



ANNUAL REPORT 2018

a university for
the real world®



26 February 2019

The Honourable Grace MP
Minister for Education and
Minister for Industrial Relations
PO Box 15033
City East Qld 4002

I am pleased to present the Annual Report 2018 and financial statements for QUT.

I certify that this Annual Report complies with:

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

A checklist outlining the annual reporting requirements can be accessed at www.qut.edu.au/about/governance-and-policy/annual-report

Yours sincerely

A handwritten signature in black ink that reads 'Tim Fairfax'.

Tim Fairfax AC
Chancellor

Contents

Introduction and review	4
Organisation	6
Our vision, values and key priorities	8
QUT Council membership	9
Governance	10
Key statistics	15
Real-world graduates, learning and teaching	16
Real-world research	20
Real-world people, culture and sustainability	24
Summary of financial performance	29
Financial Statements	
Income statement	34
Statement of comprehensive income	35
Statement of financial position	36
Statement of changes in equity	37
Statement of cash flows	38
Notes to the financial statements	39
Management Certificate	92
Independent Auditors Report	93
Glossary	97
Campuses and facilities	98

QUT
Administration
2 George Street
GPO Box 2434
Brisbane Qld 4001
Australia

Phone +61 7 3138 2000
Website www.qut.edu.au

CRICOS No. 00213J

Published by
QUT Marketing and Communication

The QUT 2018 Annual Report is available from QUT Marketing and Communication (see back cover) or online at www.qut.edu.au/about/governance-and-policy/annual-report

Information on consultancies and overseas travel can be accessed through the Queensland Government Open Data website (www.data.qld.gov.au) or online at www.qut.edu.au/about/governance-and-policy/annual-report

ISSN 0819-209X
ABN 83 791 724 622

Introduction and review

From the Chancellor and Vice-Chancellor

Throughout 2018 QUT continued to live true to its identity as a university for the real world, adhering to the highest standards in education and research, and engaging with industry, government and the community to improve the lives of individuals and society.

It has been a year of transition, with a new Vice-Chancellor, a new Registrar, and a minor reorganisation in the university executive associated with a new position of Vice-President (Business Development). Yet it has also been a year of stability and consolidation, with the university community building on the remarkable legacy of financial security, academic achievement and common purpose bequeathed us by former Vice-Chancellor Emeritus Professor Peter Coaldrake and his team.

Along with other higher education providers, the structural environment in which QUT operates continues to be challenging. Features of the operating environment to which QUT responded in 2018 included geopolitical factors and changes to the funding model.

Geopolitical and diplomatic developments presented some challenges to international engagement during 2018, with potential to disturb student recruitment and research collaboration. With relatively modest proportions of

international students, however, QUT was less exposed to these issues than most across the sector, and our positive long-term relationships with overseas institutions and government agencies helped ensure we were not impacted materially.

The pause in growth of Commonwealth Supported Places mandated in the Australian Government's Mid-Year Economic and Fiscal Outlook (MYEFO) in December 2017 caused an abrupt reduction in enrolment against forecast (of an estimated 10,000 places) and therefore revenue (to an estimated value of \$2.2 billion) to the Australian university sector in 2018. Policy uncertainty about the basis and timing of a resumption of growth under the Commonwealth's preferred 'performance based funding' model throughout 2018 has made forecasting difficult for the out-years, hampering confidence for planning. Years of responsible financial management and a prudent budget model for 2018 – confirmed before the MYEFO freeze was announced – enabled QUT to weather the revenue shortfall, but it has had an effect on the underlying operating margin, as shown in the Summary of financial performance.

Further cuts to research funding in MYEFO 2018 in the order of \$330 million nationally, hypothecated to a distribution of supplementary funding to certain rural and regional universities, as well as revelations of Ministerial intervention in Australian Research Council grant processes,

have challenged the confidence of the research sector in the open, transparent and merit-based allocation of public research funding. Along with our peak body, Universities Australia, and other universities, QUT continues to advocate for the preservation of a stable, fair and rigorous peer-review system, in accordance with world's best practice.

It became apparent during 2018 that QUT's interests would be best served by amicably departing the Australian Technology Network (ATN) in order to maximise our opportunities to collaborate more widely across the sector and to put forward our own policy perspectives to government, industry and international partners. We continue to work fruitfully with the remaining ATN members where mutually beneficial, and are continuing to completion a number of ATN projects in which we collaborate.

Despite these challenges in QUT's operating environment, QUT had significant achievements during the year.

QUT occupies a strong position in the Top 20 Young Universities in the World in the 2019 QS Top 50 under 50, and top 300 in the Academic Ranking of World Universities.

Rankings are not as illuminating as stories, however, and 2018 has seen literally hundreds of stories of individual and team accomplishment among QUT staff, students and alumni.

Our achievements across research, learning and teaching, and professional practice are neatly exemplified by accolades earned by QUT people at the intersection of all three domains. In April, Creative Industries alumna Dr Emily O'Grady, then a QUT PhD candidate, was awarded the coveted Vogel Literary Award for her novel *The Yellow House*, the fiction component of her practice-led doctoral thesis in creative writing. In November, Professor Dietmar Hutmacher was recognised for pioneering the field of 3D printing in medicine with the 2018 Ramaciotti Medal for Excellence in Biomedical Research.

QUT has long-standing research performance across a breadth of fields. This year Associate Professor Makrina Totsika broke new ground in the study of novel antimicrobial therapies for multidrug resistant bacteria, and Professor Matthew Dunbabin was part of the Larval Restoration Project team that undertook world-first coral restoration on the Great Barrier Reef. *The Australian* rated QUT's Entrepreneurship research number one nationally in its Research Supplement in September, recognising our long-standing commitment to research, teaching and nurturing Australia's next generation of entrepreneurs.

Our teachers have continued an enduring tradition of teaching excellence, recognised time and again through national accolades and international plaudits. Indeed, close to 650 of our academic and professional staff have been made Fellows of the UK's Higher Education Academy. The Faculty of Law and QUT Business School were both named in the top 100 in their disciplines globally in this year's Times Higher Education rankings, with the Faculty of Education featuring within the 101–125 ranking band, an achievement that will only be strengthened with the opening of the new Kelvin Grove Education Precinct in 2019.

True to our real-world identity, student learning takes place at QUT through a sophisticated blend of classroom, online, and work-integrated learning. We opened access to high-quality education and are addressing workforce needs through QUT Online, QUTeX and free MOOCs in partnership with FutureLearn. QUT's work-integrated learning success is internationally recognised, ranking within the top 25 in the world for Employer-Student Connections in the 2019 QS Graduate Employability Rankings.

QUT contributed 16 athletes to the Gold Coast Commonwealth Games, representing Australia, Papua New Guinea and Malta and bringing home an incredible haul of 12 gold medals, six silver and two bronze. We also launched Australia's first official university eSports program, the brainchild of two undergraduate psychology student founders—Michael Trotter and Dylan Poulus—who are daring to rethink the way we learn through the process of 'reverse gamification.'

Our commitment to equity and excellence can be seen in the continuing growth of the QUT Learning Potential Fund. Now in its twentieth year, the LPF has contributed over 17 000 scholarships and bursaries to assist students in financial need to access high-quality higher education. The LPF endowment passed \$58 million in 2018, thanks in part to a successful inaugural Annual Giving Day, which raised over \$1.6 million—including an incredibly generous \$1 million from our 2014 QUT Alumni of the Year winner, Greg Creed. The LPF is substantially driven by the QUT staff giving program, in which over 700 QUT staff make routine payroll deductions to benefit students in need, as well as a range of other philanthropic causes. The long-standing generosity of our staff was recognised as the 'Best Public Sector Program' at the 2018 Workplace Giving Excellence Awards.

We have recently committed to a new Master Plan, with community engagement at its heart. Our campus integration throughout the Kelvin Grove Village is unique in Australia, and the continuity of our campuses with the Brisbane CBD, State Parliament and the Herston health precinct positions QUT as a core element of the state's knowledge corridor.

This work of renewal continues at the strategic level as well, as we embark on an update of the university's guiding document, the *Blueprint*, to more clearly capture the pre-eminence of our academic purpose in everything we do at QUT.

We are proud of the progress QUT continues to make and the standing we enjoy in the community. We know they are entirely a function of the quality and dedication of our students and remarkable alumni, as well as the energy, commitment and achievements of outstanding academic and professional staff at all levels across the organisation. We wish to acknowledge in particular the members of QUT Council for their guidance and support of the university.

We commend this report to all colleagues, partners and stakeholders in the university.



Tim Fairfax
Tim Fairfax AC
Chancellor



MS
Professor Margaret Shell AO
Vice-Chancellor and President

Organisation



VICE-CHANCELLOR AND PRESIDENT

Professor Margaret Sheil ^{AO}

- Chancellery
- Assurance and Risk Management Services (operational aspects)
- Strategic Intelligence Unit



PROVOST

Professor Carol Dickenson ^{AM}

- Executive Deans of Faculties
- Research institutes



DEPUTY VICE-CHANCELLOR (RESEARCH AND COMMERCIALISATION)

Professor Arun Sharma

- Office of Commercial Services
- Office of Research
- Office of Research Ethics and Integrity
- Research Students Centre



DEPUTY VICE-CHANCELLOR AND VICE-PRESIDENT (INTERNATIONAL AND DEVELOPMENT)

Professor Scott Sheppard

- Alumni and Development
- Confucius Institute at QUT
- QUT International
- QUT International College
- QUT Precincts



VICE-PRESIDENT (TECHNOLOGY) AND CHIEF INFORMATION OFFICER

Ms Judy Stokker[#]

- eLearning Services
- Information Technology Services
- Learning Environments and Technology Services
- Project Portfolio Office
- QUT Library
- HiQ



DEPUTY VICE-CHANCELLOR (LEARNING AND TEACHING)

Professor Suzi Derbyshire

- Learning and Teaching Unit
- Oodgeroo Unit



VICE PRESIDENT (RESOURCES) AND CHIEF FINANCIAL OFFICER

Mr Graham Fryer

- Corporate Finance
- Facilities Management
- Planning and Budget
- Reporting and Analysis



VICE-PRESIDENT (ADMINISTRATION) AND REGISTRAR

Ms Shard Lorenzo[^]

- Equity Services
- Governance and Legal Services
- Health, Safety and Environment
- Human Resources
- Marketing and Communication
- Student Business Services
- Student Ombudsman's Office
- QUT Medical Centre
- Student Engagement and Sport

[#] Ms Judy Stokker retired from this role on 5 January 2019.

[^] Ms Shard Lorenzo was on leave from 31 May 2018, and retired from this role on 2 July 2018. Mr Adam Williams was appointed to the role from 1 June 2018 to 16 December 2018. Ms Leanne Harvey was appointed to the role on 17 December 2018.

Faculties



QUT BUSINESS SCHOOL

EXECUTIVE DEAN

Professor Robina Xavier

- Accountancy
- Advertising, Marketing and Public Relations
- Economics and Finance
- Management
- QUT Graduate School of Business



CREATIVE INDUSTRIES

EXECUTIVE DEAN

Professor Mandy Thomas

- Design
- Creative Practice
- Communication



EDUCATION

EXECUTIVE DEAN

Professor Carol Nicoll ^{PSM}

- Early Childhood and Inclusive Education
- Teacher Education and Leadership



HEALTH

EXECUTIVE DEAN

Professor Ross Young

- Biomedical Sciences
- Clinical Sciences
- Exercise and Nutrition Sciences
- Nursing
- Optometry and Vision Science
- Psychology and Counselling
- Public Health and Social Work



LAW

EXECUTIVE DEAN

Professor John Humphrey

- Justice
- Law
- Legal Practice



SCIENCE AND ENGINEERING

EXECUTIVE DEAN

Professor Gordon Wyeth

- Chemistry, Physics and Mechanical Engineering
- Civil Engineering and Built Environment
- Earth, Environmental and Biological Sciences
- Electrical Engineering and Computer Science
- Information Systems
- Mathematical Sciences

Institutes



INSTITUTE OF HEALTH AND BIOMEDICAL INNOVATION

EXECUTIVE DIRECTOR

Professor Lyn Griffiths



INSTITUTE FOR FUTURE ENVIRONMENTS

EXECUTIVE DIRECTOR

Professor Bronwyn Harch[▲]

[▲] Professor Bronwyn Harch left her role on 13 July 2018 after a period of leave commencing in May 2018. Professor Ian O'Hara has been the Acting Executive Director since 2 May 2018. Professor Kerrie Wilson was appointed to the role on 29 January 2019.

Our vision, values and key priorities

The QUT *Blueprint* is the university's institutional strategic plan. The fifth iteration of the plan, titled *Blueprint 5*, provided a planning framework for the university in 2018.

Blueprint 5 sets out priorities, strategies, targets and key performance indicators (KPIs) for the university's three spheres of activity: graduates, learning and teaching; real-world research; and people, culture and sustainability. *Blueprint 5* can be accessed at www.qut.edu.au/about/strategic-ambitions/blueprint-for-the-future

As a leading Australian university, QUT's overall vision for the future is:

- to provide outstanding real-world education through physical and virtual learning environments and innovative courses that lead to excellent outcomes for graduates living in a diverse and complex environment characterised by rapid, transformative change
- to deliver solutions to the challenges of today and of the future through high-impact research that spans discipline boundaries and works in partnership with end users, leveraging our deep technological strengths and alignment to the human capital and innovation needs of the global economy
- to strengthen and extend partnerships with professional and broader communities to build our reputation as a source of knowledge that is applied to real-world challenges.

In summary, QUT's principles are to:

- focus on quality
- solve real-world problems
- optimise opportunities provided by technology
- use resources effectively and improve services
- cultivate organisational agility
- foster a culture of community.

In summary, QUT strategic goals are:

- to be bold and drive transformative change
- to enhance QUT's reputation internationally as a 'university for the real world', facilitate engagement and connectivity with practising professionals and select partners at local, national and international levels
- to ensure QUT has a strongly performing workforce that achieves exceptional results, and an agile culture
- to be inspired and shaped by talented students and staff from diverse communities
- to establish a visible whole-of-organisation approach to innovation and entrepreneurship.

QUT's values support Queensland's public service values.

QUT contributes to the Queensland Government's objectives for the community by stimulating economic growth and innovation, through courses that increase the knowledge and skills of Queenslanders, and research that makes a real difference to the people of this state and their economy.

The government's objectives can be accessed at www.ourfuture.qld.gov.au/gov-objectives.aspx

The following pages offer summaries of achievements against the objectives and key performance indicators of each of the key priorities of the *Blueprint*.

QUT Council membership

CHANCELLOR (CHAIR)

Mr Tim Fairfax AC

DUniv QUT, DUniv Sunshine Coast, FAICD
(attended 6 of 6 meetings)

VICE-CHANCELLOR

Professor Margaret Sheil AO

BSc(Hons), PhD UNSW, FTSE, FRACI, FANZSMS

Commenced 12 February 2018
(6/6)

CHAIR OF UNIVERSITY ACADEMIC BOARD

Professor Carol Dickenson AM

BBus (Mgt) QIT, PhD Qld, CMAHRI
(6/6)

GOVERNOR IN COUNCIL APPOINTED MEMBERS

Mr Wesley Enoch

BA(Hons)(Drama) QUT
Resigned 8 May 2018
(0/1)

Ms Teresa Handicott

LLB(Hons) QUT, GAICD, MCEW, SF Fin
Resigned 28 February 2018
(1/1)

Mr Peter Howes

BBus QIT, MBusAdmin Qld, FAHRI (Life), FAIM
(5/6)

Professor Mary O’Kane AC

BSc Qld, PhD ANU, DUniv CQU, Hon DSc Macq, DUniv Canberra, Hon DSc W’gong, FTSE, Hon FIEAust, CPEng
Resigned 29 July 2018
(1/3)

Mrs Jenny Parker

Deputy Chancellor
BCom Qld, CMIIA, FCA
(5/6)

Mr Mario Pennisi

BAppSc(MedLabSc) QIT, MAICD, MBIO, MDIA, MACRP
(5/6)

Dr Lee-Anne Perry AM

BEd(Hons) MEd Syd, DipCL BIF, EdD QUT, FACE, FACEL, GAICD
(5/6)

Dr John Puttick

DUniv QUT, FACS
(6/6)

Ms Susan Rix AM

BFin Admin UNE, FCA, FAICD
Commenced 21 May 2018, additional member
1 January to 19 May 2018
(4/6)

ADDITIONAL MEMBERS

Dr Richard Ashby AM

MBBS Qld, BHealthAdmin UNSW, FIFEM, FRACGP, FACEM, FRACMA
Resigned 5 December 2018
(4/5)

Dr Darryl McDonough

BBus (Acc), LLB (Hons) QUT, SJD Bond, CPA, FAICD, FCPA
(3/3)

ELECTED ACADEMIC STAFF MEMBERS

Dr Kerry Manton

BAppSc(Hons), Grad Cert Acad Prac, MEd, PhD QUT, FHEA
(5/6)

Professor Paula McDonald

BSocSc(Hons)(Psych), PhD QUT, AICD, FHEA
(5/6)

Dr David Nielsen

BArch Wits, MTech TWR, PhD QUT
(6/6)

ELECTED PROFESSIONAL STAFF MEMBERS

Mrs Gwen Amankwah-Toa

BJourn James Cook
(6/6)

Ms Anne-Marie Lacaze

BBehavSc (Psych) QUT, Grad Cert eLearning UNE
(4/4)

ELECTED ALUMNI MEMBERS

Dr Tim Baker

BA Qld, BEd EdD QUT, FAHRI, ILPF
(4/6)

Mr Earle Johnston

MBus(Philanthropy&NpSt) QUT, CFRE, MAICD, MFIA
Appointed 26 February 2018
(5/5)

ELECTED STUDENT MEMBERS*

Mr Charles Harris

Term concluded 20 November 2018
(4/5)

Mr Robert Lucas

Appointed 8 August 2018, term concluded
20 November 2018
(1/1)

Ms Saskia Mathers

Term commenced 21 November 2018
(1/1)

Ms Isobella Powell

Term commenced 21 November 2018
(1/1)

Mr Lachlan Spedding

Resigned 31 July 2018
(3/3)

SECRETARY

Ms Shard Lorenzo

BEd Flind, GradDipEd UniSA, GradCertMgt Adel
Vice-President (Administration) and Registrar
Concluded 1 June 2018

Mr Adam Williams

MHlthSc, GradDipHlthSafety&Env, GradCertHRM QUT
Vice-President (Administration) and Registrar
2 June to 16 December 2018

Ms Leanne Harvey

BBus (Acc) MCAE
Vice-President (Administration) and Registrar
Commenced 17 December 2018

TENURE

QUT Council serves a four-year term. The current term commenced on 21 November 2016.

* Student members serve a two-year term.

Governance

QUT values good corporate governance and seeks to adopt best practice.

Management and oversight

QUT was established on 1 January 1989 under the *Queensland University of Technology Act 1988*. The university is constituted as a body corporate and has the general powers outlined in the current *Queensland University of Technology Act 1998* (the 'QUT Act').

Functions

The university's functions are to:

- provide education at university standard
- provide facilities for, and encourage, study and research
- encourage the advancement and development of knowledge, and its application to government, industry, commerce and the community
- provide courses of study or instruction (at the level of achievement the QUT Council considers appropriate) to meet the needs of the community
- confer higher education awards
- disseminate knowledge and promote scholarship
- provide facilities and resources for the wellbeing of the university's staff, students and other persons undertaking courses at the university
- to exploit commercially, for the university's benefit, a facility or resource of the university, including, for example, study, research or knowledge, or the

practical application of study, research or knowledge, belonging to the university, whether alone or with someone else

- to perform other functions given to the university under this or another Act.

Financial reporting arrangements

QUT is audited by the Auditor-General and transactions are accounted for in the financial statements approved by QUT Council each year.

Governing body

The university's governing body is the QUT Council and its chief executive officer is the Vice-Chancellor and President. QUT complies with the Voluntary Code of Best Practice for the Governance of Australian Universities, approved by the Ministerial Council for Tertiary Education and Employment in 2011. In 2018, an annual review by QUT Council of compliance with the voluntary code confirmed that QUT fully complies with almost all aspects of the code.

Structure of QUT Council

QUT Council has up to 22 members and is constituted in accordance with the QUT Act. Appointed, additional and elected members hold office for a term of not more than four years (with the exception of elected student members, who hold office for a term

of not more than two years). The terms of office for the current QUT council commenced on 21 November 2016. During 2018, elections were conducted for student members of QUT Council. Other casual vacancies in appointed or additional member categories were addressed in accordance with the requirements of the Act and QUT Council's procedures. At the close of 2018, there were two vacancies in the 'members appointed by Governor in Council' category.

In 2018, QUT Council and other committee members external to QUT were not remunerated.

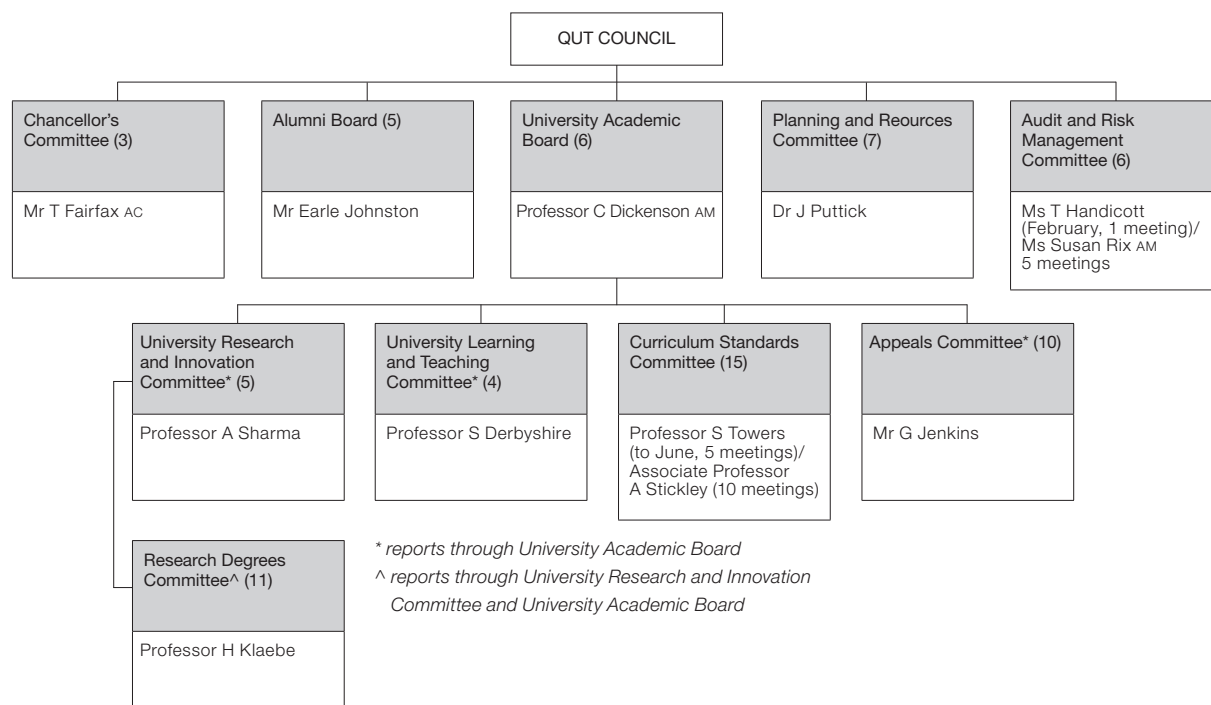
QUT Council business in 2018

QUT Council met six times in 2018.

During 2018 QUT Council considered the following items in carrying out its role:

- approval of 2019–2021 Consolidated Budget and 2019–2023 Asset Management Plan
- approval of the 2017 financial statements
- financial management reports (at each meeting)
- corporate performance reports (February, June, October and December)
- corporate risk register and other risk matters
- reports relating to oversight of QUT Enterprise Holdings and its subsidiaries

QUT Council committees and committee chairs (number of meetings in 2018)



- reports on academic governance activities undertaken by University Academic Board (all meetings except February)
- strategic reports on teaching and learning, course developments, and research matters
- reports on health and safety matters
- reports relating to faculty reviews under QUT's program of corporate reviews
- appointment of a member to QUT Council for the current term of office, under section 20A(5)(b) of the QUT Act
- appointment of a member to QUT Council for the current term of office
- approval of conferral of honorary titles
- approval of revisions to various policies, including policies on conflict of interest, organisational structure, and elections procedures required under the Act
- reports and relevant policy items from QUT Council sub-committees.

The summary report on QUT Council as a government body is available at www.qut.edu.au/about/governance-and-policy/annual-report

Ethical conduct and social responsibility

QUT recognises its obligation to act in a socially responsible manner.

The QUT Staff Code of Conduct has been prepared under the *Public Sector Ethics Act 1994* and applies to all employees of QUT and to other 'officers' such as external committee members, adjunct and visiting academics, and volunteers acting on behalf of QUT.

The QUT Staff Code of Conduct outlines the ethical obligations of all staff for integrity, accountability, and the efficient use of university resources. The university provides an online, required training module to all staff on ethical decision making and behaviour. New staff must complete this training within one month of commencement and other staff biennially.

