year periods. As at 31 December 2022, the fund had produced a one-year loss of 2.37 per cent and a 7-year return of 2.87 per cent per annum. A 7-year return is not yet available as the fund was first established in 2016.

CFO Statement

In preparing the financial statements, the UQ Chief Financial Officer (CFO) 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 effectively, efficiently and economically in accordance with section 57 of the Financial Accountability Management Standard 2019.