



2017

# Annual Report

James Cook  
University

Cairns  
Singapore  
Townsville

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At James Cook University we acknowledge Australian Aboriginal and Torres Strait Islander people of this nation.

*“We acknowledge the Australian Aboriginal and Torres Strait Islander peoples as the Traditional Owners of the lands and waters where we operate our business. We honour the unique cultural and spiritual relationship to the land, waters and seas of First Australian peoples and their continuing and rich contribution to James Cook University (JCU) and Australian society. We also pay respect to ancestors and Elders past, present and future.”*

Source: James Cook University Reconciliation Action Plan 2015-2017.

## **Open data**

The James Cook University Annual Report and additional reports on Consultancies, and Overseas Travel are published online at <https://www.jcu.edu.au/about-jcu/annual-report>

Open data is also published annually on the Queensland Government Open Data website online at <https://data.qld.gov.au>

## **Government bodies – James Cook University Council**

Information relating to Government Bodies (being the James Cook University Council) is published online at <https://www.jcu.edu.au/about-jcu/annual-report>

## **Public availability**

For information about this report, please contact James Cook University on Ph: 07 47814111 (Quality, Planning and Analytics Directorate) or email [statistics@jcu.edu.au](mailto:statistics@jcu.edu.au)

## **Statement of compliance**

This Annual Report fulfils the prescribed reporting requirements for 2017 of James Cook University to the Queensland Minister for Education and Minister for Industrial Relations, and provides a comprehensive summary of the University’s operations and achievements during the year.

It illustrates the role of the University within the communities it serves, portrays the scope and importance of its activities and displays the University’s effective utilisation of the resources available to it. The report outlines a wide range of developments, innovations and achievements that provide a yardstick by which to measure the performance of the University in 2017 against its strategic intent, aim and objectives.

## Letter of compliance

28<sup>th</sup> of February 2018

The Honourable Grace Grace MP  
Minister for Education and Minister for Industrial Relations  
PO Box 15033  
CITY EAST QLD 4002

Dear Minister,

I am pleased to submit for presentation to the Parliament the Annual Report 2017 and financial statements for James Cook University.

I certify that this Annual Report complies with:

- the 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 found accompanying this annual report accessible at <https://www.jcu.edu.au/about-jcu/annual-report>.

Yours sincerely

Mr Bill Tweddell  
Chancellor  
James Cook University

## Year in review

This year has been a significant one for JCU from a governance perspective.

A revised James Cook University Council (University Council) committee structure was implemented in 2017, and appears to be working well. The revised structure emerged from a University Council workshop in October 2016, which focused on improving the effectiveness and efficiency of the University Council. The outcomes of the workshop included a reduction in the number of committees, revised membership, and a revised structure of the University Council agendas to allow a greater focus on strategic / longer-term issues.

The *University Legislation Amendment Act 2017* (ULAA) was passed by the Queensland Government, and was granted royal assent on 13 October 2017, resulting in changes to the *James Cook University Act 1997*. This is a significant step forward for the University. Among other things, new provisions in the JCU Act provide the legislative basis upon which the University Council may amend the size and the composition of University Council. The University Council now has greater decision-making powers to ensure a better skills, geographic, ethnic and gender mix across its membership. The changes will also help the University meet the Queensland Government's gender equity target of parity by 2020. As the Chair of a 22-member (current) University Council, where only five of whom are women, I have a particularly strong commitment in this area.

In response to the new flexibility provided for in our JCU Act, the University Council decided upon a medium-sized University Council of 15 members. This historic legislative reform, coupled with the University Council's decision in response, could not have been timed better for JCU, leading into the reconstitution of the new University Council on 20 April 2018. This change, together with other changes to our JCU Act, augurs well for the effective governance of Australia's University for the Tropics.

In October, the University Council approved the *JCU Academic Plan* and endorsed the *JCU University Plan 2018-2022*. Both the Academic Plan and University Plan had been discussed broadly, with focused engagement on the Academic Plan (by the Academic Board in particular). The plans identify critical opportunities and respond to the challenges facing the University. Key elements include widening participation by expanding the range of programs JCU offers, including pathway programs, sub-degree programs and online delivery modes; developing career-ready graduates through increased focus on learning experiences, work experience and career portfolios; boosting engagement with community and industry through expansion of Work Integrated Learning (WIL) opportunities, with increased focus on industry-led research and consultancy projects; and enhancing the profile of the tropics through JCU's research and leadership of the State of the Tropics project.

In preparation for the release of the Australian Human Rights Commission National Survey on sexual assault at universities (as part of Universities Australia's *Respect.Now.Always* campaign), the University Council convened a workshop in April for University Council members and senior managers regarding sexual assault and harassment in the workplace – the challenge of juggling rights from a governance perspective. Adair Donaldson, partner at Donaldson Law, facilitated a session to discuss the legal and ethical complexities universities face when dealing with sexual assault, and the responsibilities and obligations of Board/University Council Members in relation to culture and policy. The University Council also supports the commitment made by the Vice Chancellor to adopt all of the recommendations in the Ms Elizabeth Broderick AO (former Sex Discrimination Commissioner) Review Report initiated in January 2017, examining the University's sexual harassment and sexual assault policies and procedures, as well as the University's culture.

The University has committed to engaging productively in this area to ensure JCU is the safe, respectful and inclusive learning and working environment that our community deserves.

A particularly rewarding development this year was the on-campus student accommodation in Cairns, which will be a reality from the commencement of the 2018 academic year. This development is essential for the growth of this campus and to attracting more regional, interstate and international students to JCU and northern Queensland. The construction of the student accommodation was made possible with the approval of \$40m from the Queensland Treasury Corporation's 2016-17 State Borrowing Program. This is the first residential accommodation provided on the Cairns Campus, and there are plans to expand the initial 300 beds to 1,000 beds over the longer term. The University Council also decided that the student accommodation building be named in honour of my immediate predecessor as Chancellor, Lieutenant General Dr John Grey AC (ret'd). The establishment of student accommodation on the Cairns campus was one undertaking John had set for himself, which unfortunately was not achieved during his tenure, despite his most concerted efforts. Lending his name to the new facility is further appropriate recognition of the important part that he played at our University over his 17 years as Chancellor.

Our Singapore Campus continues to be an important part of JCU's expression in the Tropics with several State and Federal Ministers, and trade delegations from North and Far North Queensland visiting the Campus, which now boasts over 3,000 students. The State of the Tropics report on Sustainable Infrastructure was launched from Singapore on the 29 June 2017, the International Day of the Tropics, by Dame Carol Kidu DBE, who served for 15 years in the Papua New Guinea (PNG) Government. In addition, significant expansion of the University's linkages with the Singapore health sector, pre-school education, and industry partnerships in aquaculture and tropical sciences, have occurred this year. Our University has committed to Singapore for the long haul. We continue to work hard to play our part to add to Singapore's national talent pool, and to be responsive to industry needs and Government priorities.

While there are many positive developments to report, 2017 has seen both JCU and the broader university sector challenged by significant regulatory and public policy uncertainty, downturns in our regional economy in North Queensland in particular, together with an increasingly competitive national and global environment. Against this background, the University Council is focused on ensuring the sustainability of our University.

In its last meeting of the year, the University Council endorsed the University's Triennium Budget. This Budget recognises that while the introduction of the demand-driven system and uncapping of places led to growth and expansion sector wide and, at JCU, demand appears to have peaked. This has resulted in pressures associated with maintaining student numbers. These pressures are further complicated by the recent capping of University funding at 2017 levels over the triennium by the Federal Government through the Mid-Year Economic and Fiscal Outlook measures. This particular measure appears to amount to an end to the demand-driven system in Australia. The negative impact of what is in effect a funding freeze will grow over time. The effects of this capping in its current formulation will be more keenly felt in regionally based universities, which have always relied more on government funding than their metropolitan counterparts. The University is working hard to address these issues in order to place JCU on a more sustainable footing. The University Council is determined to play a supportive and value-adding role alongside management as we meet the challenges together.

I am proud to be Chancellor of an institution which already makes an outstanding contribution to northern Queensland and Singapore and which has taken, and will continue to take, a leadership

role in bringing the Tropics more broadly, and its growing international importance, to the world's attention.

JCU is defined by the Tropics. We are unique among Australian universities, woven into the intellectual, economic and social fabric of our tropical location and set amid irreplaceable ecosystems and cultures that fire our intellects and our imaginations. Work has begun on how we might celebrate our 50th anniversary as a university in 2020, and 60 years of delivering higher education in the north. Through this, we also seek to acknowledge the communities we serve, and the significant achievements of our alumni both here and nationally who so remarkably and in their own way, work for the betterment of their place.

**Mr Bill Tweddell**  
**Chancellor**

## Introduction

It's been a busy year at JCU, with many fine achievements as a result of the work that university staff, students and alumni undertake every day in northern Australia, Singapore and well beyond. International rankings continue to place the University among the best in the world, again a great tribute to members of our community and the important work they do.

Through this work and the effort that has been put into creating an inclusive and accessible student experience, which embraces diversity and champions respect, as well as successfully enhancing digital technologies and design to improve productivity, efficiency and sustainability, we have continued to strive towards our ambition of being one of the great universities of the Tropics.

We have seen significant campus renewal over the last 12 months, delivering inviting spaces that are encouraging interaction between staff and students and enhancing the student experience. In particular, we were pleased to open the JCU-Huawei Australia Internet of Things (IoT) Laboratory in Cairns and sign a partnership agreement later in the year with Enex TestLabs supported by Huawei, to build Australia's first Narrowband-IoT (NB-IoT) test and certification lab on our Cairns campus. With only two laboratories in the world currently accredited to test and certify equipment for conformance with the NB-IoT network standard, this partnership is significant as it reinforces that JCU is growing in Cairns, and is providing courses and links that are key to strengthening the region's economy.

This year also marked JCU's 30th year in Cairns. We were delighted to further expand our presence in Cairns in this milestone year by opening our city campus downtown in April. The campus has allowed JCU to work more closely with civic and business leaders as well as be a place where students and regional professionals can develop their skills, where we can add value to the Cairns and regional economies, and where tropical knowledge of many kinds can be created, codified and shared.

Student housing is in high demand in Cairns, so we were delighted to announce in June that we would be welcoming our first on-campus residents in early 2018. The "John Grey Hall of Residence", named in honour of JCU's former Chancellor, whose drive and determination provided both the inspiration and the motivation for the ultimate realisation of accommodation in Cairns, will provide essential services and support for our students.

JCU also unveiled an ambitious Master Plan for its Townsville campus – an innovative blueprint to guide the campus over the next 50 years. The plan prioritises on-campus student life through experiences, which online learning cannot deliver, and provides the wider community with greater access to, and use of, campus facilities and amenity.

We were also pleased our Singapore campus once again received a Community Partnership Merit Award, as part of the People's Association Community Spirit Awards 2017. The award was conferred in recognition of JCU Singapore's continued support and contributions in reaching out to the local community. This is the third year in a row that JCU's Singapore campus has been so honoured.

In September, we celebrated the 40th anniversary of JCU's Cyclone Testing Station (CTS). Founded in 1977, in response to the destruction caused by Cyclone Althea in Townsville in 1971, the CTS provides product testing and technical advice to governments, manufacturers, building industry professionals, insurers and property owners, as well as delivering world-class academic research in these technical areas, but also conducting research community responses to the threat of cyclones.

The State of the Tropics Project delivered its first thematic report, focussing on sustainable infrastructure development in the Tropics. The Report was launched by Dame Carol Kidu DBE on June 29, the UN International Day of the Tropics. The report takes stock of the state of infrastructure across different parts of the Tropics and identifies key gaps, needs and challenges facing these large and growing communities.

With the release of the Australian Human Rights Commission national report, *Change The Course: National Report on Sexual Assault and Sexual Harassment at Australian Universities*, there was a renewed focus on safety and respect on campus and that is something that the whole University community is determined to achieve, for us, but also as part of the broader community. JCU engaged former Sex Discrimination Commissioner Elizabeth Broderick AO to comprehensively review the University's sexual harassment and sexual assault policies and procedures, as well as the University's culture. As a result of these two reports, and the work being undertaken internally, we have a better, shared understanding of current circumstances with a view to guiding action.

Our seventh annual Outstanding Alumni Awards Ceremony recognised 12 exceptional graduates of the University and its predecessor institutions, each of whom has made an outstanding contribution in their field of endeavour. The Chancellor's Outstanding Alumnus, chosen from among the six College winners, was Ms Deborah Noller, CEO and co-founder of Switch Automation. With offices based in Australia, the U.S., the Philippines and Ukraine, her company utilises the IoT technologies to collect, process and manage data for portfolios of buildings.

JCU's reputation for excellence in teaching and research continued to enjoy broad recognition. The Centre for World-Class Universities at Shanghai Jiao Tong University, publishers of the Academic Ranking of World Universities, released its 2017 ranking of the world's top 400 universities. That ranking saw JCU listed in the 301-400 rank reflecting the fine efforts of our academics. The Times Higher Education (THE) World University Rankings 2018 also recognised JCU's standing as a world-class institution, based on criteria related to teaching, research, citations, institutional income, and degree of internationalisation, ranking us in the 201-250 band among the world's universities – a significant improvement on last year's THE ranking. JCU's standing as a world leader in environmental sciences was also re-affirmed with the Centre for World University Rankings ranking JCU No.1 in the world for marine biology and No. 2 in the world for biodiversity conservation research. These results are consistent with our high standing in other global rankings for environmental and ecological sciences.

JCU also ranked No. 1 in Australia for employer satisfaction, ahead of all other universities, in the Federal Government's National Report on Employer Satisfaction Survey. This top national rank supports our seven consecutive years as the only university in Queensland to be awarded 5-stars for graduate job success by the Good Universities Guide and further underlines the University's strong performance in teaching and research relevant to business, industry and the professions.

JCU again achieved success in the 2017 Australian Awards for University Teaching, with four staff receiving Citations for Outstanding Contributions to Student Learning. The outstanding efforts of these staff were recognised at the Queensland awards ceremony, held in Brisbane on 5 October. Five of JCU's researchers were also among the twelve Queensland scientists who were honoured with this year's Queensland Young Tall Poppy Science Awards. Their contributions to advancing knowledge enhance our standing as a research university and deliver on important outcomes that create shared value for our community.

A particular highlight for 2017 was the award of Australia's first Leadership in Energy and Environmental Design Gold certification to JCU's The Science Place building. JCU is proud to be transforming the teaching of science in northern Queensland and the achievement of this highly

prized green building rating, in the same year the building was opened, further demonstrates our commitment to the development of high performing and sustainable buildings on campus.

In acknowledging these achievements, I would like to take this opportunity to thank the members of the University Council and various co-opted external members of University Council Committees for their positive and important contributions to the governance of the University. I would also like to most warmly thank members of the various advisory committees and all staff, students, donors, alumni, all levels of Government and the broader northern Queensland and Singapore communities for their critical contributions to, and support for, the efforts of our University throughout 2017.

**Professor Sandra Harding**  
**Vice Chancellor and President**

## Role and main functions

### Establishment and enabling legislation

The University was established by an Act of the Queensland Parliament, the *James Cook University of North Queensland Act 1970*, that provided for “the establishment and incorporation of a University at Townsville, and for purposes connected therewith”. It received assent on 20 April 1970. In 1997 the Department of Education proceeded with the remaking of Acts of Queensland universities. As a result, the *James Cook University Act 1997* received assent by the Governor in Council on 29 August 1997, and is the current binding legislation. In 2017, The *University Legislation Amendment Act 2017* was passed by the Queensland Government, and was granted royal assent on 13 October 2017, resulting in changes to the *James Cook University Act 1997*. New provisions in the JCU Act provide the James Cook University Council the ability to amend its own size and composition, therefore offering greater flexibility to meet the ever-changing needs of the University into the future.

### Role

James Cook University is an Australian public university. The University’s role is further defined by the enacted functions.

### Functions as per *James Cook University Act 1997*

- (a) to provide education at university standard; and
- (b) to provide facilities for study and research generally and, in particular, in subjects of special importance to the people of the tropics; and
- (c) to encourage study and research generally and, in particular, in subjects of special importance to the people of the tropics; and
- (d) to provide courses of study or instruction (at the levels of achievement the University Council considers appropriate) to meet the needs of the community; and
- (e) to confer higher education awards; and
  - (ea) to disseminate knowledge and promote scholarship; and
  - (eb) to provide facilities and resources for the wellbeing of the University’s staff, students and other persons undertaking courses at the university; and
- (f) 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; and
- (g) to perform other functions given to the University under this or another Act.

### General powers of university as per *James Cook University Act 1997*

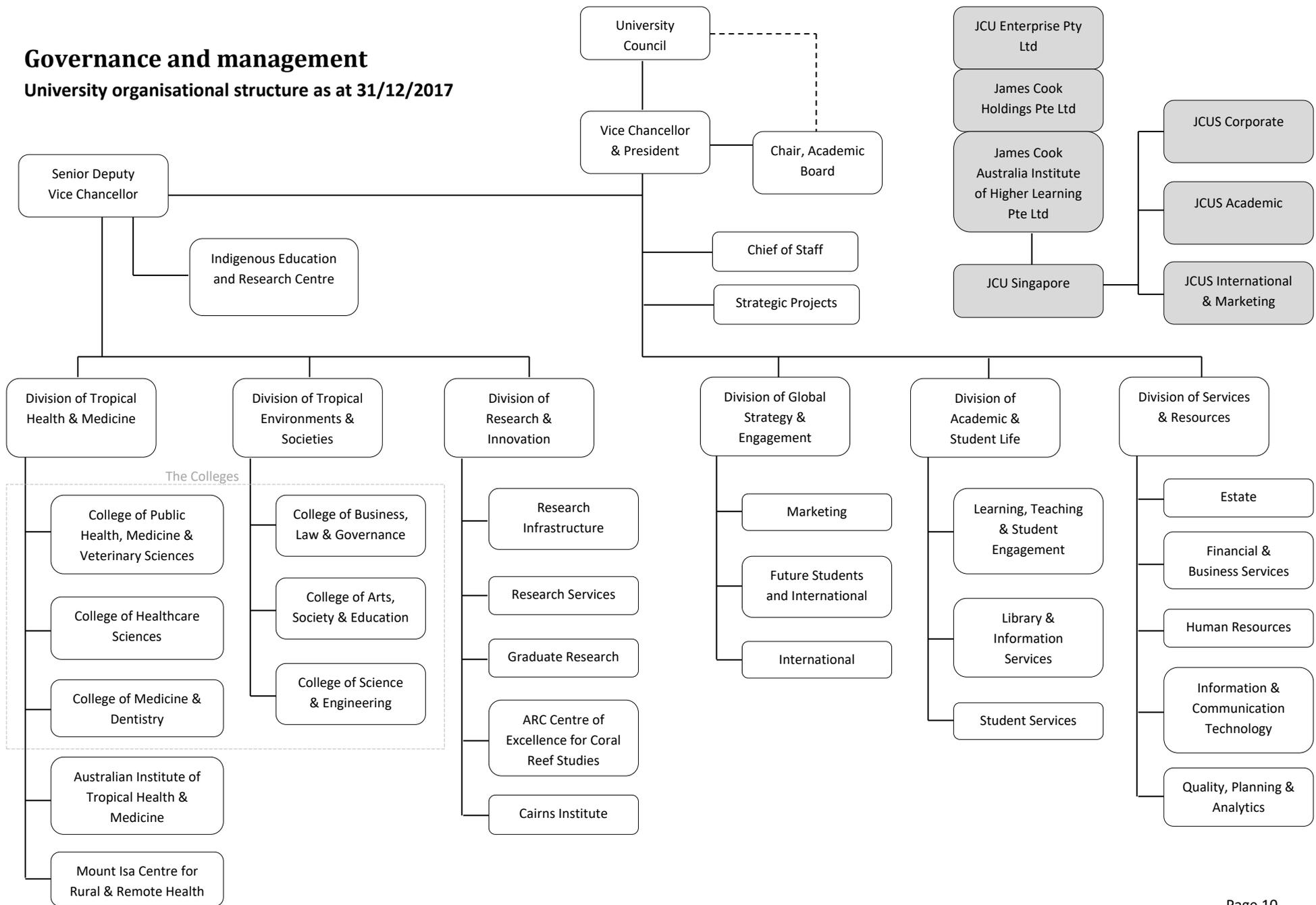
- (1) The University has all the powers of an individual, and may, for example—
  - (a) enter into contracts; and
  - (b) acquire, hold, dispose of, and deal with property; and
  - (c) appoint agents and attorneys; and
  - (d) engage consultants; and
  - (e) fix charges, and other terms, for services and other facilities it supplies; and
  - (f) do anything else necessary or convenient to be done for, or in connection with, its functions.
- (2) Without limiting subsection (1), the University has the powers given to it under this or another Act.
- (3) The University may exercise its powers inside or outside Queensland.
- (4) Without limiting subsection (3), the University may exercise its powers outside Australia.

### Significant regional locations

- Townsville, Cairns, and Singapore (international campus)

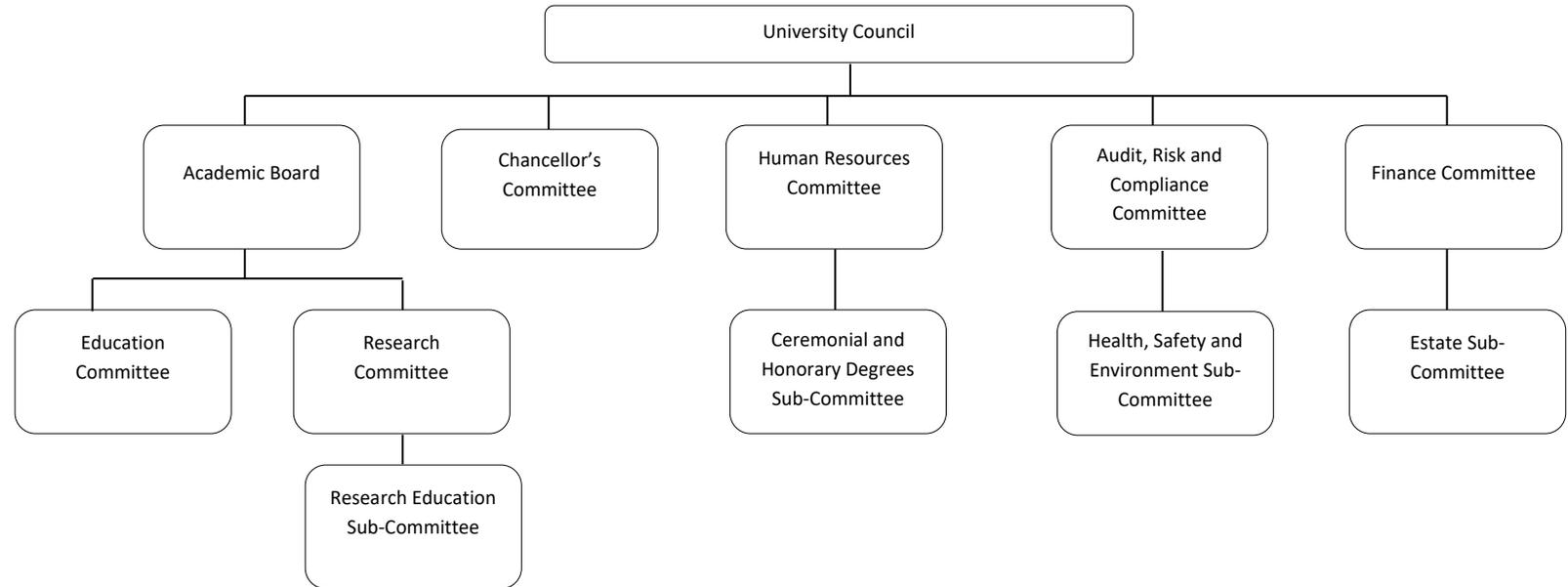
# Governance and management

University organisational structure as at 31/12/2017

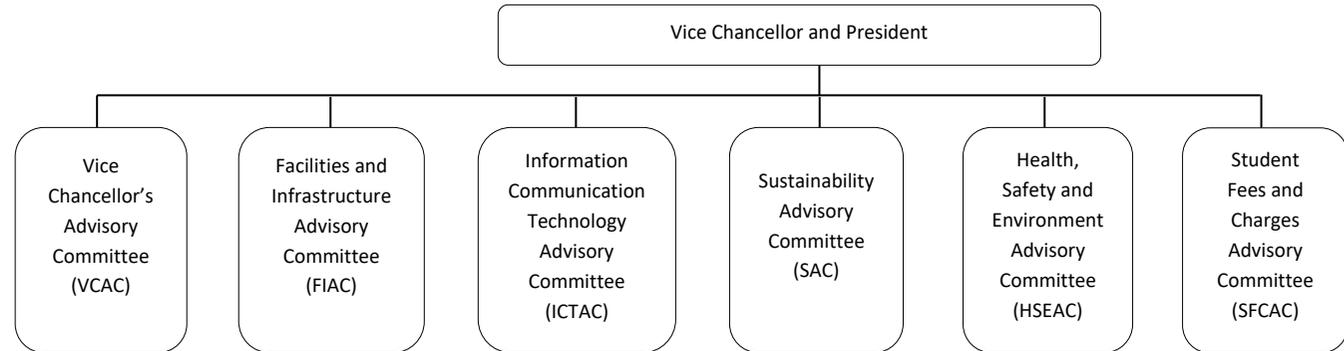


**Governance structures as at 31/12/2017**

Committees of Council



Committees of the Vice Chancellor



### **Governing body – James Cook University Council**

The James Cook University Council (University Council) is the University's governing authority. Its primary role is to oversee the affairs of the University and, in so doing, to ensure that the appropriate structures, policies, processes and planning are in place for JCU to effectively manage its activities and achieve its goals. The University Council is also responsible for setting and reviewing the strategic direction of the University, as outlined in the Statement of Strategic Intent.