The university actively promotes the Code of Conduct and ethical behaviours through a number of staff processes and information resources throughout the year, particularly performance planning and review. In particular, staff must complete online training on corruption and fraud awareness and prevention which reinforces a culture of high ethical standards and accountability in learning and teaching, research and other activities. Other required training supporting ethical obligations includes information privacy awareness (completed on appointment, thereafter biennially) and training on equal opportunity principles for work and study environments. Staff are required to complete these training activities upon appointment and then biennially.

QUT has a number of procedures and codes of conduct to guide and assist individuals to discharge their responsibilities in an ethical and responsible manner. They include:

- the QUT Council Procedure 1—Committees
- Conflict of interest policy and associated procedures
- policy on staff gifts and benefits
- QUT Code of Conduct for Research
- University Animal Ethics Committee
- University Human Research Ethics Committee
- University Biosafety Committee.

The Conflict of Interest policy was reviewed during 2018 with a revised policy approved by QUT Council.

QUT maintains a Register of Disclosed Interests to assist staff in recognising and declaring conflicts of interest. Policies on conflicts of interest, including conflicts related to research activities, have also been developed. Reports are provided to each university committee on members' disclosed interests annually or more frequently if interests change.

In regard to external scrutiny, in 2018 the Queensland Ombudsman received concerns from a small number of QUT students. Following a review of these student matters, the Queensland Ombudsman did not make any recommendations to the university that required action. There were no significant issues identified by the Fair Work Ombudsman, the Crime and Corruption Commission or the Office of the Information Commissioner in 2018.

In May 2018, the following Queensland Audit Office (QAO) report was tabled in the Queensland legislative assembly '*Education: 2016–2017 results of financial audits (Report 15: 2017–18)*'. This report summarised the results of QAO financial audits of the seven Queensland public universities and their controlled entities, and other education sector entities. It provided an overview of the universities' finances at 31 December 2017 and any financial accounting issues that arose during the audits.

Reflecting upon the QAO recommendations included within their report *Education: 2016–17 results of financial audits (Report 15: 2017–18)*, QUT has continued to

manage ongoing costs and revenues, through developing strategies and implementing cost-saving initiatives, to reduce the risks associated with changes in government funding arrangements and external market factors. Examples include—though are not limited to—strategically increasing student load intakes across international and domestic cohorts to mitigate the risks of both the Australian Government operating grant freeze at 2017 levels and the impact of the Queensland reduced school leaver cohort forecast for 2020. Significant progress continues to be made in transforming the cost effectiveness of support services for students, information technology, human resources, finance and research.

QUT has taken prompt action to address internal control deficiencies to mitigate the risk of fraud or error, and resolved all issues from prior years including improved procedures for verifying bank account changes independent of change requests.

Tertiary Education Quality and Standards Agency (TEQSA) re-registration

QUT's TEQSA re-registration preparations have occurred over 2016, 2017, and 2018 and the university's current registration expired on 31 October 2018. QUT submitted its re-registration applications in late April 2018. TEQSA has undertaken a completeness check and has confirmed that QUT has provided all the requested evidence. TEQSA has extended the assessment period to February 2019 in accordance with legislation. QUT's status on the National Register has reverted to 'registered' with a clause that indicates that QUT is currently being assessed.

Compliance Program

The university's Compliance Program includes a register of obligations, an annual compliance reporting process, including risk assessment, and a communication strategy incorporating targeted education and training activities. The Compliance Program

also includes a Register of Licences, which is reviewed annually to ensure that a record of all current licences and registrations held by QUT is available at all times. In 2018, work was undertaken to ensure compliance with new legislative obligations, such as labour hire licensing laws, and to ensure that QUT's compliance procedures for various obligations relating to teaching and research activities, were robust.

QUT planning and quality frameworks

QUT's policies around its planning framework, corporate reviews, and quality framework provide the overall structure to guide these activities at university and organisational area level. The policies are approved by QUT Council and are published online.

Consistent with the corporate reviews framework, in 2018, the university centrally administered two corporate reviews of the Faculty of Health, and the Science and Engineering Faculty.

Recordkeeping

The university's strategic approach to recordkeeping is to capture records in electronic formats. Substantial work has been undertaken to implement the corporate electronic recordkeeping and documents management system for critical records, and to integrate it with corporate information systems supporting key business processes.

This strategic approach is supported by a recordkeeping program including policies and procedures documenting roles and responsibilities, and other resources such as a business classification scheme and training programs which support records management activities.

During 2018, the recordkeeping program included the following activities:

- improvements to recordkeeping practices in certain key functional areas of the university and for business transformation activities

- a major upgrade of QUT's corporate records IT system, including the introduction of a web client
- integration to QUT's approach to recordkeeping in the implementation of IT business system
- approval of policies and procedures for early disposal of temporary records following digitisation.

All staff using the corporate records system undertake mandatory online training on recordkeeping and privacy principles before access to use the system is granted. In addition, face-to-face training sessions are available to system users to promote high-quality recordkeeping. The 2018 upgrade also involved a major communication strategy promoting the value of recordkeeping for business activities.

Audits of recordkeeping compliance are conducted annually in key areas such as decision-making committees in faculties, and recordkeeping is also considered as part of university audits and reviews. Additionally, records user permissions are audited annually.

A records management services unit is responsible for implementing QUT's records management program and for supporting faculties and divisions in undertaking their records management activities.

Audit and Risk Management Committee

Audit and Risk Management Committee (ARMC) advises both QUT Council and the Vice-Chancellor, as accountable officer, on the performance or discharge of functions and duties under the *Financial Accountability Act 2009*, *Financial Accountability Regulation 2009*, *Financial and Performance Management Standard 2009* and the university's Assurance and Risk Management Services Charter.

ARMC's main functions are to:

- assess and contribute to the audit process including evaluation and facilitation of the internal audit function
- oversee and approve financial and operational reporting
- review business risk as reported, including compliance, corruption and fraud.

Committee membership

CHANCELLOR

Mr T Fairfax AC

DUniv QUT, DUniv Sunshine Coast, FAICD

(attended 6 of 6 meetings)

Four external members with professional accounting, financial or auditing expertise nominated from or by QUT Council:

Ms T Handicott

LLB(Hons) QUT, GAICD, MCEW, SF Fin

(nominated as Chair by Chancellor, resigned 28 February 2018)
(1/1)

Mrs J Parker

BCom Qld, CMIIA, FCA
(3/6)

Ms S Rix AM

BFinAdmin UNE, FCA, FAICD

(nominated as Chair by Chancellor from March 2018)
(5/6)

Mr D Hodges

BCom Qld, LLB QUT, GradDipAppCorpGov GIA, FCPA, MAICD, MIIA, AGIA, CIA
(5/6)

Dr D McDonough

(commenced 13 June 2018)
BBus (Acc), LLB (Hons) QUT, SJD Bond, CPA, FAICD, FCPA
(2/3)

No members of the ARMC were remunerated by QUT in 2018.

The Vice-Chancellor and President, the Vice-President (Resources) and Chief Financial Officer, and the Director Assurance and Risk Management Services, have rights of audience and debate but are not members of the committee.

During 2018, ARMC addressed the following matters in carrying out its responsibilities:

- review of the 2017 financial statements and preparations for the 2018 external audit, including review of the external audit plan and significant accounting policies prior to the end of the financial year;
- endorsement of QUT's corporate risk register for submission to QUT Council;
- thematic risk discussions at four of the meetings, addressing key risk for the university on matters such as cyber security;
- review of internal audit reports, and oversight of audit recommendations;
- review of reports on various risk matters such as health and safety, legislative compliance and insurance.

A review was undertaken at the end of 2018 and all business considered by ARMC in 2018 was consistent with the terms of reference set out in its charter. The functioning of ARMC has due regard to the *Audit Committee Guidelines* published by Queensland Treasury.

Relationship with Queensland Audit Office (QAO)

Staff from the university's Division of Resources and Assurance and Risk Management Services worked closely with the QAO during the year to facilitate the university's annual audit. Staff from QAO also attended three meetings of Audit and Risk Management Committee in 2018 and were given the opportunity to meet with the committee without the presence of management.

Assurance and Risk Management Services

The primary purpose of Assurance and Risk Management Services, mandated through the approved Assurance and Risk Management Charter, is to add value to the university's operations and assist the university to achieve

its corporate goals by providing independent analysis, appraisals, recommendations, counsel and information on the university's systems of internal control, effectiveness of risk management and the quality of performance.

The assurance and audit approach in 2018 involved:

- incorporating a blend of compliance, operational, strategic, and information technology audits and reviews to achieve a two-fold impact of internal controls enhancement and business process improvements
- supporting management through proactive preventative auditing rather than 'after-the-event' detective auditing
- a focus on risk management to assist management in embedding it into the day-to-day university activities
- providing management advice on an effective and efficient internal control framework
- assisting management in responding to emerging issues and the changing environment.

The annual Assurance and Risk Management Plan for 2018 was achieved after additions and approved deferrals.

Financial management and accountability

QUT has a number of policies relating to financial management and accountability, including specific policies on balance sheet management, user charging and expenditure.

The university also has a financial management practice and procedures manual and a project proposal framework for the support of significant projects or proposals.

Recognising and managing risk

QUT Council through the ARMC is responsible for ensuring there are adequate policies and procedures in relation to risk management, compliance and internal control systems.

The Vice-Chancellor and the senior management team are responsible for the implementation of these policies and managers at all levels are accountable for effective risk management.

The university's risk management framework provides detailed guidelines on application of the risk management process, the roles and responsibilities of key stakeholders, level of documentation and reporting requirements.

In 2018 the following initiatives were implemented to further embed risk management into university activities:

- independent review of enterprise risk management framework including business continuity and corruption and fraud control which informed the update of relevant frameworks and supporting procedures
- risk workshops were facilitated to identify key corruption and fraud risks, their causes and consequences in relation to main university activities including assessment of the effectiveness of existing controls and establish treatment action plans
- risk workshops with the Primary Risk Owners and selected Action owners which informed the update of the Corporate Risk Register and the university's risk appetite for key activities.

Key statistics

STUDENTS	2014	2015	2016	2017	2018 ^a
Total enrolments	47 229	48 503	48 833	49 847	50 800
Commencing students	19 297	19 301	18 854	19 202	19 456
Continuing students	27 932	29 202	29 979	30 645	31 344
Full time	31 169	32 257	36 611	37 977	38 649
Part time	16 060	16 246	12 222	11 870	12 151
Undergraduate	34 294	35 304	36 480	37 792	39 039
Postgraduate coursework	9 379	9 431	8 939	8 660	8 525
Higher degree research	2 517	2 604	2 655	2 652	2 516
Non-award	1 039	1 164	759	743	720
Female	25 600	26 212	26 451	26 955	27 351
Male	21 629	22 291	22 361	22 852	23 391
Other			21	40	58
Aboriginal and Torres Strait Islander	589	636	711	759	824
Domestic	39 247	40 285	40 986	41 489	41 857
International	7 982	8 218	7 847	8 358	8 943
GRADUATES	2014	2015	2016	2017	2018
Total completions	11 098	11 674	11 543	11 942	b
Undergraduate	6 834	7 027	7 143	7 546	b
Postgraduate coursework	3 883	4 223	3 969	3 971	b
Higher degree research	381	424	431	425	b
STAFF ^c	2014	2015	2016	2017	2018
Total staff FTE	4 700.6	4 871.5	4 802.3	4 713.1	4 678.5
Academic staff FTE	2 107.3	2 157.5	2 173.7	2 110.9	2 109.3
Professional staff FTE	2 593.3	2 713.9	2 628.6	2 602.2	2 569.2
Full-time/fractional full-time staff FTE	3 751.5	3 947.4	3 929.6	3 825.8	3 791.1
Casual staff FTE ^d	949.1	924.1	872.7	887.3	887.3
Total staff including casuals (bodies)	12 983	13 107	12 859	12 856	b
FINANCE (\$'000)	2014	2015	2016	2017	2018
Total revenue	907 008	955 854	992 519	1 063 605	1 059 016
Australian Government grants	351 133	364 647	382 832	385 489	385 601
Higher Education Loan Program (HELP) including upfront student payments	233 807	243 912	254 762	265 045	268 186
Fees and charges	203 244	220 250	219 490	239 161	264 504
Other revenue	118 824	127 045	135 435	173 910	140 725
Total expenditure	873 121	922 127	940 928	963 185	1 026 415
Salary and wages expenses	518 595	546 545	563 139	565 551	578 048
Other expenses	354 526	375 582	377 789	397 634	448 367
AUDITED RESEARCH INCOME (\$'000)	2014	2015	2016	2017	2018
Total research income	91 474	101 090	93 431	100 114	b
Australian competitive grants	39 825	39 476	32 871	32 112	b
Other public sector research funding	22 511	26 974	30 832	33 897	b
Industry and other funding for research	22 396	29 051	24 612	27 480	b
Cooperative research centre funding	6 742	5 589	5 115	6 625	b

a 2018 student data is preliminary and will be finalised after completion of annual report

b Final data not available by completion of annual report

c Full-time/fractional full-time staff data is at 31 March each year as per Australian Government reporting. Casual staff data is for the whole calendar year (January–December) for each year

d 2018 data not available by completion of annual report. 2018 Casual staff FTE uses 2017 Casual staff FTE as an estimate

Real-world graduates, learning and teaching

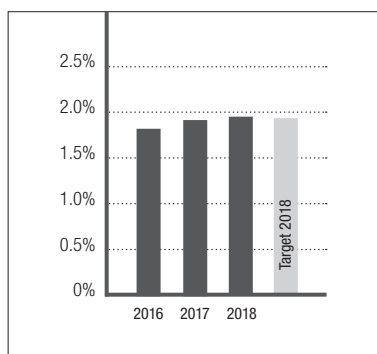
Our-real world graduates benefit from QUT's distinctive learning experiences, delivered by outstanding teachers. We produce highly skilled, enterprising graduates who are well suited to 21st century employment and careers, and who thrive in changing and complex working environments.

For the first time, QUT's student population exceeded 50 000 students.

The 50 800 enrolments included 2516 higher degree research (HDR), 8525 postgraduate and 39 039 undergraduate students.

QUT's share of domestic undergraduate students who are Aboriginal and Torres Strait Islander people continued to increase in 2018, reaching 1.96 per cent and exceeding the 2018 target.

Share of domestic undergraduate students who are Aboriginal and Torres Strait Islander people



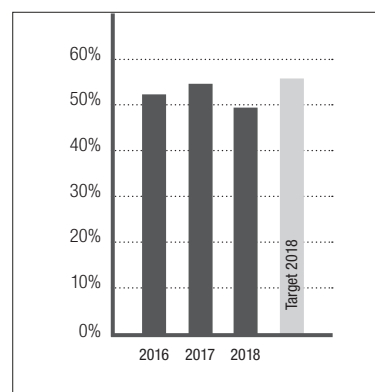
From 2014 to 2017 QUT's share was higher than the sector average.

The Indigenous Australian Science and Infrastructure Development (SID) School won the Gold Award in the category of Corporate Social Responsibility at the 2018 Consult Australia Awards for Excellence. SID was established in 2012 as part of QUT's commitment to increasing Indigenous Australian representation in education, training and employment.

In 2018 QUT recruited a new Pro Vice-Chancellor (Indigenous Strategy) who will commence in February 2019 and provide leadership and direction to Indigenous initiatives in education, research and engagement. The position will be responsible for institutional policy, strategy and advice in relation to all aspects of Indigenous higher education.

QUT's percentage of OP 1–15 students who had an OP 1–6 and accepted an offer through QTAC decreased in 2018. This was due to a surge in OP 1–6 acceptances in 2017 in the final year of offering a Graduate Diploma in Education course, together with more OP 7–15 acceptances in some courses in 2018.

OP 1–6 percentage of OP 1–15 acceptances

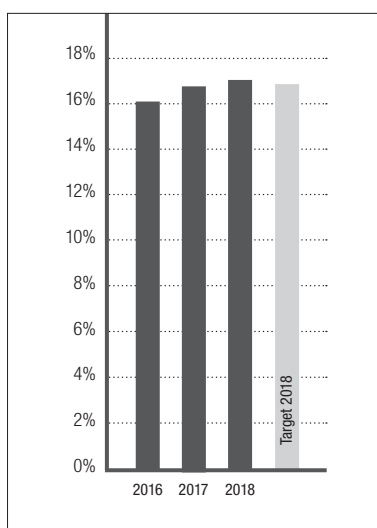


QUT's 2018 mid-year campaign won the Universities Australia Marketing Communication and Development Best Marketing Campaign—Smaller Budget award in October 2018.

QUT increased its international student percentage again in 2018 to reach 17.6 per cent.

In 2018, 10.6 per cent of QUT's international students were HDR students.

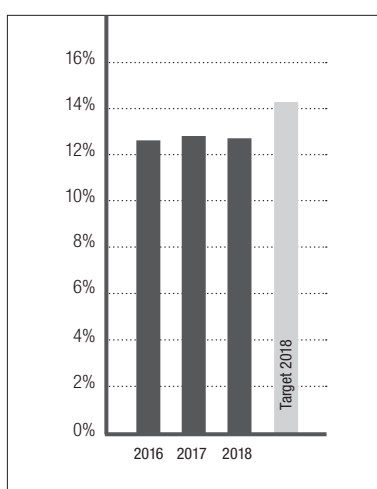
International student share of total population



For several years, QUT has maintained an international student share of total population significantly less than the sector average.

QUT's share of domestic undergraduate students from low socioeconomic status (SES) backgrounds reduced slightly in 2018, to be 12.5 per cent. This included reductions in low-SES students in 2018 for some courses which previously were offered at QUT's former Caboolture campus in 2017.

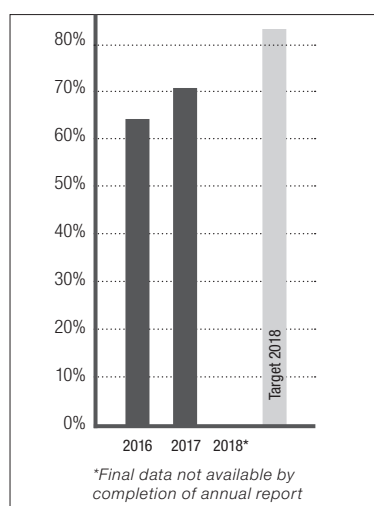
Share of domestic undergraduate students from low SES



QUT won the 2018 Australian Financial Review Higher Education Employability award for Real World Learning.

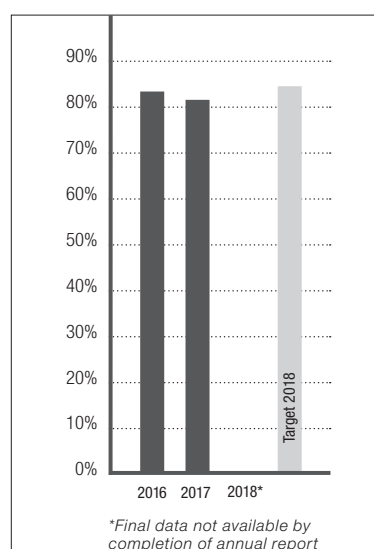
This award is recognition of QUT's Real World Learning 2020 Vision which has focused institutional effort to effectively bridge the student classroom experience to the wider world.

Percentage of students who have completed Work Integrated Learning units upon graduation



QUT's overall quality of students' educational experience has been higher than the sector average over recent years.

Overall quality of educational experience



QUT's student service model, HiQ, celebrated its first birthday on 29 April. During its first 12 months, HiQ received a total of 397 904 enquiries from students, staff and visitors. The service has consistently maintained a client satisfaction rating higher than four (out of a possible five) across all delivery channels.

A timetable planner app was developed, which allows students to see when their enrolled classes are scheduled and then build and save a draft timetable that can be used to help inform preferences during the class allocation process.

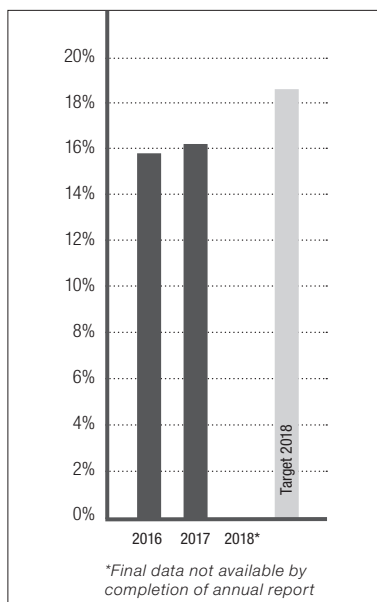
QUT established an eSports (competitive video gaming) program. Unlike most eSport activities at Australian universities that are typically run as student clubs, QUT's program incorporates eSport into the university framework through oversight of QUT Sport. The purpose-built eSport arena at Gardens Point campus opened in July 2018 and will facilitate research, training of competitive teams, tournaments, engagement and events.

The 'Respect and Safety' initiative involves on-going university-wide efforts to prevent student sexual harassment and assault through student awareness raising (online and face-to-face training); to encourage higher levels of disclosure and reporting; and to improve the support for students who report their concerns. Part of a national approach, the university's Action Plan targets cohorts and places of higher risk, and the associated Working Party involves student leaders and staff in the implementation of the plan.

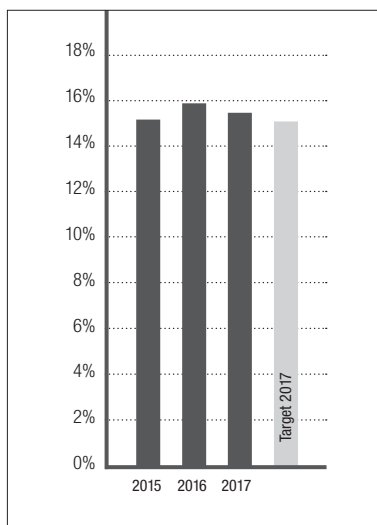
The *VET in Schools* project, implemented in partnership between QUT's Confucius Institute and Yeronga State High School, exceeded expectations with strong enrolments in the innovative program. Chinese language is being taught using the Content and Language Integrated Learning (CLIL) approach with a hospitality technical theme.

The number of student international experiences continued to grow, with QUT's percentage close to the sector average in 2017.

Percentage of students who have an international experience



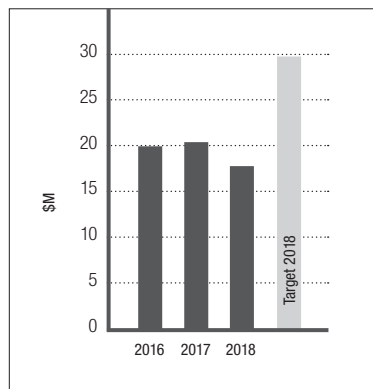
Commencing ex-QUT bachelor degree attrition



The graph above shows the percentage of commencing bachelor degree students who neither complete their course in the same year nor return to QUT in the following year. The university's 2017 commencing bachelor degree attrition decreased from 2016, moving closer to QUT's 2017 target to reduce to 15.1 per cent. For several years QUT's attrition percentage has been lower than the sector average.

QUT's graduate and professional education income decreased in 2018 and was under the 2018 target.

Graduate and professional education income (\$M)



QUTeX was established in 2018 to provide professional and executive education delivered by the university, managed through QUT Business School.

In 2018 the university developed the QUT Online Strategy, which will be implemented in 2019.

The university recruited a new position of Pro Vice-Chancellor (Digital Learning), who will commence in January 2019.

QUT's Learning and Teaching Unit partnered with the Faculty of Education to develop a fully online, professional learning suite which aims to have 12 new programs available by late 2020. Five 'taster' courses were delivered on FutureLearn supporting 20 000 learners from more than 100 countries.

Teaching excellence

Close to 650 QUT staff members across all levels of the university achieved international recognition as fellows of the Higher Education Academy (HEA).

In 2018 Dr Colin Jones was awarded the highest recognition category of Principal Fellow of the HEA.

The 2018 David Gardiner QUT Teacher of the Year Award was awarded to Dr Deb Duthie. Dr Duthie was also the recipient of the Australian Technology Network of Universities National Teacher Award.

QUT partnered with two other universities as organisers of the inaugural Australasian Academic Development Good Practice Awards. The awards recognise the good practices of academic developers, and enable them to share innovation, inspire others across the sector and raise the profile of the role that academic development plays in student success for all universities in the sector. QUT had three of the 10 national finalists.

Professor Abby Cathcart, Professor Dann Mallett, Associate Professor Christy Collis and Professor Larry Neale travelled to China with academics from three other Queensland universities for a teaching excellence showcase. The showcase was part of a project funded by Trade and Investment Queensland and led by QUT with the aim of enhancing Queensland's reputation as a centre of excellence in university learning and teaching by providing opportunities for academic staff in China to experience innovative professional development aligned with a globally recognised professional standards framework.

Graduate and student achievements

With nearly 30 years' experience as a legal advocate for Indigenous Australians, Tony McAvoy was the 2018 QUT Alumnus of the Year and Faculty of Law Outstanding Alumni Award Winner.

QUT alumni have won two awards, including Alumnus of the Year, at the Australia China Alumni Association (ACAA) event on 23 November to honour key Australian alumni in a variety of award categories. Architecture alumnus Joseph Kwan was named the 2018 TOEFL Australia

China Alumnus of the Year. Tony Ip, also from Architecture, was named the 2018 ACAA Arts and Creative Industries Outstanding Alumni winner.

Nathan Jarro was appointed as Queensland's first Indigenous District Court Judge. A QUT alumnus, Nathan was a member of QUT Council from 2008 to 2012 and has been Chair of QUT's Indigenous Education, Research and Employment Committee since 2013.

The eighth annual CareerTrackers Leadership Development Institute forum took place from 31 January to 2 February. Five QUT students received academic excellence awards at the gala dinner.

QUT student athletes enjoyed remarkable success at the Gold Coast 2018 Commonwealth Games. Between them, QUT athletes won 20 medals, 19 of these for Australia and one for Malta. These included 12 gold, six silver and two bronze medals.

Seven QUT students were awarded Westpac Young Technologists Scholarships at an event in Sydney on 11 April. The scholarships are intended to foster innovators by supporting undergraduate students to bring about change through cutting-edge technology.

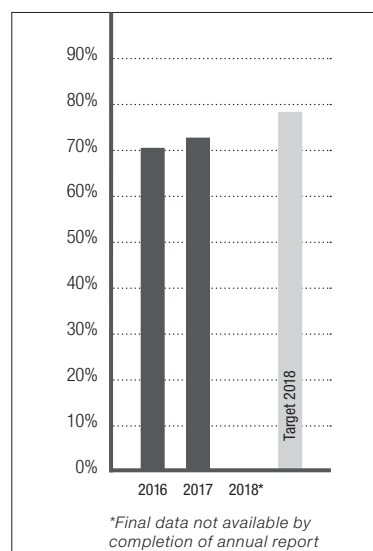
QUT doctoral student Emily O'Grady won the prestigious 2018 Vogel Literary Award for her work *The Yellow House*. The award is made for unpublished manuscripts by writers under the age of 35.

Christopher Stackpoole won a Vinerian Scholarship—the most prestigious law scholarship awarded annually by the University of Oxford—as the student who gave 'the best performance in the examination for the Degree of Bachelor of Civil Law'.

The QUT Enactus team won the national Enactus Australia competition and represented Australia at the Enactus World Cup in the United States in late 2018. Enactus is an international organisation that motivates university students around the world to empower the lives of others and enable economic, social and environmental impact.

QUT continues to have strong employment outcomes for its graduates.

Full-time employment rate for bachelor graduates available for full-time work



QUT's full-time employment rate for bachelor graduates available for full-time work was better than the sector average in 2017.

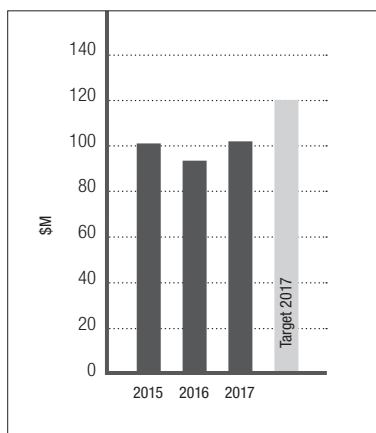
Real-world research

Our real-world research priorities focus on being a globally leading university that delivers solutions to the challenges of today and the future. This is achieved through high-impact research that spans discipline boundaries and is pursued in partnership with end users, leveraging our deep technological strengths and responding to the human capital and innovation needs of the global economy.

QUT's 2017 total research income (reported in 2018) increased to \$100.1 million. QUT continued to hold eleventh place of Australian universities.

The 2017 income was under the university's target.

Total research income (\$M)



In 2018, QUT was awarded four new National Health and Medical Research Council project grants for 2019 commencement, worth \$5.28 million over five years.

QUT performed strongly in the Australian Research Council (ARC)

Discovery Projects, Discovery Early Career Researcher Awards and Linkage, Infrastructure Equipment and Facilities round announced in November 2018, securing 20 new grants worth over \$10.8 million.

In 2018 four ARC Future Fellows were awarded to QUT for 2019 commencement worth \$3.5 million over four years. The university's success rate was 25 per cent against a national average of 20 per cent.

Twelve QUT researchers were awarded a total of \$2.82 million in the Advance Queensland Fellowships.

QUT led a \$7.5 million research project to establish a pilot plant producing hydrogen from renewable energy. The pilot plant will use locally produced solar energy to extract hydrogen from treated non-drinking water, such as seawater.

QUT was successful in the first round of the Australian Government's National Landcare Program under the Department of Agriculture and Water Resources. QUT is involved in two of the 15 Smart Farming Partnerships recently awarded: one with total external funds of \$3.6 million over four years; and one with grant funding of \$1 million over three years.

A QUT research team received \$433,000 funding from the Queensland Department of Environment and Heritage Protection for a three-year project to trial the use of bioreactors on sugarcane farms to reduce nitrogen pollution of the Great Barrier Reef.

In January 2018, the Australian Government announced a \$60 million investment over 18 months in Great Barrier Reef protection and restoration programs. This included \$6 million to a consortium (including QUT) to scope and design a major new coral reef restoration R&D program. QUT will provide engineering, robotics, social impact assessment and modelling capability to this program.

A team led by Professor Lindy Willmott, Professor Ben White and Professor Patsy Yates secured a National Palliative Care grant worth over \$700,000 from the Commonwealth Department of Health, and an award worth over \$650,000 from the Victorian Government Department of Health and Human Services.

Researchers from QUT's Institute for Future Environments (IFE) and the Queensland Alliance for Agriculture and Food Innovation (QAAFI) joined forces to map the DNA of the nation's

top five tree crops (avocados, mangos, macadamias, almonds and citrus) under a \$13.3 million, five-year National Tree Genomics Program. QUT will lead a genotype prediction toolbox (\$3.8 million over five years) with several partners.

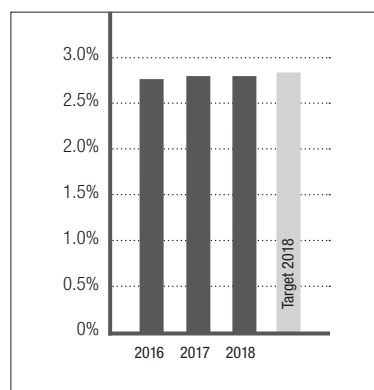
QUT participated in two Cooperative Research Centres (CRCs) announced for 2018. The Digital Health CRC, with funding of \$230 million over seven years, includes broad interest across a range of QUT disciplines. The Fight Food Waste CRC, with \$133 million funding over 10 years, involves researchers from QUT's Institute for Future Environments and QUT Business School.

The iMOVE CRC project *Cooperative and Highly Automated Driving Safety Study* was delivered in partnership with Queensland Department of Transport and Main Roads (TMR) as part of TMR's Cooperative and Highly Automated Driving (CHAD) Pilot—to help prepare for the arrival of new vehicle technologies with safety, mobility and environmental benefits on Australian roads.

As part of the project, TMR will provide approximately \$1.4 million to QUT (via iMOVE) to fully fund the purchase of a Level 4 (highly automated) cooperative automated vehicle prototype from VEDECOM Tech (the commercialisation arm of VEDECOM Institute—a French research centre of excellence that has strong partnerships with Renault, Groupe PSA and Valeo). QUT will own, register, operate and maintain the vehicle.

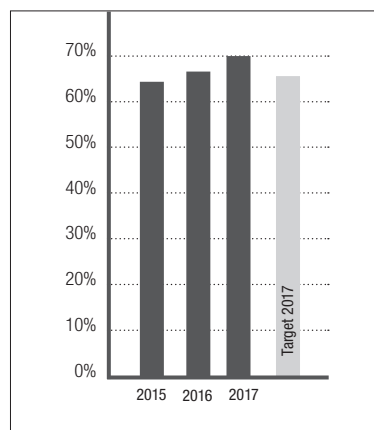
In 2018, QUT continued to be the ninth largest recipient of Research Block Grant allocations, with 2.79 per cent of the national total.

QUT share of national research block grant income



QUT continued to increase the quality of research publications, with a 2017 result of 70 per cent of publications appearing in high-quality journals.

Quality of research publications



QUT's internationally renowned institutional repository, QUT ePrints, celebrated its 25 millionth download in 2018. QUT ePrints provides free public access to more than 44 000 full-text research outputs and serves to build QUT's reputation by exposing its research to the world. QUT ePrints is accessed by researchers in 60 countries and some 19 million of the articles downloaded are accessed from outside of Australia.

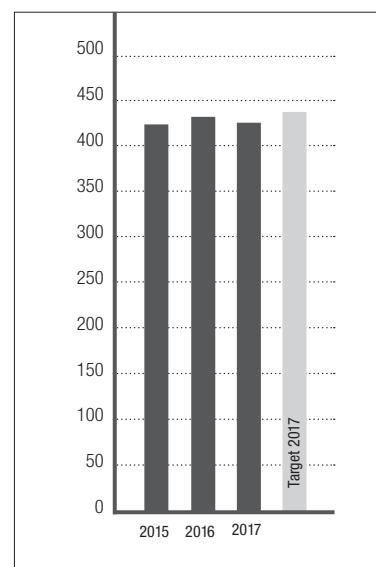
The Clarivate Highly Cited Researchers List identifies the world's most influential scientists and social

scientists who have demonstrated significant influence through publication of multiple highly-cited papers during the last decade.

Four QUT researchers were named in the 2018 single research categories list: Professor Kevin Burrage (Mathematics); Professor Dimitri Golberg (Materials Science); Professor Fawang Liu (Mathematics); and Professor Ian Turner (Mathematics). Clarivate has also created a new cross-field category in 2018 to recognise researchers who are highly cited when their performance is calculated across the multiple fields in which they publish. QUT recorded a further two highly-cited researchers in the cross-field category which supports our efforts in encouraging transdisciplinary research as one of our distinguishing characteristics: Distinguished Professor Dietmar Huttmacher and Associate Professor Dale Nyholt.

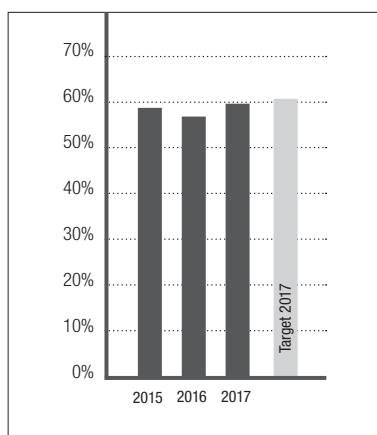
QUT had 425 higher degree research (HDR) completions in 2017, placing it eighth among Australian universities.

HDR completions

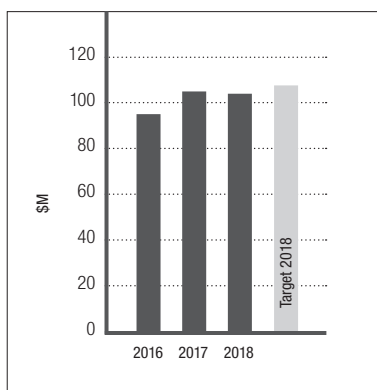


QUT aims to increase HDR completions within maximum equivalent full-time student load (EFTSL). In 2017 this measure increased to 59.3 per cent.

HDR completions within maximum EFTSL



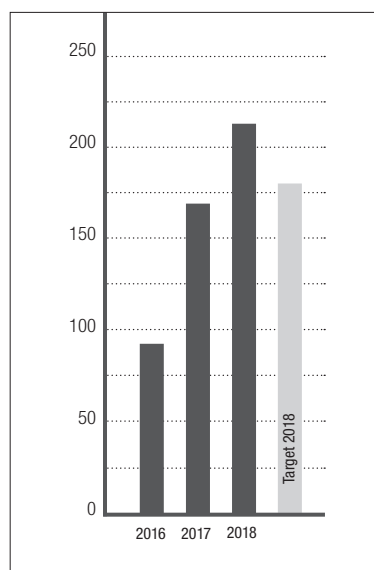
Commercial income (\$M)



QUT will partner with Rio Tinto to provide metal analysis services to Rio Tinto through to 2023, underpinned by the company's investment of \$1.24 million over the next five years in QUT's Central Analytical Research Facility.

Professor Derek Richard and CARP Pharmaceuticals Pty Ltd—a company founded by QUT researchers to develop effective, affordable cancer treatments for millions worldwide—signed a \$957 254 agreement for the development of novel cancer therapies.

Number of founders (cumulative 2015–19)



The MIT Innovation and Entrepreneurship Bootcamp, with around 130 participants from 41 countries, was hosted at Gardens Point campus from 10–16 February.

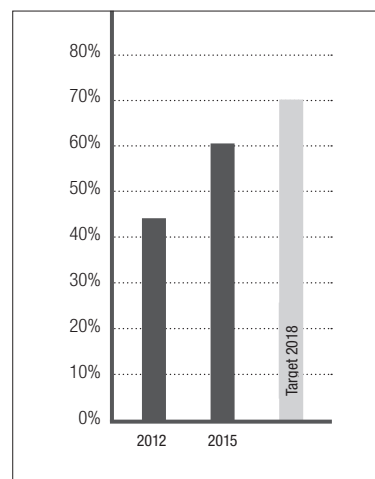
QUT is the fourth most-attended university by founders as measured by the 2018 Startup Muster Annual Report. Startup Muster is the largest survey on the Australian startup ecosystem and was founded to draw attention to its progress, opportunities and challenges.

Professor Per Davidsson was singled out by *The Australian* for top 'Lifetime Achievement' amongst Australian researchers in the broad area of 'Business, Economics and Management'. In addition, Professor Davidsson's article *Entrepreneurial Opportunities and the Entrepreneurship Nexus: A Re-Conceptualization* has received the Best Article Published in 2015 award from the *Journal of Business Venturing (JBV)*, which is ranked the top entrepreneurship journal across all of business and management.

QUT participates in the Excellence in Research for Australia (ERA) evaluation framework and is awaiting the results

of the latest (2018) exercise which included an 'Engagement and Impact' assessment for the first time.

Excellence in Research for Australia (ERA) rating of 'above world standard' or higher



Professor Helen Klæbe was appointed to the position of Pro Vice-Chancellor (Graduate Research and Development).

In 2018, the title of Distinguished Professor was awarded to Professor Patsy Yates.

Distinguished Professor Yates was announced as having become the first researcher from outside of North America to receive the prestigious Distinguished Researcher award from the international Oncology Nursing Society (ONS).

Professor Marcus Foth won a 2017 Australian Computer Society (ACS) Gold Disruptor Award in the ICT Researcher of the Year category. Professor Foth accepted the award on behalf of the Urban Informatics group in the QUT Design Lab, which has been at the forefront of smart city research since 2006.

Associate Professor Makrina Totsika was awarded the 2018 Frank Fenner Award by the Australian Society for

Microbiology (ASM) in recognition of her distinguished contributions to microbiology research in Australia. She was also elected as a Fellow of the society.

Professor Prasad Yarlagadda was appointed by the Indian Ministry of Science and Technology as a Visiting Advanced Joint Research (VAJRA) Professor at the Indian Institute of Science, Bangalore for 2018.

Distinguished Professor Aileen Moreton-Robinson was recognised during NAIDOC week as one of five 'incredible Indigenous women achieving great things'.

Associate Professor Jyotsna Batra was named Cure Cancer Australia's Researcher of the Year 2018 for her work in identifying genetic variations that predispose men to prostate cancer.

Professor Mia Woodruff won the Life Science Research Leader Award in the 2018 Women in Technology (WiT) awards. Her colleague and PhD candidate, Naomi Paxton, won the Life Sciences Young Achiever Award. WiT is one of the leading technology industry associations for women in the country.

Professor Lidia Morawska was recognised with the 2018 Eureka Prize for Infectious Diseases Research for her work on air quality and its impact on human health.

Distinguished Professor Dietmar Hutmacher received the 2018 Ramaciotti Medal for Excellence in Biomedical Research in November 2018. The medal recognises Professor Hutmacher's expertise in biomaterials, biomechanics, medical devices and tissue engineering, and his translation of holistic bone engineering concepts to clinical application. Professor Hutmacher was also awarded a prestigious Humboldt Research Award in recognition of his pioneering research contribution which has

advanced knowledge in the fields of biomaterials, tissue engineering and regenerative medicine.

Dr Sue Keay, Chief Operating Officer of QUT-based Australian Centre for Robotic Vision, was named by non-profit online communication platform, Robohub, among the '25 women in robotics you need to know about in 2018'. Robohub brings together experts in robotics research, start-ups, business, and education from around the world.

Adjunct Professor Chris Tindal was appointed as Queensland's new US-based Strategic Biofutures Advisor.

Distinguished Professor James Dale AO was announced on 9 November as Queensland's 2019 Senior Australian of the Year. The announcement recognised Professor Dale's ground-breaking research in agricultural biotechnology.

Real-world people, culture and sustainability

Our real-world people, culture and sustainability priorities focus on developing the capabilities and performance of our people, while also maintaining our strong organisational culture, financial viability and environmental sustainability.

The university continued its aim of developing and sustaining its workforce through: lifting performance expectations; attracting, developing and retaining the best people; engaging and rewarding staff; reflecting community diversity; embracing change; and seeking efficiencies in key business processes.

Service delivery model

In 2018 the university continued on a process of business transformation towards more strategically focused, centralised administrative support functions including human resources, information technology and finance.

The Human Resources (HR) Department transitioned to the enterprise service model in July 2018, with the introduction of a new tiered service delivery model and organisational structure.

In 2018, the university went to market for a contemporary, Human Capital Management (HCM) solution. The HCM solution will deliver contemporary, digital capability to

support the university to manage and deliver services to its workforce across the entire employee life cycle from 'pre-hire to retire'. Implementation of the solution in 2019 and 2020 will replace human resources functionality residing in current systems, and introduce new talent management, self service, process automation, information services and mobile capabilities.

Staff engagement

In 2018, the university conducted a staff survey through an external provider, Voice Project. The survey measures staff engagement levels, and perceptions of organisational and work-team practices such as organisational vision, leadership, change management, and culture. QUT's target was 85 per cent. The university achieved an overall staff engagement result of 75 per cent for staff, and 79 per cent for sessional staff. These results place QUT at the sector benchmark for staff, and slightly above the benchmark for sessional staff. Results and comments from staff have provided rich information to inform future planning.

Staff development

Progress continues to be made to build and maintain the real-world capabilities. In 2018 a number of the leadership and coaching skills programs were redesigned and renewed.

The successful Leader as Coach Foundation program was delivered to a further 70 staff, building on the 125 staff who completed the program in 2017. A further 23 staff completed the next level of the program—Developing Leader as Coach.

A round of the Accelerated Leadership Pathways program commenced in 2018 and was delivered to 15 high-potential and high-performing academic staff from a cross section of the university and will be concluded mid 2019. The aim of the program is to develop the leadership capability of high-performing academic staff, to enhance career readiness and develop a leadership pipeline through focused learning.

The Leading Transformational Change program was delivered to 24 directors in partnership with the Graduate

School of Business. This program aimed to elevate conversational intelligence and leadership skills through providing 360 degree feedback and developing coaching skills.

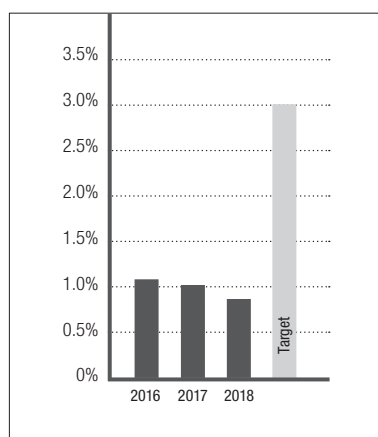
Modules for Managers is a suite of nine modules for QUT supervisors at a mid to senior level. These modules were delivered to 360 staff and build on current expertise and skill base with the aim of developing capability as high performing leaders.

Capability, Career and Support Sessions were delivered to 450 staff with the aim of providing staff with ongoing support through times of organisational change.

Aboriginal and Torres Strait Islander employment

Staff who are Aboriginal and Torres Strait Islander people made up 39 FTE of QUT's ongoing and fixed-term staff in 2018.

Share of staff who are Aboriginal and Torres Strait Islander people



A review of the Indigenous Employment Strategy commenced in late 2018, to ensure actions and performance indicators within four key objectives continue to support the current 1.7 per cent Indigenous workforce target outlined in the QUT *Blueprint* and the new 3 per cent Indigenous workforce benchmark set at the national level.

Staff support

The university continued the delivery of a range of preventative and rehabilitation services to support staff at risk of, or working with, physical or mental health conditions. These comprehensive services include dedicated training and information sessions, online resources, university-wide campaigns and specific interventions when required. The Employee Assistance Program service is promoted widely to staff—with access to the free and confidential counselling and support services.

A series of onboarding guides and toolkits for supervisors of new academic and professional staff was developed and published on the digital workplace, and is supported by a suite of workshops.

Enterprise agreements

Progress was made towards finalising the negotiations for separate proposed enterprise agreements for professional and academic staff with the view to seek consultation and endorsement from staff in early 2019.

University policies

The webpage hosting information on Human Resources policies and practices was reviewed with the aim of improving levels of accessibility to information and awareness of staff entitlements and the support available to staff.

QUT's comprehensive work life balance framework was promoted through a number of avenues to new and existing staff to enable access to a range of flexible work arrangements.

The university continued to ensure staff are consulted and/or informed of any changes/improvements made to workforce policies and entitlements.

In 2018 a review of the University Promotion Committee policy was finalised, with new revisions coming

into effect for the 2019 academic promotion round. A key focus of the review was to streamline the application and assessment processes.

Improvements were made to the recruitment and selection practices as part of the university's continuous improvement initiatives. In addition, increased support was provided to recruitment panel members with the aim of lifting capability and successful outcomes in applicant assessment.

Changes to the professional development policy were made to better align with the travel policy and ensure fair and reasonable compensation for travel costs incurred by staff.

QUT Staff Full-Time Equivalent (FTE)			
	2016	2017	2018
Total staff FTE	4802	4713	4678
Fixed term and ongoing	3930	3826	3791
Casual *	873	887	887
Fixed term and ongoing FTE			
Academic	1556	1478	1476
Professional	2374	2348	2315
Academic			
Female	734	684	691
Male	822	794	784
Other			1
Professional			
Female	1523	1503	1477
Male	851	844	837
Other			1

* Due to timing, at 31 March 2018 casual FTE uses 2017 casual FTE

QUT's permanent separation rate was 9.4 per cent in 2018.

Gender equity

QUT was again granted an Employer of Choice for Gender Equality citation by the Workplace Gender Equality Agency for 2018.

The university's long-standing target for the proportion of senior staff who are female (40 per cent) was achieved in 2015 for the first time.

Progress was made towards achieving the university's aim of increasing the proportion of senior staff who are female to 45 per cent. In 2018 the proportion of senior females was 42.9 per cent.

QUT is one of 45 Australian universities, research institutes and publicly funded research agencies accepted as inaugural participants in the Australian pilot of the Athena SWAN program. Science in Australia Gender Equity (SAGE) is a program of activities designed to improve gender equity and diversity in the disciplines of Science, Technology, Engineering, Mathematics and Medicine (STEMM). Accreditation is subject to an organisational commitment to improvements that address areas of inequity. QUT was an awardee of the inaugural Athena SWAN Bronze Award in December 2018.

Staff achievements

QUT Chancellor, Tim Fairfax AC, was announced as the Queensland Community Foundation (QCF) Community Philanthropist of the Year at the QCF awards event on 15 June.

QUT Deputy Vice-Chancellor (Research and Innovation), Professor Arun Sharma, was awarded the Lifetime Achievement Award by the India Australia Business and Community Awards. The award honours an individual who has significantly contributed to the Australia India relationship.

Through the 2018 Vice-Chancellor's Awards for Excellence, the outstanding achievements of 15 individual staff and a further 37 staff within seven teams were recognised.

Professor Jeremy Davey received a 2018 Fulbright Senior Scholarship, to be sponsored by Kansas State University. He is only the third QUT recipient of a senior scholarship.

Emeritus Professor Myles McGregor Lowndes OAM was awarded Life Membership of Philanthropy Australia in recognition of his many achievements.

QUT mathematical and statistical scientist Distinguished Professor Kerrie Mengersen was named a Fellow of the Australian Academy of Science, joining the ranks of the nation's most distinguished scientists.

Nonprofit ethics lecturer and alumnus Dr Matthew Turnour was announced Influencer of the Year at the Third Sector Awards event on 25 September. The awards recognise and celebrate best not-for-profit practice around Australia.

Visitors and events

A ceremonial welcome took place on the Kidney Lawn at Gardens Point campus on 4 April for Their Royal Highnesses The Prince of Wales and The Duchess of Cornwall to start their Australian tour.

His Royal Highness The Duke of York KG visited Gardens Point campus on 29 November to explore QUT's latest developments in robotics and entrepreneurship. His Royal Highness toured The Cube, the QUT-headquartered Australian Research Centre of Excellence for Robotic Vision, and QUT's Foundry and eSports facilities.

Other visitors to QUT included Her Excellency Ms Lynette Wood, Australian Ambassador to Germany (12 March); Dr Xu Jie, Consul-General of the People's Republic of China (21 March); and Dr Brendon Hammer, Australian Ambassador to Austria (9 April).

QUT continued its sponsorship of the World Science Festival Brisbane for a third year in 2018 and remains one of three long-term academic partners for the event. This event attracted 200 739 people from around the

globe, representing a 10 per cent growth on 2017 and delivering more than 120 events in Brisbane and five regional Queensland locations.

The Mercedes-Benz Fashion Festival returned to Old Government House from 26–30 August following the success and overwhelming audience response from last year's event. The event stages designer showcases to celebrate all that local design has to offer.