The University Council was established under the *James Cook University Act 1997*. The term of the Sixteenth Council commenced on 20 April 2014 for a term of four years.

### **University Council – Primary Responsibilities**

Consistent with the *James Cook University Act 1997* and the University Council's function as the prime instrument of University governance, the University Council of James Cook University has primary responsibility for:

- (a) appointing the Vice Chancellor and monitoring his/her performance;
- (b) approving the mission and strategic direction of the University, as well as the annual budget and business plan;
- (c) overseeing and reviewing the management of the University and its performance;
- (d) establishing policy and procedural principles;
- (e) approving and monitoring systems of control and accountability;
- (f) overseeing and monitoring the assessment and management of risk across the University, including commercial undertakings;
- (g) overseeing and monitoring academic activities;
- (h) approving significant commercial activities.

### **University Council – Membership criteria, review and nomination procedures**

The University Council is elected for a specified term of office of not more than four years consisting of 22 members. The University Council consists of three official members, eight appointed members, ten elected members, and an additional member. However during the term of a University Council, members may resign and/or be replaced in accordance with election or appointment processes associated with their particular appointment. The Chancellor is elected for a term of no longer than five years as fixed by the University Council, and the person elected need not be a member of the University Council. The incumbent Chancellor was elected for a five year term, beginning on 26 March 2016.

Official members are appointed to University Council by virtue of the office they hold, whether by appointment or election. The official members consist of the Chancellor, the Vice Chancellor, and the Chairperson of the Academic Board (where the Vice Chancellor is not also the Chairperson of the Academic Board). The Governor in Council appoints the eight appointed members. Elected members are those representatives who are elected on the advice of the University Council's Human Resources Committee, from the prescribed stakeholder groups, by ballot, to sit on the University Council as follows:

- Three members of the Academic Staff; and
- Two members of the Professional and Technical Staff; and

- Three students (including one undergraduate student, one postgraduate student, and one undergraduate or postgraduate student); and
- Two members of the Convocation (other than those eligible above).
- The University Council may appoint one additional member who must not be a member of the University's staff or a student.

The University Council has a formal process for the review of its membership and that of its committees. The Human Resources Committee of Council is responsible for the nomination of appointed members. Members of the University Council, or of the various committees of Council, do not receive remuneration for duties performed as members.

### **University Council – Membership**

The following table on page 13 lists the University Council membership of the Sixteenth University Council as at the reporting period end (31<sup>st</sup> of December 2017). There were a total of seven meetings in 2017 of the Sixteenth University Council. The table lists position of membership, member names, qualifications, and the number of meetings attended for the reporting year.

### **Executive Management**

The Executive Management structure of the University (as at 31<sup>st</sup> of December 2017) is summarised in the Executive Management table on page 14.

**James Cook University – University Council membership as at the 31st of December 2017 (for the Sixteenth Council)**

Membership type	Position on Council	Member's name	Member's qualifications	Attendance
Official members	Chancellor	Mr William (Bill) Tweddell	BA, BEc <i>JCU</i>	7 / 7
	Vice Chancellor	Sandra Harding	BSc (Hons) <i>ANU</i> , MPubAdmin <i>UQ</i> , PhD <i>NCSU</i> , Hon Doc <i>JIU</i> , FACE, FQA, FAICD, FAIM	7 / 7
	Chairperson of the Academic Board	Stephen Naylor	BEd <i>Melb</i> , MA <i>RMIT</i> , PhD <i>Monash</i> .	7 / 7
Appointed members	Appointed members	Campbell (Cam) Charlton	BCom, LLB <i>JCU</i> , GAICD	5 / 7
		Ryan Haddrick	LLB <i>JCU</i> , LLM <i>QUT</i> , GradDipLegPrac <i>ANU</i> , Barrister (Qld, NSW, ACT)	6 / 7
		The Hon. Peter Lindsay		5 / 7
		Lynette McLaughlin	DipTeach ( <i>TTC</i> )	5 / 7
		His Honour Magistrate Steven Mosch	LLB ( <i>QUT</i> )	7 / 7
		Peter Phillips	BBus <i>Curtin</i> , CA, FIIA, CIA, CFE	7 / 7
		Trent Twomey	BPharm ( <i>JCU</i> ) BBus ( <i>JCU</i> ) FAICD FACP FAIM	6 / 7
		Les Tyrell, OAM		5 / 7
Elected members	Academic staff	Peter Leggat, AM	MD Qld, PhD SAust, DrPH <i>JCU</i> , FAFPHM, FFPH RCP( <i>UK</i> ), FACAsM, FACTM, FFTM FEWM ( <i>ACTM</i> ), FFTM RCPS ( <i>Glasg</i> ), FACRRM, FAICD, FSIA, FACE, FRGS, ACPHM ( <i>CMSA</i> ), Hon FACTM	7 / 7
		Lee Skerratt	BVSc, BAnSc and PhD ( <i>University of Melbourne</i> )	5 / 6
		Anthony Leicht	BAppSc(Hons) ( <i>USQ</i> ), GDip( <i>FET</i> ) ( <i>USQ</i> ), PhD ( <i>USQ</i> ), ESSAF, FECSS	6 / 7
	General staff	Vanessa Cannon	BA (Lib&InfoMgmt)( <i>USA</i> ) Dip ( <i>ResMgmt</i> ) Dip ( <i>VocInst</i> ) Ass Dip ( <i>PersAdmin</i> ) Cert Pub	7 / 7
		Julie Caswell	B Bus, MConflMgtResol	6 / 7
	Students	Edward Harridge	LLB/BBus, Undergraduate – (TSV)	7 / 7
		Megan Carey		5 / 7
		Matthew Derlagen		4 / 7
	Convocation	Robin Gilliver	BA Well 1969, BInfTech <i>JCU</i> 2010	6 / 7
		Graham Kirkwood	BEc (Hons) ( <i>JCU</i> ), AAUQ ( <i>Qld</i> )	7 / 7
Additional member	Additional member	Ernie Landy	B Com. JP, CPA and AICD	7 / 7
Non-member (Secretary)	Secretary	Michael William Kern	BCom <i>JCU</i> CA Grad DipCSP ACIS	7 / 7

## James Cook University - Executive Management as at the 31st of December 2017

Executive Position	Name	Qualifications	Major duties
Vice Chancellor & President	Sandra Harding	BSc (Hons) <i>ANU</i> , MPubAdmin <i>UQ</i> , PhD <i>NCSU</i> , Hon Doc <i>JIU</i> , FACE, FQA, FAICD, FAIM	Responsible for oversight of key strategic and operational aspects of the University; overarching responsibility for the core business of learning, teaching and research. The Vice Chancellor has oversight of the Chief of Staff, Legal & Assurance, Media & Communications, Secretariat & Records, the State of the Tropics project, and Strategic Projects.
Senior Deputy Vice Chancellor	Chris Cocklin	DipBusStud, BSocSci MA, PhD, FAICD, FAIM	Focus on learning, teaching and research with oversight of the academic divisions, colleges and the Indigenous Education and Research Centre. Responsibility for research and holds the role of Deputy Vice Chancellor of the Division of Research and Innovation. Has oversight of research infrastructure, graduate research, research services, the Cairns Institute and the ARC Centre of Excellence for Coral Reef Studies.
Deputy Vice Chancellor and Head of Singapore Campus	Dale Anderson	BEdSt ( <i>UQ</i> ), Dip Sch Couns ( <i>UQ</i> ), MEd ( <i>UNE</i> ), PhD ( <i>RMIT</i> ), FACE, FAICD	Responsibility for the operation of the University's Singapore Campus and delivery of pre-university pathway, undergraduate, postgraduate and doctoral programs in Singapore.
Deputy Vice Chancellor of the Division of Tropical Health & Medicine	Ian Wronski	MB BS <i>Monash</i> , DTMH <i>Liv</i> , MPH, SM(Epi) <i>Harv</i> , DipRACOG, FAFPHM, FACTM, FACRRM	Responsibility for the operations of the Division and oversight of the Australian Institute of Tropical Health & Medicine, and the Mount Isa Centre for Rural & Remote Health, and the following colleges: <ul style="list-style-type: none"> <li>- College of Public Health &amp; Veterinary Sciences</li> <li>- College of Healthcare Sciences</li> <li>- College of Medicine and Dentistry</li> </ul>
Deputy Vice Chancellor of the Division of Tropical Environments and Societies	Iain Gordon	BSC (Hons) <i>University of Aberdeen</i> , PhD <i>Cambridge University</i> , DSC <i>Abertay University</i> , CBIOL, FARLF, FSRSB, FRSE	Responsibility for the operations of the Division and oversight of the following colleges: <ul style="list-style-type: none"> <li>- College of Business, Law &amp; Governance</li> <li>- College of Arts, Society &amp; Education</li> <li>- College of Science &amp; Engineering</li> </ul>
Deputy Vice Chancellor of Global Strategy & Engagement and Head of Cairns Campus	Robyn McGuiggan	BSc (Pharm) <i>Syd</i> MComm <i>NSW</i> PhD <i>Macq</i>	Key responsibility for oversight of Marketing, External Engagement and Future Students & International Students. Head of Cairns Campus.
Deputy Vice Chancellor of Academic & Student Life	(Position Vacant)		Key responsibility for oversight of Learning, Teaching & Student Engagement, Library & Information Services, and Student Services.
Deputy Vice Chancellor of Services & Resources	Patricia Brand	BCom <i>JCU</i> , FCPA, FAICD, FAIM	Key responsibility for oversight of services, including Estate, Financial and Business Services, Human Resources, Information & Communication Technology, Quality, Planning and Analytics, Discovery Rise, Health, Safety & Environment, and student accommodation.
Chairperson of the Academic Board	Stephen Naylor	BEd <i>Melb</i> , MA <i>RMIT</i> , PhD <i>Monash</i> .	Oversees the Academic Board, which advises the University Council about teaching, research and scholarship matters, makes proposals for the academic policies, monitors the academic activities and promotes scholarship and research.

## Overview of JCU Controlled Entities

Details of control over entities are listed below, and each entity's contribution to the University's operating surplus/deficit can be found in Notes to the Financial Statements. All Australian controlled entities are audited by, or on behalf of, the Queensland Audit Office. The two Singapore based companies are audited by approved auditors in Singapore. Most company constitutions provide that each director must have a Certificate of Approval from the Vice Chancellor.

In addition to end of year financial reporting, each of the entities provides an annual report in relation to the entity's activities including Health, Safety and Environment (HSE) and risk, which are reported separately to this summary via Finance Committee to University Council. The HSE reports are also provided to the HSE Sub-Committee of the University Council.

### **JCU Enterprises Pty Ltd** (*registered 10/11/1989*)

The company has a board of three directors, chaired by Mr Campbell Charlton, a member of the University Council and a board member of JCU Singapore Pte Ltd. The Company does not trade. JCU Enterprises Pty Ltd owns all the shares in James Cook Holdings Pte Ltd. The Company is registered with the Australian Charities and Not-for-Profits Commission (**ACNC**).

### **James Cook Holdings Pte Ltd** (*Incorporated 21/04/2011*)

The company has a board of four directors, chaired by Mr Graham Kirkwood, a member of the University Council. The Company does not trade. The company was incorporated in Singapore in 2011 and owns all the shares in JCU Singapore Pte Ltd.

### **James Cook University Pte Ltd** (*Incorporated in Singapore 07/02/2001*)

The company has a board of five directors chaired by Professor Sandra Harding, Vice Chancellor and President of JCU, and delivers JCU courses to JCU enrolled students in Singapore. This is a Singapore based entity.

### **JCU Early Learning Centres Pty Ltd** (*Registered 13/08/1993*)

The company provides childcare primarily for children of students, staff and graduates of JCU. It also promotes the development, wellbeing and education of children, encouraging parent and community involvement in its operations.

The company has a board of four directors, chaired by Mr Brett Dinsdale (Executive Officer, Division of Services and Resources). The company is registered with ACNC.

### **JCU Health Pty Ltd** (*Registered 04/03/2002*)

The company provides medical services to students and staff of JCU as well as members of the public. The company also provides clinical training for JCU medical students and works closely with JCU clinics operated by the University in the Clinical Practice Building.

The company has a board of seven directors and is chaired by Professor Richard Murray, (Dean of Medicine & Dentistry). The company is registered with ACNC.

### **JCU UniVet Pty Ltd** (*Registered 14/08/2009*)

The company provides facilities for study, research and clinical education in the field of Veterinary Science as well as aiding in the development and promotion of research in that field. The company trades as JCU Vet.

This company currently has a board of four directors, chaired by Mr. David Kippin, an independent director. JCU, the company and Greencross Operations Pty Ltd (a subsidiary of Greencross Limited) –

GXL, entered into an agreement under which GXL provides management services to the company from 2 February 2015 for a minimum period of three years. The company is registered with ACNC.

**Tropical Queensland Centre for Oral Health Pty Ltd** (*Registered 25/10/2011*)

The company's objectives are to provide students enrolled in the Bachelor of Dental Surgery and related post graduate programs within the University with the required clinical placements, and to improve the availability of oral health services in Northern Queensland, particularly to disadvantaged members of the community.

The company trades as JCU Dental and has a board of four directors, chaired by Mr Clive Skarott. The company's main operations are on the Cairns campus where 94 student and 5 individual dental chairs are located. There are 18 student and 1 individual chair located in Townsville at the Clinical Practice Building. The Company is registered with ACNC.

**JCU CPB Pty Ltd** (as trustee for the CPB Trust - *Established 07/10/2011*)

The CPB Trust owns and operates the Clinical Practice Building, completed in December 2013. It holds a ground lease of the CPB site from JCU. Tenants in the Clinical Practice Building include commercial tenants and JCU health based clinics. James Cook University is the sole beneficiary under the CPB Trust.

The trustee company has a board of four directors and is chaired by Mr Peter Lindsay, a member of the University Council, and Deputy Chancellor.

**North Queensland Commercialisation Company Pty Ltd** (as trustee for The JCU Asset Trust – *Established 08/04/2008*)

The Trust assists JCU in research commercialisation including oversight of start-up entities involved in commercialisation processes.

The Trust has a 39% interest in Smart Arm Pty Ltd. This company is currently engaged in research and commercialisation of an upper limb rehabilitation device.

The trustee company has a board of two directors, chaired by Professor Chris Cocklin (Senior Deputy Vice Chancellor).

**JCU College Pty Ltd** (*Registered 21/08/2015*)

The company was formed to provide educational pathways and English language tuition for JCU students and prospective students. The company commenced trading in November 2015 and is registered with ACNC.

The company has a board of three directors and is chaired by Professor Robyn McGuiggan (Deputy Vice Chancellor Global Strategy and Engagement). The company works closely with JCU Singapore and the Deputy Vice Chancellor Singapore is a member of the board.

## **Governance – risk management and accountability**

### **Risk Management**

The University's Risk Management Framework is reviewed and updated annually to ensure its currency and relevance. Changes, amendments, and updates in 2017 included a review of the consequence criteria across all risk areas and an update throughout risk documentation regarding the name change of the Audit, Risk and Compliance Committee (previously Audit Committee).

The University Executive undertakes an annual University Level Risk Assessment. Senior management are responsible for identifying, evaluating and managing University-wide risks and risks within their Divisions, Colleges and Directorates. JCU has an integrated governance risk and compliance model with risk and compliance, internal audit, insurance and legal services functions in one organisational unit; Legal and Assurance, within the Chief of Staff Office. The Chief of Staff has responsibility for providing assurance that key risks are being effectively evaluated and reviewed, and also has the responsibility for facilitation and coordination of risk management activities across JCU.

The Vice Chancellor's Advisory Committee, and the Audit, Risk & Compliance Committee of the University Council review a six-monthly report on risk management. The report contains details of:

- Any risk management initiatives undertaken during the previous quarter;
- Any major incidents that have occurred during the previous quarter;
- Heat maps showing the distribution of risks across the risk evaluation matrix;
- The high inherent and residual risks facing the organisation and the controls in place to manage those risks;
- Progress in implementing key risk treatment plans; and
- Any other matters that may be of relevance

The Compliance Policy and Compliance Framework is designed to provide assurance to the Vice Chancellor and the University Council, that the University is giving real attention to our legislative compliance requirements, actively considering impacts of any changes, and ensuring these are embedded in practice and procedures across the University. The Compliance Framework uses a three pillar approach: Inform, Comply and Assure.

The Compliance Framework document was revised to incorporate the name change of the Audit, Risk and Compliance Committee (previously Audit Committee), and to include the Vice Chancellor as part of the Annual Compliance Declaration process to ensure the activities of the Office of the Chief of Staff and broader Chancellery are captured.

The implementation of the Compliance Framework was also the subject of an Internal Audit completed in November 2017, with the recommendations to be executed throughout 2018.

In 2017, the University Council approved the University's Business Continuity Policy and Management Plan. Business Continuity is defined in ISO 22300:2012 as "The capability of the organisation to continue delivery of products or services at acceptable predefined levels following a disruptive incident". The Business Continuity Management Program will enhance the University's capability to respond effectively to business interruption and safeguard the interests of the

University's key stakeholders, reputation and value creating activities and services. It will also provide confidence to accept further risk and remain compliant with relevant legislative and other obligations.

The business continuity work aligns with the development of risk appetite statements and the update of risk consequence criteria across the seven risk areas, one of which is business disruption. In 2017, much of the activity was around scoping and Business Impact Analysis workshops.

### **External scrutiny**

The two major bodies responsible for external scrutiny of the University are the Tertiary Education Quality Standards Agency (TEQSA) and the Queensland Audit Office (QAO), the latter with a particular focus on financial accountability. The QAO's 'independent audit report' is included within the financial section of this annual report. TEQSA conducts an annual provider risk assessment for all higher education providers and also determines each provider's eligibility for placement on the National Register. The University's registration as a Higher Education Provider expires 30 June 2018. The application for renewal of registration was lodged with TEQSA on 21 December 2017.

In June 2017, the QAO report titled '*Universities and grammar schools: 2016 results of financial audits (Report 18: 2016-17)*' was tabled in the Queensland legislative assembly. This report summarised the results of QAO financial audits of the seven Queensland public universities and their controlled entities with a financial year-end of 31 December 2016. It provided an overview of the universities finances at 31 December 2016, and of the financial accounting issues that arose during the audits. The report also outlined recommendations for adoption by the universities.

### **Audit, Risk and Compliance Committee**

The Audit, Risk and Compliance Committee is responsible for all audit and related matters, and for monitoring the assigned performance measures on behalf of the University Council — thereby assisting the University to fulfil its responsibilities under the *Financial Accountability Act 2009* (FAA). The FAA Act requires the mandatory appointment of the Auditor-General of Queensland as the University's external auditor. It is the role of the Audit, Risk and Compliance Committee to maintain effective oversight of all internal audit functions and to manage the relationship with the University's external auditor including the review of the adequacy of existing external audit arrangements particularly the scope and quality of the audit.

The Audit, Risk and Compliance Committee annually reviews the letter of engagement between the University and the QAO, which details specific areas of audit emphasis, reliance on internal audit and the audit fee. The Committee also reviews the QAO's approved audit strategy, observes the terms of the committee charter, and has due regard to QLD Treasury's Audit Committee Guidelines.

The Audit, Risk and Compliance Committee at the end of the year had nine members, comprising two ex-officio members, (Chancellor and Vice Chancellor) and five members, including the Chair, elected by and from the University Council (who are neither a member of the staff nor a student of the University).

Two additional members were co-opted to the Committee for expertise in audit and in ICT governance (Ms Ruth Faulkner and Mr Nicholas Tate respectively). Committee members are not

financially remunerated for their membership. Below is a table of the Audit, Risk and Compliance Committee as at the end of the reporting period:

2017 Audit, Risk and Compliance Committee Membership (January to December)			
Membership type	Position	Member's name	Attendance
Chair	(External)	Campbell (Cam) Charlton	5 / 5
Ex officio	Chancellor	Mr William (Bill) Tweddell	5 / 5
	Vice Chancellor	Sandra Harding	5 / 5
Elected members	(External) – Deputy Chair	Graham Kirkwood	5 / 5
	(External)	Ryan Haddrick	4 / 5
	(External)	Steven Mosch	3 / 5
	(External)	Lynette McLaughlin	2 / 5
Co-opted members	(External)	Ruth Faulkner	4 / 5
	(External)	Nick Tate	5 / 5
Secretary	Deputy Director, Governance Support & Corporate Information	Ian Troupe (or representative)	5 / 5

### Internal Audit

Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the University's operations. It assists the University accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. Internal Audit activity encompasses the review of all financial and non-financial policies and operations of the University, excluding controlled entities.

Internal Audit operates under the Internal Audit Charter which is annually reviewed and approved by the Audit, Risk and Compliance Committee. The Internal Audit Charter is consistent with the requirements of The International Standards for the Professional Practice of Internal Auditing, in particular Attribute Standards 1000.

The Manager, Internal Audit is responsible for implementing a quality assurance and improvement program which includes external and internal assessments to ensure the effective, efficient and economical operation of the Internal Audit function, with oversight from the Chief of Staff.

Internal Audit aligns its focus and activities to the University's risks and audit planning is based on:

- The University Level Risk Assessment;
- Any key risks or control concerns identified by management;
- Assurance gaps and emerging needs; and
- Scope of work of other assurance providers, internal and external.

The Internal Audit planning framework consists of:

- A strategic plan that relates the role of Internal Audit to the requirements of the University by outlining the broad direction of Internal Audit over the next three years; and
- An annual work plan that specifies the proposed Internal Audit coverage within the calendar year.

The Internal Audit Strategic and Annual Work Plans are reviewed annually and approved by the Audit, Risk and Compliance Committee. Any significant deviation from the approved Internal Audit Plans are communicated to the Audit, Risk and Compliance Committee for approval.

As an important part of the audit support activities, Internal Auditors also give due regard to Treasury's Audit Committee Guidelines in providing assistance to the Audit, Risk and Compliance Committee to discharge its responsibilities, including facilitating Audit, Risk and Compliance Committee reports to the University Council.

The ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner is assured through operational independence where the Manager, Internal Audit reports functionally to the Vice Chancellor and Audit, Risk and Compliance Committee; and has an open and independent relationship with the external auditor - QAO.

### **Ethical conduct and social responsibility**

The University has a Statement on Integrity, which was last reviewed in April 2012. The intent of the Statement is aspirational and supports the University's desire to maintain the highest level of ethical standards. Integrity is identified as one of the pillars of sound ethical behaviour.

In concert with the *Public Sector Ethics Act 1994*, the JCU Code of Conduct applies to all employees of the University and to other 'officers' such as external committee members, adjunct and visiting academics, and volunteers acting on behalf of JCU. The Code of Conduct outlines the ethical obligations of all these parties. New staff are alerted to the JCU Code of Conduct during induction, and it is publicly available online via the JCU website.

The Code of Conduct of University Council Members applies to University Council members and sets expected standards of conduct for those members. All members of the University Council and its Committees are reminded annually of their confidentiality obligations through a Statement on Confidentiality Provisions – the University Council, Council Committees, Controlled Entity Directors and Nominee Directors of Non-Controlled Entities.

The University recognises that the interests of public office and personal or other interests may come into conflict. The University has developed a policy statement, 'Conflict of Interests of Members of the University Council', to assist such officers in dealing with any conflicts.

The JCU Code for the Responsible Conduct of Research sets out the obligations on all University researchers, staff and students to comply with the ethical framework governing research at the University and other relevant institutional and regulatory requirements.

The JCU Animal Ethics Committee (AEC), established in accordance with relevant state legislation and national protocols, reviews all teaching and research activities involving animals. The Committee reports to the JCU Ethics Review Committee (ERC). The JCU Human Research Ethics Committee (HREC), established in accordance with relevant national protocols, reviews all research and teaching applications in accordance with the National Statement on Ethical Conduct in Human Research, 2007.

### **Policies**

All University Policies are contained in the Policy Library and are accessible to all staff, students and

the public. The Policy Library also contains the delegations registers, policy handbook and templates. All policies are scheduled for review on a regular basis by designated responsible officers and in accordance with its risk profile. Updated policies and procedures are noted in the monthly Policy Library Update located on the Policy Library webpage.

During 2017, there was a continued focus on reviewing and improving the Policy and Delegation Framework, Policy Library, and the internal Policy Database. This included work in clustering a number of policies and procedures to improve their functionality. Major areas of focus of policy review in 2017 included incident management, student and staff codes of conduct, student results management, recruitment, and discrimination, bullying and harassment.

### **Information systems and recordkeeping**

The University is required to report on its compliance with the provisions of the *Public Records Act 2002* (PRA), Information Standard 40: Recordkeeping and Information Standard 31: Retention and Disposal of Public Records.

JCU is working towards full compliance with the PRA and in pursuit of this has implemented an Electronic Document and Records Management System (EDRMS), known internally as TRIM (Tower Records Information Management system). TRIM was purchased by Hewlett Packard and is now known as HPRM (Hewlett Packard Records Manager).

The EDRMS was configured with the full Queensland State Archives (QSA) Retention and Disposal schedules, tailored to produce the first Business Classification Scheme specific JCU, and also a requirement under Information Standard 40: Recordkeeping and Information.

The JCU Records Management Framework and Records Management Policy have also been reviewed and updated. An action plan and road map has been developed to address areas to progress compliance, and the University's Strategic Recordkeeping Implementation Plan (SRIP) and Operational Recordkeeping Implementation Plan (ORIP) were reviewed and updated in 2014, following the implementation of the EDRMS.

JCU upgraded TRIM 7.2 to HPRM 8.3 in October 2017. The SRIP and ORIP are constantly reviewed to remain in line with changes in Queensland Government archival focus. The current focus is to build digital capability from the current 15% in 2017, to 95% by 2022.

The University's recordkeeping compliance information is informed by the University's response to the Queensland State Archives. It is also informed by the Recordkeeping Survey of Queensland Public Authorities issued by the State Archivist, and other internal or external recordkeeping monitoring and assessment activities.