Aligning with the National Reconciliation Week theme of *Don't Keep History A Mystery*, QUT's Oodgeroo Unit's Giving Back—Going Forward 2018 event presented 'My Struggle, My Fight', a powerful documentary addressing the trauma and heartache of past and current policies by Queensland Child Protection Services, specifically around the removal of children in the Cherbourg community. Over 100 students, staff and external guests attended the event.

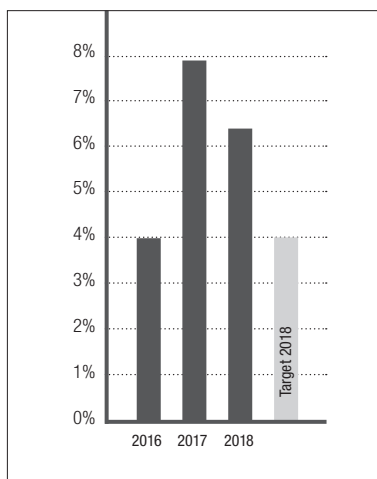
From 26–28 September the university hosted the Australian University Grievance and Complaint Network Conference in collaboration with Griffith University, University of Queensland and the Queensland Ombudsman. The conference and pre-conference workshop were very well received and enabled over 100 professionals from 29 Australian universities and one New Zealand university to come together to discuss best practice in complaint management and responding to complex student cases.

The Global Challenge, which has been a feature at QUT for nine years, continued to be a major part of QUT's wellness activities. QUT achieved its highest participation rate in 2018 with over 160 teams and 1120 staff registered for the event.

Financial sustainability

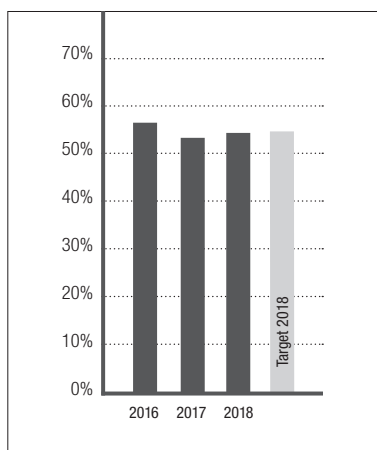
The underlying operating margin is a QUT key performance indicator. Further information on this indicator is provided in the *Summary of financial performance*.

Underlying operating margin

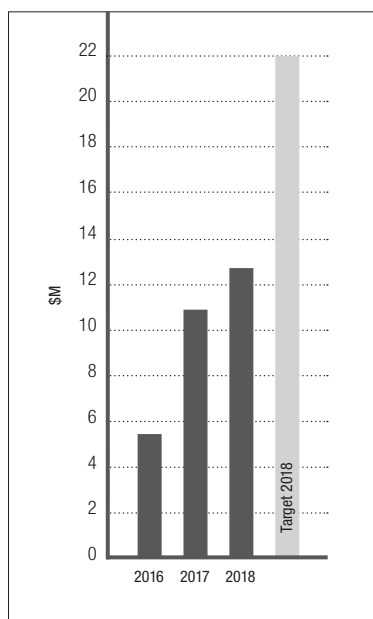


Employee expenditure as a share of total revenue also is a QUT key performance indicator. QUT's percentage has been slightly higher than the sector average over recent years.

Employee expenditure as share of total revenue



Philanthropy income (\$M)



QUT Giving Day took place on 22 May, and donations on the day were over \$1.683 million from 1582 donors, of which 50 per cent were new donors. Donations included the 'Challenge Gift' of US\$1 million from QUT Outstanding Alumnus, Mr Greg Creed.

Established in 1998, the Learning Potential Fund has dispersed 17 000 scholarships and bursaries to students who exhibit academic potential but whose financial circumstances might otherwise preclude them pursuing study at QUT. With a corpus of \$58.2 million, the goal is to move the fund towards the target of \$100 million by 2021 to ensure a lasting legacy that supports students in financial need.

QUT's Staff Giving Program was recognised as the Best Public Sector Program at the 2018 Workplace Giving Excellence Awards event on 20 November.

Facilities

After over two years of development work, a new Estate Master Plan was approved in late 2018. This important strategic document will guide campus development over the coming years.

QUT purchased 88 Musk Avenue at Kelvin Grove in April 2018. QUT already occupied floors 1 to 4 under lease, and has taken up an additional occupancy on Level 5. Level 6 is leased to Boral, while the ground floor shopfronts are fully leased to four retailers.

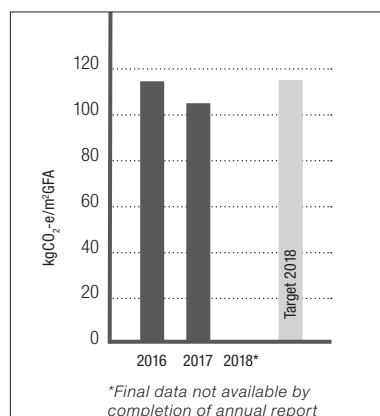
The Gardens Theatre underwent its first refurbishment in 19 years, including painting, new seating and carpet, equipment and lighting upgrades and the installation of digital signage at the theatre entry.

Other projects undertaken in 2018 included the Amphitheatre upgrade and additional PC2 Compliant 120 seat laboratory at Kelvin Grove, Biotechnology Fermentation Laboratory in Q Block at Gardens Point, D101 lecture theatre transformation at Gardens Point, and the Mackay Pilot Plant.

QUT Bookshop received the Australian Publishers Association (APA) Best Campus Bookstore 2018 award. The QUT Bookshop has dominated this award, winning it 12 times in the last 16 years.

QUT won the industry Global Business Travel Association – Australian Affiliate btTB–GBTA Travel Management Award 2018 for the Travel Programme of the Year (Buyer Award). The award recognises the effort in delivering a customer-focused, streamlined and efficient travel solution for staff and students.

Carbon emissions



QUT continued to contribute to a low carbon future, with its level of carbon emissions reducing over recent years.

Benchmarking activities

For employee expenditure as share of total revenue, the share of staff who are Aboriginal and Torres Strait Islander people and philanthropy income, QUT compares its outcomes to prior years' averages for universities in the Australian higher education sector, Group of Eight, Australian Technology Network, and Queensland. Financial data for QUT and other universities is available from the Australian Government Department of Education and Training at <https://www.education.gov.au/finance-publication>

QUT continued to participate in the UniForum professional staff activity survey with other sector stakeholders.

QUT achieved positive rankings results in 2018.

QUT moved up four places to a world rank of 20th in the 2018 Times Higher Education Young University Rankings.

QUT retained its position in the 201–250 band of the 2019 Times Higher Education World University Rankings. In the Times Higher Education World University Rankings by Subject, QUT was positioned in the top 100 for Business and Economics (99th place; improving from the 101–125 band last year) and Law (63rd place; not in the top 100 last year).

QUT moved up three places to a world rank of equal 244th in the 2019 QS World University Rankings. World ranks on indicators contributing to this overall outcome included 192nd for academic reputation (increasing 21 places) and 155th for employer reputation (no change in place).

QUT remained a 'top 20 young university', ranking 19th in the 2019 QS Top 50 Under 50.

QUT ranked in the 101–110 band of the 2019 QS Graduate Employability Rankings. This compares favourably to last year's position in the 111–120 band.

QUT ranked in 36 of the 54 subjects listed in the 2018 Global Ranking of Academic Subjects published by ShanghaiRanking Consultancy, who also publish the Academic Ranking of World Universities (ARWU). QUT maintained a position in the 201–300 band of the 2018 ARWU, which focuses on outstanding research performance.

In the 2019 edition of the *Good Universities Guide*, QUT received 5-star ratings for student demand, overall experience, skills development, teaching quality and learning resources, and ranked third in Australia for learning resources.

In the July 2018 edition of Ranking Web of Universities (Webometrics), QUT ranked 266th (up 32 places from the July 2017 edition).

2018 Summary of financial performance

Summary

The university has continued to generate an operating surplus whilst managing its resources diligently throughout a very challenging year of significant internal transformations and volatility in external markets. The university has maintained a strong balance sheet underpinned by considerable holdings of property, plant and equipment and liquid assets (cash and investments). Gearing remains low at 9.3 per cent and liquidity healthy with a current ratio of 1.1:1 which is actively managed to optimise cash flows and associated holdings while recognising a large portion of longer term financial investments in QIC Growth Fund are readily convertible to cash.

Our strong financial position provides capacity to continue to make strategic investments in learning, teaching and research within an increasingly competitive and resource intensive higher education sector. Major investments in capital infrastructure has delivered the new Education Precinct at Kelvin Grove campus and the outright purchase of a significant building in the Kelvin Grove Urban Village accommodating a large number of corporate support services along with the strategic

location providing greater opportunity for connectivity between the various QUT buildings and land holdings.

Income Statement

Operating Result and Margin (\$32.6 million or 3.1 per cent)

QUT's operating surplus of \$32.6 million (3.1 per cent operating margin) was close to the original budgeted surplus of \$36.4 million or 3.5 per cent though significantly lower than the previous year surplus (2017: \$100.4 million or 9.4 per cent). The predominant factor across the two years results was the \$55.5 million change in financial investments returns reflected through unrealised gains in 2017 (\$32.5 million) and unrealised losses in 2018 (\$23.0 million).

Underlying Operating Result and Margin (\$67.3 million or 6.4 per cent)

The 2018 operating result included various income and expenses that were considered either abnormal or had accounting treatments or valuations with exposures to external market valuation movements. To evaluate QUT's underlying operating result, adjustments are made to nullify these impacts which aligns with

an approach based on a standard framework for reporting underlying results.

The 2018 underlying operating result and margin (\$67.3 million or 6.4 per cent) continued the good performance from the prior year (2017: \$81.3 million or 7.9 per cent). While the rolling three year average underlying margin (2016–18: 6.1 per cent) has improved to be above the benchmark target rate of 5.0 per cent across the budget triennium, the university has continued to address the challenge of tightening margins over recent years and actively implemented strategies to improve the underlying financial performance for both the current year and future budgeted plans.

A reconciliation of the adjustments made to the statutory operating results when compared to the underlying operating result is provided on the facing page.

Underlying Result Reconciliation:

(Note: the reported underlying results do not form part of the audited financial statements)

	\$'000
Statutory Operating Result	32 601
Revenue	1 059 016
Type 1 – Significant one off events	–
Type 2 – Provisions and Fair Value Adjustments	–
Underlying Operating Revenue	1 059 016
Expenses	1 026 415
Type 1 – Significant one off events	
Severance Payments	(7037)
Performance bonus – early payment	3156
Business services transformation program	(9146)
Type 2 – Provisions and Fair Value Adjustments	–
Unrealised losses (excludes subsidiaries \$1.3 million)	(21 676)
Underlying Operating Expenses	991 712
Underlying Operating Result	67 304
Underlying Operating Margin	6.4%

Income (\$1059 million, decreased \$4.5 million or 0.4 per cent)

Total Income of \$1059 million was marginally down by \$4.5 million (0.4 per cent) on the previous year driven by the following major categories.

Australian Government grants was flat and only marginally up \$0.11 million (0.0 per cent). This was primarily due to the Australian Government freeze on general operating grants to be maintained at 2017 levels. The small increases in Education Research funding of \$0.9 million and Other Capital Funding \$0.73 million were offset by small decreases in Indigenous Student Success Program -\$0.471 million and ARC funding -\$0.858 million.

Higher Education Loan Program payments increased by \$4.8 million (2.0 per cent) with the main driver being the Higher Education Loan Program HECS–HELP where there was a small increase in EFTSL of 1.55 per cent increase across the funding clusters leading to a \$6.2 million increase. This was offset by a small decrease in FEE–HELP of -\$1.3 million.

State and Local Government financial assistance has decreased by \$1.9 million (23.9 per cent) since 2017 when the university received 29 new Advance Queensland project grants from the Department of Science, Information Technology and Innovation totalling \$2.8 million of which approximately \$2.0 million is funded every two years leaving the next program funding not due until 2019.

Fees and charges increased by \$25.3 million (10.6 per cent) of which fee paying onshore international student income increased by \$24.5 million driven by a combination of student load and fee increases.

Consultancy and Contracts income increased by \$2.4 million (3.97 per cent) of which \$5.4 million was largely sourced through contract research activity across the Australian Government, Australian Business and Non-Australian Business sectors. There was a decrease in Consultancy income of -\$3.0 million, which was mainly from the Commonwealth.

Other revenue and income decreased by \$5.3 million (11.5 per cent) largely due to receiving major donations in 2017 totalling \$4.4 million. In addition, there was a \$1.6 million drop in donated artwork.

Investment income increased by \$4.2 million primarily attributable to the QIC investment funds distributions up \$2.5 million (2018: \$22.6 million; 2017 \$20.1 million) largely driven by both domestic and international equities markets. Dividends from Education Australia Limited were up by \$1.5 million.

Expenses (\$1026 million, increased \$63.2 million or 6.6 per cent)

Total expenditure of \$1026 million was up \$63.2 million (6.6 per cent) driven by the following major categories.

Employee related expenses increased by \$12.4 million (2.2 per cent) driven by the flow-on effect of the salary rate increases for academic and professional staff in December 2017 (1.5 per cent); there was an increase in Academic staff FTE of 2.2 per cent (2017: -2.7 per cent) however, while professional staff FTE remained static there was an increase in professional staff Voluntary Redundancy expenditure (approx \$1.8 million). The university

also incurred additional expenditure in 2018 arising from the business transformation projects.

Depreciation and Amortisation

decreased by \$3.2 million (4.8 per cent). In 2017 with the Transfers of the Caboolture campus assets to University of the Sunshine Coast (USC) it abnormally increased depreciation by \$5.1 million arising from Useful Life adjustments. In 2018 building depreciation increased by \$3 million primarily due to the purchase of a significant building at 88 Musk Avenue, Kelvin Grove and the associated depreciation charges (\$1.8 million) with remaining building depreciation increase due to revaluation and indexation adjustments.

Other Investment losses increased by \$22.9 million for the year. This was made up of unrealised losses from QIC investment funds of \$33.7 million (2017 was an unrealised gain of \$32.2 million); offset by Education Australia Limited unrealised gain \$7.2 million (2017: \$4.7 million), AARNet unrealised gain of \$5.5 million and \$2.0 million unrealised losses on various other holdings.

Other Expenses increased by \$28.0 million (9.7 per cent) mainly due to an increase in expenses associated with the cessation of the Caboolture campus. Other increases were Non-Capitalised equipment by \$5.1 million largely associated with the fit out of the Education Precinct; Advertising, promotional and marketing expenses by \$2.1 million; Commissions by \$4.5 million associated with increased commencing international student numbers coupled with increased international student fees.

Statement of Financial Position

The Statement of Financial Position outlines the financial strength of the university and its capacity to meet current obligations and support long-term priorities.

Net Assets (\$1663 million, increased \$25.0 million or 1.5 per cent)

QUT's net asset position as at 31 December 2018 was \$1663 million representing an increase of \$25 million (1.5 per cent) driven by several key factors:

Current assets decreased by \$67 million (27.2 per cent) largely driven by a decrease in Cash and Cash equivalents of \$85 million, \$50 million was transferred to the QIC Growth fund. Other Non-Financial assets increased by \$12.8 million.

Non-current assets increased by \$141.4 million (8.4 per cent), Investments managed by QIC increased \$35.8 million (including the purchase of \$50 million worth of additional units, \$20.8 million realised distributions reinvested back into the QIC funds, offset by \$33.7 million unrealised loss). Education Australia Limited increased by \$7.2 million, AARNet increased by \$5.5 million and QUT Enterprise Holdings (QEH) increased by \$7.7 million (made up of \$9.05 million of capital injections offset by unrealised loss of \$1.3 million). Property Plant and Equipment also increased by \$89.4 million driven by the construction of the new Education Precinct at Kelvin Grove campus and the outright purchase of a property located at 88 Musk Avenue Kelvin Grove accommodating a large number of corporate support services which significantly reduced rental expenses.

Total liabilities increased by \$49.4 million (17.4 per cent) largely driven by Borrowings increasing by \$54 million (new loan for the purchase of 88 Musk Avenue) offset by a decrease Trade and Other payables \$7.5 million.

Liquidity (Current) Ratio (1.1:1)

The university's liquidity ratio of current assets to current liabilities is 1.1:1 (2017 1.5:1). The drop in the ratio is partly due to the transfer of \$50 million from cash to the QIC Growth Fund which is classified as a Non-Current asset.

Liquidity is actively managed to optimise cash flows and associated holdings while recognising a significant portion of longer term financial investments in QIC Growth Fund is readily convertible to cash.

In conclusion, the operating surplus and underlying result in 2018 were less than the previous year. This decline was largely driven by the significant global downturn in financial equity market investment valuations, offset by increased international fee paying student income, and contracted research income. With the ongoing commitment of QUT's staff and management the university remains strongly positioned to achieve its budgeted plans, objectives and longer-term aspirations.

Financial Statements for Queensland University of Technology for the 2018 Reporting Period

Queensland University of Technology
Contents
For the Year Ended 31 December 2018

	Page
Financial Statements	
Income Statement	34
Statement of Comprehensive Income	35
Statement of Financial Position	36
Statement of Changes in Equity	37
Statement of Cash Flows	38
Notes to the Financial Statements	39
Management Certificate	92

Queensland University of Technology
Income Statement
For the Year Ended 31 December 2018

		Consolidated		Parent	
		2018	2017	2018	2017
	Note	\$'000	\$'000	\$'000	\$'000
Income from continuing operations					
Australian Government financial assistance					
Australian Government Grants	2	385,667	385,547	385,601	385,489
HELP - Australian Government Payments	2	248,358	243,470	248,358	243,470
State and Local Government financial assistance	3	6,716	8,666	6,271	8,245
HECS-HELP - Student Payments		19,828	21,575	19,828	21,575
Fees and charges	4	264,298	239,104	264,504	239,161
Investment revenue	5	29,735	25,447	29,700	25,409
Royalties, trademarks and licences		237	109	194	85
Consultancy and contracts	6	63,812	61,529	63,812	61,434
Other revenue	7	40,955	46,826	40,748	46,193
Total revenue from continuing operations		1,059,606	1,032,273	1,059,016	1,031,061
Gains on disposal of assets		-	90	-	90
Other investment income	5	-	36,859	-	32,454
Total income from continuing operations		1,059,606	1,069,222	1,059,016	1,063,605
Expenses from continuing operations					
Employee related expenses	8	582,220	569,223	578,048	565,551
Depreciation and amortisation		64,430	67,657	64,426	67,657
Repairs and maintenance	9	38,251	36,564	38,252	36,561
Borrowing costs		5,749	4,291	5,749	4,291
Impairment of assets	10	68	331	69	329
Loss on disposal of assets		99	-	99	-
Investment losses	5	21,660	-	22,963	-
Other expenses	11	319,844	292,357	316,809	288,796
Total expenses from continuing operations		1,032,321	970,423	1,026,415	963,185
Net result attributable to members of Queensland University of Technology		27,285	98,799	32,601	100,420

The above Income Statement should be read in conjunction with the accompanying notes.

Queensland University of Technology
Statement of Comprehensive Income
For the Year Ended 31 December 2018

	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net result attributable to members of Queensland University of Technology		27,285	98,799	32,601	100,420
Other comprehensive income					
Gain (loss) on revaluation of land, buildings, heritage and cultural assets, net of tax	15.	(7,580)	46,252	(7,580)	46,252
Gain (loss) on cash flow hedges, net of tax		8	-	8	-
Gain (loss) on revaluation of available for sale financial assets, net of tax		-	1,582	-	-
Gain (loss) on equity instruments designated at fair value through other comprehensive income, net of tax		5,383	-	-	-
Total other comprehensive income		(2,189)	47,834	(7,572)	46,252
Total comprehensive income for the year		25,096	146,633	25,029	146,672
Total comprehensive income attributable to:					
Members of Queensland University of Technology		25,096	146,633	25,029	146,672
Total		25,096	146,633	25,029	146,672

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Queensland University of Technology
Statement of Financial Position
As At 31 December 2018

		Consolidated		Parent	
		2018	2017	2018	2017
	Note	\$'000	\$'000	\$'000	\$'000
Assets					
Current Assets					
Cash and cash equivalents	12	111,319	193,477	104,929	190,024
Receivables	13	36,642	30,724	36,160	30,473
Inventories		1,651	1,986	1,660	1,991
Other non-financial assets	17	36,618	23,823	36,525	23,744
Total Current Assets		186,230	250,010	179,274	246,232
Non-Current Assets					
Other financial assets	14	515,440	462,899	520,942	465,332
Property, plant and equipment	15	1,221,145	1,131,681	1,221,134	1,131,667
Intangible assets	16	20,684	21,940	20,684	21,940
Other non-financial assets	17	54,056	56,467	54,056	56,467
Total Non-Current Assets		1,811,325	1,672,987	1,816,816	1,675,406
Total Assets		1,997,555	1,922,997	1,996,090	1,921,638
Liabilities					
Current Liabilities					
Trade and other payables	18	29,933	37,336	29,147	36,667
Borrowings	19	5,849	3,506	5,849	3,506
Provisions	20	98,033	95,132	97,636	94,788
Other liabilities	21	36,008	33,708	35,793	33,337
Total Current Liabilities		169,823	169,682	168,425	168,298
Non-Current Liabilities					
Borrowings	19	149,747	98,056	149,747	98,056
Provisions	20	8,523	9,539	8,475	9,516
Other liabilities	21	6,049	7,403	6,049	7,403
Total Non-Current Liabilities		164,319	114,998	164,271	114,975
Total Liabilities		334,142	284,680	332,696	283,273
Net Assets		1,663,413	1,638,317	1,663,394	1,638,365
Equity					
Reserves	22	399,714	403,681	394,399	401,971
Retained Earnings	22	1,263,699	1,234,636	1,268,995	1,236,394
Parent entity interest		1,663,413	1,638,317	1,663,394	1,638,365
Total Equity		1,663,413	1,638,317	1,663,394	1,638,365

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

Queensland University of Technology
Statement of Changes in Equity
For the Year Ended 31 December 2018

	Parent		
	Retained Earnings	Reserve	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2018	1,236,394	401,971	1,638,365
Net operating result	32,601	-	32,601
Gain (loss) on revaluation of land, buildings, heritage and cultural assets, net of tax	-	(7,580)	(7,580)
Gain (loss) on cash flow hedges, net of tax	-	8	8
Total comprehensive income	1,268,995	394,399	1,663,394
Balance at 31 December 2018	1,268,995	394,399	1,663,394
Balance at 1 January 2017	1,135,974	355,720	1,491,694
Net operating result	100,420	-	100,420
Gain (loss) on revaluation of land, buildings, heritage and cultural assets, net of tax	-	46,251	46,251
Total comprehensive income	1,236,394	401,971	1,638,365
Balance at 31 December 2017	1,236,394	401,971	1,638,365

	Consolidated		
	Retained Earnings	Reserve	Total
	\$'000	\$'000	\$'000
Balance at 1 January 2018	1,234,636	403,681	1,638,317
Net operating result	27,285	-	27,285
Gain (loss) on revaluation of land, buildings, heritage and cultural assets, net of tax	-	(7,580)	(7,580)
Gain (loss) on financial assets at fair value through OCI	-	5,383	5,383
Gain (loss) on cash flow hedges, net of tax	-	8	8
Transfer of fair value reserve of equity instruments designated at fair value through OCI to retained earnings	1,778	(1,778)	-
Total comprehensive income	1,263,699	399,714	1,663,413
Balance at 31 December 2018	1,263,699	399,714	1,663,413
Balance at 1 January 2017	1,135,837	355,848	1,491,685
Net operating result	98,799	-	98,799
Gain (loss) on revaluation of land, buildings, heritage and cultural assets, net of tax	-	46,251	46,251
Gain (loss) on revaluation of available for sale financial assets, net of tax	-	1,582	1,582
Total comprehensive income	1,234,636	403,681	1,638,317
Balance at 31 December 2017	1,234,636	403,681	1,638,317

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Queensland University of Technology
Statement of Cash Flows
For the Year Ended 31 December 2018

		Consolidated		Parent	
		2018	2017	2018	2017
	Note	\$'000	\$'000	\$'000	\$'000
Cash Flows from:					
Operating Activities					
Australian Government Grants		639,797	624,245	639,731	628,407
OS - HELP (net)		242	134	242	134
State Government Grants		6,586	8,531	6,141	8,111
Local Government Grants received		130	135	130	135
HECS HELP - Student payments		19,828	21,575	19,828	21,575
Receipts from student fees and other customers		360,664	350,108	361,051	345,652
Interest received		5,221	4,892	5,187	4,854
Payments to suppliers and employees (inclusive of GST)		(957,852)	(897,995)	(950,772)	(891,526)
Interest paid		(5,749)	(4,291)	(5,749)	(4,291)
Dividends received		501	-	500	-
GST recovered / paid		790	350	688	248
Net cash provided by/(used in) operating activities	30	70,158	107,684	76,977	113,298
Investing Activities					
Proceeds from sale of property, plant and equipment		317	412	317	409
Proceeds from sale of financial assets		1,902	25	-	-
Refund of imputation credits from ATO		1,557	1,038	1,557	1,038
Distributions received		20,787	18,889	20,787	18,889
Advances of cash into investment fund		(69,623)	(20,744)	(69,623)	(20,744)
Payment for additional investment in subsidiary		-	-	(9,050)	(7,350)
Payments for property, plant and equipment		(158,461)	(51,920)	(158,461)	(51,881)
Payment for intangible asset		(1,617)	(2,223)	(1,617)	(2,223)
Payment for investments		(1,213)	(882)	(17)	-
Net cash used by/(used in) investing activities		(206,351)	(55,405)	(216,107)	(61,862)
Financing Activities					
Proceeds from borrowings		58,800	-	58,800	-
Repayment of borrowings		(4,765)	(3,179)	(4,765)	(3,179)
Net cash provided by/(used in) financing activities		54,035	(3,179)	54,035	(3,179)
Net increase/(decrease) in cash and cash equivalents held		(82,158)	49,100	(85,095)	48,257
Cash and cash equivalents at beginning of year		193,477	144,377	190,024	141,767
Cash and cash equivalents at end of financial year	12	111,319	193,477	104,929	190,024

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Note	Table of Content	Page
1.	Summary of Significant Accounting Policies	40
	Income	
2.	Australian Government financial assistance including Australian Government loan programs (HELP)	45
3.	State and local government financial assistance	46
4.	Fees and charges	47
5.	Investment revenue and income	48
6.	Consultancy and contracts	48
7.	Other Revenue	48
	Expenses	
8.	Employee related expenses	49
9.	Repairs and maintenance	49
10.	Impairment of assets	50
11.	Other expenses	50
	Assets	
12.	Cash and cash equivalents	51
13.	Receivables	51
14.	Other financial assets	52
15.	Property, plant and equipment	54
16.	Intangible Assets	58
17.	Other non-financial assets	61
	Liabilities	
18.	Trade and other payables	61
19.	Borrowings	62
20.	Provisions	63
21.	Other liabilities	64
	Equity	
22.	Reserves and retained earnings	65
	Disclosure Notes	
23.	Key management personnel disclosures	66
24.	Remuneration of auditors	71
25.	Contingencies	71
26.	Commitments	72
27.	Related Parties	73
28.	Subsidiaries	74
29.	Jointly controlled operations and assets	74
30.	Reconciliation of operating result after income tax to net cash flows from operating activities	75
31.	Financial Risk Management	76
32.	Fair value measurement	80
33.	Acquittal of Australian Government Financial Assistance	84

1. Summary of Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies are consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for the Queensland University of Technology (QUT) as the parent entity and the consolidated entity consisting of QUT and its subsidiaries.

The principal address of Queensland University of Technology is:

Gardens Point Campus
2 George Street
Brisbane, Qld, 4000

(a) Basis of preparation

The annual financial statements represent the audited general purpose financial statements of the Queensland University of Technology. They are prepared on an accrual basis in accordance with Australian Accounting Standards and other authoritative pronouncements of the AAS Board.

Additionally the statements are prepared in accordance with the following statutory requirements:

- *Higher Education Support Act 2003* (Financial Statement Guidelines)
- *Financial Accountability Act 2009 (Qld)* and the *Financial and Performance Management Standard 2009*

The Queensland University of Technology is a not-for-profit entity and these statements are prepared on that basis. Some of the Australian Accounting Standards requirements for not-for-profit entities are inconsistent with the International Financial Reporting Standards (IFRS) requirements.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for debt and equity financial assets (including derivative financial instruments) that have been measured at fair value either through other comprehensive income or profit or loss, certain classes of property, plant and equipment and investment properties.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entities accounting policies. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

Estimates and assumptions that have a potential significant effect are outlined in the following financial statement notes:

- Property, Plant and Equipment (refer note 15)
- Provisions (refer note 20)
- Contingencies (refer note 25)

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of QUT (parent entity) as at 31 December 2018. QUT and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the University is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the University. They are de-recognised from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity (refer note 28).

1. Summary of Significant Accounting Policies

(b) Principles of consolidation

Inter-company transactions, balances and unrealised gains on transactions between the consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(ii) Associates

Associates are entities over which the consolidated entity has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Depending on materiality and substance over form, investments in associates may not be accounted for using the equity method of accounting. Investments in listed securities are recorded at fair value and unlisted securities are recorded at the lower of cost and fair value.

(iii) Joint operations

Interests in the assets, liabilities and expenses of joint operations are incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in note 29.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Queensland University of Technology's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the income statement.

(iii) Consolidated entity companies

The results and financial position of all the consolidated entity's subsidiaries (none of which has the currency of a hyperinflationary economy) do not have a functional currency different from the presentation currency, which is in Australian dollars.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The consolidated entity recognises revenue when: the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the consolidated entity; and specific criteria have been met for each of consolidated entity's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale are resolved. The consolidated entity bases estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(e) Income tax

QUT is exempt from income tax under Subdivision 50 B of the Income Tax Assessment Act 1997, however the following subsidiaries are not:

- Brisbane Business School Pty Ltd
- QUT Enterprise Holdings Pty Ltd
- QUT Enterprise Holdings Trust
- qutbluebox Pty Ltd
- QUT bluebox Trust
- Creative Industries Precinct Pty Ltd

1. Summary of Significant Accounting Policies

(e) Income tax

For the 2018 Financial Statements, the consolidated entity has not incurred an income tax liability. However, should an income tax liability be incurred in the future, deferred tax assets will be recognised for unused tax losses in cases where it is probable that future taxable amounts will be available to utilise those losses.

Income tax on cumulative timing differences will also be set aside to the deferred tax liability or the deferred tax asset account at the rates which are expected to apply when those timing differences reverse.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using a weighted average method of calculation.

(g) Rounding of amounts

Amounts have been rounded to the nearest \$1,000.

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(i) Comparative amounts

Where necessary, comparative information has been reclassified to enhance comparability in respect of changes in presentation adopted in the current year.

(j) New accounting standards and interpretations

The University is not permitted to early adopt a new or amended accounting standard ahead of the specified commencement date unless approval is obtained from Queensland Treasury.

There has only been one accounting standard which came into effect for the reporting period beginning 1 January 2018 and that is AASB 9 *Financial Instruments*.

AASB 9 Financial Instruments

The main effect of this standard is that it changes the requirements for the classification, measurement, impairment and disclosures associated with the financial assets. AASB 9 introduces different criteria for whether financial assets can be measured at amortised cost or fair value. The valuation techniques that have been used are compliant with AASB 9.

The university has reviewed the impact of AASB 9 on the classification and measurement of its financial assets and financial liabilities. The following summarises the estimated impact of AASB 9 on the categorisation and valuations:

- There will be no change to either the classification or valuation of the cash and cash equivalent item.
- There will be no change to either the classification or valuation of the trade receivables item.
- The amount of impairment for receivables owing of \$1.204 million was immaterial for the University. No additional impairment provision will be raised for these amounts on transition. There will be no change to either the classification or valuation of the impairment for trade receivables item.
- The commercial loans comply with the Principal and Interest (SPPI) test under AASB 9 as they are a fixed interest loan with the intention to hold to maturity. As such, these loans are valued at amortised cost at balance date and there will be no change to the valuation of the borrowings item.

1. Summary of Significant Accounting Policies

(j) New accounting standards and interpretations

- There is an identified change to the other financial assets item. On adoption of AASB 9, these instruments will be measured at fair value through the profit and loss or fair value through other comprehensive income.

On the date of initial application, 1 January 2018, the financial instruments of the University were as follows, with any reclassifications and revaluations noted below:

Other financial asset	Original (AASB 139)	New (AASB 9)	Original \$'000	New \$'000	Difference \$'000
Managed Investment Funds	FVTPL	FVTPL	442,965	442,965	0
Listed Securities	FVTPL	FVTPL	792	792	0
Unlisted securities	FVTPL and at-cost	FVTPL	15,431	20,981	5,550
Fair value through other comprehensive income	Available-for-sale	FVTOCI	3,711	3,711	0

(FVTPL) Fair Value through Profit and Loss / (FVTOCI) Fair Value through Other Comprehensive Income.

The impact of these changes on the University's equity is as follows:

Other Reserves	Effect on AFS	Effect on FVTOCI
Opening Balance – AASB 139	1,710	0
Reclassification of listed and unlisted securities from available-for-sale (AFS) to FVTOCI	(1,710)	1,710
Opening Balance – AASB 9	0	1,710

The following new or amended accounting standards have a future commencement date:

AASB 1058 Income of Not-for-Profit and AASB 15 Revenue from Contracts with Customers.

These two standards AASB 1058 and AASB 15 will become effective from reporting periods beginning on/or after 1 January 2018 for public companies and 1 January 2019 for Not-for-Profit organisations and contain much more detailed requirements for the accounting of certain types of revenue from customers. Under AASB 15 when there are specific contractual terms and performance obligations, the new requirements may potentially result in a change to the timing of revenue such that some revenue may need to be deferred to a later reporting period to the extent that the University has received cash but has not met its associated obligations. Such amounts would be reported as a liability (unearned revenue) in the meantime. Under AASB 1058, grants that are not enforceable and/or not sufficiently specific will not qualify for deferral and continue to be recognised as revenue as soon as they are controlled.

The University has identified approximately 630 projects/contracts (excluding scholarships) that could be impacted under the transitional arrangements. The table below shows broadly the estimated accounting effects of the introduction of the new accounting standards on the opening balances in 2019:

- Under the transitional arrangements an adjustment to the Opening Retained Earnings is required to enable the re-recognising of some revenue for specific contracts. Those being contracts that have not receipted all of their contractual income. The estimated decrease in Retained Funds (equity) will be offset by increases to Income Received in Advance (liability) and Accrued Income (asset).

Retained Funds (Equity)	Income received in advance (Liability)	Accrued income (Asset)
Reduced \$43 million (debit)	Increased \$46 million (credit)	Increased \$3 million (debit)

1. Summary of Significant Accounting Policies

(j) New accounting standards and interpretations

AASB 16 Leases

AASB 16 *Leases* will become effective for reporting periods beginning on or after 1 January 2019. When applied, the Standard supersedes AASB 117 *Leases*. AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases - Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value. In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. The impact on the reported assets and liabilities will be largely in proportion to the scale of the University's leasing activities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at/or before the commencement date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the Statement of Comprehensive Income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

The University has identified 13 leases that are impacted by this new standard of which 2 are peppercorn leases and 4 were prepaid. The University has had both peppercorn leases valued at fair value. The gain in value of the right-of-use (RoU) assets has been off-set against retained earnings. The table below shows the approximate financial impact on the 2019 opening balances with the introduction of this new accounting standard.

2019 (Balance Sheet) RoU Asset value increased	2019 (Balance Sheet) Lease Liability increased	2019 (Balance Sheet) Prepayments reduced	2019 (Balance Sheet) Lease Payment Accrual reduced	2019 (Balance Sheet) Retained Earnings increased
\$98 million (debit)	\$44 million (credit)	\$54 million (credit)	\$7 million (debit)	\$7 million (credit)

(k) Issuance of financial statements

The QUT Council has approved the financial statements upon recommendation from the Audit and Risk Management Committee on the 25th February 2019. The financial statements are authorised for issue by the Chancellor, Vice-Chancellor and President, and Vice-President (Resources) and Chief Financial Officer at the date of signing the Management Certificate.

2. Australian Government financial assistance including Australian Government loan programs (HELP)

QUT treats operating grants received from Government entities as income in the year of receipt. Grants are recognised at fair value where QUT obtains control of the right to receive the grant, it is likely that economic benefits will flow to QUT and it can be reliably measured.

(a) Commonwealth Grants Scheme and Other Grants

	Note	Consolidated		Parent	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Commonwealth Grants Scheme #1		278,868	278,419	278,868	278,419
Indigenous Student Success Program #3		3,479	3,950	3,479	3,950
Access and Participation Fund		3,996	4,096	3,996	4,096
Disability Performance Funding #2		523	530	523	530
Promotion of Excellence in Learning and Teaching		-	237	-	237
Other		66	58	-	-
Total Commonwealth Grants Scheme and Other Grants	33(a)	286,932	287,290	286,866	287,232
(b) HELP - Australian Government Payments					
HECS - HELP		220,554	214,272	220,554	214,272
FEE - HELP #4		23,661	24,978	23,661	24,978
SA-HELP		4,143	4,220	4,143	4,220
Total HELP - Australian Government Payments #4a	33(b)	248,358	243,470	248,358	243,470
(c) Education Research					
Research Support Program		22,653	21,882	22,653	21,882
Research Training Program		31,000	30,842	31,000	30,842
Total Education Research		53,653	52,724	53,653	52,724
(d) Other Capital Funding					
Linkage Infrastructure Equipment Facilities Grants #5		1,881	1,150	1,881	1,150
Total Other Capital Funding	33(e)	1,881	1,150	1,881	1,150
(e) Australian Research Council					
Discovery		12,955	12,436	12,955	12,436
Linkages #5		3,104	3,626	3,104	3,626
Networks and Centres		2,982	2,938	2,982	2,938
Special Research Initiatives		-	899	-	899
Total ARC	33(f)	19,041	19,899	19,041	19,899

2. Australian Government financial assistance including Australian Government loan programs (HELP)

(f) Other Australian Government Financial Assistance

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Non-capital				
National Health & Medical Research Council (NHMRC)	6,550	8,698	6,550	8,698
Department of Foreign Affairs and Trade	3,457	4,461	3,457	4,461
Sugar Research & Development Corporation	2,796	2,287	2,796	2,287
Australian Renewable Energy Agency	1,675	-	1,675	-
CSIRO	1,042	430	1,042	430
Meat and Livestock Australia Ltd	1,055	33	1,055	33
Other	7,585	8,575	7,585	8,575
Total Other Australian Government Financial Assistance	24,160	24,484	24,160	24,484
Total Australian Government Financial Assistance	634,025	629,017	633,959	628,959

#1 Includes the basic CGS grant amount, Regional Loading, Enabling Loading, Medical Student Loading, Allocated Places and Non Designated Courses.

#2 Disability Performance Funding includes Additional Support for Students with Disabilities.

#3 Indigenous Student Success Program has replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017.

#4 This program is in respect of FEE-HELP for Higher Education only and excludes funds received in respect of VET FEE-HELP.

#4a HELP payments increased by \$4.8 million in 2018 due to fee increases.

#5 ARC Linkage Infrastructure, Equipment and Facilities grants are reported in (d) Other Capital Funding.

3. State and local government financial assistance

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Non-capital				
State government financial assistance	6,586	8,281	6,141	7,860
Local government financial assistance	130	135	130	135
Total	6,716	8,416	6,271	7,995
Capital				
State and local government financial assistance	-	250	-	250
Total	-	250	-	250
Total State and Local Government Financial Assistance	6,716	8,666	6,271	8,245

4. Fees and charges

Course fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such income is treated as income in advance.

Other non-course fees and charges relating to debtors are recognised as revenue in the year to which the prescribed fee relates. Lease income from operating leases is recognised on a straight-line basis over the lease term. Conversely, fees and charges relating to debtors are recognised as revenue in the year to which the prescribed course relates.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Course fees and charges				
Fee-paying onshore overseas students ^{#1}	218,057	193,539	218,057	193,539
Continuing education ^{#2}	7,044	9,090	6,702	8,643
Fee-paying domestic postgraduate students ^{#3}	10,180	9,714	10,180	9,714
Fee-paying domestic undergraduate students	5,908	6,410	5,908	6,410
Fee-paying domestic non-award students	30	18	30	18
Other domestic course fees and charges	33	25	33	25
Total course fees and charges	241,252	218,796	240,910	218,349
Other non-course fees and charges				
Facilities hire fees	1,787	1,676	1,786	1,678
Health services fees	1,134	1,118	1,134	1,118
Student services fees from students	3,853	3,651	3,853	3,651
Late fees	212	171	212	171
Library photocopier fees	627	701	627	701
Parking fees ^{#4}	6,473	5,961	6,570	6,053
Registration fees	1,666	1,775	1,666	1,775
Rental charges ^{#5}	6,171	3,993	6,623	4,403
Student accommodation	52	70	52	70
Other fees and charges	1,071	1,192	1,071	1,192
Total other fees and charges	23,046	20,308	23,594	20,812
Total fees and charges	264,298	239,104	264,504	239,161

#1 Fee-paying onshore overseas student revenue increase was largely driven by the approved fees increase and an increase in EFTSL.

#2 Continuing education has dropped due to various conferences not running in 2018.

#3 Fee-paying domestic postgraduate students revenue increase was largely driven by the approved fees increase.

#4 Parking fees increased which can be attributed to increased patronage of the new sports field carpark.

#5 Rental charges revenue increase was mainly due to additional tenancy revenue generated from the purchase of a new building and also the leased premises straight line adjustment in 2018.

5. Investment revenue and income

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Investment revenue				
Interest	5,221	4,817	5,187	4,779
Realised investment gains	22,613	20,130	22,613	20,130
Dividends	1,901	500	1,900	500
Total investment revenue	29,735	25,447	29,700	25,409
Other investment income				
Unrealised investment gains	-	36,859	-	32,454
Unrealised investment losses	(21,660)	-	(22,963)	-
Total other investment income	(21,660)	36,859	(22,963)	32,454
Total investment income	8,075	62,306	6,737	57,863

6. Consultancy and contracts

Contract revenue is recognised in line with the percentage of the service performed.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Consultancy	18,231	21,372	18,231	21,252
Contract research ^{#1}	45,581	40,157	45,581	40,182
Total consultancy and contracts	63,812	61,529	63,812	61,434

^{#1} Increase driven by Contract Research agreements with various Australian business and government departments including: Department of Health & Ageing for the Palliative Care Education and Training Collaborative project and the Specialist Palliative Care and Advance Care Planning Advisor project.

7. Other Revenue

Revenue from the sale of goods is recognised upon the delivery of the goods to customers.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Donations and bequests ^{#1}	3,863	10,207	3,863	10,207
Scholarships and prizes	403	713	403	713
Non-government grants ^{#2}	17,842	16,960	17,946	17,174
Sale of goods ^{#3}	5,693	6,176	5,693	6,176
Recoveries	8,317	8,179	8,461	8,423
Sponsorships	2,081	1,684	2,118	1,731
Other ^{#4}	2,756	2,907	2,264	1,769
Total other revenue and income	40,955	46,826	40,748	46,193

^{#1} Donations and bequests decrease was mainly due to significant one-off donations from anonymous donors and estates received in 2017 and a decline in donated artwork in 2018.

^{#2} Non-government grants increased primarily due to increased funding from Australian business including Lamanna Bananas Pty Ltd, with offsetting decrease in Non-for-Profit organisation grants, mainly due to the bulk of the Great Barrier Reef Foundation grant funds being accounted for in 2017.

^{#3} Sale of Goods decreased due mainly to reduced sales in the bookshop.

^{#4} Other revenue increased due mainly to a contribution towards the purchase of specialised equipment. There was also a noticeable increase in Medibank Private commissions as a result of an increase in international student numbers.

8. Employee related expenses

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Academic				
Salaries	209,307	205,120	209,307	205,120
Contributions to superannuation and pensions - Funded schemes	34,215	33,372	34,215	33,372
Payroll tax	12,535	12,362	12,535	12,362
Worker's compensation	265	270	265	270
Long service leave expense	4,347	4,272	4,347	4,272
Annual leave	17,910	17,316	17,910	17,316
Parental leave expense	1,903	2,023	1,903	2,023
Total academic	280,482	274,735	280,482	274,735
Non-academic				
Salaries	224,800	218,599	221,262	215,481
Contributions to superannuation and pensions - Funded schemes	36,239	35,828	35,895	35,535
Payroll tax	13,446	13,209	13,249	13,043
Worker's compensation	314	317	298	304
Long service leave expense	4,514	4,525	4,514	4,525
Annual leave	20,254	19,575	20,177	19,493
Parental leave expense	2,171	2,435	2,171	2,435
Total non-academic	301,738	294,488	297,566	290,816
Total employee related expenses	582,220	569,223	578,048	565,551
Deferred superannuation expense	-	-	-	-
Total employee related expenses, including deferred benefits for superannuation #1	582,220	569,223	578,048	565,551

#1 Employee related expenses (Parent) increased by \$12.499 million or 2.21%, (2017; \$2.41 million; 0.44%) primarily due to salary entitlement increases of 2%, leave provisioning adjustments and minor staff FTE increases.

9. Repairs and maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the carrying amount of those parts that are replaced is derecognised and the cost of the replacing part is capitalised if the recognition criteria are met. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses, as incurred.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Buildings	11,500	12,613	11,500	12,613
Non-capitalised construction	5,303	5,577	5,304	5,577
Computing	17,486	15,212	17,486	15,212
Equipment	1,735	1,321	1,735	1,321
Other	2,227	1,841	2,227	1,838
Total repairs and maintenance	38,251	36,564	38,252	36,561

10. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of asset fair value less costs of disposal and value in use.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Doubtful debts written off	152	199	153	197
Change in provision for bad and doubtful debts	(84)	132	(84)	132
Total impairment of assets	68	331	69	329

11. Other expenses

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Scholarships, grants and prizes	73,551	71,408	73,551	71,408
Non-capitalised equipment ^{#1}	22,609	17,559	22,559	17,453
Advertising marketing and promotional expense ^{#2}	17,713	15,110	15,906	13,787
Audit fees, bank charges, legal costs and insurance expenses	7,509	7,986	7,298	7,766
General consumables	12,024	11,685	12,022	11,678
Printing and stationery	2,402	2,341	2,370	2,289
Rental, hire and other leasing fees ^{#3}	22,426	24,204	22,426	24,204
Telecommunications	2,176	2,553	2,142	2,518
Travel and related staff development and training	24,804	25,795	24,601	25,603
Consultants and contractors ^{#4}	40,866	36,917	40,451	36,304
Commission ^{#5}	16,809	12,335	16,809	12,335
Cost of sales	3,068	3,514	3,068	3,514
Contributions to collaborative projects ^{#6}	29,103	16,960	29,146	16,990
Library acquisitions	15,524	14,139	15,524	14,139
Utilities	15,048	15,211	15,048	15,211
Act of grace and special payments	84	682	84	682
Other	14,128	13,958	13,804	12,915
Total other expenses	319,844	292,357	316,809	288,796

#1 Non-Capitalised Equipment increased by \$5.1 million mainly driven by Furniture & Fittings purchase of \$2.79 million associated with (KG) Education Precinct (Phase 2); Information Communication Technology (ICT) hardware also increased by \$1.7 million.

#2 Increase in Advertising payments mainly due to two Campaigns: Mid-Year Entry campaign and the New Overarching Brand campaign.

#3 Decrease primarily due to the purchase of 88 Musk Avenue KG since June 2018.

#4 Increase was mainly driven by the Program of Experience in the Palliative Approach (PEPA) projects run by IHBI and the Enterprise Business Process improvement projects.

#5 Increase was mainly due to increased commencing international student numbers; increased international student fees and a revised commission payment model.

#6 Increase was attributed to a contribution to the University of the Sunshine Coast (\$8.1 million), Translational Research Institute Trust (\$0.665 million) and Queensland Institute of Medical Research (\$0.558 million).

12. Cash and cash equivalents

For statement of cash flows presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Bank balances	14,470	4,851	11,580	2,198
Deposits at call	93,349	187,826	93,349	187,826
Term deposits	3,500	800	-	-
Total cash and cash equivalents	111,319	193,477	104,929	190,024

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the year as shown in the statement of cash flows as follows:

Balances as above	111,319	193,477	104,929	190,024
Balance per statement of cash flows	111,319	193,477	104,929	190,024

(b) Cash at bank and on hand

Cash at bank is an interest bearing account with interest received monthly. The effective interest rate as at 31 December 2018 was 1.00% (2017: 1.00%).

(c) Deposits at call

Deposits at call are interest bearing on floating interest rates. The annual effective interest rate as at 31 December 2018 was 2.41% (2017: 2.51%).

13. Receivables

Trade and other receivables are due for settlement within 21 days. Debtors arising from student fees are recognised at the amounts receivable, as sanctions are applied to students who do not pay. Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

A provision for impairment of receivables is established when there is objective evidence that the consolidated entity will not be able to collect all the amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The increase/decrease to the provision is recognised in the income statement.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Student fees #1	2,293	154	2,293	154
Student loans	173	188	173	188
Trade receivables	16,902	11,939	16,488	11,754
Less: provision for impairments	(1,088)	(1,206)	(1,088)	(1,204)
	18,280	11,075	17,866	10,892
GST receivable	2,248	2,109	2,183	2,041
Accrued revenue	16,114	17,540	16,111	17,540
Total current receivables	36,642	30,724	36,160	30,473

13. Receivables

GST receivable consists of:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Gross amount of input tax credits receivable from the ATO	3,236	3,012	3,171	2,909
Gross GST payable to the ATO	(988)	(903)	(988)	(868)
Net GST receivable	2,248	2,109	2,183	2,041

#1 The increase in student fees receivables is due to the timing of invoicing and the vast majority is not overdue.

(a) Impaired receivables

As at 31 December 2018 current receivables of the University with a nominal value of \$1.088 million (2017: \$1.206 million) were impaired. The individually impaired receivables comprise student fees of \$NIL (2017: NIL); student loans of \$0.121 million (2017: \$0.121 million); and trade receivables of \$0.967 million (2017: \$1.083 million). The ageing of these receivables is as follows:

	Consolidated	
	2018	2017
	\$'000	\$'000
Current receivables		
3 to 6 months	322	143
Over 6 months	766	1,063
Total current impaired receivables	1,088	1,206

Movements in the provision for impaired receivables are as follows:

At 1 January	1,206	1,074
Provision for impairment recognised during the year	69	284
Receivables written off during the year as uncollectible	(153)	(199)
Unused amount reversed	(34)	47
At 31 December	1,088	1,206

As at 31 December 2018 receivables of \$8.774 million (2017: \$4.644 million) were past due but not impaired. A large portion of the outstanding debt is owed by government agencies, which is considered recoverable.