### **Voluntary Code of Best Practice for the Governance of Australian Universities**

In 2017 the University was in full compliance with sections 1 – 11, and 13 –14 of the Voluntary Code of Best Practice for the Governance of Australian Universities, and in partial compliance with section 12. Considerable work was undertaken throughout the year to fully comply with section 12. Where appropriate, JCU makes all attempts to follow the Voluntary Code, and is in the process of implementing the Code for applicable JCU controlled entities.

## **Statement of Strategic Intent**

### **Intent (Vision / Mission)**

Creating a brighter future for life in the tropics world-wide through graduates and discoveries that make a difference.

### **Comprehensive, but focussed**

We are a comprehensive University. Our teaching and research focuses on four themes:

- Tropical Ecosystems and Environment
- Industries and Economies in the Tropics
- Peoples and Societies in the Tropics
- Tropical Health, Medicine and Biosecurity.

### **Place is powerful**

The Tropics is our place: a vast geographic area that Aristotle called the Torrid Zone. Our three tropical campuses are complemented and extended by regional and remote study centres and research stations. Students are at the heart of our University and we inspire them to make a difference in their fields of endeavour and in their communities by:

- Delivering high quality teaching and learning programs in a research-rich environment; and
- Fostering their professional expertise and intellectual curiosity. Our world-class research generates new knowledge and understanding to meet the challenges facing the peoples of the tropics.

### **Diversity and reconciliation**

Embracing the diversity of the communities we serve in two countries, we work with them to create opportunities and enduring benefits for our region and beyond. Acknowledging the First Nation peoples of the world, their rich cultures and their knowledge of the natural environment, we pay particular respect to Aboriginal and Torres Strait Islander peoples, the traditional custodians of the lands and waters of Australia. We are pledged to achieve genuine and sustainable reconciliation between the Aboriginal and Torres Strait Islander peoples and the wider community.

### **Sustainability**

Committed to the principles of sustainability, we will ensure that our actions today do not limit the range of social, cultural, environmental and economic options open to future generations.

### **Values**

Excellence; Authenticity; Integrity; Sustainability; Mutual Respect; Discovery.

### **Beliefs**

We recognise that knowledge has the power to change lives; We ignite and support a passion for learning in our community; We are enriched by and celebrate our communities' diversity; We understand that a sustainable environment is central to our lives and our work; We uphold our commitments.

An international University as reflected in our people, our places, and our research, we take quiet pride in being recognised as a leading tertiary institution in Australia, our Asia-Pacific region and among the universities of the world.

## **University Plan: our priorities**

The University's Plan (2013-2017) builds upon our Strategic Intent through stating our priorities and presenting aims and objectives in relation to our core business and the enablers – the resources, services and capabilities that underpin the activities of the University.

### **A University for the Tropics, World-Wide**

Our aim is to position James Cook University as a national and international leader in teaching and research, addressing critical challenges facing the tropics worldwide. We commit ourselves to research of excellence and high impact, particularly on issues of importance to the world's tropics. We will build on current areas of world-class excellence to achieve strong performance in scholarship and teaching, inspired by a research-enriched environment. We recognise that the University is judged not only on its quality but equally on its wider relevance, impact and the force and integrity of its intellectual leadership.

### **One University, Two Countries, Three Tropical Campuses**

Through our three tropical campuses – Cairns, Townsville and Singapore – James Cook University will become a tri-city university at which internationalisation is integral to our intent and our make-up. The University began in Townsville more than 50 years ago and in Cairns 25 years later. In 2011 the Singapore campus, established in 2002, became fully owned by James Cook University. Expanding and consolidating the University's activities in Singapore was a natural evolution. We have always been at home in the tropics, and embracing Singapore gives us even more ability to fulfil our tropical agenda. Our three tropical campuses are complemented by regional and remote study centres and research stations through which James Cook University extends its reach and responsiveness to our northern Queensland communities.

### **People and Place**

We want James Cook University to be an employer of choice for staff and a university of choice for students. We are committed to building an environment that makes excellence possible, that promotes performance and productivity, values equity and diversity, and fosters community spirit and personal wellbeing. James Cook University will continue to build on its reputation for being socially responsive and, in particular, meeting the needs of people in rural, remote, Indigenous and tropical Australia.

We are committed to excellence, equity, diversity and wellbeing for our students, staff and alumni who come from many backgrounds. We are inspired by our northern Queensland region, home to Aboriginal and Torres Strait Islander peoples, and we recognise their special spiritual relationship with the land and sea. Our diversity is also strongly expressed and reflected through the Singapore campus. Collectively, the diverse tropical environments of our campuses enliven the University.

James Cook University is committed to building a strong sense of community and belonging for its students, staff and alumni. In supporting the total student experience, we understand that learning does not only take place in the classroom, and that students' time at university covers a broad range of experiences and engagement with the University community. These things collectively foster student success. We support and develop staff throughout the employment lifecycle, understanding that in doing so we are developing the leaders of the future.

### **Development, More Sustainably**

Sustainable development finds expression in how we deal with global challenges such as climate change, diminishing biodiversity, food security, human rights, poverty alleviation, multiculturalism and global security. We believe that social, environmental and economic sustainability must be embedded in our daily practices and integrated in everything we do. Sustainable development comes from respect for our natural and social contexts, and from the knowledge that we will be judged by future generations according to our success in realising our sustainability goals.

In seeking a brighter future for people in the tropics worldwide, James Cook University staff and students will work to ensure that our actions today do not limit the range of social, cultural, environmental and economic options of future generations. Through our scholarship and practices, James Cook University seeks to meet the challenges that affect the tropics, materially contributing to sustainable development, worldwide.

### **Connecting, Locally and Globally**

James Cook University's scholarly activities are inspired by its locations in the tropics. The University brings perspectives and understanding to our local communities that are informed by our interactions globally, while our window on the global tropics is framed by our experiences locally. As a regionally-based university, we recognise our obligation to engage with industry and government and to share our research findings. We form partnerships with other research organisations to get the most out of our research effort. James Cook University recognises its "power of place" and works within its own communities, promoting socially inclusive and sustainable regions. James Cook University will continue to be a good corporate citizen, responding proactively in terms of our civic responsibilities, interacting with our stakeholders in mutually beneficial ways to ensure that our regions grow and prosper sustainably. James Cook University will be a partner and advocate, integral to the social, cultural and intellectual life of its communities.

From our tropical regional location, we will seek relationships with research organisations, employers, campuses and users of new knowledge wherever they may be around the world. We will explore, implement and support opportunities for collaboration and learning, both physically and virtually, through encouraging staff and student mobility and using information and communication technology to give our activities global reach.

## Operating environment

### Review of achieving statutory obligations

The University's objectives, found within the University Plan 2013-2017 and outlined throughout this annual report, and the University's achievements are aligned with the Queensland **Government's objectives for the Community**, including: academic excellence; literacy and numeracy; skills training; career pathways and development; professional learning; community services and relationships; fiscal responsibility; and new infrastructure.

### Outline nature and range of operations

The nature and range of operations are further expanded in this annual report throughout each individual 'Domain'. A Domain is identified as a major area of focus for the University that has significant strategic planning, resourcing, performance alignment, and is critical to the core business/purpose or operation of the University. The University Domains are:

Broad category	Domain
Core business	• Learning and Teaching
	• Research
	• Engagement
Enablers (support and services)	• Organisational effectiveness
	• Human and intellectual capital
	• Physical and virtual infrastructure
	• Finance and resources

### Environmental factors, government policy changes, funding changes

There continued to be significant uncertainty in the Higher Education sector with respect to policy and funding arrangements throughout 2017. The Federal Government was not able to pass reform legislation to enact an efficiency dividend; establish a performance funding system; redistribute enabling places; change allocations of post-graduate and sub-bachelor Commonwealth Supported Places (CSP); or abolish the Education Investment Fund through the Parliament. There has been increasing pressure from different interest groups, and political parties for a comprehensive review of Tertiary Education.

The Mid Year Economic Forecast 2017/18 handed down by the Federal Government on 18 December 2017 introduced a freeze of Commonwealth Grants Scheme (CGS) funding for non-designated places at 2017 levels for the years of 2018 and 2019, with no allowance for increased indexation in either year. This cap on CGS funding will continue from 2020, but additional funding above the 2017 cap will be available in line with annual population growth in the 18 - 64 year age group, and subject to universities performance against, at this time, unspecified targets. Universities can enrol students, and receive the student contribution component of funding only, at their discretion. From 1 January 2019 a new system for allocating post-graduate commonwealth supported places and sub-bachelor places will be established, with the Department of Education to consult on changes during 2018. The Federal Government will introduce legislative changes in order that from 1 July 2017 students repayment threshold for HELP loans is set at \$45,000 at a rate of one per cent, with a new maximum repayment rate of 10 per cent for students earning more than

\$131,989. In addition, the Government will seek legislative changes to introduce a lifetime loan limit of \$104,440 (or \$150,000 for medicine, dentistry and veterinary sciences).

**Major / significant initiatives**

Major / significant initiatives are outlined in this annual report under each individual Domain. By outlining the initiatives under each individual Domain, it links the initiative to the appropriate area of focus for the University.

**Matters of interest to key stakeholders**

Matters of interest to key stakeholders are outlined in this annual report under each individual Domain. By outlining the matters of interest to key stakeholders under each individual Domain, this links the matters to the appropriate area of focus for the University.

## **Domain: Learning and teaching**

### **Aim**

To deliver high quality learning environments and programs that are inclusive, relevant and engaging, position students at the heart of the university experience and lead to excellent outcomes for graduates.

### **Statement of context**

Over the past triennium we have enacted an institution-wide curriculum vision that seeks to align our courses and their delivery with the University's Strategic Intent and four tropical themes. Our staff have been recognised for their outstanding contributions to student learning through national teaching awards and citations, and we have established a Teaching and Learning Academy to provide an explicit focus on the scholarship of learning and teaching.

With the advent of a new national regulatory and quality assurance framework, we have taken on the challenge of managing growth and widening participation while maintaining our commitment to quality and excellence. We will continue to refine our policies, practices and processes to assure academic standards, quality and integrity and to embed a culture of continuous improvement, informed by scholarship, practice and meaningful learning and teaching data. We will also continue to ensure that our professional programs secure accreditation to meet community and professional needs and to remain at the forefront of national and international best practice.

We recognise that knowledge has the power to change lives and we are committed to meeting the learning and support needs of all students. We will continue to focus on improving retention and the student experience and respond to the impact of attrition and retention on the viability of our programs. In particular, James Cook University will strive to improve access and retention of Aboriginal and Torres Strait Islander students and students from non-traditional and disadvantaged backgrounds.

### **Objectives**

1. Continue to develop and assure high quality learning environments that emphasise the Curriculum Refresh themes, in particular our tropical focus.
2. Build and enhance teaching capacity and learning leadership through the delivery of appropriate professional development opportunities and other targeted support.
3. Deliver flexible and inclusive learning environments that capitalise on both face-to-face and virtual innovations.
4. Implement and monitor effective and integrated strategies to improve pathways, retention and the student experience.
5. Refine approaches for mapping, assuring and enhancing course learning outcomes and the collection of assurance of learning data, and develop processes for external benchmarking of academic standards against similar courses of study.

### **Major achievements**

- For the seventh year running, James Cook University achieved a five star result in the 2017 edition of the Good Universities Guide, with its graduates continuing to be highly sought after by employers. The rating means that JCU is in the top 20% of universities whose

graduates (aged under 25) were able to find full time work within four months of graduation.

- The new Indigenous Education and Research Centre facility was opened on the Cairns Campus in August 2017 by Professor Martin Nakata - Pro Vice Chancellor, Indigenous Education and Strategy, and by Professor Sandra Harding - Vice Chancellor & President. The new facility brings together research, teaching and support staff who were previously in separate locations. It also provides a great new space for students to study, collaborate and socialise. The new facility on the Cairns Campus, coupled with the existing facilities on the Townsville Campus, combines to provide a more comprehensive suite of opportunities for Australian Aboriginal and Torres Strait Islander students.
- In 2017, JCU was awarded four prestigious national Australian Awards for University Teaching – Citations for Outstanding Contributions to Student Learning. The awards recognise teaching excellence and innovative approaches to learning and teaching. Each winner received \$10,000 and was presented with their citations at a special ceremony held in Brisbane. The 2017 recipients are listed in the table below:

Recipient	Australian Awards for University Teaching – Citations for Outstanding Contributions to Student Learning.
Dr Margaret Anne Carter	Citation for ‘Connecting, Communicating, and Counselling wisely’: Delivering a transformative and ethical community of inquiry approach in the Guidance and Counselling Program.
Ms Sandra Downing	Citation for enhancing the postgraduate experience by engaging students in online learning and embedding employability through curriculum design, authentic assessment, and networking.
Dr Janice Lloyd	Citation for ‘Less stress for pets at Vets’: Constructing an authentic learning environment that inspires future veterinarians to incorporate animal welfare into everyday practice.
Ms Jodie Maxfield	Citation for ‘A brave new world in Accounting’: Changing curriculum design to support learning outcomes and improve student retention in first year accounting.

- The Sessional Teaching Awards recognise the significant contributions made by sessional staff (not in tenured or permanent position) to the teaching and learning community of JCU. Each recipient was awarded a \$1,000 prize. The 2017 recipients are listed in the table below:

College	Recipients
College of Business, Law & Governance	Melinda Kingsun Salome Pretorius Simon Walker
College of Healthcare Sciences	Rebekah Boynton Helen Mason
College of Medicine and Dentistry	Helen Barnes Ronel Bornman Dr Jason Diau Timothy Winstanley
College of Public Health, Medical and Veterinary Sciences	Karina Jones Amy Smith

- The Inclusive Practice Awards recognise the efforts made by staff to be flexible, consultative, proactive, and/or innovative in minimising the challenges for students studying with a temporary or permanent disability, injury, illness or health condition. Recipients are from

nominations submitted by students registered with *AccessAbility Services*. The 2017 recipients are listed in the table below:

Campus Location	Recipients	Division / College / area
Cairns	Dr Tobin Northfield: Lecturer	College of Science & Engineering
Cairns	Dr Sandra Abell: Research Fellow	College of Science & Engineering
Cairns	Mrs Carolyn Diedricks: Lecturer	College of Science & Engineering
Townsville	Miss Rowan Collin: Student Support Officer	Division of Tropical Health & Medicine
Townsville	Mr Daniel Miller: Casual Teacher	College of Healthcare Sciences
Townsville	Dr Craig Thorley: Lecturer	College of Healthcare Sciences
Townsville	Dr Wendy Li: Senior Lecturer	College of Healthcare Sciences
Townsville	Mr Peter Hartin: Lecturer	College of Healthcare Sciences
Townsville	Ms Julie Shepherd: Lecturer,	College of Healthcare Sciences
Townsville	The IT Services Delivery Team	Division of Services & Resources
Townsville	Dr Mark Chong: Senior Lecturer	College of Art, Society & Education
Townsville	Uncle Rusty Butler: Special Cultural Advisor	Indigenous Educations & Research Centre
Townsville	Prof. Yvonne Cadet-James: Professor	Indigenous Educations & Research Centre
Townsville	Dr Conrad Hoskin: Senior Lecturer	College of Science & Engineering
Townsville	Dr Murray Davies – Senior Lecturer	College of Science & Engineering
Townsville	The Academic Services Team	College of Public Health, Medicine & Veterinary Sciences
Townsville	Dr Brenda Govan: Head, Biomedicine	College of Public Health, Medicine & Veterinary Sciences
Townsville	The BM1000 Teaching Team: Dr Lionel Hebbard, Ms Miriam Wankell, Dr Brenda Govan, Prof. Joseph Holtum & Dr Alex Roberts	College of Public Health, Medicine & Veterinary Sciences

- JCU citations for outstanding Contributions to Student Learning recognises individuals and teams that have demonstrated sustained commitment to enhancing the student experience, curriculum innovations and transformative approaches to learning and teaching. The 2017 recipients are listed in the table below:

Recipient(s)	JCU Citation
Dr Janice Lloyd, Dr Kay Eccleshare, Mrs Eileen Fletcher & Ms Caroline Mann	Citation for 'Less stress for pets at Vets': Constructing an authentic learning environment that inspires future veterinarians to incorporate animal welfare into everyday practice.
Dr Margaret Anne Carter	Citation for 'Connecting, Communicating, and Counselling wisely': Delivering a transformative and ethical community of inquiry approach in the Guidance and Counselling Program.
A/Prof. Susan Gair and Mrs Dorothy Savage	Citation for outstanding commitment to leadership, learning and scholarship in social work education that inspires students and embodies the spirit of reconciliation through working in partnership.
Dr Kelsey Halbert and Dr Peta Salter	Citation for 'Enabling teachers as change agents through service learning': Maximising professional capacities, community outcomes and local global citizenship.
The College of Business, Law & Governance Work Integrated Learning Team	Citation for a scaffolded approach to embedding WIL in the Bachelor of Business which provides solid building blocks to improving graduate employability. <i>(Team members: A/Prof. Laurie Murphy, Dr Alf Kuilboer, Ms Mandy Shircore, Ms Karina Lynch, Ms Mandy Brock &amp; Ms Marlene Daicopoulos).</i>
Dr Tasmin Rymer	Citation for inspiring, energizing and exciting biology students through passion, nurturing and development of fundamental theory and practical skills in the biological sciences.

Ms Sandra Downing	Citation for enhancing the postgraduate experience by engaging students in online learning and embedding employability through curriculum design, authentic assessment, and networking.
The First-Year Social Medicine Team	Citation for empowering first-year medical students to be person-centred and value 'social medicine' as highly as biomedical topics, through blended learning in a competency-based curriculum. <i>(Team members: A/Prof. Sophia Couzos, Ms Simone Ross, Dr Rebecca Evans, Dr Robyn Preston &amp; Ms Priscilla Page).</i>
Dr Wendy Li	Citation for 'Action-Teaching': Stimulating active student learning in Psychology through CAR (Concept, Action & Reflection) focusing on discovery, engagement and enthusiasm.

- The following quality assurance enhancements in the learning and teaching domain were achieved: Revisions to Course Performance Reporting (CPR) process (in collaboration with the Quality, Planning and Analytics directorate) to enhance the continuous improvement cycle.
- Student completions can be represented in numerous ways, and this definition is for 'Award Completions' that excludes non-award, enabling, study abroad, exchange and foundation courses. The table below splits these completions by JCU campus locations:

Campus Location	Number of Award Completions
Townsville	2,657
Singapore	778
Cairns	789
Brisbane (RHE 3 <sup>rd</sup> party operated campus)	357
Mackay	9
Mount Isa	2
Thursday Island	0
<b>TOTAL</b>	<b>4,592</b>

## **Domain: Research**

### **Aim**

To undertake and deliver research and research education that is at the forefront of scholarly activity nationally and internationally. Our research will be visionary, generating discoveries that make a difference by advancing disciplinary knowledge, and benefiting the wider community, government and industry.

### **Statement of context**

Over the past triennium, James Cook University has progressively increased its research grant income and publications. The University will continue to establish new institutes and centres in areas of research strength. A training and mentoring program for Early Career Researchers has been established, and research performance reporting has improved.

Research capability and performance varies across the University. In particular, the number of staff able to compete for prestigious research grants needs to increase. The retention and recruitment of high performing research staff is a risk for the University. Domestic demand for Higher Degree by Research places remains soft, while scholarships for international Higher Degree by Research students are limited in number. Acquiring, maintaining and operating research infrastructure presents financial and other resource challenges.

The preciseness of James Cook University's Strategic Intent delivers focus. The power of our place is a magnet for people with interests in many fields of research in the tropics. Research performance has potential to rise in several fields, notably health and medicine and in the social sciences. Recent appointments, particularly of Tropical Leaders, have increased the depth and breadth of research capability. Research performance in key fields continues to improve, and we are building national profiles around our areas of expertise. As our expertise and networks grow, our international research collaborations are growing too, driven by our commitment to improving life in the tropics worldwide. These achievements and aspirations are paying dividends, with James Cook University becoming a prestigious employer of people with varied tropical research expertise.

### **Objectives**

1. Increase the alignment of research and research education with the strategic intent, purpose and values of the University.
2. Develop the capability of our staff to participate in high quality, relevant research and recruit and retain staff whose research interests are strongly aligned with our strategic intent.
3. Procure and maintain infrastructure to support world- class research and research education, particularly in our areas of research priority.
4. Develop real value partnerships regionally, nationally and internationally to support our research endeavours and research education in our defined areas of research priority.
5. Deliver best practice research education and training to our post-graduate students, by providing quality learning environments, academic support and effective candidature management.
6. Improve the effectiveness and efficiency of research and research education support services and the associated processes.

## Major achievements

- JCU's research performance ensured strong standing in the two most prestigious Global University Rankings:

Ranking Entity	Rank
Academic Ranking of World Universities (ARWU)	Derived ranking of 332
Times Higher Education World University Rankings	Top 250 (201 to 250 band)

- In December 2017, the University Council conferred the title of Distinguished Professor to three JCU academics who have an international reputation for exceptional research and scholarship. Distinguished Professors have attained professional peer recognition, and must have accomplished significant achievements at a national and international level. JCU welcomed the following academics to the prestigious title of Distinguished Professor: Distinguished Professor Jonathan Golledge; Distinguished Professor Alex Loukas; and Distinguished Professor Louis Schofield.
- JCU will be involved in the new Food Agility CRC (Cooperative Research Centre) under the leadership of Professor Ian Atkinson – Director of JCU's e-Research Centre. Within the Food Agility CRC, JCU will be one of 54 participants from food, technology and research sectors. The Food Agility CRC will integrate the agile culture and processes of the digital economy through a whole-of-value-chain lens for fresh and processed food, and will develop and use digital technologies for sharing data to build brand, markets, jobs and exports across the food value chain. The goal is "to empower Australia's food industry to grow its comparative advantage through digital transformation". The Food Agility CRC was awarded \$50 million over 10 years, and commenced mid-2017.
- In January 2017, JCU announced the agreement for JCU staff and students to access the Galapagos Science Centre – a world-class research and teaching facility on the Galapagos Island of San Cristobal, which is recognised as a pristine and unique ecosystem. The intent of the Galapagos Marine Science Consortium Agreement is to collaborate with partner universities in areas of research and teaching. JCU, Queensland and Australia will benefit through sharing and building research knowledge about environmental conservation of World Heritage Areas like the Great Barrier Reef, Wet Tropics, and the Galapagos Islands.
- In June 2017, the Federal Minister for Education and Training, Senator the Hon. Simon Birmingham announced JCU as a leading key partner in a new Australian Research Council (ARC) Centre of Excellence for Australian Biodiversity and Heritage (CABAH). The JCU node of the Centre will comprise of Professor Michael Bird, Professor Sean Ulm, Dr Christian Reepmeyer, and Professor Martin Nakata. The Centre will also support eight new postdoctoral positions, and eight new PhD candidates at JCU.
- In December 2017, Professor Sean Ulm was awarded the Rhys Jones Medal for Outstanding Contribution to Australian Archaeology. The Rhys Jones Medal is the highest award offered by the Australian Archaeological Association, and is presented annually to an individual who has made an outstanding and sustained contribution to the field.
- In August 2017, JCU researchers won five of the twelve 2017 Queensland Tall Poppy Awards – awarded for outstanding scientific research and communication. The winners from JCU were Dr Mostafa Rahimi Azghadi, Dr Tom Bridge, Dr Emily Callander, Dr Sandip Kamath, and Dr Ian Mcleod.

- In October 2017, The Council for the Humanities, Arts and Social Sciences (CHASS) announced JCU's Dr Elizabeth (Liz) Tynan as the winner of the 2017 Australia Book Prize for her book *Atomic Thunder: The Maralinga Story*. On 1 December 2017, Liz and *Atomic Thunder: The Maralinga Story* went on to win the prestigious Prime Minister's Literary Award in the Australian History category.
- The outcomes of the first projects funding round for the Cooperative Research Centre for Developing Northern Australia (CRC DNA) were announced in October 2017. The CRC DNA project grants support industry-led research collaborations to develop important new technologies, products and services that address industry problems in Northern Australia within the areas of tropical health and medicine, and tropical and northern agriculture. JCU was successful to be included as a research partner organisation for four of the seven funded projects.

The four projects that JCU is partnered with are:

JCU Researcher	Project Title	Total Project Value
Mr Chris Gardiner	New pastures to increase livestock productivity across the north	\$8,243,000
Professor Dean Jerry	Breeding for resistance to juvenile pearl oyster mortality syndrome	\$10,028,790
Professor Scott Ritchie	Strategies to prevent two viruses devaluing Australian crocodile skins	\$4,821,242
Professor Jeremy VanDerWal	Applying new technologies to enhance biosecurity and cattle quality	\$5,748,000

- In late 2017, the Australian Academy of Science announced its annual award winners for outstanding contributions to science. Associate Professor Tracy Danielle Ainsworth, a JCU researcher and scientist, (working at the Australian Research Council Centre of Excellence for Coral Reef Studies), was the recipient of the prestigious Dorothy Hill Medal (for 2018).
- JCU scientist Professor David Bellwood received a rare honour by winning the 2017 Bleeker Award (an award that is presented only once every four years), which places him in an elite group of fish researchers world-wide. Professor Bellwood won the award for his outstanding and ongoing contribution to fish ecology in the Indo-Pacific region.
- National Health and Medical Research Council (NHMRC) successful research funding announced in 2017 included:

Researcher	Category	Area of Research	Amount
Dr Matt Field	Early Career Fellowship	Developing Core Bioinformatics Capacity at AIITHM (Australian Institute of Tropical Health & Medicine)	\$318,768
Dr Andreas Kupz	Career Development	New strategies for improved TB (tuberculosis) vaccines	\$431,000
Dr Stephan Karl	Career Development	Unravelling Plasmodium vivax transmission to mosquitoes	\$431,000
Professor Denise Doolan	Research Fellowship	System-based approaches to inform the design of immunotherapies and immunodiagnostics against chronic pathogens	\$849,540
Professor Denise Doolan	Australia/European Union Collaborative Research Grant	OptiMalVax: Optimising a deployable high efficacy malaria vaccine	\$488,914

- In December 2017, the National Health and Medical Research Council (NHMRC) released the results for 2017 Project Grants and Partnership Grants (for funding in 2018). JCU is the leading organisation for the below successful grants:
  - NHMRC Project Grants - Professor Sarah Larkins “Women’s action for Mums and Bubs (WOMB): A pragmatic trial of participatory women’s groups to improve Indigenous maternal and child health”, \$1,766,216 over 5 years.
  - NHMRC Partnership Grants Cycle 1 2017 - Professor Sarah Larkins “Quality improvement in Indigenous primary health care: Leveraging Effective Ambulatory Practices (LEAP)”, \$1,129,211 over 3 years.
- The Australian Research Council (ARC) successful research funding announced in 2017 included:

Researcher	Category	Area of Research	Amount
Dr Thomas Bridge	Discovery Early Career Researcher Award	Trait plasticity and the maintenance of functional diversity	\$365,058
Dr Laura Brannelly	Discovery Early Career Researcher Award	Effect of disease on reproduction plasticity and evolution in amphibians	\$365,058
Professor Ron White	Discovery Projects	Electron scattering and transport for plasma-liquid interactions	\$595,210
A/Prof Carl Spandler	Discovery Projects	Jurassic arc? Reconstructing the lost world of Eastern Australia	\$284,390
Dr Tracy Ainsworth	Discovery Projects	Developing a mechanistic basis for coral reef conservation	\$383,136
Professor Michael Bird	Linkage Infrastructure Equipment and Facilities Grant	A national facility for the analysis of pyrogenic carbon	\$358,031

- In November 2017, JCU’s Vice Chancellor Sandra Harding signed a new research and monitoring partnership between JCU and North Queensland Bulk Ports (NQBP) worth \$3 million over three years. The partnership will allow JCU’s world leading experts in applied tropical marine sciences to monitor water, seagrass and coral at the Queensland ports of Mackay, Hay Point and Abbot Point, which are all adjacent to the Great Barrier Reef World Heritage Area. The scope also extends to monitoring water and seagrass quality at the Port of Weipa in the Gulf of Carpentaria. The partnership provides a pathway for research students to engage with industry, and create post degree employment opportunities for research students.

## **Domain: Engagement**

### **Aim**

The University through its staff, students, graduates, research outcomes and partnerships will engage with communities, industry and the professions in the tropics worldwide, and be recognised and acknowledged as a leading international university for and of the tropics.

### **Statement of context**

For more than 40 years James Cook University has focused on issues of importance to the tropical world, and has helped drive sustainable social, cultural and economic development in northern Queensland. James Cook University embraces the diversity of the communities it serves in two countries, and works with those communities and stakeholders to create opportunities and lasting benefits. In addition, through our work integrated learning (WIL) programs across a variety of disciplines, and through student-led clinics, James Cook University is expanding the range of services available to communities.

Key risks include increased competition for domestic undergraduate students, and the volatility of the international student market caused in part by economic circumstances, government regulation and increased competition.

### **Objectives**

1. Provide opportunities for our students to travel and study overseas through cross-campus opportunities, exchanges, short courses and study abroad programs.
2. Stay in touch with our domestic and international alumni and find ways they can meaningfully contribute to our institutional priorities.
3. Be a partner and advocate, integral to the social, cultural and intellectual life of our communities.
4. Work closely with professional bodies, employers, government agencies and other partners to constantly update our knowledge of what tropical regions need, and ensure that our research and academic programs can meet those needs.
5. Attract students, staff and visitors from within and outside the tropics, and thereby promote understanding and advocacy of the region.

### **Major achievements**

- In February 2017, JCU and the North Queensland Cowboys rugby league team (Cowboys) announced a strategic three-year partnership to boost health, wellbeing and education in northern Queensland. As part of the partnership, JCU staff from the Schools Engagement team will work with the Cowboys going to schools to promote the benefits of education and healthy living. This harnesses the popularity of the Cowboys to broaden young minds to the topics concerning their immediate and long-term health, making good life choices, education and employment opportunities. The partnership will allow an expansion of current research into sport and exercise science by JCU researchers and research students. JCU students will also have the opportunity to work inside the Cowboys organisation through JCU's Work Integrated Learning (WIL) program. Furthermore, through the partnership, Cowboys' players can study at JCU to prepare for life beyond playing rugby league.

- In 2017, JCU created a new community engagement platform called *Inspire Me Week*, which aims to help turn dreams into reality. Inspire Me Week was undertaken to highlight some of the amazing work that JCU staff, students and researchers undertake every day. The events were held across both the Townsville and Cairns campuses in May. The local community was invited to take University life for a spin at one of the Test-Drive Lectures, hear stories aimed to inspire embarking on a course in higher education, participate in hands-on workshops, and meet like-minded people during a week of engaging and informative free activities.
- In late 2017, a cross-institution working group was established to deliver on the Plan of Action arising from the Broderick Review Report. The Vice Chancellor and the Senior Deputy Vice Chancellor will co-coven the group, and Distinguished Professor Helene Marsh will Chair the working group. This working group will provide an important forum helping to guide a coherent and systematic approach to zero tolerance of sexual harassment and sexual assault across the University.
- In April 2017, JCU officially launched its new Cairns City Campus located at 36 Shields St, Cairns. The main campus in Cairns is located in the suburb of Smithfield, some 16km distance away from the Cairns city centre. The five-story Cairns City Campus building features state-of-the-art teaching, study and meeting facilities, as well as a moot law court where JCU law students can practice courtroom skills. The Cairns City Campus will allow JCU to work more closely with civic and business leaders. The Generalist Medical Training (GMT) has its offices within the new Cairns City Campus, providing medical education to doctors who are training to be GPs in the Cairns region. Businesses and other community groups will be able to hire the boardroom and training spaces, which include high-tech teleconferencing facilities. The ground floor acts as a point of contact and engagement with potential students and members of the community. The new Cairns City Campus will also host seminars, alumni functions, and short courses for companies seeking professional development for their staff.
- 2017 JCU Outstanding Alumni awards recognise the achievement by individuals who are part of the JCU global community. The 2017 Outstanding Alumni award recipients are listed in the below table:

Award category	Award recipient
Arts, Society and Education	Pauline Woodbridge, North Queensland Domestic Violence Resource Service
	Nicola Filsell, Pepper Tree Productions
Business, Law and Governance	Deborah Noller, Switch Automation
	Sharell O'Brien, North Queensland Women's Legal Service
Science and Engineering	Dr Euan Ritchie, Deakin University
	Larissa Brown, Roads and Maritime Services, NSW
Healthcare Sciences	Denise Craig, Cairns and Hinterland Hospital and Health Service
	Dr Kiera Buchanan, Centre for Integrative Health
Public Health, Medical and Veterinary Sciences	Dr Aisa Kirabo Kacyria, United Nations Human Settlements Program
	Dr Katherine Usher, Department of Agriculture and Water Resources
Medicine and Dentistry	Dr Angus McDonnell, St John's Ambulance Service
	Dr Harris Eyre, CNSDose

The Chancellor's Outstanding Alumnus Recipient	Deborah Noller, Switch Automation
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- For the second year in a row, JCU played host to the 2017 Union Cycliste Internationale (UCI) Mountain Bike World Cup at the Cairns Campus over six days (5 to 10 September 2017). JCU also sponsored local Professional Downhill bike rider and JCU student Tracey Hannah. The event has become a major tourist attraction, with significant engagement opportunities and exposure.
- In May 2017, JCU and the Queensland Police Service (QPS) signed an accreditation arrangement to assist members of the QPS to advance their careers. QPS members who have undertaken the QPS Management Development Program will receive credits towards a Master of Business Administration (MBA) from JCU. Participants will be able to study the MBA online, so their studies can continue, even if they are relocated to a remote area.
- In August 2017, JCU and the Townsville Hospital & Health Service (THHS) signed a Memorandum of Understanding (MOU) to formalise the development of a collaborative and co-located North Queensland Academic Health Hub Alliance. JCU and THHS share a boundary where the THHS is located at the front of the University campus in Townsville. Forming a health and knowledge precinct in Townsville was a key pillar of the landmark city-deal, which was formalised between Commonwealth and Queensland governments, as well as the Townsville City Council in late 2016. The Alliance will work to further develop the co-located institutions into a world-class teaching and learning centre with a focus on research and innovation, as well as expanding the availability of tertiary and secondary health services to the community.
- In October 2017, JCU and the 3<sup>rd</sup> Brigade of the Australian Army, signed a Memorandum of Understanding (MOU) based on their positions as significant employers and educators in Townsville, and their significant impact on the northern Queensland regional economy. JCU has over 16,500 staff and students living in Townsville, while the 3<sup>rd</sup> Brigade has more than 17,000 serving members and families in Townsville. The health and wellbeing of these communities has a significant social and economic impact on the broader Townsville region. Furthermore, these communities have a particularly high proportion of young adults (18-24 years old), who are generally at a higher risk of assault, mental health issues, and substance abuse. The JCU Townsville Campus and Lavarack Barracks are neighbours, being located next door to each other. Under the MOU, JCU and the 3<sup>rd</sup> Brigade will work together with the broader community to create safer communities, promote individual health and wellbeing, support regional development, and being good neighbours.

## **Domain: Organisational effectiveness**

### **Aim**

To be an innovative university with a culture of accountability, responsive to opportunity and the capacity to respond to the ever-changing external environment. We will achieve organisational and operational effectiveness through high quality leadership and management.

### **Statement of context**

Through good leadership and management we plan, implement, evaluate and improve the University's operations and performance. We are accountable through informed and flexible decision making based on our values and evidence-based analysis.

Our decisions and services are aligned with the University's strategic intent, priorities and core business. We will always seek to improve the way we do things through using resources wisely and challenging "business-as-usual" approaches. New ideas will always be welcome. New services and processes help us do business in the most sustainable and efficient way possible.

### **Objectives**

1. Make continuous improvement and accountability the norm.
2. Systematically evaluate and assess university performance and operational effectiveness.
3. Provide high quality client service, decrease costs, and improve productivity and results.
4. Effectively communicate improvements and changes.

### **Major achievements**

- A new position of Director, Strategic Projects was created to drive new and existing priority projects including the Conversions Project. The Director, Strategic Projects reports directly to the Vice Chancellor & President to help improve organisational effectiveness and efficiency. A major focus of the role is to simplify and streamline student enrolment processes, take advantage of new technologies and systems (including marketing automation and automated offers), and respond to the changing patterns of how students seek tertiary entrance.
- 2017 saw the continued development and implementation of Cognos Business Intelligence tools through the JCU Information to Analytics (I2A) project. This included the release of new data visualisation tools, a major enhancement to the Admissions dashboards, and continued progress on development of new Research dashboards.
- Work continued in 2017 (carried over from 2016) on improving the JCU Policy Library. This work included reviewing the Web application, and improving access and usability of information.
- A review of the Division of Tropical Health & Medicine (DTHM) Cohort Doctoral Program was conducted in December 2017. This Program, which has been operating since September 2011, funded by Roderick Foundation Grants, is designed to provide additional support to Higher Degree by Research candidates. The Review Terms of Reference focused on the effectiveness and achievements of the Program relative to its aims and objectives; its effectiveness in improving the linkage between industry and universities with regard to research education; an assessment of the extent to which the activities of the Program address the interests and priorities of the HDR candidates and aspiring candidates; and an

assessment of the extent to which the activities of the Program address the interests and priorities of the industries employing Program Participants.

- 2017 saw the introduction of the JCU Academic Course Review (ACR) procedure. The University undertook a self-assessment of its compliance with the Higher Education Standards Framework (2015), where the need for a more comprehensive course review process was identified as an outcome. In November 2016, the JCU Academic Board approved the establishment of the Academic Quality Expert Working Group, which focused on establishing the structure of the ACR process, defining academic course quality indicators, drafting the associated procedures and working documents, and preparing a seven-year rolling schedule of course reviews. Five pilot courses were identified for participation in the 2017 Academic Course Review process, with review of four courses being completed by October 2017. Recommendations made by each Panel were submitted to the JCU Academic Board for consideration, along with the Course Review Cycle schedule for 2018-2019. The Academic Course Review makes use of a substantial amount of 'focussed' existing course review material, and Cognos (Business Intelligence system) based data, that informs the review process and decision-making.

## **Domain: Human and intellectual capital**

### **Aim**

To attract, engage, develop and retain quality people with the skills, knowledge, experience, competencies and values required to fulfil the needs and deliver the outcomes of the University both now and in the future.

### **Statement of context**

The next five to ten years will see more exits from the Australian workforce than incoming recruitments due to decreased fertility rates and the aging of the Australian population. The recent global financial crisis and the removal of a forced retirement age have delayed the impact of the restricted labour market, although some areas are discovering that recruitment is becoming more competitive. Therefore, retaining employees through strategies and initiatives that support employee engagement has become a high priority.

Aligning strategic workforce planning with corporate planning is needed to forecast future demands and identify potential supply. Strategic workforce planning can be used to expand, reduce or better utilise a workforce, providing a direct link between the workforce and the future direction of the University. The University must become more flexible and agile to respond to changing demands and industrial frameworks must deliver flexibility.

Strategic planning will be used to develop staff initiatives and workforce development programs by identifying future capability and cultural requirements. Such planning not only drives professional development but also provides the foundation for strategic recruitment and retention.

James Cook University is committed to developing its future leaders. Building upon the wealth of wisdom and experience embodied by our current academic leaders, we will use succession planning to identify and nurture those who will take James Cook University into the future. Wherever leadership potential is found, we will match it with experienced coaches and mentors who lead by example.

James Cook University is strongly committed to equity and diversity in the workplace and aspires to continue developing a workforce that reflects the diversity, capacities and capabilities of people from the regions in which we operate.

### **Objectives**

1. Align workforce planning to the corporate planning cycle in order to identify and plan for future capability requirements.
2. Attract, develop and retain quality employees and be recognised by the Commonwealth Government as an Employer of Choice.
3. Deliver a HR framework that affords flexibility to meet future University change.
4. Develop an effective management culture and leadership capabilities.
5. Create an environment that recognises and supports the diverse cultural communities, in which the University resides.
6. Ensure the well-being of staff/students/visitors by providing healthy and safe campuses and facilities.

## Major achievements

- In November 2017, 90% of eligible staff voted to accept a new Enterprise Agreement, whereby 48.5% of the total number of eligible staff participated in the voting process. The new four-year agreement will take effect when the Fair Work Commission approves the agreement. The new '2016 JCU Enterprise Agreement' (named 2016 as the process for this agreement began in 2016) will span a period from 30 September 2017 up to and including 30 June 2021. The new agreement will provide JCU with some degree of stability going forward over the next four years; however, there remains a large degree of uncertainty in the Higher Education sector nationally and internationally.
- In late 2017, the JCU Human Resources system underwent a successful upgrade. The new upgrade included greater functionality through HR Online, and a change to Ascender Pay (previously Alesco). Improved functionality includes: applying for part days of leave in a single transaction; expansion of compatible web browsers for users; access to the organisational chart for all staff; delegation of HR approvals by senior managers; and the option to un-submit leave requests to make changes (instead of having to approve the leave, and then cancel the leave).
- In August 2017, a new Human Resources Case Management database was developed and implemented. The new database has significantly improved functionality over the old system. The major improvements include: multiple user interface allowing for an unlimited number of HR case staff to use the database at the same time; a full suite of reporting tools including statistics and management reports; governance reporting to provide timely information to the Human Resources Committee; exporting data for trend analysis; and easy risk identification and risk management.

## Workforce planning, attraction and retention, and performance

QLD Government Measures	2017 Result
Workforce Profile: Full-time equivalent staff (FTE)*	2086
Workforce Profile: Permanent separation rate*	9%

\*Excludes JCU Singapore (international campus), and JCU Brisbane Campus (third party operation). Definitions are QLD Government definitions. Results are rounded.

Factors that generally affect the workforce profile (FTE and permanent separation rate) include:

- Level and structure of Government funding;
- Short-term Government funding for special initiatives / programs;
- Organisational-wide restructuring;
- Continuous improvement initiatives (including streamlining of processes, change of processes, technology and process improvements);
- Regional unemployment; and
- Responsible financial management to maintaining a sustainable organisation.

## **Domain: Physical and virtual infrastructure**

### **Aim**

To match our physical and virtual infrastructure to the needs of a scholarly institution of international renown, where students, staff and visitors can gather in environments that are safe, sustainable and fit-for-purpose. James Cook University research and learning facilities, services and communication technologies will encourage productivity and excellence among staff and students.

### **Statement of context**

We speak of the power of place, of our location being our laboratory. While that place is the tropics, the notion of place also speaks to our physical fabric and facilities. In recent years, we have significantly increased our investment in physical and virtual assets to underpin our work and to enable staff and students to work and study in environments of the calibre they deserve.

We must continue to develop and deliver targeted, sustainable, enabling infrastructure and services - a fresh interpretation of the importance of place. Our investment in, and costs of, managing our estate will increase over the next decade as the Cairns campus grows rapidly, we work to meet accreditation, pedagogical and research related requirements and we establish a campus in Singapore that matches our aspirations. We will be looking at increasing our use of existing space and implementing new energy efficiency measures to help manage spiralling costs. We have deployed significant additional funding to invest in our physical and virtual infrastructure, part of the long process of redressing our ageing infrastructure and capital renewal challenges.

We will provide information and communication technology systems and services that achieve a balance between corporate, research and teaching and learning needs while being efficient and environmentally sustainable. Our ICT systems will place our scholarly activities first, both on and off our campuses.

Universities always face tensions between operating and capital investment. We recognise that failure to continue investing in physical and virtual infrastructure will make our future aspirations harder to achieve. Through careful planning, we aim to get the balance right.

### **Objectives**

1. Deliver safe and contemporary learning spaces that make our campuses places of destination.
2. Be a leader in environmentally sustainable infrastructure development and operations and innovative information and communication technologies.
3. Create a knowledge community through implementing Discovery Rise on the Townsville campus.
4. Provide a robust virtual and physical environment that fosters sustainable teaching and research and builds a sense of community both on and off our campuses.
5. Increase use of existing space to maximise return on investment and defer the need for investment in new infrastructure.
6. Investigate alternative options for new infrastructure (such as the Clinical Practice Building and the Science Place, as well as Cloud hosted ICT solutions) that don't detract from existing operations.

## Major achievements

- Work progressed as scheduled on the new John Grey Halls of Residence, which is a seven story, 300 bed student accommodation facility on the Cairns Campus, (opening semester one 2018). Construction commenced in 2016 with a project budget of approximately \$40 million, with further stages of expansion possible to a capacity of 1,000 beds (depending on demand). The construction was made possible with the approval of \$40m from the Queensland Treasury Corporation's 2016-17 State Borrowing Program. Students have a choice of studio style apartments with en suite bathrooms, or shared six-bedroom apartments where each occupant has their own en suite bathroom, or six-bedroom apartments with shared bathrooms. The facilities include pastoral care and resident support, parking, a gymnasium, a laundry, and full security. This is the first student accommodation facility to be built on the Cairns Campus since opening at the Smithfield site in 1995. The facility was named after Lieutenant General Dr John Grey AC (ret'd), who served as Chancellor of JCU from 1999 to 2016. The accommodation will cater for local Far North Queensland students, other domestic and international students.
- Construction continued throughout 2017 on the Verandah Walk project (Townsville Campus), which links existing and new buildings via a series of covered all weather walkways. The latest works linked the Eddie Koiki Mabo Library to the Science Place building. The Verandah Walk has study nodes interspersed along the structure, complete with Wi-Fi, power points for recharging mobile devices, and water features. The total project value is estimated to be a \$4 million investment, with many local jobs created during the construction phase.
- In October 2017, JCU and Townsville City Council formed a partnership to construct a new high-tech secure data centre, as a joint project. The new energy efficient Tier three managed data centre, which will be constructed in a category five cyclone rated building in Townsville, will allow national and international companies to locate facilities and jobs in North Queensland. The new Data Centre is expected to create new jobs and provide an annual economic boost for Townsville.
- In 2017, The Master Builders Association (QLD) awarded three of JCU's construction projects with top awards. The first award was for Health Facilities over \$20 million (built by Watpac Construction (Qld) Pty Ltd – NQ) for JCU's Australian Institute of Tropical Health & Medicine & Translational Research Facility (AITHM). The second award was for Education Facilities over \$10 million (built by Lend Lease Building Pty Ltd) for JCU's The Science Place. The third award was for Tourism and Leisure Facilities up to \$10 million (built by R C Q Construction Pty Ltd) for JCU's Verandah Walk project.
- The Science Place building has become the first educational building in Australia to achieve a prestigious LEED® Gold rating for its environmentally sustainable design. The innovative \$85 million building is also the first LEED® Gold Certified building rated for its construction in Queensland, and reflects the building's very high standards in environmental sustainability.

## **Domain: Finance and resources**

### **Aim**

To be financially sustainable and ensure sufficient resources are available to invest in our continued growth to enable achievement of our aspirations.

### **Statement of context**

We are operating in an increasingly competitive global environment, confronted by new challenges and opportunities, both domestically and internationally. We need to be sensitive to international events including factors outside our control. Competition is rising within our region from other universities. The introduction of the new demand driven model from 2012 has heightened competition and our branding and marketing strategies need to be flexible enough to respond. An important factor in our planning is the fact that domestic students tend to seek a university place during times of economic downturn.

Changing government policy and funding arrangements will influence how we operate. The ever-changing external environment has to be accommodated, while we remain true to our strategic intent and continue serving the needs of our region.

We are in an investment phase as part of the next stage of our development. We are making decisions about the best way to deploy our resources so that we can fulfil our objectives and keep on investing in our future. Prioritising resources is carried out in accordance with prescribed processes and aligned to the Vice Chancellor's priorities set annually. We are guided by a need to keep James Cook University growing while controlling our expenditure.

Challenging but attainable planning targets are developed for our student population at our Townsville, Cairns and Singapore campuses. These targets provide a foundation for the University budget and lay down the path we need to follow. We expect that our research income will grow, based on current projections.

The higher education environment is volatile and many matters are outside our direct control. Nevertheless, we can work with these constraints by managing our finances and resources in a smart and flexible way.

### **Objectives**

1. Manage resources in an ethical, financially responsible and sustainable way.
2. Make the most of our capabilities to achieve accountable, consistent and efficient financial management.
3. Ensure that we have a teaching funding base sufficient to support our research aspirations and a planned approach to enterprise management and growth.
4. Meet both domestic and international student demand challenges by investing in new initiatives.
5. Adopt a continuous improvement culture that places productivity and value for money as top priorities.
6. Integrate the risk management framework into University wide processes, procedures and decision making.

## Major achievements

- Across 2017, the Financial and Business Services (FaBS) directorate conducted a comprehensive end-to-end review of the University's systems, processes and policies relating to travel and credit card expense management. The outcomes of this review included changes to policies and procedures, improved administrative functionality, and the implementation of a new travel and expense management system (as detailed further in the dot point below).
- In late 2017, JCU changed its Freedom online expense tool, and Lightning travel tool, to the new Concur Travel and Expense Management system. The Key benefits include a simplification of policy and procedures for travel and corporate credit cards, and consistent processes for staff, students and guests. Concur is a single system, replacing two stand-alone tools, which reduces approval times, and results in less administration effort for travellers, approvers and support staff.

## Key Performance Indicators (KPIs)

### Domain: Learning and Teaching - KPIs:

Measure name:	<b>Institutional Total Student Load (EFTSL)</b>
Type of measure:	Student enrolments and financial performance
2016 Result:	15,924
2017 Target:	15,706
2017 Result:	15,535
Commentary and variance reporting about 2017 result:	Although the target was not met by -171 EFTSL (or -1.09%), the result was within the agreed tolerance to the target.

Measure name:	<b>Institutional Commencing Student Load (EFTSL)</b>
Type of measure:	Student enrolments and financial performance
2016 Result:	6,220
2017 Target:	6,476
2017 Result:	5,922
Commentary and variance reporting about 2017 result:	The target was not met by -554 EFTSL (or -3.27%). The result is indicative of the high competition within the Higher Education sector.

Measure name:	<b>Overall Student Satisfaction (CEQ)</b>
Type of measure:	Teaching quality measure
2016 Result:	77.1%
2017 Target:	85.0%
2017 Result:	77.4%
Commentary and variance reporting about 2017 result:	The target was not met. The 2017 result was consistent with 2016; however, the target was set very high to drive good student experiences.

Measure name:	<b>Total Undergraduate Student Retention (%) in tropical Australia</b>
Type of measure:	Student retention measure
2016 Result:	82.7%
2017 Target:	84.0%
2017 Result:	82.1%
Commentary and variance reporting about 2017 result:	The target was not met; however, the result was within the agreed tolerance to the target. The 2017 result is consistent with previous years of approximately 82%.

### Domain: Research - KPIs:

Measure name:	<b>Research Income (HERDC categories 1-4 )</b>
Type of measure:	Research activity
2016 Result:	\$42,031m
2017 Target:	\$49,508m
2017 Result:	\$44,773m
Commentary and variance reporting about 2017 result:	The target was not met due to being an ambitious stretch, coupled with high competition for grants and funding. NB: The result is unaudited and unadjusted, with the final result coming from the HERDC Return (June).

Measure name:	<b>HERDC Publication (points)</b>
Type of measure:	Research activity
2016 Result:	1,034
2017 Target:	1,000
2017 Result:	996
Commentary and variance reporting about 2017 result:	Although slightly below the target, the number of HERDC Publications (points) is within the agreed tolerance to the target.

Measure name:	<b>Total number of HDR Student Completions (International &amp; Domestic)</b>
Type of measure:	Student outcomes, and research outputs (RTS)
2016 Result:	144
2017 Target:	130
2017 Result:	138
Commentary and variance reporting about 2017 result:	The target was exceeded by 8 completions. This is a great result for JCU.