The ageing analysis of these receivables is as follows:

Between 0 to 3 months	8,349	3,762
Between 3 to 6 months	7	1
Over 6 months	418	881
Total past due but not impaired receivables	8,774	4,644

14. Other financial assets

Classification

QUT classifies its investments in the following categories: financial assets at fair value through profit or loss, or fair value through other comprehensive income, previously available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

14. Other financial assets

Changes in fair values of financial assets at fair value through profit or loss are recorded in other investment income in the income statement (note 5 - Investment revenue and income).

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Non-current				
Fair value through profit or loss				
Shares in subsidiaries	-	-	13,898	6,144
Managed investment funds ^{#1}	478,768	442,965	478,768	442,965
Listed securities	87	792	87	792
Unlisted securities ^{#2}	28,189	15,431	28,189	15,431
Financial assets at fair value through OCI ^{#3}				
Listed/unlisted investments and convertible notes	8,396	3,711	-	-
Total non-current other financial assets	515,440	462,899	520,942	465,332
Total other financial assets	515,440	462,899	520,942	465,332

#1 The non-current portion of managed investment funds includes QIC Growth Fund, QUT Endowment Fund and Sciventures Pre-seed Fund. The QIC Growth Fund is classified as non-current, aligning the fund to the university's long term investment strategy.

#2 Unlisted securities include the holdings in AARNet Pty Ltd, Medical Research Commercialisation Fund, Wound Management Innovation CRC and Education Australia Ltd.

#3 Available for sale financial assets reclassified to financial assets at fair value through other comprehensive income (OCI) under AASB 9.

Hedging activities and derivatives

(i) Cash flow hedges

The University is holding the following foreign exchange forward contracts:

	Less than 1 month	1 to 3 months	3 to 6 months	6 to 9 months	9 to 12 months	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2018						
Cost of hedging	-	652	146	1,640	-	2,438
Total	-	652	146	1,640	-	2,438

There were no active hedges as at 31 December 2017.

The effect of the cash flow hedge on the income statement and statement of comprehensive income is as follows:

	Ineffectiveness recognised in profit or loss	Line item in the income statement	Cost of hedging recognised in OCI	Amount reclassified from OCI to profit or loss	Line item in the income statement	Total hedging gain/loss recognised in OCI
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 31 December 2018						
Cost of hedging	-	-	8	-	-	8
Total	-	-	8	-	-	8

There were no active hedges as at 31 December 2017.

15. Property, plant and equipment

Asset recognition threshold

(i) Land

Land purchased with a value equal to or greater than \$1 is initially recorded at cost.

(ii) Buildings (including land improvements and heritage buildings)

Buildings constructed since the last revaluation with a value equal to or greater than \$10,000 are initially recorded at cost.

Buildings which are capable of disaggregation into significant components are recorded as complex assets, so that the significant components and their remaining service potential are identified and depreciated independently to provide more reliable and relevant information. Buildings which are not capable of disaggregation into significant components are recorded and depreciated as one asset.

Heritage buildings are entered or provisionally entered on the Queensland Heritage Register pursuant to the *Queensland Heritage Act 1992*.

(iii) Plant and equipment

Plant and equipment with a value equal to or greater than \$5,000 is initially recorded at cost. Plant and equipment donated to the consolidated entity is recorded at the consolidated entity's estimate of fair value in the year of donation.

Leasehold improvement assets with a value equal to or greater than \$10,000 are initially recorded at cost.

(iv) Cultural assets

Art collection purchases with a value greater than \$1 are initially recorded at cost. Artwork donated to the consolidated entity is recorded at the consolidated entity's estimate of fair value in the year of donation.

(v) Work in progress

Work in progress is shown at cost.

Depreciation

Depreciation is calculated using the straight line method to allocate cost (or revalued amount), net of residual value over the estimated useful life. An asset's useful life is reviewed and adjusted, if necessary, each year. The following is a schedule of useful lives allocated to new assets:

Category	Life (years)
Buildings	20 - 100
Plant and equipment:	
• Motor vehicles	5
• IT equipment	3 - 8
• Other plant and equipment	3 - 20
• Leasehold improvements	Estimated useful life or unexpired period of lease, whichever is the shorter

Assets are depreciated from the month after acquisition or, in respect of buildings and leasehold improvements constructed, from the month after the asset is completed and ready for use. Land is not depreciated.

Revaluation

(i) Land

An independent valuation of land, based on fair value, is carried out at least every five years and indexed in intervening years. In accordance with these requirements the next independent valuation will occur in 2019. In 2018 the consolidated entity's land values were indexed as follows: Gardens Point campus -5% (2017: 0%), Kelvin Grove campus -5% (2017: 0%) and Samford properties 0% (2017: 3%).

The majority of the consolidated entity's land is reserved for educational purposes under the *Land Act 1994 (Queensland)*. The consolidated entity cannot sell this land or the assets which attach to it without Queensland Government permission.

15. Property, plant and equipment

(ii) Buildings (including land improvements and heritage buildings)

An independent valuation of buildings based on fair value is carried out at least every five years and is indexed in intervening years. In accordance with these requirements the next independent valuation will occur in 2021. In 2018 the consolidated entity's buildings were indexed by 0.5% using rates from the Australian Bureau of Statistics 'Non-residential Construction, Queensland'. In 2018 the consolidated entity's land improvements were indexed by 4.1% using rates from the Australian Bureau of Statistics 'Engineering Construction, Queensland'.

Accumulated depreciation is restated following revaluation, to reflect the lapsed utility in the asset, with the change in the gross carrying amount of the asset. The carrying amount of the asset after revaluation therefore equals its revalued amount.

Increases in the carrying amount arising from revaluation of buildings are credited to the asset revaluation reserve in other comprehensive income. However, if the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement to the extent of the original decrease. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves through other comprehensive income to the extent of the remaining reserves attributable to the asset class. All other decreases are charged to the income statement.

(iii) Plant and equipment

All plant and equipment is recorded at cost and is not independently valued or indexed.

(iv) Cultural assets

An independent valuation of the QUT museum collections is carried out at least every five years and is indexed in intervening years. In accordance with these requirements the next independent valuation will occur in 2021. In 2018 the consolidated entity's museum collections were indexed 0%.

Repairs and maintenance

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case, the costs are capitalised and depreciated.

Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the University determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

15. Property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Heritage / cultural assets \$'000	Total \$'000
Parent						
At 1 January 2017						
- Cost	41,540	-	-	224,369	463	266,372
- Valuation	-	252,369	1,082,604	-	147,190	1,482,163
- Accumulated depreciation	-	-	(455,493)	(127,199)	(70,298)	(652,990)
Net book amount	41,540	252,369	627,111	97,170	77,355	1,095,545
Year ended 31 December 2017						
Opening net book amount	41,540	252,369	627,111	97,170	77,355	1,095,545
Revaluation	-	84	43,385	-	2,783	46,252
Additions	42,932	-	-	10,173	1,865	54,970
Disposals	-	-	-	(342)	-	(342)
Depreciation charge	-	-	(36,294)	(24,791)	(3,579)	(64,664)
Reclassification	(45,166)	-	44,353	719	-	(94)
Closing net book amount	39,306	252,453	678,555	82,929	78,424	1,131,667
At 31 December 2017						
- Cost	39,306	-	-	228,743	1,856	269,905
- Valuation	-	252,453	1,192,790	-	153,698	1,598,941
- Accumulated depreciation	-	-	(514,235)	(145,814)	(77,130)	(737,179)
Net book amount	39,306	252,453	678,555	82,929	78,424	1,131,667
	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Heritage / cultural assets \$'000	Total \$'000
Parent						
At 1 January 2018						
- Cost	39,306	-	-	228,743	1,856	269,905
- Valuation	-	252,453	1,192,790	-	153,698	1,598,941
- Accumulated depreciation	-	-	(514,235)	(145,814)	(77,130)	(737,179)
Net book amount	39,306	252,453	678,555	82,929	78,424	1,131,667
Year ended 31 December 2018						
Opening net book amount	39,306	252,453	678,555	82,929	78,424	1,131,667
Revaluation	-	(12,478)	4,689	-	209	(7,580)
Additions	55,426	16,580	67,733	19,058	258	159,055
Disposals	-	-	-	(395)	-	(395)
Depreciation charge	-	-	(39,310)	(18,624)	(3,640)	(61,574)
Reclassification	(22,275)	-	19,505	581	2,150	(39)
Closing net book amount	72,457	256,555	731,172	83,549	77,401	1,221,134
At 31 December 2018						
- Cost	72,457	-	11	219,209	255	291,932
- Valuation	-	256,555	1,293,542	-	158,257	1,708,354
- Accumulated depreciation	-	-	(562,381)	(135,660)	(81,111)	(779,152)
Net book amount	72,457	256,555	731,172	83,549	77,401	1,221,134

15. Property, plant and equipment

	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Heritage / cultural assets \$'000	Total \$'000
Consolidated						
At 1 January 2017						
- Cost	41,540	-	-	224,376	463	266,379
- Valuation	-	252,369	1,082,604	-	147,190	1,482,163
- Accumulated depreciation	-	-	(455,493)	(127,202)	(70,298)	(652,993)
Net book amount	41,540	252,369	627,111	97,174	77,355	1,095,549
Year ended 31 December 2017						
Opening net book amount	41,540	252,369	627,111	97,174	77,355	1,095,549
Revaluation	-	84	43,385	-	2,783	46,252
Additions	42,932	-	-	10,186	1,865	54,983
Disposals	-	-	-	(346)	-	(346)
Depreciation charge	-	-	(36,294)	(24,791)	(3,579)	(64,664)
Reclassifications	(45,166)	-	44,353	720	-	(93)
Closing net book amount	39,306	252,453	678,555	82,943	78,424	1,131,681
At 31 December 2017						
- Cost	39,306	-	-	228,757	1,856	269,919
- Valuation	-	252,453	1,192,790	-	153,698	1,598,941
- Accumulated depreciation	-	-	(514,235)	(145,814)	(77,130)	(737,179)
Net book amount	39,306	252,453	678,555	82,943	78,424	1,131,681

	Work in progress \$'000	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Heritage / cultural assets \$'000	Total \$'000
Consolidated						
At 1 January 2018						
- Cost	39,306	-	-	228,757	1,856	269,919
- Valuation	-	252,453	1,192,790	-	153,698	1,598,941
- Accumulated depreciation	-	-	(514,235)	(145,814)	(77,130)	(737,179)
Net book amount	39,306	252,453	678,555	82,943	78,424	1,131,681
Year ended 31 December 2018						
Opening net book amount	39,306	252,453	678,555	82,943	78,424	1,131,681
Revaluation	-	(12,478)	4,689	-	209	(7,580)
Additions	55,426	16,580	67,733	19,058	258	159,055
Disposals	-	-	-	(395)	-	(395)
Depreciation charge	-	-	(39,310)	(18,628)	(3,640)	(61,578)
Reclassifications	(22,275)	-	19,505	581	2,150	(39)
Closing net book amount	72,457	256,555	731,172	83,559	77,401	1,221,144
At 31 December 2018						
- Cost	72,457	-	11	219,222	255	291,945
- Valuation	-	256,555	1,293,542	-	158,257	1,708,354
- Accumulated depreciation	-	-	(562,381)	(135,663)	(81,111)	(779,155)
Net book amount	72,457	256,555	731,172	83,559	77,401	1,221,144

16. Intangible Assets

Asset recognition

(i) Research and development

Expenditure on research activities is recognised in the income statement as an expense when it is incurred.

Expenditure on development activities, including software development, relating to the design and testing of a new or improved product is recognised as an intangible asset after considering whether: it is commercially and technically feasible; it is probable that the project will be completed and will generate future economic benefits; its cost can be measured reliably; and the cost is greater than \$100,000. The capitalised expenditure comprises all directly attributable costs, including costs of materials, services and direct labour. Other development expenditure is recognised in the income statement as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenditure is recorded as intangible assets and amortised from the point at which the asset is ready for use. Amortisation is calculated using the straight line method to allocate the cost over the period of the expected benefit, which varies from 3 to 10 years.

(ii) Computer software

Computer software is stated at historical cost less amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Computer software is amortised using the straight line method to allocate the cost over the period of the expected benefit, which varies from 3 to 15 years.

(iii) Trademarks and licences

During the reporting period, the consolidated entity did not hold any significant trademarks or licences.

(iv) Impairment of non-current assets

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the University determines the asset's recoverable amount. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

16. Intangible Assets

Parent	Software at cost \$'000	Software under development #1 \$'000	Total \$'000
At 1 January 2017			
Cost	42,966	-	42,966
Accumulated amortisation and impairment	(20,253)	-	(20,253)
Net book amount	22,713	-	22,713
Year ended 31 December 2017			
Opening net book amount	22,713	-	22,713
Additions - Internal development	-	2,223	2,223
Disposals	-	-	-
Amortisation	(2,996)	-	(2,996)
Closing net book amount	19,717	2,223	21,940
At 31 December 2017			
Cost	42,752	2,223	44,975
Accumulated amortisation and impairment	(23,035)	-	(23,035)
Net book amount	19,717	2,223	21,940
Year ended 31 December 2018			
Opening net book amount	19,717	2,223	21,940
Additions	-	1,618	1,618
Disposals	(22)	-	(22)
Amortisation	(2,852)	-	(2,852)
Reclassifications	-	-	-
Closing net book amount	16,843	3,841	20,684
At 31 December 2018			
Cost	42,254	3,841	46,095
Accumulated amortisation and impairment	(25,411)	-	(25,411)
Net book amount	16,843	3,841	20,684

#1 Software under development includes capitalisation of internally generated software.

16. Intangible Assets

Consolidated	Software at cost \$'000	Software under development #1 \$'000	Total \$'000
At 1 January 2017			
Cost	42,966	-	42,966
Accumulated amortisation and impairment	(20,238)	-	(20,238)
Net book amount	22,728	-	22,728
Year ended 31 December 2017			
Opening net book amount	22,728	-	22,728
Additions - Internal development	-	2,223	2,223
Disposals	(15)	-	(15)
Amortisation	(2,996)	-	(2,996)
Closing net book amount	19,717	2,223	21,940
At 31 December 2017			
Cost	42,752	2,223	44,975
Accumulated amortisation and impairment	(23,035)	-	(23,035)
Net book amount	19,717	2,223	21,940
Year ended 31 December 2018			
Opening net book amount	19,717	2,223	21,940
Additions - Internal development	-	1,618	1,618
Disposals	(22)	-	(22)
Amortisation	(2,852)	-	(2,852)
Closing net book amount	16,843	3,841	20,684
At 31 December 2018			
Cost	42,254	3,841	46,095
Accumulated amortisation and impairment	(25,411)	-	(25,411)
Net book amount	16,843	3,841	20,684

#1 Software under development includes capitalisation of internally generated software.

17. Other non-financial assets

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Prepayments #1	36,618	23,823	36,525	23,744
	36,618	23,823	36,525	23,744
Non-current				
Prepayments	54,056	56,467	54,056	56,467
	54,056	56,467	54,056	56,467
Total other non-financial assets	90,674	80,290	90,581	80,211

#1 Current prepayments increased due to the early payment of year-end payroll, increases in software licence and maintenance agreements, and significant overseas equipment procurement requiring up-front deposits.

18. Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Wages and salaries

Liabilities for wages and salaries, including nonmonetary benefits, expected to be settled within 12 months of the reporting date are recognised in accrued expenses in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and measured at the rates paid or payable.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Trade payables #1	5,554	6,732	5,371	6,586
Accrued expenses #2	21,913	28,379	21,310	27,856
OS-HELP liability to Australian Government	2,466	2,225	2,466	2,225
Total current trade and other payables	29,933	37,336	29,147	36,667
Total trade and other payables	29,933	37,336	29,147	36,667

Due to the short term nature of current trade creditors, the carrying value is assumed to approximate the fair value.

OS-HELP is a loan scheme to assist eligible undergraduate students to undertake some of their course of study overseas.

#1 Trade payables was low due to the timing of the corporate card program clearing payment in December 2018. 2017 had a large creditor balance for capital works in progress.

#2 The reduction in accrued expenses was mainly due to the early payment of the payroll at year end.

19. Borrowings

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Unsecured				
Queensland Treasury Corporation loans (commercial)	5,849	3,506	5,849	3,506
Total current unsecured borrowings	5,849	3,506	5,849	3,506
Total current borrowings	5,849	3,506	5,849	3,506
Non-current				
Unsecured				
Queensland Treasury Corporation loans (commercial)	149,747	98,056	149,747	98,056
Total non-current borrowings	149,747	98,056	149,747	98,056
Total borrowings	155,596	101,562	155,596	101,562

The University was granted approval to borrow through Queensland Treasury Corporation for the following infrastructure projects:

- Construction of the Science and Engineering Centre at Gardens Point Campus. The total loan was \$78 million (established 2012). The loan is now fixed at the rate of 5.066%, maturing in June 2038, with a quarterly debt service payment of \$1.363 million.
- Construction of the Kelvin Grove Sportsfield Carpark. On the 3rd August 2016, the loan was established for \$34 million. The loan is fixed at the rate of 2.92% over 20 years, maturing in June 2036, with a quarterly debt service payment of \$0.563 million.
- Purchased a building at 88 Musk Ave Kelvin Grove. On the 15 June 2018, the loan was established for \$58.8 million. The loan is fixed at the rate of 3.527% over 20 years, maturing in April 2038, with a quarterly debt service payment of \$1.028 million.

The weighted average borrowing rate for 2018: 4.074% (ranging from 2.92% to 5.066%).

Under the State's Borrowing Program, the University has access to a \$60 million (2017:\$11.5 million) working capital loan facility through Queensland Treasury Corporation. The working capital loan facility, which is a temporary overdraft used for cash flow management (limit of up to 30 days), was not accessed during 2018.

(a) Interest rate risk exposure

Details of the University's exposure to interest rate changes on interest bearing liabilities are set out in financial risk management (refer note 31.)

(b) Fair value measurement

Details of fair value of interest bearing liabilities of the University are set out in fair value measurement (refer note 32.)

(c) Risk exposures

The University does not have any assets pledged as security for current interest bearing liabilities.

The carrying amounts of the University's borrowings are denominated in the following currencies, for an analysis of the sensitivity of borrowings to interest rate risk and foreign exchange risk (refer note 31.)

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Australian dollars	155,596	101,562	155,596	101,562

19. Borrowings

(d) Reconciliation of liabilities arising from financing activities

	2017	Cash flows	Non-cash changes	2018
			Acquisition / Disposal	
	\$'000	\$'000	\$'000	\$'000
<i>Long-term borrowings</i>	101,562	(4,766)	58,800	155,596
<i>Total liabilities from financing activities</i>	101,562	(4,766)	58,800	155,596

20. Provisions

Annual Leave

The liability for annual leave is recognised in current provisions for employee benefits as it is part of the working capital used in the University's normal operating cycle, even if it is expected to be settled more than 12 months after the reporting period. It is measured at the amount expected to be paid when the liability is settled. The total amount of annual leave accrued as at 31 December 2018 has increased by 5.9% (2017: 1.9% Parent) and reflects movement in salary rates and leave provisioning adjustments.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. The accumulated cost of long service leave accrued as at 31 December 2018 is split between the current provision, which reflects entitlements for employees with over 7 years of service and the non-current provision, which reflects the accumulated cost of long service leave for employees with under 7 years of service. The decrease in provision of -1.4% (2017: decrease -1.9%) is primarily due to decreases in staff leave balances, retention and probability rates, offset by increases in salary rates.

Parental leave

The liability for parental leave is recognised in the current provision for employee benefits as it is due to be settled within 12 months after the end of the reporting period. It is measured at the amount expected to be paid when the liability is settled. The accumulated cost of parental leave accrued as at 31 December 2018 has decreased by -6.9% (2017: increase 0.5%), due predominantly to the value of parental leave days carried forward.

Defined benefit obligations

The UniSuper Defined Benefit Division (DBD), which is the University's predominant superannuation plan, is a defined benefit plan under superannuation law however, as a result of amendments to Clause 34 of the UniSuper Trust Deed, it is deemed a defined contribution plan under Accounting Standard AASB 119 *Employee Benefits* and is therefore not recognised in the provision for employee benefits.

Short term obligations

Liabilities for short-term employee benefits including wages and salaries, non-monetary benefits and profit-sharing bonuses are measured at the amount expected to be paid when the liability is settled, if it is expected to be settled wholly before 12 months after the end of the reporting period, and is recognised in other payables. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates payable.

20. Provisions

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current provisions expected to be settled within 12 months				
Employee benefits				
Annual leave	32,890	31,397	32,587	31,145
Long service leave	3,944	3,056	3,850	2,964
Parental leave	373	401	373	401
Defined benefit obligation	-	-	-	-
Subtotal	37,207	34,854	36,810	34,510
Current provisions expected to be settled after more than 12 months				
Employee benefits				
Annual leave	14,684	13,491	14,684	13,491
Long service leave	46,142	46,787	46,142	46,787
Subtotal	60,826	60,278	60,826	60,278
Total current provisions	98,033	95,132	97,636	94,788
Non-current provisions				
Employee benefits				
Long service leave	8,523	9,539	8,475	9,516
Defined benefit obligation	-	-	-	-
Total non-current provisions	8,523	9,539	8,475	9,516
Total provisions	106,556	104,671	106,111	104,304

21. Other liabilities

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current				
Unearned revenue ^{#1}	36,008	33,708	35,793	33,337
Total current other liabilities	36,008	33,708	35,793	33,337
Non-current				
Lease expenses ^{#2}	6,049	7,403	6,049	7,403
Total non-current other liabilities	6,049	7,403	6,049	7,403
Total other liabilities	42,057	41,111	41,842	40,740

#1 Unearned revenue is predominantly income received in advance for courses in 2018.

#2 Lease expenses reflect the difference between actual and straight line payments for operating leases held by the University as at 31 December 2018. The decrease was predominantly due to the reclassification of QIMR Berghofer lease to a service agreement.

22. Reserves and retained earnings

(a) Reserves

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Reserves				
Property, plant and equipment revaluation reserve surplus	394,391	401,971	394,391	401,971
Available-for-sale revaluation reserve surplus	-	1,710	-	-
Fair value through OCI	5,315	-	-	-
Hedging reserve - cash flow hedges	8	-	8	-
Total Reserves	399,714	403,681	394,399	401,971
Movements				
Property, plant and equipment revaluation reserve surplus				
Opening balance	401,971	355,720	401,971	355,720
Revaluation - gross	(7,580)	46,251	(7,580)	46,251
	394,391	401,971	394,391	401,971
Available-for-sale revaluation reserve surplus				
Opening balance	-	128	-	-
Revaluation - gross	-	1,582	-	-
	-	1,710	-	-
Hedging reserve - cash flow hedges				
Opening balance	-	-	-	-
Transfers in	8	-	8	-
	8	-	8	-
Fair value through OCI				
Opening balance	1,710	-	-	-
Transfers in	5,383	-	-	-
Transfers out	(1,778)	-	-	-
	5,315	-	-	-
Total reserves	399,714	403,681	394,399	401,971

(b) Retained earnings

Movements in retained earnings were as follows:

Retained earnings at 1 January	1,234,636	1,135,837	1,236,394	1,135,974
Net result for the period	27,285	98,799	32,601	100,420
Fair value through OCI transfer	1,778	-	-	-
Retained earnings at 31 December	1,263,699	1,234,636	1,268,995	1,236,394

22. Reserves and retained earnings

(c) Nature and purpose of reserves

(i) Property, plant and equipment revaluation reserve surplus

The property, plant and equipment revaluation reserve surplus is used to record increments and decrements on the revaluation of non-current assets (refer note 15).

(ii) Available for sale asset revaluation reserve surplus

Changes in the fair value and exchange differences arising on translation of investments, classified as available for sale financial assets, are taken to the available for sale asset revaluation reserve surplus (refer note 14). In 2018 available for sale financial assets were reclassified to fair value through other comprehensive income reserve under AASB 9.

(iii) Hedging reserve - Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the hedging reserve - cash flow hedges (refer OCI).

(iv) Fair value through other comprehensive income reserve

Changes in fair value of financial assets that are measured at fair value through other comprehensive income in accordance with AASB9 are taken to this reserve.

23. Key management personnel disclosures

Key management personnel and remuneration disclosures are made in accordance with the Australian Government Department of Education Financial Statement Guidelines.

Remuneration

The University seeks external advice and considers relevant benchmarking data when considering changes to remuneration of key management personnel.

Remuneration for the University's key management personnel is determined by the Vice Chancellor and reviewed by the Chancellor's Committee. The remuneration for the Vice Chancellor is determined by the Chancellor's Committee. Remuneration and other terms of employment for the key management personnel are outlined in their individual employment contracts. University policy provides for the provision of performance related bonuses and other benefits which can include motor vehicles.

Remuneration packages for key management personnel comprise the following components:

Short term employee benefits which include:

- Base – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the employee occupied the specified position. Amounts disclosed equal the amount expensed in the income statement.
- Non-monetary benefits – consisting of provision of vehicle together with fringe benefits tax applicable to the benefit.