Measure name:	<b>Reputation - International Rankings</b>
Type of measure:	International reputation
2016 Result:	Top 400
2017 Target:	Top 400
2017 Result:	Top 400
Commentary and variance reporting about 2017 result:	The target was met. JCU maintained its ranking in the top 400 universities in the world.

#### Domain: Engagement - KPIs:

Measure name:	<b>Number of 1st Preferences to QTAC</b>
Type of measure:	QTAC Market share
2016 Result:	7,200
2017 Target:	7,293
2017 Result:	6,854
Commentary and variance reporting about 2017 result:	The target was not met by -439 First Preferences (or -6.02%). High competition is cited as the main reason for underperformance. Market share of QTAC first preferences is a high priority for the University with targeted initiatives underway including new marketing campaigns, a renewed focus on schools engagement, and digital nurturing.

#### Domain: Organisational Effectiveness - KPIs:

Measure name:	<b>TEQSA Compliance (Threshold Standards)</b>
Type of measure:	Compliance
2016 Result:	Yes (Compliant)
2017 Target:	Yes (Compliant)
2017 Result:	Yes (Compliant)
Commentary and variance reporting about 2017 result:	The target was met. Current work plans and milestones are being met and continually monitored.

Measure name:	<b>WH&amp;S Incident Reduction Ratio</b>
Type of measure:	A leading and lag indicator improving safety & reduce WH&S incidents.
2016 Result:	27.2%
2017 Target:	30.4%
2017 Result:	26.5%
Commentary and variance reporting about 2017 result:	A lower ratio (%) is better. The target of 30.4% was met through a lower ratio. The final result for 2017 was 307 reportable Incidents / divided by 1,160 proactive prevention hours = 26.5%. This is an improvement over 2016, with 22 fewer reported incidents in 2017.

#### Domain: Human and Intellectual Capital - KPIs:

Measure name:	<b>Unscheduled absence index (average days)</b>
Type of measure:	Proxy for health of the workforce
2016 Result:	6.41 days
2017 Target:	6.20 days
2017 Result:	6.00 days
Commentary and variance reporting about 2017 result:	A lower number of average absence days is considered better. The target was met with a result of 6.00 days, being below the target of 6.20 days.

#### Domain: Physical and Virtual Infrastructure - KPIs:

Measure name:	<b>Estate Management (GFA/EFTSL)</b>
Type of measure:	Efficiency of space utilisation
2016 Result:	16.30
2017 Target:	16.94
2017 Result:	17.34
Commentary and variance reporting about 2017 result:	A lower ratio shows a more efficient use of physical space (Gross Floor Area), and is considered better. Although the target was not met, the result was within the agreed tolerance to the target. The 2017 result was negatively impacted by lower than expected student EFTSL. Approximately 7,00m <sup>2</sup> GFA was demolished / mothballed / taken off-line ahead of schedule, which positively influenced the result.

#### Domain: Finance and Resources - KPIs:

Measure name:	<b>% Net Operating Result/Income</b>
Type of measure:	Financial management success
2016 Result:	3.88%
2017 Target:	-5.49%
2017 Result:	-1.67%
Commentary and variance reporting about 2017 result:	The target was met as the final result was a smaller deficit than the original budgeted deficit, assisted by effective expenditure management controls.

Measure name:	<b>Unqualified Audit Outcome</b>
Type of measure:	Financial management standard
2016 Result:	Yes
2017 Target:	Yes
2017 Result:	Yes
Commentary and variance reporting about 2017 result:	The target was achieved. JCU received an unqualified audit outcome.

## Financial overview

Consolidated financials

<b>Total Student Numbers*</b>	<b>2017</b>
Total Enrolments: <i>Student Head Count</i>	21,371
Total EFTSL: <i>Equivalent Full-Time Student Load</i>	15,535

<b>Expenditure \$m</b>	<b>2017</b>
Total Expenditure	\$517.414 m

<b>Revenue \$m</b>	<b>2017</b>
Total Revenue	\$513.285 m

<b>Assets Vs Liabilities \$m</b>	<b>2017</b>
Total Current Assets	\$264.176 m
Total Current Liabilities	\$123.501 m
Current Ratio	2.139

<b>Net Result \$m</b>	<b>2017</b>
Net Result Before Income Tax	-\$4.129 m

<b>Employee Benefits Ratio</b>	<b>2017</b>
Employee Benefits as a % of Total Expenses	52.86%

\* Student numbers are sourced from a data snapshot taken in early January (for the prior year). NB: Student numbers are subject to change over the passage of time due to retrospective changes applied to student enrolment information & data.

## **Financial statements and notes**

The following pages contain the financial Statements and notes

**JAMES COOK UNIVERSITY**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Consolidated \$'000		Parent Entity \$'000	
		2017	2016	2017	2016
<b>INCOME FROM CONTINUING OPERATIONS</b>					
Australian Government financial assistance					
Australian Government grants	2	187,554	194,664	187,554	194,664
HECS-HELP - Australian Government payments	2	74,622	75,423	74,622	75,423
FEE-HELP - Australian Government payments	2	3,375	2,782	3,375	2,782
SA-HELP - Australian Government payments	2	2,296	2,313	2,296	2,313
Other Australian Government grants	2	44,679	61,062	44,679	61,062
State and Local Government financial assistance	3	12,036	21,629	12,036	21,629
HECS-HELP - student payments		6,681	7,313	6,681	7,313
Fees and charges	4	143,581	135,939	89,056	83,098
Investment revenue	5	8,740	9,200	9,915	10,730
Royalties, trademarks and licences		51	71	4,406	3,950
Consultancy and contracts	6	24,407	24,396	24,407	24,396
Other revenue	7	3,668	3,914	3,609	3,562
Share of profit or loss on investments accounted for using the equity method		(17)	(43)	-	-
Other income	7	1,612	1,281	1,064	299
<b>Total income from continuing operations</b>		<b>513,285</b>	<b>539,944</b>	<b>463,700</b>	<b>491,221</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>					
Employee related expenses	8	273,493	273,458	252,358	252,966
Depreciation and amortisation		47,755	55,474	43,273	51,101
Repairs and maintenance	9	21,187	20,345	19,372	18,332
Finance costs		3,829	4,162	3,670	3,965
Impairment of assets		852	679	851	652
Investment losses	5	-	-	18	-
Other expenses	10	170,298	162,546	151,890	145,142
<b>Total expenses from continuing operations</b>		<b>517,414</b>	<b>516,664</b>	<b>471,432</b>	<b>472,158</b>
<b>Net result before income tax</b>		<b>(4,129)</b>	<b>23,280</b>	<b>(7,732)</b>	<b>19,063</b>
Income tax expense		540	-	-	-
<b>Net result after income tax for the period attributable to members of James Cook University</b>		<b>(4,669)</b>	<b>23,280</b>	<b>(7,732)</b>	<b>19,063</b>
<b>Other comprehensive income after income tax</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Gain/(loss) on revaluation of land, buildings and infrastructure	16(b)	162,192	16,499	153,829	16,499
Change in fair value of available for sale financial assets	15(b)	5,966	2,225	5,966	2,225
Exchange differences on translation of foreign operations	21(b)	56	(79)	-	-
Total other comprehensive income for the period		168,214	18,645	159,795	18,724
<b>Total comprehensive income for the period attributable to members of James Cook University</b>		<b>163,545</b>	<b>41,925</b>	<b>152,063</b>	<b>37,787</b>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**JAMES COOK UNIVERSITY**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2017**

	Notes	Consolidated \$'000		Parent Entity \$'000	
		2017	2016	2017	2016
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	13	50,877	71,282	27,910	52,019
Trade and other receivables	14	23,272	21,824	26,428	25,610
Inventories		407	544	-	19
Other financial assets	15	177,500	177,300	177,500	177,300
Prepayments		12,120	10,737	11,557	10,287
<b>Total current assets</b>		<b>264,176</b>	<b>281,687</b>	<b>243,395</b>	<b>265,235</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables	14	-	-	24,891	26,105
Investments accounted for using the equity method		133	150	-	-
Other financial assets	15	47,312	39,854	49,952	42,494
Property, plant and equipment	16	1,021,822	815,306	956,312	756,534
Intangible assets		3,621	4,752	3,621	4,753
Other non-current assets		311	384	46	64
<b>Total non-current assets</b>		<b>1,073,199</b>	<b>860,446</b>	<b>1,034,822</b>	<b>829,950</b>
<b>TOTAL ASSETS</b>		<b>1,337,375</b>	<b>1,142,133</b>	<b>1,278,217</b>	<b>1,095,185</b>
<b>CURRENT LIABILITIES</b>					
Current tax liabilities		226	225	-	-
Trade and other payables	17	41,647	42,984	35,968	38,478
Borrowings	18	8,810	7,327	7,828	6,339
Employee benefit liability	19	46,645	46,091	46,424	45,892
Other liabilities	20	26,173	25,742	12,572	12,058
<b>Total current liabilities</b>		<b>123,501</b>	<b>122,369</b>	<b>102,792</b>	<b>102,767</b>
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities		664	118	-	-
Borrowings	18	101,249	69,968	99,093	66,856
Employee benefit liability	19	4,133	5,395	3,980	5,273
Other liabilities	20	905	905	-	-
<b>Total non-current liabilities</b>		<b>106,951</b>	<b>76,386</b>	<b>103,073</b>	<b>72,129</b>
<b>TOTAL LIABILITIES</b>		<b>230,452</b>	<b>198,755</b>	<b>205,865</b>	<b>174,896</b>
<b>NET ASSETS</b>		<b>1,106,923</b>	<b>943,378</b>	<b>1,072,352</b>	<b>920,289</b>
<b>EQUITY</b>					
Parent entity interest					
Retained earnings	21(a)	629,779	634,448	604,853	612,585
Asset revaluation surplus	16(b)	456,003	293,811	447,640	293,811
Amounts recognised directly in equity relating to non-current assets classified as held for sale	15(b)	19,859	13,893	19,859	13,893
Foreign currency translation reserve	21(b)	1,282	1,226	-	-
<b>Total parent entity interest</b>		<b>1,106,923</b>	<b>943,378</b>	<b>1,072,352</b>	<b>920,289</b>
<b>TOTAL EQUITY</b>		<b>1,106,923</b>	<b>943,378</b>	<b>1,072,352</b>	<b>920,289</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

JAMES COOK UNIVERSITY

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

<b>Consolidated</b>	Retained earnings \$'000	Asset revaluation surplus \$'000	Available-for-sale reserve \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
<b>Balance at 1 January 2016</b>	611,168	277,312	11,668	1,305	901,453
Net operating result for the period	23,280	-	-	-	23,280
Other comprehensive income	-	16,499	2,225	(79)	18,645
<b>Total comprehensive income</b>	<b>23,280</b>	<b>16,499</b>	<b>2,225</b>	<b>(79)</b>	<b>41,925</b>
<b>Balance at 31 December 2016</b>	<b>634,448</b>	<b>293,811</b>	<b>13,893</b>	<b>1,226</b>	<b>943,378</b>
<b>Balance at 1 January 2017</b>	634,448	293,811	13,893	1,226	943,378
Net operating result for the period	(4,669)	-	-	-	(4,669)
Other comprehensive income	-	162,192	5,966	56	168,214
<b>Total comprehensive income</b>	<b>(4,669)</b>	<b>162,192</b>	<b>5,966</b>	<b>56</b>	<b>163,545</b>
<b>Balance at 31 December 2017</b>	<b>629,779</b>	<b>456,003</b>	<b>19,859</b>	<b>1,282</b>	<b>1,106,923</b>

<b>Parent Entity</b>	Retained earnings \$'000	Asset revaluation surplus \$'000	Available-for-sale reserve \$'000	Foreign currency translation reserve \$'000	Total equity \$'000
<b>Balance at 1 January 2016</b>	593,522	277,312	11,668	-	882,502
Net operating result for the period	19,063	-	-	-	19,063
Other comprehensive income	-	16,499	2,225	-	18,724
<b>Total comprehensive income</b>	<b>19,063</b>	<b>16,499</b>	<b>2,225</b>	<b>-</b>	<b>37,787</b>
<b>Balance at 31 December 2016</b>	<b>612,585</b>	<b>293,811</b>	<b>13,893</b>	<b>-</b>	<b>920,289</b>
<b>Balance at 1 January 2017</b>	612,585	293,811	13,893	-	920,289
Net operating result for the period	(7,732)	-	-	-	(7,732)
Other comprehensive income	-	153,829	5,966	-	159,795
<b>Total comprehensive income</b>	<b>(7,732)</b>	<b>153,829</b>	<b>5,966</b>	<b>-</b>	<b>152,063</b>
<b>Balance at 31 December 2017</b>	<b>604,853</b>	<b>447,640</b>	<b>19,859</b>	<b>-</b>	<b>1,072,352</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**JAMES COOK UNIVERSITY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Notes	Consolidated \$'000		Parent Entity \$'000	
		2017	2016	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Australian Government financial assistance					
Australian Government		187,102	194,341	187,102	194,341
Capital grants - Australian Government		-	10,114	-	10,114
HECS-HELP - Australian Government payments		74,256	79,375	74,256	79,375
FEE-HELP - Australian Government payments		3,024	2,544	3,024	2,544
SA-HELP - Australian Government payments		2,320	2,315	2,320	2,315
Other Australian Government grants		44,679	50,948	44,679	50,948
HECS-HELP - student payments		6,681	7,313	6,681	7,313
FEE-HELP - student payments		3,363	2,300	3,363	2,300
Queensland State Government		10,537	7,229	10,537	7,229
Capital Grants - Queensland State Government		1,500	14,400	1,500	14,400
Interest received		6,118	6,989	7,300	8,206
Dividends and property trust distributions received		2,455	2,091	2,455	2,363
Receipts from student fees and other customers		171,114	166,105	120,146	115,004
Payments to suppliers and employees		(478,443)	(462,035)	(436,394)	(420,821)
Interest and other costs of finance		(3,829)	(4,211)	(3,670)	(3,965)
GST recovered / (paid)		26	(1,091)	121	(1,183)
Income tax paid		7	(50)	-	-
<b>Net cash provided by / (used in) operating activities</b>	30	<b>30,910</b>	<b>78,677</b>	<b>23,420</b>	<b>70,483</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of financial assets		242,682	308,800	242,682	308,800
Proceeds from sale of property, plant and equipment		356	236	356	235
Payments for property, plant and equipment		(83,993)	(90,274)	(81,183)	(88,714)
Payments for financial assets		(244,392)	(313,706)	(244,392)	(315,424)
Proceeds from loans to related parties		1,103	42	1,175	834
<b>Net cash provided by / (used in) investing activities</b>		<b>(84,244)</b>	<b>(94,902)</b>	<b>(81,362)</b>	<b>(94,269)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from borrowings		40,000	-	40,000	-
Repayments of borrowings		(7,236)	(7,512)	(6,274)	(6,031)
<b>Net cash provided by / (used in) financing activities</b>		<b>32,764</b>	<b>(7,512)</b>	<b>33,726</b>	<b>(6,031)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(20,570)</b>	<b>(23,737)</b>	<b>(24,216)</b>	<b>(29,817)</b>
Effects of exchange rate changes on cash and cash equivalents		165	105	107	7
Cash and cash equivalents at the beginning of the financial year		71,282	94,914	52,019	81,829
<b>Cash and cash equivalents at end of financial year</b>	13	<b>50,877</b>	<b>71,282</b>	<b>27,910</b>	<b>52,019</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

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30	Reconciliation of net cash inflow from operating activities to operating result
31	Acquittal of Australian Government financial assistance
32	Disaggregated information

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied for all years reported unless otherwise stated. The financial statements include separate statements for James Cook University (the University) as the parent entity and the consolidated entity consisting of James Cook University and its controlled entities (the Group).

The principal address of James Cook University is: 1 James Cook Drive, Townsville, Queensland 4811.

**Basis of preparation**

The annual financial statements represent the audited general purpose financial statements of James Cook University and its controlled entities. They have been prepared on an accrual basis and comply with Australian Accounting Standards.

James Cook University applies tier 1 reporting requirements.

Additionally the statements have been prepared in accordance with the following statutory requirements:

- *Higher Education Support Act 2003* (Cth) (Financial Statement Guidelines)
- *Financial Accountability Act 2009* (Qld)

James Cook University is a not-for-profit entity and these statements have been prepared on that basis. Some of the requirements for not-for-profit entities are inconsistent with the International Financial Reporting Standards (IFRS) requirements.

**Date of authorisation for issue**

The financial statements were authorised for issue by James Cook University at the date of signing the Management Certificate.

**Critical Accounting Estimates and Judgements**

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 University's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below:

**Key judgements**

Management has not made any judgement in the process of applying accounting policies that would have a significant impact on the amounts disclosed in the finance report other than the normal operational judgements effecting depreciation, impairment, revaluation of assets and calculation of employee benefits.

**Reporting basis and conventions**

The financial statements have been prepared on an accruals basis and are based on historical costs modified by the revaluation of selected non-current assets, and financial assets and liabilities for which the fair value basis of accounting has been applied.

**(a) Principles of consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by James Cook University as at 31 December each year.

A controlled entity of James Cook University is one where James Cook 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. A list of the controlled entities of James Cook University is contained in Note 24 to the financial statements. All consolidated entities have a 31 December year-end.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(b) Taxation**

James Cook University and certain controlled entities are, by virtue of Section 50-5 of the *Income Tax Assessment Act 1997* (Cth), exempt from the liability to pay income tax. The controlled entities subject to income tax adopt the following method of tax effect accounting.

The income tax expense or revenue for the year is the tax payable on the current year's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantially enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The University and certain controlled entities are subject to payroll tax, fringe benefits tax and goods and services tax (GST).

Revenues, expenses and assets (excluding receivables) are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component on investing and financing activities, which are disclosed as operating cash flows.

**(c) Fair value of assets and liabilities**

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurements also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Foreign currency translation

**Functional and presentation currency**

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Parent Entity's functional and presentation currency.

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 and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Translation differences on non-monetary items, such as equities held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- all resulting exchange differences shall be recognised in other comprehensive income.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(e) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with an original maturity of 90 days or less.

(f) Trade receivables

Trade receivables are generally due for settlement within 30 days of the date of invoice. The carrying value less provision for impairment is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is recognised in the statement of comprehensive income as 'Impairment of assets', and is the difference between the assets carrying amount and the present value of estimated future cash flows.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

**Land, buildings and infrastructure assets**

Land, buildings and infrastructure assets are valued at fair value in accordance with the Queensland Treasury and Trade's asset policy - "Non-Current Asset Policies for the Queensland Public Sector" (December 2014), less accumulated depreciation for building and infrastructure assets. Buildings under construction are recorded at cost. The asset recognition threshold for land is \$1 and \$10,000 for building and infrastructure assets.

**Plant and equipment**

Plant and equipment with a value of equal to or greater than \$5,000 is recorded at cost less accumulated depreciation and accumulated impairment losses. Plant and equipment donated to the University is recorded at management's valuation in the year of donation. Additions with a value of less than \$5,000 are expensed in the year of purchase.

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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

**Leasehold improvement assets**

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

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(g) Property, plant and equipment (cont'd)**

**Library Collections**

In accordance with the "Non-Current Asset Policies for the Queensland Public Sector" (December 2014) collections are classified as a common use, reference or heritage (rare book) collection. Each collection type is subject to specific accounting treatments.

*Common Use*

A common use collection generally has a limited life with the greatest usage within the first year and a rapid decline in use in subsequent years. With the declining use and obsolescence, common use items are expensed on acquisition.

*Reference*

A reference collection generally has a longer useful life and would be replaced if lost or damaged. A recognition threshold of \$1 million applies to the collection. At balance date the University's reference collection had a carrying value of less than \$1 million. As a result, the University's reference collection has been expensed.

*Rare books*

Rare books are valued at fair value in accordance with Queensland Treasury and Trade's asset policy - "Non-Current Asset Policies for the Queensland Public Sector" (December 2014). The asset recognition threshold is \$5,000.

**Museums and art**

Museums and art are valued at fair value in accordance with Queensland Treasury and Trade's asset policy - "Non-Current Asset Policies for the Queensland Public Sector" (December 2014). Additions to the collections purchased since the last valuation date are recorded at cost. The asset recognition threshold is \$5,000.

**Revaluations**

Land, buildings, infrastructure and cultural assets (including the museums and art, and rare books) are revalued every five years in accordance with Queensland Treasury and Trade's asset policy - "Non-Current Asset Policies for the Queensland Public Sector" (December 2014), by an external independent valuer and are included in the financial statements at the revalued amounts. Interim revaluations of assets valued at fair value are performed using relevant indices or other reliable measures.

Any accumulated depreciation at the date of revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

Revaluation increments are credited directly to the asset revaluation surplus, except where the increment reverses a decrement previously recognised in the statement of comprehensive income. In such cases the increments are recognised as revenue in the statement of comprehensive income. Revaluation decrements are recognised as an expense in the statement of comprehensive income except where the decrement reverses a revaluation increment held in the asset revaluation surplus.

**(h) Depreciation of property, plant and equipment**

Property, plant and equipment, other than land, library (rare books), museum and art collections, are depreciated on a straight line basis over their expected useful lives. Leasehold improvement assets are depreciated over the unexpired period of the lease.

The depreciation rates used are:

	2017	2016
Buildings	1.03% to 19.40%	2.00% to 10.40%
Infrastructure	0.89% to 35.00%	1.11% to 32.68%
Leasehold improvement assets	4.00% to 50.00%	4.00% to 50.00%
Plant and Equipment	2.50% to 50.00%	2.50% to 50.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**(i) Impairment of assets**

At the end of each reporting period, the Group reviews the carrying values of its tangible and intangible assets (with a finite useful life) to assess whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is transferred to the asset revaluation surplus. The excess of the asset's carrying value over the asset revaluation surplus for that class of asset is expensed to the statement of comprehensive income.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(j) Investments and other financial assets**

The Group classifies its investments in the following categories: loans and receivables, held-to-maturity investments and 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 and re-evaluates this designation at the end of each reporting period.

Investments and other financial assets are initially measured at cost on trade date, when the related contractual rights or obligations exist. Subsequent to initial recognition these investments and other financial assets are measured as set out below.

**Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

**Held-to-maturity investments**

These investments have fixed maturities, and it is the Group's intention to hold these investments to maturity. Held-to-maturity investments are stated at amortised cost using the effective interest rate method. They are included in current and non-current assets where they are expected to mature later than 12 months after the end of the reporting period.

**Available-for-sale financial assets**

Available-for-sale financial assets, comprising principally managed funds, are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale financial assets are reflected at fair value which is based on the market value of investments as at 31 December. Unrealised gains and losses are recognised as other comprehensive income in the available-for-sale reserve in equity. They are included in non-current assets unless the intention is to dispose of the investment within 12 months of the statement of financial position date.

**Fair value**

The fair value of investments and other financial assets are based on quoted prices in an active market. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques that maximise the use of relevant data. These include reference to the estimated price in an orderly transaction that would take place between market participants at the measurement date. Other valuation techniques used are the cost approach and the income approach based on the characteristics of the asset and the assumptions made by market participants.

**Impairment**

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

**(k) Interests in joint arrangements**

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

**(l) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid at the end of the reporting period. The amounts are unsecured and are usually paid within 30 days of recognition. The carrying value is a reasonable approximation of their fair values due to the short-term nature of trade and other payables.

**(m) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period and does not expect to settle the liability for at least 12 months after the end of the reporting period.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**(n) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

**(o) Leased non-current assets**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

**(p) Employee benefits**

**Short-term employee benefits**

Liabilities for short-term employee benefits including wages and salaries, non-monetary benefits and bonuses due to be settled within 12 months after the end of the period are measured at the amount expected to be paid when the liability is settled and recognised in employee benefits liability. Sick leave is non-vesting, an expense is recognised when the leave is taken and measured at the rates paid.

**Other long-term employee benefits**

The liability for annual leave and long service leave not expected to be settled within twelve months of the reporting date are measured at 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. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated cash outflows.

Regardless of the expected timing of settlements, provisions made in respect of employee benefits are classified as a current liability, unless there is an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date, in which case it would be classified as a non-current liability.

**Retirement benefit obligations**

Employees of the University are entitled to benefits on retirement, disability or death from the University's superannuation plan. The University has a defined benefit division and a defined contribution division within its plan. The defined benefit division provides a lump sum benefit or pension based on years of service and final average salary.

The UniSuper Defined Benefit Division (DBD), the predominant plan within the University, 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*. The DBD receives fixed contributions from the University and the University's legal or constructive obligation is limited to these contributions.

Contributions made by the University to employee superannuation funds are charged as expenses when incurred.

**(q) Revenue recognition**

Revenue is measured at 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.

**Government Grants**

Australian Government financial assistance (excluding Commonwealth Grants Scheme Income) and State and Local Government financial assistance is recognised as revenue when the University obtains control over the income. Control over the income would normally be obtained upon the earlier of their receipt or their becoming contractually due. Commonwealth Grants Scheme income is recognised in the year in which it is earned. Financial assistance that the Department of Education has identified as being recoverable from the University is disclosed as "Australian Government unspent financial assistance", within other liabilities.

**HELP payments**

Revenue from HELP is categorised into those received from the Australian Government and those received directly from students. Revenue is recognised and measured in accordance with the above disclosure.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Revenue recognition (cont'd)

**Student fees and charges**

Fees and charges are recognised as income in the year received/invoiced, except to the extent that fees and charges relate to courses to be held in future periods. Such income is treated as unearned revenue within other liabilities.

**Fees and charges for services**

Revenue from services rendered is recognised in the period in which the service is provided, having regard to the stage of completion of the service.

**Interest**

Interest revenue is recognised on receipt or on an accrual basis at the end of the reporting period, taking into account the interest rates applicable to the financial assets.

**Dividends**

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

**Rendering of services**

Revenue from rendering of services is recognised upon the delivery of the service to the customer.

**Contributions**

Grants and contributions that are non-reciprocal in nature are recognised as revenue in the year in which the Group obtains control over them. Where grants that are reciprocal in nature are received, revenue is recognised as it is earned over the term of the funding arrangements.

(r) Comparative Figures

Where required, comparative figures have been adjusted to conform with changes in presentation in the current financial year and so may differ from the prior year audited financial statements.

(s) Rounding amounts

Amounts shown in these financial statements have been rounded to the nearest thousand dollars (\$1,000).

(t) New Accounting Standards and Interpretations

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2017 reporting periods. The Group does not anticipate early adoption of any of the following Australian Accounting Standards or Interpretations.

AASB 9: *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the University hedge and elect to change its hedge in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

The Group anticipates that the impact of AASB 9 is expected to be minimal. The standard introduces a new impairment model which may result in an increase in doubtful debt provisions.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) New Accounting Standards and Interpretations (cont'd)

AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principle-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The University has collaborated with six other Queensland universities and engaged Nexia Australia Advisory Pty Ltd for an ongoing assessment of this standard and AASB 16: *Leases* on their impact on the financial statements. At this stage it is difficult to advise on the impact.

AASB 16: *Leases* (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date;
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

Although the Group anticipates that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

AASB 1058: *Income of Not-for-Profit Entities* (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 1058 supersedes all the income recognition requirements relating to private sector Not-for-Profit entities, and the majority of income recognition requirements relating to public sector Not-for-Profit entities, previously in AASB 1004 *Contributions*. When effective, this standard will defer income recognition in some circumstances for Not-for-Profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The standard also expands the circumstances in which Not-for-Profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives, including for example, peppercorn leases.

The Group will review its revenue recognition policies for each revenue stream, including grant agreements. The Group has not yet determined the magnitude of any changes which may be needed.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	Parent Entity and Consolidated \$'000	
		2017	2016
<b>NOTE 2. AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE including AUSTRALIAN GOVERNMENT LOAN PROGRAMS (HELP)</b>			
(a) <b>Commonwealth Grants Scheme and Other Grants</b>	31		
Commonwealth Grants Scheme <sup>#1</sup>		143,508	148,512
Indigenous Student Success		3,635	3,955
Disability Support Program		36	48
Access and Participation Program		3,493	4,113
Promotion of Excellence in Learning and Teaching		40	193
<b>Total Commonwealth Grants Scheme and Other Grants</b>		<b>150,712</b>	<b>156,821</b>
(b) <b>Higher Education Loan Programs</b>	31		
HECS-HELP		74,622	75,423
FEE-HELP		3,375	2,782
SA-HELP		2,296	2,313
<b>Total Higher Education Loan Programs</b>		<b>80,293</b>	<b>80,518</b>
(c) <b>Department of Education and Training Research</b>	31		
Research Training Program		14,164	13,665
Research Support Program		12,875	11,416
<b>Total Department of Education and Training Research</b>		<b>27,039</b>	<b>25,081</b>
(d) <b>Australian Research Council</b>	31		
<i>(i) Discovery</i>			
Projects		1,087	905
Fellowships		1,851	2,430
Indigenous Researchers Development		521	177
Early Career Researcher Award		384	61
Total Discovery		3,843	3,573
<i>(ii) Linkages</i>			
Projects		558	751
Industrial Transformation Research Hubs		1,072	1,066
Total Linkages		1,630	1,817
<i>(iii) Networks and Centres</i>			
Centres		4,330	4,266
Special Research Initiatives		-	3,106
Total Networks and Centres		4,330	7,372
<b>Total Australian Research Council</b>		<b>9,803</b>	<b>12,762</b>

<sup>#1</sup> Includes the basic CGS grant amount, CGS - Regional Loading, CGS - Enabling Loading, CGS - Medical Student Loading,

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Parent Entity and Consolidated \$'000	
	2017	2016
<b>NOTE 2. AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE including AUSTRALIAN GOVERNMENT LOAN PROGRAMS (HELP)</b>		
<b>(e) Other Australian Government grants</b>		
<i>Non-capital</i>		
Australian Centre for International Agricultural Research	1,081	1,579
Commonwealth Scientific and Industrial Research Organisation	688	725
Department of Education - Study Overseas Short-term Mobility Program	1,070	602
Department of Foreign Affairs and Trade	1,124	-
Department of Health - University Department of Rural Health	4,414	4,547
Department of Health - Rural Clinical Training and Support	7,561	5,847
Department of Health - Clinical Training Program	159	602
Department of Health - Generalist Medical Training	21,082	28,182
Department of Industry	-	101
Department of the Environment	63	193
Department of the Environment - Australian Marine Mammal Centre	100	10
Fisheries Research and Development Corporation	81	222
Great Barrier Reef Marine Park Authority	1,115	1,441
Indigenous Tutorial Assistance Scheme	-	620
National Health and Medical Research Council	3,701	4,397
Torres Strait Regional Authority	235	158
Other	2,205	1,722
<b>Total Non-capital</b>	<b>44,679</b>	<b>50,948</b>
<i>Capital</i>		
Department of Education - The Science Place	-	10,114
<b>Total Capital</b>	<b>-</b>	<b>10,114</b>
<b>Total other Australian Government financial assistance</b>	<b>44,679</b>	<b>61,062</b>
<b>Total Australian Government financial assistance</b>	<b>312,526</b>	<b>336,244</b>
<b>Reconciliation</b>		
Australian Government grants [2(a) + 2(c) + 2(d)]	187,554	194,664
HECS-HELP - Australian Government payments [2(b)]	74,622	75,423
SA-Help [2(b)]	2,296	2,313
Other Australian Government loan programs [FEE-HELP] [2(b)]	3,375	2,782
Other Australian Government financial assistance [2(e)]	44,679	61,062
<b>Total Australian Government financial assistance reported in the statement of comprehensive income</b>	<b>312,526</b>	<b>336,244</b>
<b>(f) Australian Government grants received - cash basis</b>		
CGS and other Education Grants	150,260	156,498
Higher Education Loan Programs	79,600	84,234
Department of Education and Training Research	27,039	25,081
ARC grants - Discovery	3,843	3,573
ARC grants - Linkages	1,630	1,817
ARC grants - Networks and Centres	4,330	7,372
Other Australian Government grants	44,679	61,062
<b>Total Australian Government grants received - cash basis</b>	<b>311,381</b>	<b>339,637</b>
OS-HELP (net)	2,520	1,793
<b>Total Australian Government funding received - cash basis</b>	<b>313,901</b>	<b>341,430</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>NOTE 3. STATE AND LOCAL GOVERNMENT FINANCIAL ASSISTANCE</b>				
<i>Non-capital</i>				
Department of Health - Dental clinic operations	3,550	3,550	3,550	3,550
Department of Health - North Queensland clinical school	1,108	1,234	1,108	1,234
Australian Institute of Tropical Health and Medicine	400	1,700	400	1,700
Department of Health	1,638	-	1,638	-
Department of Science, Information Technology and Innovation	1,515	-	1,515	-
Department of Natural Resources and Mines	532	-	532	-
Department of Agriculture and Fisheries	389	-	389	-
Department of Environment and Heritage Protection	237	-	237	-
Other	1,167	745	1,167	745
Total non-capital	10,536	7,229	10,536	7,229
<i>Capital</i>				
Australian Institute of Tropical Health and Medicine	1,500	14,400	1,500	14,400
Total capital	1,500	14,400	1,500	14,400
	12,036	21,629	12,036	21,629

**NOTE 4. FEES AND CHARGES**

**Course fees and charges**

Fee paying overseas students	107,778	102,861	64,041	60,423
Fee paying domestic postgraduate students	3,056	2,300	3,056	2,300
Other domestic course fees and charges	141	158	141	158
	110,975	105,319	67,238	62,881

**Other fees and charges**

Library fines and fees	16	10	16	10
Parking fines and fees	521	521	521	521
Professional, testing and technical services	3,991	3,589	5,208	4,638
Rental income	3,858	3,674	1,205	1,203
Conference fee income	874	521	874	521
Student accommodation	9,832	9,256	9,832	9,256
Student amenities fee	1,599	1,614	1,599	1,614
Lecture, marking and examination fees	284	197	1,036	999
Fees incidental to studies	943	1,042	349	364
Child care fees and charges	2,185	2,034	-	-
Medical fees and charges	2,388	2,370	-	-
Veterinary fees and charges	3,043	2,902	-	-
Dental fees and charges	1,561	1,621	-	-
Other	1,511	1,269	1,178	1,091
	32,606	30,620	21,818	20,217
	143,581	135,939	89,056	83,098

**NOTE 5. INVESTMENT REVENUE AND LOSSES**

**Investment revenue**

Interest	6,593	7,417	7,768	8,675
Dividends	2,147	1,783	2,147	1,783
Trust distributions	-	-	-	272
	8,740	9,200	9,915	10,730

**Investment losses**

Net loss on write off of investments	-	-	18	-
	-	-	18	-

**Net investment revenue and losses**

	8,740	9,200	9,897	10,730
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**JAMES COOK UNIVERSITY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>NOTE 6. CONSULTANCY AND CONTRACTS</b>				
Contract research	22,674	21,909	22,674	21,909
Research consultancy	299	484	299	484
Other consultancy	1,434	2,003	1,434	2,003
	<u>24,407</u>	<u>24,396</u>	<u>24,407</u>	<u>24,396</u>
<b>NOTE 7. OTHER REVENUE AND INCOME</b>				
<b>Other revenue</b>				
Commission income	137	227	137	227
Donations and bequests	2,590	3,031	2,590	2,752
Non-government grants - other	82	73	22	-
Non-government grants - capital	125	93	126	93
Scholarships and prizes	232	201	232	201
Sponsorship income	502	289	502	289
	<u>3,668</u>	<u>3,914</u>	<u>3,609</u>	<u>3,562</u>
<b>Other income</b>				
Net foreign exchange gain (loss)	(17)	(248)	(17)	(170)
Net gain (loss) on disposal of property, plant and equipment	189	6	189	9
Other income	1,440	1,523	892	460
	<u>1,612</u>	<u>1,281</u>	<u>1,064</u>	<u>299</u>
<b>NOTE 8. EMPLOYEE RELATED EXPENSES</b>				
<b>Academic</b>				
Salaries	112,399	113,437	98,409	99,498
Contribution to superannuation and pension schemes (funded)	16,008	15,588	16,008	15,588
Payroll tax	6,086	5,963	6,086	5,963
Workers compensation	162	216	162	216
Long service leave	1,018	1,889	1,018	1,889
Annual leave	7,546	7,046	7,546	7,046
	<u>143,219</u>	<u>144,139</u>	<u>129,229</u>	<u>130,200</u>
<b>Professional and technical</b>				
Salaries	97,109	97,532	89,964	90,979
Contribution to superannuation and pension schemes (funded)	15,918	15,355	15,918	15,355
Payroll tax	5,571	5,546	5,571	5,546
Workers compensation	153	209	153	209
Long service leave	950	1,785	950	1,785
Annual leave	10,573	8,892	10,573	8,892
	<u>130,274</u>	<u>129,319</u>	<u>123,129</u>	<u>122,766</u>
	<u>273,493</u>	<u>273,458</u>	<u>252,358</u>	<u>252,966</u>
<b>NOTE 9. REPAIRS AND MAINTENANCE</b>				
Buildings	11,156	11,618	9,922	10,347
Grounds	471	471	456	455
Equipment	9,560	8,256	8,994	7,530
	<u>21,187</u>	<u>20,345</u>	<u>19,372</u>	<u>18,332</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>NOTE 10. OTHER EXPENSES</b>				
Advertising, marketing and promotional expenses	8,443	8,637	3,728	3,776
Bank fees and charges	419	387	390	356
Books and publications	4,990	5,206	4,990	5,206
Commissions paid	18,131	16,973	18,131	16,973
Communications	2,085	2,659	1,993	2,565
Consumables	5,420	4,799	4,178	3,713
Course fees paid	7,933	6,276	7,933	6,276
Cost of goods sold	2,804	3,128	-	-
Fees and charges	2,495	2,226	2,290	2,225
Insurance	2,860	2,475	2,790	2,442
Licence fees	995	914	882	815
Motor vehicle related expenses	625	578	625	578
Non-capitalised equipment	6,765	7,773	6,741	7,742
Occupancy and utilities	14,064	12,939	12,904	12,228
Other staff related expenses	11,447	11,119	12,416	12,225
Practice and teaching subsidies	5,366	4,762	5,366	4,762
Printing and stationery	1,684	1,819	1,636	1,774
Professional fees	14,553	12,509	13,903	11,937
Rental, hire and other leasing fees	6,846	6,650	1,901	1,784
Minimum lease payments on operating leases	2,917	2,169	2,643	2,168
Grants, scholarships and prizes	14,386	14,413	18,436	18,463
Staff development and recruitment	3,197	2,642	3,105	2,558
Student accommodation catering expenses	24	1,308	24	1,308
Subscriptions and memberships	4,365	3,827	4,360	3,819
Travel expenses	12,326	11,713	12,320	11,673
Other	15,158	14,645	8,205	7,776
	<u>170,298</u>	<u>162,546</u>	<u>151,890</u>	<u>145,142</u>

\* Insurance recoveries received during the year in respect to the losses of public property: \$Nil (2016: \$0.027m).

**NOTE 11. REMUNERATION OF AUDITORS**

During the year the following fees were paid for services provided by the auditors of the Parent Entity, its related practices and non-related audit firms:

**Audit services**

Fees paid to Queensland Audit Office:				
Audit and review of financial statements	200	238	200	238
Fees paid to non-Queensland Audit Office audit firms:				
Audit or review of financial statements of any entity in the Consolidated Entity	7	18	7	18
	<u>207</u>	<u>256</u>	<u>207</u>	<u>256</u>

For the year ended 31 December 2017, Queensland Audit Office provided the Group with a quote of \$216,000 for the audit.

**NOTE 12. KEY MANAGEMENT PERSONNEL DISCLOSURES**

**(a) Names of responsible persons and executive officers**

The following persons were responsible persons and executive officers of the University during the financial year:

*Responsible Officers*

Details of the University's Council Membership are located within the Annual Report.

*Executive Officers*

2017	2016
Prof. Sandra Harding	Prof. Sandra Harding
Prof. Stephen Naylor	Prof. Stephen Naylor
Prof. Chris Cocklin	Prof. Chris Cocklin
Prof. Ian Wronski	Prof. Ian Wronski
Prof. Iain Gordon	Prof. Iain Gordon
Prof. Robyn McGuiggan	Prof. Robyn McGuiggan
Prof. Sally Kift (resigned 30/06/2017)	Prof. Sally Kift
Mrs Patricia Brand	Mrs Patricia Brand

**(b) Remuneration of council members and executive officers**

Remuneration includes salary, superannuation, packaged benefits, leave loading and leave entitlements on termination.

*Remuneration of council members*

No Council Member received remuneration for duties performed in their role as a Council Member. No Council Member is entitled to any Retirement Benefit arising from their role as a Council Member.

There were seven Council members (2016: seven) who received remuneration as employees of the parent entity.

There were sixteen Council members (2016: sixteen) who did not receive remuneration as employees of the parent entity.

	Consolidated		Parent Entity	
	2017 Number	2016 Number	2017 Number	2016 Number
Nil to \$14,999	16	16	16	16
\$105,000 to \$119,999	-	1	-	1
\$120,000 to \$134,999	1	-	1	-
\$150,000 to \$164,999	1	-	1	-
\$165,000 to \$179,999	1	1	1	1
\$225,000 to \$239,999	1	-	1	-
\$255,000 to \$269,999	-	2	-	2
\$270,000 to \$284,999	1	1	1	1
\$285,000 to \$299,999	1	1	1	1
\$930,000 to \$944,999	-	1	-	1
\$975,000 to \$989,999	1	-	1	-

<i>Remuneration of executive officers</i>	Consolidated		Parent Entity	
	2017 Number	2016 Number	2017 Number	2016 Number
\$285,000 to \$299,999	1	1	1	1
\$405,000 to \$419,999	1	-	1	-
\$450,000 to \$464,999	2	3	2	3
\$465,000 to \$479,999	1	-	1	-
\$495,000 to \$509,999	-	1	-	1
\$525,000 to \$539,999	-	1	-	1
\$570,000 to \$584,999	1	1	1	1
\$810,000 to \$824,999	1	-	1	-
\$930,000 to \$944,999	-	1	-	1
\$975,000 to \$989,999	1	-	1	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

**(c) Key management personnel compensation**

	Consolidated \$000		Parent Entity \$000	
	2017	2016	2017	2016
Short-term employee benefits	3,498	3,619	3,498	3,619
Post-employment benefits	488	512	488	512
Other long-term benefits	76	80	76	80
Termination benefits	422	-	422	-
Total key management personnel compensation	<u>4,484</u>	<u>4,211</u>	<u>4,484</u>	<u>4,211</u>

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

Remuneration for the University's key management personnel, other than the Vice Chancellor, reflect a banded structure approved by the Human Resources Committee of Council with the particular level of remuneration at contract commencement determined by the Vice Chancellor. Remuneration for the Vice Chancellor is determined by the Chancellor's Committee. Remuneration and other terms of employment for key management personnel are outlined in their individual employment contracts. Pay increases are determined by the Human Resources Committee for all key management personnel except the Vice Chancellor and by the Chancellor's Committee for the Vice Chancellor.

Remuneration packages for key management personnel comprise the following components:

- Base - consisting of base salary, allowances and leave entitlements paid;
- Non-monetary benefits - provision of vehicle and fringe benefits tax applicable; and
- Long service leave accrued and employer superannuation contributions.

Performance bonuses may be payable annually depending upon satisfaction of predetermined criteria tied to individual targets and organisational performance. Performance payment is capped at 10% for Deputy Vice Chancellors and 15% for the Senior Deputy Vice Chancellor and Vice Chancellor. The bonuses for key management personnel other than the Senior Deputy Vice Chancellor and the Vice Chancellor are determined by the Vice Chancellor. The Senior Deputy Vice Chancellor's bonus is determined by the Human Resources Committee. The Vice Chancellor's bonus is determined by the Chancellor's Committee.

**(d) Loans to key management personnel**

No loans were made to directors of the University and other key management personnel of the Group, including their personally related parties.

**(e) Other transactions with key management personnel**

There were no other transactions with key management personnel, including related parties, during the financial year.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>NOTE 13. CASH AND CASH EQUIVALENTS</b>				
Cash at bank and on hand	37,278	22,242	19,412	8,639
Term deposits (maturity less than 90 days or at call)	13,599	49,040	8,498	43,380
	<u>50,877</u>	<u>71,282</u>	<u>27,910</u>	<u>52,019</u>

The above figures are included as cash and cash equivalents in the statement of cash flows.

Within cash and cash equivalents the University holds cash reserves of \$4.108m representing unspent capital project funds (2016 - \$16.443m).

**(a) Cash at bank and on hand**

Cash at bank deposits yield interest at floating rates of between 0.00% and 0.15% (2016 - 0.00% and 0.15%).

**(b) Cash held in trust**

Cash held in trust deposits yield interest at floating rates of between 0.00% and 0.15% (2016 - 0.00% and 0.15%).

**(c) Term deposits**

Short term deposits yield interest at floating rates of between 2.43% and 3.15% (2016 - 1.45% and 3.15%). These deposits have a maturity of date of less than 90 days or at call.

**NOTE 14. TRADE AND OTHER RECEIVABLES**

<b>CURRENT</b>				
Debtors	10,822	10,627	13,514	14,096
Sundry loans and advances	6,229	6,341	4,708	4,678
Loans receivable from related parties	-	-	1,782	1,743
	<u>17,051</u>	<u>16,968</u>	<u>20,004</u>	<u>20,517</u>
Provision for impairment	(1,471)	(1,459)	(1,259)	(1,259)
	<u>15,580</u>	<u>15,509</u>	<u>18,745</u>	<u>19,258</u>
Accrued revenue	3,541	2,079	3,508	2,056
GST receivable	4,151	4,236	4,175	4,296
	<u>23,272</u>	<u>21,824</u>	<u>26,428</u>	<u>25,610</u>
<b>NON-CURRENT</b>				
Loans receivable from related parties	-	-	24,891	26,105
	<u>-</u>	<u>-</u>	<u>24,891</u>	<u>26,105</u>

**(a) Impaired receivables**

The provision for impairment of \$1.471m (2016 - \$1.459m) is a provision which is based on historical experience regarding the collectability of aged debts.

As at 31 December 2017, trade and other receivables of \$2.690m (2016 - \$3.737m) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. Ageing analysis is not considered material for disclosure.

**NOTE 15. OTHER FINANCIAL ASSETS**

<b>CURRENT</b>					
Term deposits (maturity greater than 90 days)		177,500	177,300	177,500	177,300
<b>NON-CURRENT</b>					
Available-for-sale financial assets	15 (a)	<u>47,312</u>	<u>39,854</u>	<u>49,952</u>	<u>42,494</u>

**(a) Available-for-sale financial assets comprise**

**NON-CURRENT - AT MARKET VALUE**

Listed securities - managed funds	30,951	28,209	30,951	28,209
Unlisted securities - shares	16,361	11,645	19,001	14,285
	<u>47,312</u>	<u>39,854</u>	<u>49,952</u>	<u>42,494</u>

Available-for-sale financial assets comprise investments in units in managed funds and in the ordinary share capital of various entities. There are no fixed returns or fixed maturity dates attached to these investments.

**NON-CURRENT - AT COST**

Listed securities - managed funds	26,781	25,333	26,781	25,333
Unlisted securities - shares	672	628	3,312	3,268
	<u>27,453</u>	<u>25,961</u>	<u>30,093</u>	<u>28,601</u>

**(b) Movements - available-for-sale financial assets revaluation reserve (amounts recognised directly in equity)**

Balance at the beginning of the year	13,893	11,668	13,893	11,668
Revaluation adjustments	5,966	2,225	5,966	2,225
Balance at the end of the year	<u>19,859</u>	<u>13,893</u>	<u>19,859</u>	<u>13,893</u>

JAMES COOK UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 16. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Land \$'000	Buildings \$'000	WIP \$'000	Plant and Equipment \$'000	Library Collections \$'000	Museums and Art \$'000	Leasehold Improvements \$'000	Infrastructure \$'000	Total \$'000
At 1 January 2016									
- Cost	-	-	47,880	121,554	58	-	28,161	-	197,653
- Fair value	70,150	816,165	-	-	300	1,110	-	122,233	1,009,958
Accumulated depreciation	-	(317,098)	-	(84,998)	-	-	(4,283)	(46,354)	(452,733)
<b>Net book amount</b>	<b>70,150</b>	<b>499,067</b>	<b>47,880</b>	<b>36,556</b>	<b>358</b>	<b>1,110</b>	<b>23,878</b>	<b>75,879</b>	<b>754,878</b>
Year ended 31 December 2016									
Opening net book amount	70,150	499,067	47,880	36,556	358	1,110	23,878	75,879	754,878
Additions/transfers (including from WIP)	-	30,423	50,027	10,636	308	22	1,315	5,959	98,690
Revaluation / impairment	(4,159)	17,278	-	-	371	148	-	2,861	16,499
Depreciation expense	-	(39,546)	-	(7,270)	-	-	(3,650)	(3,799)	(54,265)
Disposals	-	-	-	(240)	-	-	-	-	(240)
Effect of foreign currency translation	-	-	-	(11)	-	-	(245)	-	(256)
<b>Closing net book amount</b>	<b>65,991</b>	<b>507,222</b>	<b>97,907</b>	<b>39,671</b>	<b>1,037</b>	<b>1,280</b>	<b>21,298</b>	<b>80,900</b>	<b>815,306</b>
At 31 December 2016									
- Cost	-	-	97,907	131,939	-	-	29,231	-	259,077
- Fair value	65,991	863,866	-	-	1,037	1,280	-	131,053	1,063,227
Accumulated depreciation	-	(356,644)	-	(92,268)	-	-	(7,933)	(50,153)	(506,998)
<b>Net book amount</b>	<b>65,991</b>	<b>507,222</b>	<b>97,907</b>	<b>39,671</b>	<b>1,037</b>	<b>1,280</b>	<b>21,298</b>	<b>80,900</b>	<b>815,306</b>
Year ended 31 December 2017									
Opening net book amount	65,991	507,222	97,907	39,671	1,037	1,280	21,298	80,900	815,306
Additions/transfers (including from WIP)	309	94,617	(18,453)	9,157	-	22	2,627	2,767	91,046
Revaluation	(28,057)	136,789	-	-	-	10	-	53,450	162,192
Depreciation expense	-	(30,339)	-	(7,404)	-	-	(4,056)	(4,751)	(46,550)
Disposals	-	(27)	-	(143)	-	-	-	-	(170)
Effect of foreign currency translation	-	-	-	47	-	-	(49)	-	(2)
<b>Closing net book amount</b>	<b>38,243</b>	<b>708,262</b>	<b>79,454</b>	<b>41,328</b>	<b>1,037</b>	<b>1,312</b>	<b>19,820</b>	<b>132,366</b>	<b>1,021,822</b>
At 31 December 2017									
- Cost	-	-	79,454	141,000	-	-	31,810	-	252,264
- Fair value	38,243	1,095,246	-	-	1,037	1,312	-	187,271	1,323,109
Accumulated depreciation	-	(386,984)	-	(99,672)	-	-	(11,990)	(54,905)	(553,551)
<b>Net book amount</b>	<b>38,243</b>	<b>708,262</b>	<b>79,454</b>	<b>41,328</b>	<b>1,037</b>	<b>1,312</b>	<b>19,820</b>	<b>132,366</b>	<b>1,021,822</b>