Performance bonuses may be paid or payable annually depending upon satisfaction of key criteria. Performance payments of the key management are capped at 12% of total fixed remuneration and the Vice Chancellor's is capped at 15%. In exceptional circumstances QUT policy does allow for a bonus of 20% of total fixed remuneration. The amounts payable are tied to the achievement of predetermined individual targets and organisational performance. The Vice Chancellor's bonus is determined by the Chancellor's Committee and approved by QUT Council.

Post-employment benefits include superannuation contributions.

Long term employee benefits include long service leave accrued.

Redundancy: For non-contracted appointments, the Employee Collective agreement provides the notice period to be given. For contracted staff the individual employment contract will provide the terms and conditions of redundancy that will apply.

23. Key management personnel disclosures

Termination benefits

Termination benefits are payable when employment is terminated before the nominated appointment end date, or when an employee accepts voluntary redundancy in exchange for these benefits. QUT recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance date are discounted to present value.

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the University during 2018.

Position	Responsibility	Contract classification and appointment authority
Vice Chancellor and President	The Vice Chancellor (VC) and President is responsible for the operation of the University.	The QUT Act provides QUT Council with the authority to approve recommendations to appoint the VC and President and the VC and President's remuneration is determined by the Chancellor's Committee on delegation from QUT Council.
Provost	The Provost is responsible for the academic standards of the University.	The VC and President has the authority to appoint the Provost and determine remuneration as set out in the QUT Manual of Policies and Procedures (MOPP).
Deputy Vice-Chancellor and Vice-President, International & Development	The DVC and Vice-President, International and Development is head of the Division of International and Development, and is responsible to the VC and President for leading the University's international, development and engagement activities.	The VC and President has the authority to appoint the DVC and Vice-President, International & Development as set out in the QUT MOPP.
Deputy Vice-Chancellor, Learning & Teaching	The DVC, Learning and Teaching is responsible to the VC and President for leading improvements and advancements in teaching and learning quality in the University.	The VC and President has the authority to appoint the DVC, Learning & Teaching as set out in the QUT MOPP.
Deputy Vice Chancellor, Research & Commercialisation	The DVC, Research and Commercialisation is head of the Division of Research and Commercialisation and is responsible to the VC and President for leading the University's research and commercialisation agendas.	The VC and President has the authority to appoint the DVC Research & Commercialisation as set out in the QUT MOPP.
Vice-President (Technology) and Chief Information Officer	Vice-President (Technology) and Chief Information Officer is head of the Division of Technology, Information and Learning Support, and is responsible to the VC and President for leading and coordinating the University's technology, information and learning support functions.	The VC and President has the authority to appoint the Vice-President (Technology) and Chief Information Officer, as set out in the QUT MOPP.
Vice-President (Resources) and Chief Financial Officer	Vice-President (Resources) and Chief Financial Officer is head of the Division of Resources, and is responsible to the VC and President for the finances and planning functions of the University.	The VC and President has the authority to appoint the Vice-President (Resources) and Chief Financial Officer as set out in the QUT MOPP.
Vice-President (Administration) and Registrar	Vice-President (Administration) and Registrar is head of the Division of Administrative Services, secretary to QUT Council and the chief administrative officer of the University, responsible to the VC and President for the administration of the University.	The VC and President has the authority to appoint the Vice-President (Administration) and Registrar as set out in the QUT MOPP.

23. Key management personnel disclosures

(a) Names of responsible persons and executive officers

The following were responsible persons and executive officers of the Queensland University of Technology or its subsidiaries during the financial year:

Chancellor	Mr T Fairfax, AC	
Deputy Chancellor	Dr L Perry, AM	Resigned 31 December 2017
	Mrs J Parker	Appointed 1 January 2018
Vice-Chancellor and President	Prof M Sheil, AO	Appointed 12 February 2018
Provost, as Chair, University Academic Board	Prof C Dickenson, AM	
Nominees of the Governor in Council	Mr W Enoch	Resigned 8 May 2018
	Dr J Puttick	
	Dr L Perry, AM	
	Mr P Howes	
	Prof M O'Kane, AC	Resigned 29 July 2018
	Mr M Pennisi	
	Ms T Handicott	Resigned 28 February 2018
	Ms J Parker	
	Ms S Rix, AM	Appointed 21 May 2018
	Vacant	Commenced 9 May 2018
	Vacant	Commenced 30 July 2018
Nominees of Council	Dr R Ashby, AM	Resigned 5 December 2018
	Ms S Rix, AM	Resigned 20 May 2018
	Dr D McDonough	Appointed 13 June 2018
Elected professional staff	Ms G Amankwah-Toa	
	Miss A Lacaze	
Elected academic staff	Dr K Manton	
	Prof P McDonald	
	Dr D Nielsen	
Elected student members	Mr C Harris	Resigned 20 November 2018
	Mr L Spedding	Resigned 31 July 2018
	Mr R Lucas	Appointed 8 August 2018
		Resigned 20 November 2018
	Ms S Mathers	Appointed 21 November 2018
	Ms I Powell	Appointed 21 November 2018
Elected alumni members	Dr T Baker	
	Mr E Johnston	Appointed 26 February 2018
Secretary	Ms S Lorenzo	Retired 1 June 2018
	Mr A Williams	Appointed 4 June 2018
		Retired 16 December 2018
	Mr L Harvey	Appointed 17 December 2018
Directors of Creative Industries Precinct Pty Ltd	Mr B Chenoweth	
	Mr H Turner	
	Ms A Birkill	
	Ms A Rooke	Appointed 17 July 2018
	Prof R Xavier	
	Prof M Thomas	
	Dr J Harry	
	Prof J Humphrey	

23. Key management personnel disclosures

(a) Names of responsible persons and executive officers

Secretary of Creative Industries Precinct Pty Ltd	Ms A Boland
Directors of QUT Enterprise Holdings Pty Ltd	Dr J Harry Prof J Humphrey
Secretary of QUT Enterprise Holdings Pty Ltd	Ms A Boland
Directors of qutbluebox Pty Ltd	Mr P Andrews Ms E Siganto Dr J Harry Prof J Humphrey Mr J Beevers
Secretary of qutbluebox Pty Ltd	Mr S Denaro

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Queensland University of Technology during the financial year:

Vice-Chancellor and President	Prof M Sheil, AO	Appointed February 2018
Provost	Prof C Dickenson, AM	Appointed March 2012
Deputy Vice-Chancellor and Vice-President, International & Development	Prof S Sheppard	Appointed February 2008
Deputy Vice Chancellor, Learning & Teaching	Prof S Derbyshire	Appointed February 2011
Deputy Vice-Chancellor, Research & Commercialisation	Prof A Sharma	Appointed January 2008
Vice-President (Technology) and Chief Information Officer	Ms J Stokker	Appointed January 2014
Vice-President (Resources) and Chief Financial Officer	Mr G Fryer	Appointed October 2016
Vice-President (Administration) and Registrar (resigned 2 July 2018)	Ms S Lorenzo	Appointed May 2012
Vice-President (Administration) and Registrar (acting from 7th June to 16th December 2018)	Mr A Williams	Appointed June 2018
Vice-President (Administration) and Registrar (appointed 17th December 2018)	Ms L Harvey	Appointed December 2018

All of the above persons were key management persons during the year ended 31 December 2018.

23. Key management personnel disclosures

(c) Remuneration of board members and executives

	Parent	
	2018	2017
	Number	Number
Remuneration of responsible officers		
Nil to \$9,999	1	1
Remuneration of executive officers		
\$20,000 to \$29,999	1	-
\$230,000 to \$239,999	1	-
\$240,000 to \$249,999	1	-
\$370,000 to \$379,999	1	-
\$440,000 to \$449,999	1	-
\$470,000 to \$479,999	-	1
\$480,000 to \$489,999	1	-
\$490,000 to \$499,999	1	-
\$500,000 to \$509,999	-	1
\$520,000 to \$529,999	-	1
\$560,000 to \$569,999	-	1
\$580,000 to \$589,999	-	1
\$600,000 to \$669,999	1	-
\$670,000 to \$679,999	1	-
\$740,000 to \$749,999	-	1
\$760,000 to \$769,999	-	1
\$790,000 to \$799,999	1	-
\$1,260,000 to \$1,269,999	-	1

(d) Key management personnel compensation and performance payments

	Parent	
	2018	2017
	\$'000	\$'000
Short-term employee benefits	3,765	4,713
Post-employment benefits	505	620
Other long-term benefits	97	97
Total	4,367	5,430

(e) Loans to key management personnel

In 2018 there were no loans to key management personnel.

(f) Other transactions with key management personnel

In 2018 there were no other transactions with key management personnel.

24. Remuneration of auditors

During the year the following fees were paid for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Audit and review of the Financial Statements				
Queensland Audit Office	297	287	255	255
Total paid for audit and review	297	287	255	255
Other audit and assurance services				
Audit services				
Bailwick Accounting Services Pty Ltd	1	-	1	-
Barr Group Pty Ltd	5	9	5	9
BDO (QLD) Pty Ltd	-	29	-	29
Deloitte Risk Advisory Pty Ltd	208	239	208	239
Escott Aston	-	24	-	24
Total paid for audit services	214	301	214	301
Assurance services				
BDO (QLD) Pty Ltd	18	20	18	20
Total paid for assurance services	18	20	18	20

25. Contingencies

(a) Contingent liabilities

The University had contingent liabilities as at 31 December 2018 in respect of:

	Consolidated	
	2018	2017
	\$'000	\$'000
Legal disputes and claims	2,000	2,000
	2,000	2,000

(b) Contingent assets

The University did not have any contingent assets as at 31 December 2018.

Movements in contingent assets and contingent liabilities are as follows:

	Consolidated		Contingent	
	Contingent Assets		Liabilities	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Opening balance 1 January	-	-	2,000	2,618
Additional and increased contingent assets/liabilities recognised during the reporting period	-	-	-	-
Reductions in contingent assets/liabilities	-	-	-	(618)
Closing balance 31 December	-	-	2,000	2,000

26. Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities are:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
<i>Property, plant and equipment</i>				
Within one year	8,723	46,411	8,723	46,411
Between one year and five years	-	4,324	-	4,324
Total PPE commitments	8,723	50,735	8,723	50,735

The above property, plant and equipment commitments represent major capital project commitments which in 2018 include: Education Precinct - Phase 2 at Kelvin Grove \$7.340 million (2017: \$43.250 million); Upgrade Teaching Space Z2 Blk (KG): \$0.635 million; Upgrade Lift foyer Lvl 1 & 2 S Blk (GP): \$0.239 million; PC2 Lab H Blk (KG) \$0.154 million and various other capital projects totalling \$0.354 million.

There are no intangible capital projects with commitments of one year or greater.

(b) Lease commitments

(i) Operating Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease, where material.

The University leases various offices, research facilities and warehouses under operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The University has a number of operating lease commitments relating to equipment and motor vehicles.

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Within one year	4,295	7,800	4,295	7,800
Between one year and five years	14,768	27,503	14,768	27,503
Later than five years	48,514	52,206	48,514	52,206
Total future minimum lease payments	67,577	87,509	67,577	87,509

The weighted average interest rate implicit in the non-cancellable operating leases is 1.19% (2017: 2.38%). The University has six leases which have been prepaid and are not included in the commitments calculation.

(ii) Finance Leases

Leases of property, plant and equipment where the consolidated entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. As at 31 December 2018, the consolidated entity had not entered into any finance leases.

27. Related Parties

(a) Parent entities

The ultimate parent entity is QUT, a statutory body established under the *Queensland University of Technology Act 1998*.

(b) Subsidiaries

Interests in subsidiaries are set out in note 28.

(c) Key management personnel

Disclosures relating to directors and specified executives are set out in note 23.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Sale of goods and services				
Subsidiaries	-	-	1,107	1,264
Total sale of goods and services	-	-	1,107	1,264
Purchase of goods and services				
Subsidiaries	-	-	219	110
Other related parties				
Winners-at-work Pty Ltd	10	2	10	2
Total purchase of goods and services	10	2	229	112
Other transactions				
Capital contribution provided to subsidiaries	-	-	9,050	7,350
Total other transactions	-	-	9,050	7,350

The transactions with the above related parties were conducted as arm's length arrangements and within standard commercial terms.

Other Arrangements

The following arrangements have not been deemed to be related parties under the definition of AASB 124 *Related Party Disclosures*, as there is neither control, significant influence or key management personnel representatives as part of the below entities:

Translational Research Institute (TRI)

The Institute is a joint operation between the University of Queensland, Queensland University of Technology, Mater Medical Research Institute Ltd and Queensland Health, developed with the aim of translating the findings of basic biomedical research into better patient outcomes.

QUT does not have control or significant influence over the entity noting surplus distributions must be reinvested as intended under the shareholders agreement dated 16 June 2009. QUT contributes towards the operational costs and also has a prepaid licence agreement (original value \$25 million) to occupy the TRI building over 30 years (lease expires May 2043), with an option to extend for a further 20 years at peppercorn rate.

Herston Imaging Research Facility (HIRF)

In April 2013, QUT entered into a collaborative agreement with the University of Queensland, Queensland Medical Research Institute, Metro North Hospital and Health Service to contribute to the establishment of the HIRF (lease expires April 2025). In late 2015, the lease was amended from an 'initial period - 5 years' to 'an expiry date - 5 April 2025'.

Centre for Children's Health Research (CCHR)

QUT has entered into an agreement between Queensland Health and the University of Queensland to contribute towards an academic and research facility adjacent to the Queensland Children's Hospital (formerly the Lady Cilento Children's Hospital). An establishment agreement between the parties provides for a 30 year lease on a portion of the premises (lease expires July 2045).

28. Subsidiaries

The purchase method of accounting is used to account for all subsidiaries. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of Entity	Country of incorporation	Class of shares	Equity holding	Equity holding
			2018 %	2017 %
Brisbane Business School Pty Ltd	Australia	Ordinary	100.00	100.00
QUT Enterprise Holdings Pty Ltd	Australia	Ordinary	100.00	100.00
QUT Enterprise Holdings Trust	Australia	N/A	100.00	100.00
qutbluebox Pty Ltd	Australia	Ordinary	100.00	100.00
QUT bluebox Trust	Australia	N/A	100.00	100.00
Creative Industries Precinct Pty Ltd	Australia	Ordinary	100.00	100.00

The above listed entities were established under authority of the *Queensland University of Technology Act 1998* (Section 60).

Brisbane Business School Pty Ltd was established in 1999 in order to establish the business name 'Brisbane Business School'. Brisbane Business School Pty Ltd did not trade during the year.

QUT Enterprise Holdings Pty Ltd was established in 2001 to act as the corporate trustee for QUT Enterprise Holdings Trust. QUT Enterprise Holdings Pty Ltd did not trade during the year.

QUT Enterprise Holdings Trust was established in 2001 as a holding entity for QUT owned entities established to undertake or to initiate, promote, facilitate and oversee research and development projects, and education and training programs in relation to any University discipline. Creative Industries Precinct Pty Ltd and qutbluebox Pty Ltd are subsidiaries of QUT Enterprise Holdings Trust. The audited accounts are presented to QUT and consolidated with QUT accounts.

qutbluebox Pty Ltd was established in 2006 to act as the corporate trustee for QUT bluebox Trust. qutbluebox Pty Ltd did not trade during the year.

QUT bluebox Trust was established in 2006 as an entity to carry out the commercialisation of QUT intellectual property. Under an agreed management and governance framework, QUT bluebox Trust will make decisions in relation to registration and use of intellectual property and the establishment of spin off companies. The audited accounts are presented to QUT Enterprise Holdings Trust and consolidated with QUT Enterprise Holdings Trust.

Creative Industries Precinct Pty Ltd (trading as QUT Creative Enterprise Australia) is a subsidiary of QUT Enterprise Holdings Trust. Creative Industries Precinct Pty Ltd was established in December 2001 to manage and operate the Creative Industries Enterprise Centre in Kelvin Grove. The audited company accounts are independently prepared and consolidated into the accounts of QUT Enterprise Holdings Trust.

29. Jointly controlled operations and assets

Kelvin Grove Urban Village CTS Body Corporate (KGV CTS Body Corporate)

QUT is a member of the Kelvin Grove Urban Village CTS Body Corporate (KGV CTS Body Corporate), alongside other property owners.

30. Reconciliation of operating result after income tax to net cash flows from operating activities

	Consolidated		Parent	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Operating result for the period	27,285	98,799	32,601	100,420
Depreciation and amortisation	64,430	67,657	64,426	67,657
Net (gain)/loss on sale of plant and equipment	99	(90)	99	(90)
Fair value gains on other financial assets at fair value through profit or loss	(932)	(55,928)	352	(51,537)
Non cash donations received	(147)	(1,703)	(147)	(1,703)
(Increase)/decrease in student loans	15	46	15	46
Increase/(decrease) in provision for impairment	-	(12)	-	(12)
(Increase)/decrease in trade debtors	(4,964)	(1,194)	(4,734)	(1,036)
Increase/(decrease) in provision for impairment	(116)	164	(116)	164
(Increase)/decrease in student fees debtors	(2,155)	1,318	(2,155)	1,318
Increase/(decrease) in provision for impairment	-	(20)	-	(20)
(Increase)/decrease in goods and services tax refund due	(143)	(180)	(143)	(185)
(Increase)/decrease in other receivables	1,446	(3,896)	1,446	(3,896)
(Increase)/decrease in inventories	336	445	330	443
(Increase)/decrease in other non-financial assets	(12,795)	(537)	(12,781)	(530)
Increase/(decrease) in OS HELP liability to Australian Government	242	135	242	135
Increase/(decrease) in trade creditors	(1,098)	(2,551)	(1,215)	(2,622)
Increase/(decrease) in unearned revenue	2,300	1,819	2,456	1,551
Increase/(decrease) in accrued expenses	(6,546)	4,206	(6,546)	4,096
Increase/(decrease) in accrued employee benefits	2,901	(794)	2,847	(901)
Net cash provided by/(used in) operating activities	70,158	107,684	76,977	113,298

31. Financial Risk Management

The University's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the University. The University uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

The University and the parent entity hold the following financial assets and liabilities:

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Cash and cash equivalents	111,319	193,477	104,929	190,024
Trade and other receivables	36,642	30,724	36,160	30,473
Financial assets at fair value through OCI #1	8,396	3,711	-	-
Other financial assets	507,044	459,188	520,942	465,332
Total financial assets	663,401	687,100	662,031	685,829

#1 Available for sale financial assets have been reclassified to financial assets at fair value through other comprehensive income (OCI) under AASB 9.

	Consolidated		Parent	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Financial liabilities				
Trade and other payables	29,933	37,336	29,147	36,667
Borrowings (commercial)	155,596	101,562	155,596	101,562
Total financial liabilities	185,529	138,898	184,743	138,229

(a) Market risk

(i) Foreign exchange risk

The risk to the University that currency fluctuations could occur due to changes in the foreign exchange rates is usually minimal, as the majority of contracts are in Australian dollars. Fees charged to overseas students are generally denominated in Australian dollars. For the small number of contracts settled in other currencies payment is usually made within thirty days. The exception to this, are contracts placed by the Library in Euros, Great British pounds and US dollars early in the year, of which the majority are settled in the second half of the year. QUT received approval to undertake limited derivative transactions as cited in the *Statutory Bodies Financial Amendment Regulation (No 1) 2011*. The university is limited to foreign exchange forward contracts and foreign exchange options contracts only. Transactions are limited to hedge against exposure to foreign currency rate movements in relation to the payment of annual library subscriptions and purchases of high cost assets.

On the 22 August 2018 the university established a Forward foreign exchange contract for the purchase of an autonomous motor vehicle, the hedge portion of the agreed contract was for EURO 490,020 (EURO 400,920 to mature on 18 March 2019 and EURO 89,100 to mature on 3 June 2019). The autonomous motor vehicle is part of a collaborative research project for driverless vehicles. On the 19 October 2018 the University established a hedge position for the importation of an ION Gun (EURO 897,942 to mature on 30 July 2019 and EURO 99,771.36 to mature on 30 August 2019). The effective portion of changes in the fair value of derivatives are recognised in other comprehensive income.

The University monitors its exposure to foreign currency risk and responds to this in an ongoing manner as part of its budget and treasury management review procedures where material.

31. Financial Risk Management

(a) Market risk

(ii) Price risk

The risk to the University is that the value of a financial instrument could fluctuate as a result of changes in market prices. The University prices goods and services based on a combination of cost recovery, or market forces depending on the type of item supplied. The University's biggest exposures to competitive market movements in price levels are for its market based investments with QIC, where funds are invested in the QIC Growth Fund and the QUT Endowment Fund (managed by QIC). The University monitors its investments with QIC and provides regular reports for review and action as required.

(iii) Cash flow and fair value interest rate risk

The University's exposure to market risk for changes in interest rates relates primarily to the long-term debt obligations. To manage market risk the University has elected to take out fixed rate loans for all commercial borrowings.

The University's exposure to market risk for changes in interest rates also relates to short-term investments. The University minimises its exposure to fluctuating market interest rates by diversifying the University's investments in cash, fixed interest and short term investments with approved financial institutions. The risk sensitivity adopted by the University is + / - 1 percent. This reflects market conditions generally, whereby interest rates have the capacity to move by these margins within a twelve month period.

(iv) Summarised sensitivity analysis

The following tables summarises the sensitivity of the University's financial assets and financial liabilities to interest rate risk, foreign exchange risk and other price risk.

31 December 2018		Interest rate risk				Foreign exchange risk				Other price risk			
	Carrying amount \$'000	-1%		+1%		-10%		+10%		-10%		+10%	
		Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity	Result	Equity
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assets													
Cash and cash equivalents	111,319	(1,113)	(1,113)	1,113	1,113	-	-	-	-	-	-	-	-
Receivables	36,642	-	-	-	-	208	208	(170)	(170)	-	-	-	-
Other financial assets													
QIC Investment funds	478,500	-	-	-	-	-	-	-	-	(47,850)	(47,850)	47,850	47,850
Listed securities	87	-	-	-	-	-	-	-	-	(9)	(9)	9	9
Unlisted securities / managed funds	28,457	-	-	-	-	-	-	-	-	(2,846)	(2,846)	2,846	2,846
Financial assets at fair value through OCI	8,396	-	-	-	-	-	-	-	-	(840)	(840)	840	840
Financial liabilities													
Trade and other payables	29,933	-	-	-	-	(42)	(42)	34	34	-	-	-	-
Borrowings (commercial)	155,596	-	-	-	-	-	-	-	-	-	-	-	-
Total increase/(decrease)		(1,113)	(1,113)	1,113	1,113	166	166	(136)	(136)	(51,545)	(51,545)	51,545	51,545

31. Financial Risk Management

(a) Market risk

31 December 2017

	Carrying amount \$'000	Interest rate risk				Foreign exchange risk				Other price risk			
		-1%		+1%		-10%		+10%		-10%		+10%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
Financial assets													
Cash and cash equivalents	193,477	(1,935)	(1,935)	1,935	1,935	-	-	-	-	-	-	-	-
Receivables	30,725	-	-	-	-	209	209	(171)	(171)	-	-	-	-
Other financial assets													
Managed investment funds	442,965	-	-	-	-	-	-	-	-	(44,297)	(44,297)	44,297	44,297
Listed securities	792	-	-	-	-	-	-	-	-	(79)	(79)	79	79
Unlisted securities	15,431	-	-	-	-	-	-	-	-	(1,543)	(1,543)	1,543	1,543
Available for sale unlisted securities	3,686	-	-	-	-	-	-	-	-	(369)	(369)	369	369
Available for sale convertible notes	25	-	-	-	-	-	-	-	-	(3)	(3)	3	3
Financial liabilities													
Trade and other payables	37,336	-	-	-	-	(67)	(67)	55	55	-	-	-	-
Borrowings (commercial)	101,562	-	-	-	-	-	-	-	-	-	-	-	-
Total increase/(decrease)		(1,935)	(1,935)	1,935	1,935	142	142	(116)	(116)	(46,291)	(46,291)	46,291	46,291

(b) Credit risk

The risk to the University that one party of a financial instrument could fail to discharge an obligation and cause the other party to incur a financial loss is considered minimal. The University undertakes credit checks on new debtors where the assessed value exceeds \$5,000. In addition, credit risk is minimised by trading with a substantial number of parties. Credit checks are not required for government departments, public statutory bodies and government and semi government agencies. Where a customer fails a credit check, any work undertaken by the University must be paid for in advance.

For wholesale customers without credit rating, the University generally retains title over the goods sold until full payment is received. For some trade receivables, the University may also obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

(c) Liquidity risk

The risk to the University that the entity could encounter difficulty in raising funds to meet commitments is managed within the University's investment and borrowings policy. The investment policy keeps a safety net level of cash and cash equivalent financial assets in order to satisfy the University's financial liabilities as they fall due. The University has a very sound financial position and regularly monitors liquidity as part of its treasury operations, budget review and reporting arrangements. In regards to borrowings the University has a working capital loan facility (of up to \$60 million for thirty days) to act as a safety net for short term cash requirements. The University also has approved Queensland Treasury Corporation borrowings for infrastructure projects.

The University's accounts payables and receivables are considered to be short term in nature.