JAMES COOK UNIVERSITY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 16. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Parent Entity	Land \$'000	Buildings \$'000	WIP \$'000	Plant and Equipment \$'000	Library Collections \$'000	Museums and Art \$'000	Leasehold Improvements \$'000	Infrastructure \$'000	Total \$'000
At 1 January 2016									
- Cost	-	-	47,870	86,646	-	-	7,275	-	141,791
- Fair value	70,153	977,142	-	-	358	1,112	-	145,578	1,194,343
Accumulated depreciation	-	(516,316)	-	(54,453)	-	-	(1,272)	(71,003)	(643,044)
<b>Net book amount</b>	<b>70,153</b>	<b>460,826</b>	<b>47,870</b>	<b>32,193</b>	<b>358</b>	<b>1,112</b>	<b>6,003</b>	<b>74,575</b>	<b>693,090</b>
Year ended 31 December 2016									
Opening net book amount	70,153	460,826	47,870	32,193	358	1,112	6,003	74,575	693,090
Additions/transfers (including from WIP)	-	30,411	50,027	10,376	308	22	15	5,959	97,118
Revaluation / impairment	(4,159)	17,278	-	-	371	148	-	2,861	16,499
Depreciation expense	-	(38,472)	-	(6,942)	-	-	(779)	(3,754)	(49,947)
Disposals	-	-	-	(226)	-	-	-	-	(226)
<b>Closing net book amount</b>	<b>65,994</b>	<b>470,043</b>	<b>97,897</b>	<b>35,401</b>	<b>1,037</b>	<b>1,282</b>	<b>5,239</b>	<b>79,641</b>	<b>756,534</b>
At 31 December 2016									
- Cost	-	-	97,897	91,270	-	-	7,291	-	196,458
- Fair value	65,994	1,045,288	-	-	1,037	1,282	-	157,225	1,270,826
Accumulated depreciation	-	(575,245)	-	(55,869)	-	-	(2,052)	(77,584)	(710,750)
<b>Net book amount</b>	<b>65,994</b>	<b>470,043</b>	<b>97,897</b>	<b>35,401</b>	<b>1,037</b>	<b>1,282</b>	<b>5,239</b>	<b>79,641</b>	<b>756,534</b>
Year ended 31 December 2017									
Opening net book amount	65,994	470,043	97,897	35,401	1,037	1,282	5,239	79,641	756,534
Additions/transfers (including from WIP)	309	94,618	(18,557)	8,359	-	22	1,287	2,201	88,239
Revaluation	(28,057)	128,426	-	-	-	10	-	53,450	153,829
Depreciation expense	-	(29,320)	-	(6,984)	-	-	(1,119)	(4,700)	(42,123)
Disposals	-	(27)	-	(140)	-	-	-	-	(167)
<b>Closing net book amount</b>	<b>38,246</b>	<b>663,740</b>	<b>79,340</b>	<b>36,636</b>	<b>1,037</b>	<b>1,314</b>	<b>5,407</b>	<b>130,592</b>	<b>956,312</b>
At 31 December 2017									
- Cost	-	-	79,340	92,579	-	-	8,578	-	180,497
- Fair value	38,246	1,021,281	-	-	1,037	1,314	-	183,956	1,245,834
Accumulated depreciation	-	(357,541)	-	(55,943)	-	-	(3,171)	(53,364)	(470,019)
<b>Net book amount</b>	<b>38,246</b>	<b>663,740</b>	<b>79,340</b>	<b>36,636</b>	<b>1,037</b>	<b>1,314</b>	<b>5,407</b>	<b>130,592</b>	<b>956,312</b>

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FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 16. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) Revaluation of non-current assets

In accordance with the University's policy on revaluation of assets as set out in Note 1(g), the details of the asset revaluations are as follows:

Asset Class	Full Revaluation Date	Full Valuation Basis	Interim Revaluation Date	Interim Valuation Basis
Land	09.06.2017	Independent	10.06.2016	Management
Buildings	09.06.2017	Independent	10.06.2016	Management
Infrastructure	09.06.2017	Independent	10.06.2016	Management
Museum and Art	14.06.2013	Independent	31.12.2017	Management
Library Collections (Rare Books)	14.06.2013	Independent	31.12.2017	Management

Independent valuations of land assets were performed by Australia Pacific Valuers Pty Ltd (APV). The fair value has been assessed primarily by the direct comparison method. APV have provided an opinion stating that there has been no material change in value between the valuation date of 9 June 2017 and the University's financial statement reporting date of 31 December 2017.

On 9 June 2017 independent valuations of buildings and infrastructure assets were performed by APV using fair value principles. For buildings which have a specialised nature and have limited comparable sales on a 'going concern' basis, the depreciated replacement cost method has been used to determine fair value. The remaining buildings are primarily residential properties and have been valued using the direct comparison method. APV have provided an opinion stating that there has been no material change in value between the valuation date of 9 June 2017 and the University's financial statement reporting date of 31 December 2017.

The independent full revaluation of the art collection was conducted by Ross Searle, Ross Searle and Associates, Brisbane (approved valuer of the Commonwealth Government's Cultural Gifts program). The valuation has been based on auction records, market information on artists and other sale information available. Ross Searle has provided an opinion stating that there has been no material change in value between the valuation date of 14 June 2013 and the University's financial statement reporting date of 31 December 2013. A subsequent desktop valuation has been performed as at 31 December 2017 by Ross Searle and Associates at fair value.

The independent valuation of the museum collection was undertaken by Bettina MacAulay, Partner, MacAulay Partners, Brisbane (approved valuer of the Commonwealth Government's Cultural Gifts program). The valuation has been based, so far as is possible, on current values for similar objects, such valuations are based on valuer's professional knowledge and research. Bettina MacAulay has provided an opinion stating that there has been no material change in value between the valuation date of 14 June 2013 and the University's financial statement reporting date of 31 December 2013. As at 31 December 2017 management have made a determination that there has been no material change in value since the independent valuation at 14 June 2013.

The library collections asset comprise of two rare book collections held at the University's library. The collections were donated to the University and were recognised at their fair value in 2004. The independent valuation of the rare book collection was undertaken by Simon Taaffe, Sydney (approved valuer of the Commonwealth Government's Cultural Gifts program). The fair value has been assessed based on auction records, booksellers' catalogues and online databases of market information. Simon Taaffe has provided an opinion stating that there has been no material change in value between the valuation date of 14 June 2013 and the University's financial statement reporting date of 31 December 2013. A subsequent desktop valuation has been performed as at 31 December 2017 by Simon Taaffe at fair value.

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>(b) Movements - asset revaluation surplus</b>				
Balance at the beginning of the year	293,811	277,312	293,811	277,312
Revaluation adjustments:				
Land	(28,057)	(4,159)	(28,057)	(4,159)
Buildings	136,789	17,278	128,426	17,278
Library collections	-	371	-	371
Museums and Art	10	148	10	148
Infrastructure	53,450	2,861	53,450	2,861
Total increment to asset revaluation surplus	162,192	16,499	153,829	16,499
Balance at the end of the year	456,003	293,811	447,640	293,811

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FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>NOTE 17. TRADE AND OTHER PAYABLES</b>				
CURRENT				
Trade creditors	13,373	10,474	10,999	7,936
OS-HELP liability to Australian Government	933	496	933	496
Salary and related payables	1,453	1,361	1,020	1,056
Accrued expenses and other creditors	25,888	30,653	23,016	28,990
	<u>41,647</u>	<u>42,984</u>	<u>35,968</u>	<u>38,478</u>

**NOTE 18. BORROWINGS**

CURRENT				
Unsecured				
Interest bearing	8,810	7,327	7,828	6,339
	<u>8,810</u>	<u>7,327</u>	<u>7,828</u>	<u>6,339</u>
NON-CURRENT				
Unsecured				
Interest bearing	101,249	69,968	99,093	66,856
	<u>101,249</u>	<u>69,968</u>	<u>99,093</u>	<u>66,856</u>

The consolidated interest bearing liabilities represent outstanding loans of \$106.921m with the Queensland Treasury Corporation (QTC) (Parent Entity) and \$3.138m with ANZ (Singapore). The payout value at 31 December 2017 of the QTC loans outstanding is \$113.611m (2016 - \$80.204m). In addition, the University has an approved overdraft facility with QTC of \$3.000m.

Non-current assets pledged as security for these liabilities: \$Nil (2016: \$Nil)

**Maturity Analysis**

Borrowings are payable:				
- not later than one year	8,810	7,327	7,828	6,339
- later than one year and not later than five years	34,396	31,236	34,396	28,124
- later than five years	64,697	38,732	64,697	38,732
	<u>107,903</u>	<u>77,295</u>	<u>106,921</u>	<u>73,195</u>

**NOTE 19. EMPLOYEE BENEFIT LIABILITY**

CURRENT				
Annual leave	22,657	22,464	22,529	22,331
Long service leave	23,988	23,627	23,895	23,561
	<u>46,645</u>	<u>46,091</u>	<u>46,424</u>	<u>45,892</u>
NON-CURRENT				
Long service leave	4,133	5,395	3,980	5,273
	<u>4,133</u>	<u>5,395</u>	<u>3,980</u>	<u>5,273</u>
	<u>50,778</u>	<u>51,486</u>	<u>50,404</u>	<u>51,165</u>

**Liability for employee benefits**

Current annual leave for the consolidated and parent entity expected to be settled wholly after more than 12 months is \$4.090m (2016: \$4.200m). Current long service leave for the consolidated and parent entity expected to be settled wholly after more than 12 months is \$21.550m (2016: \$20.022m).

In calculating the present value of future cash flows in respect of employee benefits relating to long service leave, the probability of long service being taken is based on historical data. The measurement and recognition criteria has been included in Note 1 (p).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>NOTE 20. OTHER LIABILITIES</b>				
<b>CURRENT</b>				
Unearned revenue	19,981	18,961	11,606	10,504
Funds held in trust	5,863	5,624	637	397
Australian Government unspent financial assistance	329	1,157	329	1,157
	<u>26,173</u>	<u>25,742</u>	<u>12,572</u>	<u>12,058</u>
<b>NON-CURRENT</b>				
Provision	905	905	-	-
	<u>905</u>	<u>905</u>	<u>-</u>	<u>-</u>

**NOTE 21. RESERVES AND RETAINED EARNINGS**

**(a) Retained Earnings**

Balance at the beginning of the year	634,448	611,168	612,585	593,522
Operating result attributable to parent entity	(4,669)	23,280	(7,732)	19,063
Balance at the end of the year	<u>629,779</u>	<u>634,448</u>	<u>604,853</u>	<u>612,585</u>

**(b) Foreign currency translation reserve**

Balance at the beginning of the year	1,226	1,305	-	-
Foreign currency exchange difference on translation	56	(79)	-	-
Balance at the end of the year	<u>1,282</u>	<u>1,226</u>	<u>-</u>	<u>-</u>

**NOTE 22. COMMITMENTS FOR EXPENDITURE**

**Capital expenditure commitments**

Contracted but not provided for and payable:				
- not later than one year	9,037	59,178	8,854	59,178
- later than one year and not later than five years	757	3,768	27	3,768
	<u>9,794</u>	<u>62,946</u>	<u>8,881</u>	<u>62,946</u>

**Operating lease commitments**

Future operating lease rentals of property, plant and equipment not provided for and payable:				
- not later than one year	7,587	5,604	2,507	2,343
- later than one year and not later than five years	14,652	7,861	6,138	6,935
- later than five years	9,082	9,663	9,082	9,663
	<u>31,321</u>	<u>23,128</u>	<u>17,727</u>	<u>18,941</u>

**Other contractual commitments**

Future contractual commitments not provided for and payable:				
- not later than one year	14,970	13,637	14,970	13,637
- later than one year and not later than five years	7,140	16,135	7,140	16,135
- later than five years	30	-	30	-
	<u>22,140</u>	<u>29,772</u>	<u>22,140</u>	<u>29,772</u>
Total commitments for expenditure	<u>63,255</u>	<u>115,846</u>	<u>48,748</u>	<u>111,659</u>

**NOTE 23. CONTINGENT LIABILITIES**

There are no contingent liabilities for the financial year ended 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 24. INVESTMENTS IN CONTROLLED ENTITIES

	Note	Reporting date	Country of incorporation	Class of shares	Holding * 2017 %	Holding * 2016 %
JCU Enterprises Pty Ltd	(a)	31 Dec	Australia	Ordinary	100	100
James Cook Holdings Pte Ltd		31 Dec	Singapore	Ordinary	100	100
James Cook University Pte Ltd		31 Dec	Singapore	Ordinary	100	100
JCU Early Learning Centres Pty Ltd	(b)	31 Dec	Australia	Ordinary	100	100
JCU Health Pty Ltd	(c)	31 Dec	Australia	Ordinary	100	100
JCU Univet Pty Ltd	(d)	31 Dec	Australia	Ordinary	100	100
North Queensland Commercialisation Company Pty Ltd	(e)	31 Dec	Australia	Ordinary	100	100
JCU Asset Trust		31 Dec	-	-	-	-
JCU CPB Pty Ltd	(f)	31 Dec	Australia	Ordinary	100	100
CPB Trust		31 Dec	-	-	-	-
Tropical Queensland Centre for Oral Health Pty Ltd	(g)	31 Dec	Australia	Ordinary	100	100
JCU College Pty Ltd	(h)	31-Dec	Australia	Ordinary	100	100

**Purpose & Principal Activity**

- (a) JCU Enterprises Pty Ltd's purpose and principal activity is a holding company and holds all the shares in James Cook Holdings Pte Ltd which in turn holds the investment in James Cook University Pte Ltd.
- (b) JCU Early Learning Centres Pty Ltd's purpose and principal activity is the provision of childcare services.
- (c) JCU Health Pty Ltd's purpose and principal activity is the provision of medical and allied health services and provides clinical education for students of the University.
- (d) JCU Univet Pty Ltd's purpose and principal activity is the provision of veterinary services and provides clinical education for students of the University.
- (e) North Queensland Commercialisation Company Pty Ltd's purpose and principal activity is trustee for the JCU Asset Trust. The JCU Asset Trust's principal activity is the management and commercialisation of intellectual property.
- (f) JCU CPB Pty Ltd's purpose and principal activity is trustee of the CPB Trust. The CPB Trust's principal activity is the ownership and operation of the Clinical Practice Building.
- (g) Tropical Queensland Centre for Oral Health Pty Ltd's purpose and principal activity is the provision of oral health services and provides clinical education for students of the University.
- (h) JCU College Pty Ltd's purpose and principle activity is the provision of the University's English for Academic Purposes Course.

\* Holding represents the share holdings and voting rights in each entity.

**Directly Controlled Entities - 31 December 2017**

	Total Assets \$'000	Total Liabilities \$'000	Total Revenue \$'000	Operating Result \$'000
JCU Enterprises Pty Ltd	38,423	19,459	44,713	4,005
JCU Early Learning Centres Pty Ltd	1,421	306	2,323	201
JCU Health Pty Ltd	1,646	250	2,798	219
JCU Univet Pty Ltd	589	1,994	3,797	(1,308)
North Queensland Commercialisation Company Pty Ltd	-	-	-	-
JCU CPB Pty Ltd	-	-	-	-
Tropical Queensland Centre for Oral Health Pty Ltd	1,826	554	6,276	304
JCU College Pty Ltd	51	19	561	(84)

**Directly Controlled Entities - 31 December 2016**

	Total Assets \$'000	Total Liabilities \$'000	Total Revenue \$'000	Operating Result \$'000
JCU Enterprises Pty Ltd	35,792	20,890	43,992	4,052
JCU Early Learning Centres Pty Ltd	1,287	374	2,154	110
JCU Health Pty Ltd	1,385	207	2,740	219
JCU Univet Pty Ltd	690	787	3,691	(54)
North Queensland Commercialisation Company Pty Ltd	-	-	-	-
JCU CPB Pty Ltd	-	-	-	-
Tropical Queensland Centre for Oral Health Pty Ltd	1,406	438	6,395	117
JCU College Pty Ltd	132	17	577	80

**NOTE 24. INVESTMENTS IN CONTROLLED ENTITIES (cont'd)**

*Indirectly Controlled Entities*

	Note	Holding * 2017 %	Holding * 2016 %
James Cook Holdings Pte Ltd	(i)	100	100
James Cook University Pte Ltd		100	100
JCU Asset Trust		-	-
CPB Trust		-	-

(i) James Cook Holdings Pty Ltd is a wholly owned subsidiary of JCU Enterprises Pty Ltd and owns all the shares of James Cook University Pte Ltd. Both James Cook Holdings Pte Ltd and James Cook University Pte Ltd are companies which have been incorporated in Singapore.

\* Holding represents the share holdings and voting rights in each entity.

**NOTE 25. JOINTLY CONTROLLED OPERATIONS AND ASSETS**

(i) AIMS@JCU

On 17 June 2004, James Cook University entered into an unincorporated joint venture agreement (AIMS@JCU) with the Australian Institute of Marine Science (AIMS). The principal activity of the joint venture is to facilitate collaboration between the University and AIMS. In particular, it will increase research activities, capabilities, outputs and outcomes by the two organisations.

James Cook University holds a 50% interest in the AIMS@JCU unincorporated joint venture. The venture is controlled by a Board, comprising an independent Chairperson and equal representation from both organisations, which determines the research objective for funding. The agreement specifies that the share that each participant is to receive from the joint venture is to be determined by the Board.

The University has recorded the share of the investment that directly relates to the University.

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>Financial Performance</b>				
Income	229	283	-	-
Expenses	(115)	(146)	-	-
<b>Profit / (loss)</b>	<b>114</b>	<b>137</b>	<b>-</b>	<b>-</b>

(ii) Tropical Landscapes Joint Venture (TLJV)

On 20 January 2006, James Cook University entered into an unincorporated joint venture agreement (TLJV) with the Commonwealth Scientific and Industrial Research Organisation (CSIRO). The principal activity of the joint venture is to encourage relevant collaborative research and consultancy work in the field of sustainable management of tropical landscapes.

The venture is controlled by a Board, comprising an independent Chairperson and equal representation from both organisations. The Board approves the budget and the research plan.

As the TLJV Fund Manager, the University has recorded the cash contributions received and expenses incurred, in respect of the TLJV, in the statement of comprehensive income.

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>Financial Performance</b>				
Income	236	451	-	-
Expenses	(257)	(77)	-	-
<b>Profit / (loss)</b>	<b>(21)</b>	<b>374</b>	<b>-</b>	<b>-</b>
<b>Share of jointly controlled entity profit / (loss)</b>	<b>(11)</b>	<b>187</b>	<b>-</b>	<b>-</b>
<b>Financial Position</b>				
Accumulated funds	825	846	-	-
<b>Share of jointly controlled entity net assets</b>	<b>412</b>	<b>423</b>	<b>-</b>	<b>-</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 26. RELATED PARTY TRANSACTIONS

(a) Parent entity

The ultimate parent entity is James Cook University.

(b) Subsidiaries

Interest in subsidiaries is set out in Note 24.

(c) Key management personnel

Disclosures relating to Council members and executive officers are set out in Note 12.

(d) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>Revenue</b>				
Distribution received from related trust	-	-	-	272
Interest received from subsidiaries	-	-	1,266	1,357
Royalties received from subsidiaries	4,353	3,880	4,353	3,880
Fees and charges received from subsidiaries	-	-	2,109	2,001
Rental received from subsidiaries	471	468	471	468
<b>Expenses</b>				
Grants, contributions to subsidiary	4,158	4,159	4,158	4,159
Fees paid to subsidiaries for seconded staff	1,677	1,965	1,677	1,965

(e) Outstanding balances arising from transactions with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivables - subsidiaries	-	-	4,586	5,311
Current payables - subsidiaries	-	-	214	668

No provision for impairment of trade receivables has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

(f) Loans to / from related parties

Loans to subsidiaries				
Balance at the beginning of the year	26,988	28,094	-	-
Loan advanced	-	1,955	-	-
Loan repayments received	(1,157)	(3,061)	-	-
Debt write-off	(18)	-	-	-
Interest charged	951	1,356	-	-
Interest received	(951)	(1,352)	-	-
Foreign withholding tax paid	-	(4)	-	-
Balance at the end of the year	<u>25,813</u>	<u>26,988</u>	-	-

Loans to other related parties - \$Nil (2016: \$Nil)

No expense has been recognised in respect of bad or doubtful debts due from related parties in the current year (2016 - \$Nil).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 27. FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist mainly of deposits with banks, short term deposits, managed funds, interest bearing securities and liabilities, accounts receivable and payable and non interest bearing liabilities.

The Group's activities expose it to a variety of financial risks; credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk).

**(a) Credit risk**

The Group has no significant concentrations of credit risk. The maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the financial statements.

The Group does not have any material credit risk exposure to any single receivable or group of receivables.

The carrying amount of financial assets, as contained in Note 28, represents the Groups' maximum exposure to credit risk.

Cash transactions are limited to Australian Prudential Regulatory Authority (APRA) regulated financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution, according to the institutions' ratings. Significant use is made of the Federal Government Deposit Guarantee.

**(b) Liquidity risk**

The Group manages liquidity risk by the application of stringent budget principles, monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

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

31 December 2017	Average interest %	Variable interest rate \$'000	Less than 1 year \$'000	1 to 5 years \$'000	5+ years \$'000	Non interest \$'000	TOTAL \$'000
<b>Financial Assets</b>							
Cash	2.67%	37,278	13,599	-	-	-	50,877
Receivables	-	-	-	-	-	23,272	23,272
Other financial assets							
- Term deposits	2.67%	-	177,500	-	-	-	177,500
- Available for sale financial assets	-	-	-	-	-	47,312	47,312
		37,278	191,099	-	-	70,584	298,961
<b>Financial Liabilities</b>							
Payables	-	-	-	-	-	41,647	41,647
Borrowings	4.62%	-	8,810	34,396	64,697	-	107,903
		-	8,810	34,396	64,697	41,647	149,550

31 December 2016	Average interest %	Variable interest rate \$'000	Less than 1 year \$'000	1 to 5 years \$'000	5+ years \$'000	Non interest \$'000	TOTAL \$'000
<b>Financial Assets</b>							
Cash	2.81%	22,242	49,040	-	-	-	71,282
Receivables	-	-	-	-	-	21,824	21,824
Other financial assets							
- Term deposits	2.81%	-	177,300	-	-	-	177,300
- Available for sale financial assets	-	-	-	-	-	39,854	39,854
		22,242	226,340	-	-	61,678	310,260
<b>Financial Liabilities</b>							
Payables	-	-	-	-	-	42,984	42,984
Borrowings	5.22%	-	7,327	31,236	38,732	-	77,295
		-	7,327	31,236	38,732	42,984	120,279

**(c) Market risk**

*(i) Foreign exchange risk*

The Group's main foreign exchange risk arises from currency exposures to the Singapore dollar, as a result of related party transactions between the Parent Entity and a subsidiary. The foreign currency gains and losses associated with these transactions are contained within the Group.

As at 31 December 2017, the translation adjustment of the foreign subsidiary's net assets to the Parent Entity's functional currency amounted to \$0.053m (2016 - (\$0.079m)). The Group does not hedge foreign currency denominated shareholders' equity as the foreign exchange movements are immaterial.

Foreign exchange exposures relating to receipts from other organisations and purchases from foreign suppliers are predominantly immaterial and are usually transacted at the exchange rates prevailing at the date of the transaction. For significant purchases the University maintains foreign currency accounts to mitigate exchange fluctuation risk.

**NOTE 27. FINANCIAL RISK MANAGEMENT (cont'd)**

**(c) Market risk (cont'd)**

*(ii) Interest rate risk*

The Group's interest rate risk arises from interest-bearing assets and long-term borrowings.

*Interest-bearing assets*

An Investment Sub-Committee meets on a regular basis to evaluate investment management strategies in the context of the most recent economic conditions and forecasts and to ensure compliance with the parent entity's investment policies.

For other entities within the Group, their respective Boards monitor interest rate risk.

*Long-term borrowings*

Interest rate risk is managed with a mixture of fixed and floating rate debt. Floating rate debt is primarily used as it allows the flexibility of excess liquidity to be used to reduce interest-bearing debt.

The Parent Entity has interest-bearing borrowings obtained from Queensland Treasury Corporation, which provides cost-effective financing, independent external advice and management of debt pools. The Group also has interest-bearing borrowings with ANZ.

*(iii) Summarised sensitivity analysis*

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to interest rate risk and foreign exchange risk.

NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 27. FINANCIAL RISK MANAGEMENT (cont'd)

(c) Market risk (cont'd)

(iii) Summarised sensitivity analysis (cont'd)

Consolidated

31 December 2017	Carrying Amount \$'000	Interest rate risk				Foreign exchange risk			
		-2.00%		+2.00%		-4.64%		+4.64%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Financial Assets</b>									
Cash and cash equivalents	50,877	(1,018)	(1,018)	1,018	1,018	-	-	-	-
Trade and other receivables	23,272	-	-	-	-	(248)	(248)	248	248
Other financial assets - term deposits	177,500	(3,550)	(3,550)	3,550	3,550	-	-	-	-
Available for sale financial assets	47,312	-	-	-	-	-	-	-	-
	298,961	(4,568)	(4,568)	4,568	4,568	(248)	(248)	248	248
<b>Financial Liabilities</b>									
Trade and other Payables	41,647	-	-	-	-	(1)	(1)	1	1
	41,647	-	-	-	-	(1)	(1)	1	1

31 December 2016	Carrying Amount \$'000	Interest rate risk				Foreign exchange risk			
		-2.00%		+2.00%		-9.32%		+9.32%	
		Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000	Result \$'000	Equity \$'000
<b>Financial Assets</b>									
Cash and cash equivalents	71,282	(1,426)	(1,426)	1,426	1,426	-	-	-	-
Trade and other receivables	21,824	-	-	-	-	(606)	(606)	606	606
Other financial assets - term deposits	177,300	(3,546)	(3,546)	3,546	3,546	-	-	-	-
Available for sale financial assets	39,854	-	-	-	-	-	-	-	-
	310,260	(4,972)	(4,972)	4,972	4,972	(606)	(606)	606	606
<b>Financial Liabilities</b>									
Trade and other payables	42,984	-	-	-	-	(1)	(1)	1	1
	42,984	-	-	-	-	(1)	(1)	1	1

**NOTES TO THE FINANCIAL STATEMENTS  
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**NOTE 28. FAIR VALUE MEASUREMENTS**

**(a) Fair value measurements**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of unlisted shares are measured at cost less impairment if no active market exists for those shares to be traded in and no fair value can be determined.