31. Financial Risk Management

(c) Liquidity risk

The following tables summarise the maturity of consolidated entity's financial assets and financial liabilities:

	Average interest rate		Variable interest rate		Within 1 year		1 - 5 years		5+ years		Non-interest		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	%	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:														
Cash and cash equivalents	2.78	2.49	111,319	193,477	-	-	-	-	-	-	-	-	111,319	193,477
Receivables	-	-	-	-	-	-	-	-	-	-	36,642	30,724	36,642	30,724
Other financial assets														
Managed investment funds	-	-	-	-	-	-	-	-	-	-	478,500	442,965	478,500	442,965
Listed securities	-	-	-	-	-	-	-	-	-	-	87	792	87	792
Unlisted securities / managed funds	-	-	-	-	-	-	-	-	-	-	28,457	15,431	28,457	15,431
Available for sale financial assets	-	-	-	-	-	-	-	-	-	-	-	3,711	-	3,711
Financial assets at fair value through OCI	-	-	-	-	-	-	-	-	-	-	8,396	-	8,396	-
Total Financial Assets			111,319	193,477	-	-	-	-	-	-	552,082	493,623	663,401	687,100
Financial Liabilities:														
Trade and other payables	-	-	-	-	-	-	-	-	-	-	29,933	37,336	29,933	37,336
Borrowings (commercial)	4.07	4.39	-	-	5,849	3,506	24,815	14,720	124,932	83,336	-	-	155,596	101,562
Total Financial Liabilities			-	-	5,849	3,506	24,815	14,720	124,932	83,336	29,933	37,336	185,529	138,898

32. Fair value measurement

(a) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued. Observable inputs used by the University include, but are not limited to, quoted market prices for financial assets at fair value through OCI.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued.

The carrying amounts and aggregate fair values of financial assets and liabilities at balance date are:

	Note	Carrying Amount	
		2018 \$'000	2017 \$'000
Consolidated			
Financial assets			
Cash and cash equivalents	12.	111,319	193,477
Receivables	13.	36,642	30,724
Available-for-sale financial assets	14.	-	3,711
Financial assets at fair value through OCI	14.	8,396	-
Other financial assets	14.	507,044	459,188
Total financial assets		663,401	687,100
Financial liabilities			
Trade and other payables	18.	29,933	37,336
Borrowings (commercial)	19.	155,596	101,562
Total financial liabilities		185,529	138,898
	Note	Fair Value	
		2018 \$'000	2017 \$'000
Consolidated			
Financial assets			
Cash and cash equivalents	12.	111,319	193,477
Receivables	13.	36,642	30,724
Available-for-sale financial assets	14.	-	3,711
Financial assets at fair value through OCI	14.	8,396	-
Other financial assets	14.	507,044	459,188
Total financial assets		663,401	687,100
Financial liabilities			
Trade and other payables	18.	29,933	37,336
Borrowings (commercial)	19.	167,758	109,320
Total financial liabilities		197,691	146,656

32. Fair value measurement

(b) Fair value hierarchy

The University categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurement:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2018.

Fair value measurements at 31 December 2018

Consolidated	Note	2018 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements					
Financial assets					
<i>Financial assets at fair value through profit or loss</i>					
Managed investment funds		478,768	-	478,500	268
Listed securities		87	87	-	-
Unlisted securities		28,189	-	-	28,189
<i>Financial assets at fair value through OCI</i>					
Listed and unlisted investments		8,367	-	-	8,367
Convertible notes		29	-	-	29
Total financial assets	14.	515,440	87	478,500	36,853
Non-financial assets					
<i>Investment properties</i>					
Land, building, heritage & cultural assets #1		1,065,128	-	291,018	774,110
Total non-financial assets		1,065,128	-	291,018	774,110

#1 Level 2 non-financial assets are comprised of Land (\$256.555 million) and Artwork (\$34.463 million). Level 3 non-financial assets are comprised of Buildings (\$731.172 million) plus Heritage and Cultural Buildings (\$42.938 million).

32. Fair value measurement

(b) Fair value hierarchy

Fair value measurements at 31 December 2017

Consolidated	Note	2017 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements					
Financial assets					
<i>Other financial assets</i>					
QIC investment funds		442,965	-	442,697	268
Listed securities		792	792	-	-
Unlisted securities / managed funds		15,431	-	-	15,431
Available for sale unlisted securities		3,686	-	-	3,686
Available for sale convertible notes		25	-	-	25
Total financial assets	14.	462,899	792	442,697	19,410
Non-financial assets					
<i>Land, buildings, heritage & cultural assets #2</i>					
		1,009,432	-	286,659	722,773
Total non-financial assets		1,009,432	-	286,659	722,773

#2 Level 2 non-financial assets are comprised of Land (\$252.369 million) and Artwork (\$31.707 million). Level 3 non-financial assets are comprised of Buildings (\$627.111 million) plus Heritage and Cultural Buildings (\$45.648 million).

There were no transfers between Levels 1 and 2 for recurring fair value measurements during the year.

For transfers in and out of level 3 measurements, see (d) below.

(ii) Disclosed fair values

The fair value of assets or liabilities traded in active markets (such as publicly traded securities, and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the reporting date (Level 1).

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

The fair value of non-current borrowings disclosed in note 19 is estimated by discounting the future contractual cash flows at the current market interest rates. The borrowing rates for the Kelvin Grove Sportsfield Car Park is 2.92 percent, 88 Musk Avenue, Kelvin Grove is 3.527 percent and for Science and Engineering Centre is 5.066 percent, all loans are fixed for the full term with a weighted average interest rate of 4.074 percent. The carrying amount (book value) is a traditional measure of indebtedness and is used to record the value of a borrowing for accounting purposes. The fair value (market value) of the debt reflects the remaining cash flows required to repay the debt, valued at the current market rate of interest at the time. The fair value represents the true value of the borrowers indebtedness and hence the amount that would be required to be paid to extinguish the debt outstanding.

32. Fair value measurement

(c) Valuation techniques used to derive level 2 and level 3 fair values

(i) Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market (for example, fixed interest securities) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

For Queensland Government related entity financial instruments such as QIC Funds, Queensland Treasury Corporation borrowings and Cash Fund, the fair value is measured using reports provided by QIC and Queensland Treasury Corporation, such as QIC client product summaries, Queensland Treasury Corporation borrowings statements and Queensland Treasury Corporation cash fund statements. These financial instruments are only available to Queensland Government related entities and thus are not able to be traded in active markets.

The valuation technique (AASB 13) used to calculate fair value for Land and Artwork is the market approach and for Buildings and Heritage Buildings is the cost approach.

The fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities. The fair value of financial instruments which are not traded is determined through calculating the net asset value of those instruments.

All of the resulting fair value estimates are included in Level 2 except for unlisted equity securities and building and heritage assets which are explained in (d) below.

(d) Fair value measurements using significant unobservable inputs (level 3)

The following table is a reconciliation of Level 3 items for the periods ended 31 December 2018 and 2017:

Consolidated

	Unlisted securities / managed funds	Buildings and heritage assets	Total
	\$'000	\$'000	\$'000
Level 3 Fair Value Measurements 2018			
<i>Opening balance</i>	19,410	722,773	742,183
<i>Total gains/(losses) in profit or loss</i>	12,741	(21,295)	(8,554)
<i>Total gains/(losses) in comprehensive income</i>	4,685	4,898	9,583
<i>Purchases</i>	17	67,734	67,751
Closing balance	36,853	774,110	810,963
Level 3 Fair Value Measurements 2017			
<i>Opening balance</i>	12,204	672,760	684,964
<i>Total gains/(losses)</i>	4,768	4,480	9,248
<i>Transfers from level 1</i>	1,582	45,533	47,115
<i>Disposals</i>	882	-	882
<i>Sales</i>	(26)	-	(26)
Closing balance	19,410	722,773	742,183

Gains/(losses) in financial investments are included in investment revenue/(expense) or grant revenue in the income statement.

33. Acquittal of Australian Government Financial Assistance

(a) Education - CGS and Other Education Grants

Parent Entity (University) Only

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)

Net accrual adjustments

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for reporting period

	Commonwealth Grants Scheme #1		Indigenous Student Success Program #2		Access & Participation Fund #4		Disability Performance Funding #3	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
	278,119	277,914	3,479	3,950	3,996	4,096	523	530
	749	505	(16)	-	-	(11)	-	-
2(a)	278,868	278,419	3,463	3,950	3,996	4,085	523	530
	-	-	262	16	-	-	-	-
	278,868	278,419	3,725	3,966	3,996	4,085	523	530
	(278,868)	(278,419)	(3,364)	(3,704)	(3,996)	(4,085)	(523)	(530)
	-	-	361	262	-	-	-	-

33. Acquittal of Australian Government Financial Assistance

(a) Education - CGS and Other Education Grants

Parent Entity (University) Only

Financial assistance received in CASH during the reporting period (total cash received from the Australian Government for the program)

Net accrual adjustments

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for reporting period

	Promotion of Excellence in Learning and Teaching		Improving the Quality of Maths & Science Teaching Program		Total	
	2018	2017	2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	237	-	-	-	286,117	286,727
(2)	-	-	-	-	731	494
(2)	237	-	-	-	286,848	287,221
404	390	-	185	185	666	591
402	627	-	185	185	287,514	287,812
(86)	(223)	-	(185)	(185)	(286,837)	(287,146)
316	404	-	-	-	677	666

2(a)

- #1 Includes the basic CGS grant amount, CGS – Regional Loading, CGS – Medical Student Loading, Allocated Places, Non Designated Courses and CGS Special Advances from Future Years.
#2 Indigenous Student Success Program has replaced the Indigenous Commonwealth Scholarships Program and the Indigenous Support Program as of 1 January 2017.
#3 Disability Performance Funding includes Additional Support for Students with Disabilities.

- #4 Financial Assistance received in Cash agrees to Note 2(a) in 2018. As required in the Financial Statement Guidelines, return of prior year funding needs to be reported as a Net Accrual Adjustment. QUT has recorded the return of prior year funding as an expense, not negative income in the current year, and as such it is not included income in Note 2(a). Revenue for the period agrees to cash received for the year per the funding body annual payment summary.

33. Acquittal of Australian Government Financial Assistance

(b) Higher Education Loan Programs (excluding OS-HELP)

	HECS-HELP (Aust. Government payments only)		FEE-HELP #5		SA-HELP		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Parent Entity (University) Only								
<i>Cash Payable/(Receivable) at the beginning of the year</i>	(5,329)	(1,150)	(1,030)	(1,319)	730	613	(5,629)	(1,856)
<i>Financial assistance received in cash during the reporting period</i>	224,952	209,899	24,931	25,267	3,567	4,337	253,450	239,503
<i>Cash available for the period</i>	219,623	208,749	23,901	23,948	4,297	4,950	247,821	237,647
<i>Less revenue earned</i>	220,554	214,272	23,661	24,978	4,143	4,220	248,358	243,470
<i>Accrual adjustment</i>	-	194	-	-	-	-	-	194
<i>Cash Payable/(Receivable) at the end of the year</i>	(931)	(5,329)	240	(1,030)	154	730	(537)	(5,629)
2(b)								
2(b)								

#5 Program is in respect of FEE-HELP for Higher Education only and excludes funds received in respect of VET FEE-HELP.

33. Acquittal of Australian Government Financial Assistance

(c) Department of Education and Research Training

Parent Entity (University) Only

Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

Research Training Program	Research Support Program			Total	
	2018	2017	2018	2017	2017
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
31,000	30,842	22,653	21,882	53,653	52,724
31,000	30,842	22,653	21,882	53,653	52,724
-	244	41	752	41	996
31,000	31,086	22,694	22,634	53,694	53,720
(31,000)	(31,086)	(22,694)	(22,593)	(53,694)	(53,679)
-	-	-	41	-	41

(d) Total Higher Education Provider Research Training Program expenditure

Research Training Program Fees offsets

Research Training Program Stipends

Total for all types of support

Total domestic students		Total overseas students	
\$'000		\$'000	
21,592		-	
9,408		-	
31,000		-	

33. Acquittal of Australian Government Financial Assistance

(e) Other Capital Funding

Parent Entity (University) Only

Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

Linkage Infrastructure Equipment Facilities Grants		Total	
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000
1,881	1,150	1,881	1,150
1,881	1,150	1,881	1,150
1,181	21	1,181	21
3,062	1,171	3,062	1,171
(427)	10	(427)	10
2,635	1,181	2,635	1,181

2(d)

33. Acquittal of Australian Government Financial Assistance

(f) Australian Research Council Grants

Parent Entity (University) Only

Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)

Net accrual adjustments

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

	Discovery		Linkages #6		Networks and Centres	
	2018	2017	2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
12,955	12,436		3,104	3,626	2,982	2,938
(1,262)	(259)		(4)	(157)	-	-
11,693	12,177		3,100	3,469	2,982	2,938
9,582	9,960		3,829	4,152	2,059	1,151
21,275	22,137		6,929	7,621	5,041	4,089
(11,792)	(12,555)		(3,519)	(3,792)	(4,095)	(2,030)
9,483	9,582		3,410	3,829	946	2,059

33. Acquittal of Australian Government Financial Assistance

(f) Australian Research Council Grants

Parent Entity (University) Only

Financial assistance received in CASH during the reporting period (total cash received from Australian Government for the program)

Net accrual adjustments

Revenue for the period

Surplus/(deficit) from the previous year

Total revenue including accrued revenue

Less expenses including accrued expenses

Surplus/(deficit) for the reporting period

Special Research Initiatives		Total	
2018	2017	2018	2017
\$'000	\$'000	\$'000	\$'000
-	899	19,041	19,899
-	-	(1,266)	(416)
-	899	17,775	19,483
1,003	386	16,473	15,649
1,003	1,285	34,248	35,132
(241)	(282)	(19,647)	(18,659)
762	1,003	14,601	16,473

#6 Financial Assistance received in Cash agrees to Note 2(e) in 2018. As required in the Financial Statement Guidelines, return of prior year funding needs to be reported as a Net Accrual Adjustment. QUT has recorded the return of prior year funding as an expense, not negative income in the current year, and as such it is not included in income in Note 2(e). Revenue for the period agrees to cash received for the year per the funding body annual payment summary.

33. Acquittal of Australian Government Financial Assistance

(g) Other Australian Government Financial Assistance

	2018 \$'000	2017 \$'000
Parent Entity (University) Only		
<i>Cash received during the reporting period</i>	21,981	24,106
<i>Cash spent during the reporting period</i>	(24,077)	(23,345)
<i>Net Cash received</i>	(2,096)	761
<i>Cash surplus / (deficit) from the previous period</i>	15,948	15,187
<i>Cash surplus/(deficit) for the reporting period</i>	13,852	15,948

(h) OS-HELP

	2018 \$'000	2017 \$'000
Parent Entity (University) Only		
<i>Cash received during the reporting period</i>	5,310	4,742
<i>Cash spent during the reporting period</i>	(5,069)	(4,608)
<i>Net cash received</i>	241	134
<i>Cash surplus/(deficit) from the previous period</i>	2,224	2,090
<i>Cash surplus/(deficit) for the reporting period</i>	2,465	2,224

18

(i) Student Services and Amenities Fee

	2018 \$'000	2017 \$'000
Parent Entity (University) Only		
<i>Unspent/(overspent) revenue from previous period</i>	2,011	1,877
<i>SA-HELP revenue earned</i>	4,143	4,220
<i>Student Services and Amenities Fees from students</i>	3,853	3,651
<i>Total revenue expendable in period</i>	10,007	9,748
<i>Student Services expenses during period</i>	(8,855)	(7,737)
<i>Unspent/(overspent) Student Services revenue</i>	1,152	2,011

2(b)

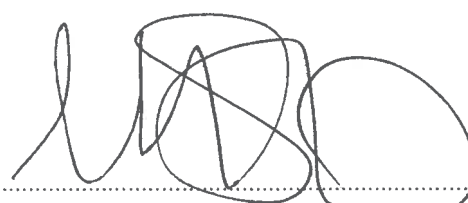
4.

We have prepared the annual financial report pursuant to the provisions of the *Financial Accountability Act 2009* and *Financial and Performance Management Standard 2009*, and other prescribed requirements and certify that:

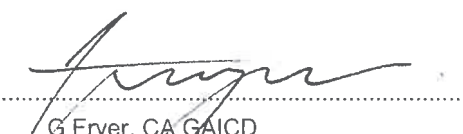
- (a) the financial reports are in agreement with the accounts and records of the Queensland University of Technology and its controlled entities; and
- (b) in our opinion:
- (i) the prescribed requirements in respect of the establishment and keeping of accounts have been complied with in all material respects;
 - (ii) the financial reports have been drawn up to present a true and fair view of the transactions of the Queensland University of Technology for the period 1 January 2018 to 31 December 2018 and of the financial position as at 31 December 2018 in accordance with prescribed accounting standards and conform with the Financial Statement Guidelines for Australian Higher Education Providers for the 2018 Reporting Period issued by the Australian Government Department of Education;
 - (iii) at the time of the certificate, there are reasonable grounds to believe that the University will be able to pay its debts as and when they fall due;
 - (iv) the amount of Australian Government financial assistance expended during the reporting period was for the purpose(s) for which it was intended and Queensland University of Technology has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure; and
 - (v) Queensland University of Technology charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38 (4) of the Act.



T V Fairfax, AC
Chancellor



M M Sheil, AO
Vice-Chancellor and President



G Fryer, CA GAICD
Vice-President, Resources
(Chief Financial Officer)

Dated at Brisbane the twenty-fifth day of February 2019.

INDEPENDENT AUDITOR'S REPORT

To the Council of the Queensland University of Technology

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Queensland University of Technology (the parent) and its controlled entities (the group).

In my opinion, the financial report:

- a) gives a true and fair view of the parent's and group's financial position as at 31 December 2018, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate given by the Chancellor, Vice-Chancellor and President, and Vice President, Resources (Chief Financial Officer).

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the parent and group in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* and with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. I addressed these matters in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Specialised buildings (\$731 million) and heritage buildings (\$43 million) valuations ***Refer Note 15 and 32***

Key audit matter	How my audit addressed the key audit matter
<p>Specialised buildings and heritage and cultural buildings were material to the Queensland University of Technology at balance date and were measured at fair value using the current replacement cost method. The University performs comprehensive revaluation of all of its buildings every five years with indexation applied in the intervening period. A comprehensive valuation was conducted in 2016 with indexation applied for the 2017 and 2018 balances.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> Gross replacement cost, less Accumulated depreciation <p>The University derived the gross replacement cost of its buildings at balance date through using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> identifying the components of buildings with separately identifiable replacement costs developing a unit rate for each of these components, including: <ul style="list-style-type: none"> estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. \$/square metre) identifying whether the existing building contains obsolescence or less utility compared to the modern substitute, and if so, estimating the adjustment to the unit rate required to reflect this difference. Indexing unit rates for subsequent increases in input costs <p>The measurement of accumulated depreciation involved significant judgements for forecasting the remaining useful lives of building components.</p> <p>The significant judgements required for gross replacement cost and useful lives are also significant for calculating annual depreciation expense.</p>	<p>My audit procedures included, but were not limited to:</p> <p>In a previous year when a comprehensive valuation was conducted:</p> <ul style="list-style-type: none"> Assessing the adequacy of management's review of the valuation process Obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness using common industry practices Assessing the competence, capability and objectivity of the valuation specialist On a sample basis, evaluating the relevance, completeness, and accuracy of source data used to derive unit costs including: <ul style="list-style-type: none"> Modern substitute Adjustment for excess quality or obsolescence. <p>In the current year when indexation was applied:</p> <ul style="list-style-type: none"> Evaluating the reasonableness of the indices used against other publicly available information about movements in values for replacement costs of similar assets. Assessing the ongoing reasonableness of the building's useful lives by – <ul style="list-style-type: none"> Reviewing management's annual assessment of useful lives. Assessing the appropriateness of useful lives where assets were disposed of prior to the end of their useful life. Reviewing assets with an inconsistent relationship between condition and remaining life. Performing reasonableness tests to confirm depreciation is calculated in accordance with the University's accounting policies and industry standards.

Responsibilities of the entity for the financial report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards, and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Council is also responsible for assessing the parent's and group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the parent or group or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

From the matters communicated with the Council, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 31 December 2018:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



26 February 2019

Michelle Reardon
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Glossary

AARNet Australia's Academic and Research Network

AC Companion of the Order of Australia

ACAA Australia China Alumni Association

ACS Australian Computer Society

AM Member of the Order of Australia

AO Officer of the Order of Australia

APA Australian Publishers Association

ARC Australian Research Council

ARMC Audit and Risk Management Committee

ASM Australian Society for Microbiology

ARWV Academic Ranking of World Universities

CBD Central business district

CHAD Cooperative and Highly Automated Driving study

CLIL Content and Language Integrated Learning

CRC Cooperative Research Centre

CRE-EPOCH Centre of Research Excellence in the Early Prevention of Obesity in Childhood

CRE-ELC Centre of Research Excellence in End of Life Care

DCRC Dementia Collaborative Research Centre

EFTSL Equivalent full-time student load

FTE Full-time equivalent

GBTA Global Business Travel Association

GCAP Graduate Certificate in Academic Practice

HCM Human Capital Management

HDR Higher degree research

HEA Higher Education Academy

HELP Higher Education Loan Program

HiQ QUT student support centres

HR Human Resources

IFE Institute for Future Environments

JBV Journal of Business Venturing

KPI Key performance indicator

LPF Learning Potential Fund

MOOC Massive Online Open Course

MP Member of Parliament

NAIDOC National Aboriginal and Islander Day Observance Committee

NHMRC National Health and Medical Research Council

OAM Medal of the Order of Australia

ONS Oncology Nursing Society

OP Overall position

PSM Public Service Medal

QAAFI Queensland Alliance for Agriculture and Food Innovation

QAO Queensland Audit Office

QCF Queensland Community Foundation

QEH QUT Enterprise Holdings

QIC Queensland Investment Corporation

QIMR Queensland Institute of Medical Research

QS Quacquarelli Symonds

QTAC Queensland Tertiary Admissions Centre

QUT Queensland University of Technology

SAGE Science in Australia Gender Equity

SES socioeconomic status

SID Science and Infrastructure Development School

STEM Science, Technology, Engineering, and Mathematics

STEMM Science, Technology, Engineering, Mathematics and Medicine

SWAN Scientific Women's Academic Network

TEQSA Tertiary Education Quality and Standards Agency

TMR Queensland Department of Transport and Main Roads

TOEFL Test of English as a Foreign Language

USC University of the Sunshine Coast

VAJRA Visiting Advanced Joint Research

WiT Women in Technology

Campuses and facilities

Gardens Point campus

2 George Street, Brisbane

- Institute for Future Environments
 - Centre for Tropical Crops and Biocommodities
 - Digital Observatory
- QUT Business School
- Faculty of Law
- Science and Engineering Faculty
- Science and Engineering Centre
 - ARC Centre of Excellence in Robotic Vision
 - ARC Centre of Excellence for Mathematical and Statistical Frontiers (partner)
 - Central Analytical Research Facility
 - The Cube
- Gardens Point Precinct
 - Old Government House
 - William Robinson Gallery
 - QUT Art Museum
 - QUT Gardens Theatre

Kelvin Grove campus

Victoria Park Road, Kelvin Grove

- Institute of Health and Biomedical Innovation
 - Australian Centre for Health Services Innovation
 - Centre for Accident Research and Road Safety—Queensland
 - ARC Industrial Transformation Training Centre in Additive Biomanufacturing
 - Centre of Research Excellence in End of Life Care (CRE-ELC)
 - NHMRC Centre of Research Excellence in Reducing Healthcare Associated Infection
 - Centre of Research Excellence in the Early Prevention of Obesity in Childhood (CRE-EPOCH)
 - Dementia Collaborative Research Centre (DCRC) – Carers and Consumers
 - Johnson & Johnson Innovation Partnering Office @ QUT
- Faculty of Health
- Faculty of Education
- Creative Industries Faculty
- Creative Industries Precinct
 - La Boite Roundhouse Theatre
 - QUT Creative Enterprise Australia
- QUT bluebox
- QUT International College

Canberra

- QUT Business School

Research facilities

- Medical Engineering and Research Facility, The Prince Charles Hospital
- Da Vinci Precinct, Brisbane Airport
- Pilot Plant and Engineering Workshops, Banyo
- Samford Ecological Research Facility
- Translational Research Institute (partner)
- Australian Translational Genomics Centre, Princess Alexandra Hospital (partner)
- Centre for Children's Health Research, South Brisbane (partner)
- Herston Imaging Research Facility (partner)
- Redlands Research Station
- Biomedical Research Centre – QIMR Berghofer, Herston
- Genomics Clinical Trials Centre – Mermaid Waters
- Mackay Renewable Biocommodities Pilot Plant



CRC participation

QUT participated in 16 CRCs: Autism; Bushfire and Natural Hazards; Capital Markets; Cell Therapy Manufacturing; Cyber Security; Digital Health; Fight Food Waste; Food Agility; iMOVE; Innovative Manufacturing; Lowitja Institute; Optimising Resource Extraction; Plant Biosecurity; Rail Manufacturing; Spatial Information 2; and Wound Management Innovation

QUT also participates in the Defence Materials Technology Centre which has similar characteristics to the CRC program.



BRISBANE
AUSTRALIA

Published by

QUT Marketing and Communication

Kelvin Grove campus
Victoria Park Road
Kelvin Grove Qld 4059
Phone +61 7 3138 1840
Fax +61 7 3138 3573

Email mkt_admin@qut.edu.au

www.qut.edu.au