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due.

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

	Carrying Amount		Fair Value	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>				
Cash	50,877	71,282	50,877	71,282
Receivables	23,272	21,824	23,272	21,824
Other financial assets				
- Term deposits	177,500	177,300	177,500	177,300
- Available for sale financial assets	47,312	39,854	47,312	39,854
	<u>298,961</u>	<u>310,260</u>	<u>298,961</u>	<u>310,260</u>
<b>Financial Liabilities</b>				
Payables	41,647	42,984	41,647	42,984
	<u>41,647</u>	<u>42,984</u>	<u>41,647</u>	<u>42,984</u>

**NOTE 28. FAIR VALUE MEASUREMENTS (Cont'd)**

**(a) Fair value measurements (Cont'd)**

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Other financial assets - term deposits
- Available-for-sale financial assets
- Land, buildings and infrastructure
- library collections
- museums and art

The Group does not subsequently measure any assets or liabilities at fair value on a non-recurring basis.

**(b) Fair value hierarchy**

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categories fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 - measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - measurement based on inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly.

Level 3 - measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair values are observable, the asset or liability is included in level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in level 3 (refer to table on the following page).

**Valuation techniques**

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and reliable data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using best information available about such assumptions are considered unobservable.

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NOTE 28. FAIR VALUE MEASUREMENTS (cont'd)

(b) Fair value hierarchy (cont'd)

The following tables provide the fair values of the Group's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy.

	Note	31 December 2017			
		2017 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
Other financial assets - term deposits	15	177,500	177,500	-	-
Available-for-sale financial assets					
managed funds	15	30,951	30,951	-	-
unlisted shares	15	16,361	-	-	16,361
<b>Total financial assets recognised at fair value</b>		<b>224,812</b>	<b>208,451</b>	<b>-</b>	<b>16,361</b>
<i>Non-financial assets</i>					
Land	16	38,243	-	4,847	33,396
Buildings	16	708,262	-	3,428	704,834
Infrastructure	16	132,366	-	-	132,366
Library collections	16	1,037	-	-	1,037
Museums and art	16	1,312	-	-	1,312
<b>Total non-financial assets recognised at fair value</b>		<b>881,220</b>	<b>-</b>	<b>8,275</b>	<b>872,945</b>

	Note	31 December 2016			
		2016 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Recurring fair value measurements</b>					
<i>Financial assets</i>					
Other financial assets - term deposits	15	177,300	177,300	-	-
Available-for-sale financial assets					
managed funds	15	28,209	28,209	-	-
unlisted shares	15	11,645	-	-	11,645
<b>Total financial assets recognised at fair value</b>		<b>217,154</b>	<b>205,509</b>	<b>-</b>	<b>11,645</b>
<i>Non-financial assets</i>					
Land	16	65,991	-	-	65,991
Buildings	16	507,222	-	-	507,222
Infrastructure	16	80,900	-	-	80,900
Library collections	16	1,037	-	-	1,037
Museums and art	16	1,280	-	-	1,280
<b>Total non-financial assets recognised at fair value</b>		<b>656,430</b>	<b>-</b>	<b>-</b>	<b>656,430</b>

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2016: no transfers). For transfers in and out of level 3 measurements see (d) below.

**NOTE 28. FAIR VALUE MEASUREMENTS (cont'd)**

**(c) Valuation techniques and unobservable inputs used to measure Level 3 fair values**

**Unlisted shares in companies**

The Group has acquired a small quantity of unlisted shares in companies that are either directly involved in the sector or involved in research which the Group is a participant. The fair value of the shares has been measured using the cost approach.

**Land, buildings and infrastructure assets**

Land, buildings and infrastructure (classified as property, plant and equipment) are valued independently at least every five years. At the end of the reporting period, the Group updates its assessment of the fair value of each asset class, taking into account the most recent independent valuations.

Land is valued using the direct comparison method in which the property being appraised is compared to sales of similar properties in order to arrive at a value. Adjustments are made to account for relevant differences between each comparable sale and the subject (eg property size). The most significant input into this valuation approach is price per square metre. Land types that are commonly traded in the property market have been considered to have level 2 inputs. Due to the characteristics of the University's land assets on both the Townsville and Cairns campuses, level 3 valuation inputs have been assigned.

The land previously recorded as level 3 was valued in 2017 using observable market evidence being sales evidence of land with similar characteristics. As a result the hierarchy was altered from level 3 to level 2.

The University has buildings that are primarily residential properties. These have been categorised as level 2 and have been valued using the direct comparison approach. This is based on sales of similar residential properties having regard to the standard of improvements, building size, accommodation provided, number of dwelling units and market conditions at the time of sale.

The remaining buildings held by the University are purpose built and as such market evidence is limited. Consequently buildings have been valued within the level 3 hierarchy and measured using the replacement cost for each building by componentising the buildings into significant parts with different useful lives and taking into account a range of factors. While the unit rates based on square metres or similar capacity could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value.

Infrastructure assets are valued using level 3 inputs using the cost approach. This requires estimating the replacement cost for each asset by componentising the assets into significant parts with different useful lives and taking into account a range of factors. While the unit rates (metres, square metres, tonnes etc) could be supported from market evidence (level 2) other inputs (such as estimates of residual value, useful life, pattern of consumption and asset condition) required extensive professional judgement and impacted significantly on the final determination of fair value. As such these assets have been classified as having been valued using level 3 valuation inputs.

**Library collections**

The library collections asset comprise of two rare book collections. The fair value has been assessed by establishing the current replacement value which is based on auction records, booksellers' catalogues and online databases of market information. The fair value is then based on a percentage of the replacement value. While some inputs are supported by market evidence other inputs require professional judgement and impacts on the final determination of fair value. On this basis the collection has been valued using level 3 valuation inputs.

**Museums and art**

The art collection is valued using auction records, market information on artists and other available sale information. The museum collection's valuation has been based, so far as is possible, on current values for similar objects.

To the extent that both collections require extensive professional judgement which impacts on the final determination of fair value, the collections have been assigned level 3 valuation inputs.

**JAMES COOK UNIVERSITY**

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**NOTE 28. FAIR VALUE MEASUREMENTS (cont'd)**

**(d) Reconciliation of recurring Level 3 Fair value measurements**

The following table is a reconciliation of level 3 items for the periods ended 31 December 2017 and 2016:

	Unlisted Shares \$'000	Land \$'000	Buildings \$'000	Infrastructure \$'000	Library collections \$'000	Museums and art \$'000	Total \$'000
<b>Level 3 Fair Value Measurements 2017</b>							
Opening balance	11,645	65,991	507,222	80,900	1,037	1,280	668,075
Additions/transfers (including from WIP)	43	309	94,617	2,767	-	22	97,758
Transfers out of level 3	-	(4,847)	(3,428)	-	-	-	(8,275)
Disposals	-	-	(27)	-	-	-	(27)
Depreciation	-	-	(30,339)	(4,751)	-	-	(35,090)
Recognised in other comprehensive income	4,673	(28,057)	136,789	53,450	-	10	166,865
Closing balance	16,361	33,396	704,834	132,366	1,037	1,312	889,306
<b>Level 3 Fair Value Measurements 2016</b>							
Opening balance	9,500	70,150	499,067	75,879	358	1,110	656,064
Additions/transfers (including from WIP)	316	-	30,423	5,959	308	22	37,028
Depreciation	-	-	(39,546)	(3,799)	-	-	(43,345)
Recognised in other comprehensive income	1,829	(4,159)	17,278	2,861	371	148	18,328
Closing balance	11,645	65,991	507,222	80,900	1,037	1,280	668,075

**NOTE 28. FAIR VALUE MEASUREMENTS (cont'd)**

**(d) Reconciliation of recurring Level 3 Fair value measurements (cont'd)**

*(i) Valuation inputs and relationships to fair value*

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (c) above for the valuation techniques adopted.

Description	Fair value at 31 Dec 2017 \$'000	Unobservable inputs	Range of inputs (probability weighted average)		Relationship of unobservable inputs to fair value	
			Lower	Upper	Lower	Upper
Land	33,396	Price per square meter	(2.50)%	2.50%	(835)	835
Buildings	704,834	Relationship between asset consumption rating scale and the level of consumed service potential.	(2.50)%	2.50%	(17,621)	17,621
Infrastructure	132,366	Relationship between asset consumption rating scale and the level of consumed service potential.	(2.50)%	2.50%	(3,309)	3,309

Usage of alternative values (higher or lower) that are reasonable in the circumstances as at revaluation date would not result in material changes in the reported fair value. Whilst there is some minor correlation between costs to bring to standard and condition rating, either measure in isolation does not materially affect the other. There were no significant inter-relationships between unobservable inputs that materially effects fair value.

*(ii) Valuation processes*

The valuation process is managed by a team in the University's Financial and Business Services Office which engages external valuers to perform the valuations of assets required for reporting purposes. The Financial and Business Services team reports to the DVC, Resources and Planning. Discussions on valuation processes are held every 12 months.

The University engages external, independent and qualified valuers, and professional engineers to determine the fair value of the University's land, buildings, infrastructure and other non-financial assets on a regular basis. An annual assessment is undertaken to determine whether the carrying amount of the assets is materially different from the fair value. If any variation is considered material a revaluation is undertaken either by comprehensive revaluation or by applying an interim revaluation using appropriate indices.

Details regarding the University's comprehensive and interim valuations are disclosed at Note 16(a).

The main level 3 inputs used are derived and evaluated as follows:

- Cost for land restricted in use (non-saleable) - estimated cost to replace the existing land if the University had to acquire it on the open market in competition with other market participants. Due to the restricted nature and unique characteristics of this land there was insufficient market evidence of directly comparable sales. Reference was made to sales of land with a limited level of comparability at distant locations and adjusted by the valuer using professional judgement to take account of the differing characteristics. These were evaluated by reasonableness against the price per area for other restricted in use land held by the University.
- Asset condition - The nature of buildings, road and water network infrastructure is that there is a very large number of components which comprise the assets and as a result it is not physically possible to inspect every asset for the purposes of completing a valuation. As a consequence reliance is placed on the accuracy of data held in the asset management system and its associated internal controls. This includes planned inspections and updates to the system following maintenance activities and renewal treatments. Likewise, especially for water networks infrastructure, a large portion of the portfolio is located underground and may only be inspected on an irregular basis.
- Relationship between asset consumption rating scale and the level of consumed service potential - Under the cost approach the estimated cost to replace the asset is calculated and then adjusted to take account of any accumulated depreciation. In order to achieve this, the valuer determines an asset consumption rating scale for each asset type based on the inter-relationship between a range of factors. These factors and their relationship to the fair value require professional engineering judgement and include asset condition, legal and commercial obsolesce and the determination of key depreciation related assumptions such as residual values, useful life and pattern of consumption of the future economic benefit.

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**NOTE 29. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

There were no events occurring after balance sheet date of a material nature.

**NOTE 30. RECONCILIATION OF NET CASH INFLOW FROM OPERATING ACTIVITIES TO OPERATING RESULT**

	Consolidated \$'000		Parent Entity \$'000	
	2017	2016	2017	2016
<b>Net result for the period</b>	(4,669)	23,280	(7,732)	19,063
<b>Non-cash items</b>				
Depreciation and amortisation	47,755	55,474	43,273	51,101
Work in Progress adjustment	18	49	18	49
Net (gain) / loss on sale of property, plant and equipment	(189)	(6)	(189)	(9)
Unrealised foreign currency (gain) / loss	(107)	71	(107)	(7)
Loss on revaluation of investment in associate	17	43	-	-
<b>Changes in assets and liabilities associated with operating activities</b>				
Decrease / (Increase) in receivables	(444)	2,148	(659)	1,723
Decrease / (Increase) in inventories	137	45	19	16
Decrease / (Increase) in other assets	(1,376)	104	(1,265)	96
Increase / (Decrease) in creditors	(10,442)	(2,978)	(9,729)	(2,617)
Increase / (Decrease) in tax liability	546	(50)	-	-
Increase / (Decrease) in other liabilities	345	2,137	513	2,729
Increase / (Decrease) in employee benefits liability	(699)	(1,640)	(740)	(1,661)
<b>Net cash inflow from operating activities</b>	<b>30,910</b>	<b>78,677</b>	<b>23,420</b>	<b>70,483</b>

NOTE 31. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

Education - CGS and Other Education Grants	Commonwealth Grants Scheme		Indigenous Student Success		Disability Support Program	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	143,056	148,933	3,635	3,211	36	48
Net accrual adjustment	452	(421)	-	744	-	-
Revenue for the period	143,508	148,512	3,635	3,955	36	48
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrued revenue	143,508	148,512	3,635	3,955	36	48
Less expenses including accrued expenses	(143,508)	(148,512)	(3,635)	(3,955)	(36)	(48)
Surplus / (deficit) for reporting period	-	-	-	-	-	-

Education - CGS and Other Education Grants (cont'd)	Access and Participation Program		National Priorities Pool		Promo of Exc In Learn and Teaching		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	3,493	4,113	-	-	40	193	150,260	156,498
Net accrual adjustment	-	-	-	-	-	-	452	323
Revenue for the period	3,493	4,113	-	-	40	193	150,712	156,821
Surplus / (deficit) from the previous year	-	-	25	175	265	299	290	474
Total revenue including accrued revenue	3,493	4,113	25	175	305	492	151,002	157,295
Less expenses including accrued expenses	(3,493)	(4,113)	(14)	(150)	(224)	(227)	(150,910)	(157,005)
Surplus / (deficit) for reporting period	-	-	11	25	81	265	92	290

Higher Education Loan Programs (excl OS-HELP)	HECS-HELP Australian Gov't payments only		FEE-HELP		SA-HELP		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash payable / (receivable) at beginning of year	785	(3,167)	39	277	1	(1)	825	(2,891)
Financial assistance received in cash during the reporting period	74,256	79,375	3,024	2,544	2,320	2,315	79,600	84,234
Cash available for period	75,041	76,208	3,063	2,821	2,321	2,314	80,425	81,343
Revenue earned	(74,622)	(75,423)	(3,375)	(2,782)	(2,296)	(2,313)	(80,293)	(80,518)
Cash payable / (receivable) at end of year	419	785	(312)	39	25	1	132	825

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

NOTE 31. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (cont'd)

Department of Education and Training Research	Research Training Program		Research Support Program		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period	14,164	13,665	12,875	11,416	27,039	25,081
Net accrual adjustment	-	-	-	-	-	-
Revenue for the period	14,164	13,665	12,875	11,416	27,039	25,081
Surplus / (deficit) from the previous year	933	878	611	663	1,544	1,541
Total revenue including accrued revenue	15,097	14,543	13,486	12,079	28,583	26,622
Less expenses including accrued expenses	(15,097)	(13,610)	(13,486)	(11,468)	(28,583)	(25,078)
Surplus / (deficit) for reporting period	-	933	-	611	-	1,544

Total Higher Education Provider Research Training Program Expenditure	Total domestic Students \$'000	Total overseas students \$'000
Research Training Program Fee Offsets	5,559	1,390
Research Training Program Stipends	3,688	4
Research Training Program Allowances	3,501	22
<b>Total for all types of support</b>	<b>12,748</b>	<b>1,416</b>

NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 31. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (cont'd)

Australian Research Council Grants

(a) Discovery

	Projects		Future Fellowships		Indigenous Researchers Development		Laureate Fellowship		Early Career Researcher Award		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017	2016	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period	913	925	562	642	237	180	1,170	1,788	384	252	3,266	3,787
Transfers / return of grant	174	(20)	119	-	284	(3)	-	-	-	(191)	577	(214)
Net accrual adjustment	-	-	-	-	-	-	-	-	-	-	-	-
Revenue for the period	1,087	905	681	642	521	177	1,170	1,788	384	61	3,843	3,573
Surplus / (deficit) from the previous year	499	1,053	354	897	68	176	1,329	1,371	66	602	2,316	4,099
Total revenue including accrued revenue	1,586	1,958	1,035	1,539	589	353	2,499	3,159	450	663	6,159	7,672
Less expenses including accrued expenses	(785)	(1,459)	(772)	(1,185)	(489)	(285)	(1,514)	(1,830)	(400)	(597)	(3,960)	(5,356)
Surplus / (deficit) for reporting period	801	499	263	354	100	68	985	1,329	50	66	2,199	2,316

Australian Research Council Grants

(b) Linkages

	Infrastructure		Projects		Industrial Transformation Research Hubs		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Financial assistance received in cash during the reporting period	-	-	588	751	1,072	1,066	1,660	1,817
Transfers / return of grant	-	-	(30)	-	-	-	(30)	-
Net accrual adjustment	-	-	-	-	-	-	-	-
Revenue for the period	-	-	558	751	1,072	1,066	1,630	1,817
Surplus / (deficit) from the previous year	-	23	568	670	1,772	2,002	2,340	2,695
Total revenue including accrued revenue	-	23	1,126	1,421	2,844	3,068	3,970	4,512
Less expenses including accrued expenses	-	(23)	(650)	(853)	(1,021)	(1,296)	(1,671)	(2,172)
Surplus / (deficit) for reporting period	-	-	476	568	1,823	1,772	2,299	2,340

NOTES TO THE FINANCIAL STATEMENTS  
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NOTE 31. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (cont'd)

Australian Research Council Grants  
(c) Networks and Centres

	Centres		Special Research Initiatives		Total	
	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial assistance received in cash during the reporting period	4,330	4,266	-	3,106	4,330	7,372
Transfers / return of grant	-	-	-	-	-	-
Net accrual adjustment	-	-	-	-	-	-
Revenue for the period	4,330	4,266	-	3,106	4,330	7,372
Surplus / (deficit) from the previous year	3,770	2,921	25,617	32,618	34,005	40,157
Total revenue including accrued revenue	8,100	7,187	25,617	35,724	38,335	47,529
Less expenses including accrued expenses	(4,096)	(3,417)	(13,889)	(10,107)	(17,985)	(13,524)
Surplus / (deficit) for reporting period	4,004	3,770	11,728	25,617	20,350	34,005

Other Australian Government Financial Assistance

	2017	2016
	\$'000	\$'000
Cash received during the reporting period	44,679	61,062
Cash spent during the reporting period	(50,012)	(55,729)
Net cash received	(5,333)	5,333
Cash surplus / (deficit) from the previous period	5,333	-
Cash surplus / (deficit) for the reporting period	-	5,333

OS-Help

	2017	2016
	\$'000	\$'000
Cash received during the reporting period	2,520	1,793
Cash spent during the reporting period	(2,083)	(1,917)
Net cash received	437	(124)
Cash surplus / (deficit) from the previous period	495	619
Cash surplus / (deficit) for the reporting period	437	(124)
	932	495

Student Services and Amenities Fee

	2017	2016
	\$'000	\$'000
Unspent / (overspent) revenue from previous period	788	1,054
SA-HELP revenue earned	2,290	2,313
Student Services Fees direct from students	1,579	1,615
Total revenue expendable in period	4,657	4,982
Student Services expenses in period	4,080	4,194
Unspent / (overspent) Student Services revenue	577	788

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Revenue \$'000		Results \$'000		Assets \$'000	
	2017	2016	2017	2016	2017	2016
<b>NOTE 32. DISAGGREGATED INFORMATION</b>						
Geographical - Consolidated Entity						
Australia	468,572	495,874	(8,674)	19,228	1,298,952	1,106,341
Singapore	44,713	44,070	4,005	4,052	38,423	35,792
	<u>513,285</u>	<u>539,944</u>	<u>(4,669)</u>	<u>23,280</u>	<u>1,337,375</u>	<u>1,142,133</u>

The University reports revenue, results and assets by geographical regions in accordance with the Financial Statement Guidelines for Australian Higher Education Providers for the 2017 reporting period issued by the Department of Education and Training.

## **Certification of financial statements (management certificate)**

The following page contains the management certificate

**JAMES COOK UNIVERSITY**

**MANAGEMENT CERTIFICATE**

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

- (a) the financial statements and consolidated financial statements are in agreement with the accounts and records of James Cook University and its controlled entities;
- (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 statements have been drawn up to present a true and fair view of the transactions of James Cook University and controlled entities for the period 1 January 2017 to 31 December 2017, and the financial position as at 31 December 2017 in accordance with prescribed accounting standards and conform with the Financial Statement Guidelines for Australian Higher Education Providers for the 2017 reporting period issued by the Australian Government Department of Education and Training.
  - (iii) at the time of this 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 year was for the purpose(s) for which it was intended;
  - (v) James Cook University has complied with applicable legislation, contracts, agreements and programme guidelines in making that expenditure.

W.T.R. Tweddell  
Chancellor

Date 26 February, 2018

S.L. Harding  
Vice Chancellor

Date 26 February, 2018

P.C. Brand  
Deputy Vice Chancellor  
Services and Resources

Date 26 February, 2018

## **Independent Auditor's Report**

The following pages contain the Independent Auditor's Report

## INDEPENDENT AUDITOR'S REPORT

To the Council of James Cook University

### Report on the audit of the financial report

#### Opinion

I have audited the accompanying financial report of James Cook University (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 2017, 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 2017, the 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 certificate given by the Chancellor, Vice-Chancellor, and Deputy Vice-Chancellor, Services and Resources.

#### 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 (\$708.262 million) valuation

Refer Note 16

Key audit matter	How my audit procedures addressed this key audit matter
<p>Buildings comprising primarily of specialised buildings were material to James Cook University at balance date and were measured at fair value using the current replacement cost method. A valuation specialist performed comprehensive revaluation of University buildings as at 31 December 2017.</p> <p>The current replacement cost method comprises:</p> <ul style="list-style-type: none"> <li>• Gross replacement cost, less</li> <li>• Accumulated depreciation</li> </ul> <p>The University derived the gross replacement cost of its buildings at balance date using unit prices that required significant judgements for:</p> <ul style="list-style-type: none"> <li>• identifying the components of buildings with separately identifiable replacement costs</li> <li>• developing a unit rate for each of these components, including: <ul style="list-style-type: none"> <li>- estimating the current cost for a modern substitute (including locality factors and oncosts), expressed as a rate per unit (e.g. \$/square metre)</li> <li>- 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.</li> </ul> </li> </ul> <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> <ul style="list-style-type: none"> <li>• Assessing the adequacy of management’s review of the valuation process</li> <li>• Assessing the competence, capabilities and objectivity of valuation specialists who have provided information on unit rates and cost movements</li> <li>• Assessing the reasonableness of unit rates by: <ul style="list-style-type: none"> <li>- obtaining an understanding of the methodology used and assessing its design, integrity and appropriateness with reference to common industry practice.</li> <li>- evaluating their relevance and appropriateness to changes in Building Price Index inputs and other publicly available information.</li> </ul> </li> <li>• Assessing the ongoing reasonableness of the buildings useful lives by – <ul style="list-style-type: none"> <li>- Reviewing management’s annual assessment of useful lives.</li> <li>- Assessing the appropriateness of useful lives where assets were disposed of prior to the end of their useful life.</li> </ul> </li> <li>• Reviewing assets with an inconsistent relationship between condition and remaining life.</li> <li>• Performing reasonableness tests to confirm depreciation is calculated in accordance with the University’s accounting policies and industry standards.</li> </ul>

### Other information

Other information comprises the information included in James Cook University’s annual report for the year ended 31 December 2017, but does not include the financial report and my auditor’s report thereon.

Those charged with governance are responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **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 those charged with governance 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 those charged with governance, 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.

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 31 December 2017:

- 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.



John Welsh  
as delegate of the Auditor-General

28 February 2018

Queensland Audit Office  
Brisbane

## **Financial information for the year ended**

The following pages contain the underlying operating results

**UNDERLYING OPERATING RESULTS**

The annual financial statements represent the audited general purpose financial statements of James Cook University and its controlled entities. They have been prepared on an accrual basis and comply with the Australian Accounting Standards.

Additionally the statements have been prepared in accordance with the following statutory requirements:

- Higher Education Support Act 2003 (Cth) (Financial Statement Guidelines)
- Financial Accountability Act 2009 (Qld)

James Cook University is a not-for-profit entity and these statements have been prepared on that basis. Some of the requirements for not-for-profit entities are inconsistent with the International Financial Reporting Standards (IFRS) requirements. The Summary of Significant Accounting Policies in Note 1 of the financial statements reflects these standards and requirements.

Under these standards included as income are grants and other funding committed to specific capital and research projects that are not available for general operations. This statement has been constructed to reflect the Accounting Standards that apply to for-profit organisations, but those standards have not been strictly applied in all aspects. The statement discloses adjustments to the operating result to determine a clearer view of the underlying operating result. The adjustments are made on the following basis:

**(a) Unspent Committed Research Grant Funds**

The nature of grant funding is such that income is recognised as revenue when received while the expenditure may not be recognised in the same reporting period. The expenditure may be incurred over a number of reporting periods depending on the terms of the funding agreements. The result is that the income from research grant funding may not match the expenditure when incurred. The following is a summary of the unspent committed research grant funding for the parent entity. The results for 2017 reveal that the expenditure during the reporting period is matching revenue received in prior periods.

	Parent Entity \$'000	
	2017	2016
Unspent committed research grant funds	1,216	6,786

**(b) Capital Grant Income and Expense**

Capital grant income is such that much of the associated expenditure is not recorded in the statement of comprehensive income, but rather as assets in the statement of financial position. The following is a summary of the income and expenses (excluding capitalised expenditure) associated with capital grant projects undertaken, which have been included in the statement of comprehensive income.

	Parent Entity			
	2017 \$'000	2017 \$'000	2016 \$'000	2016 \$'000
	Income	Expenditure	Income	Expenditure
<b>Australian Government Capital Grants</b>				
Australian Research Council	-	64	-	22
Dept. of Education	-	-	10,114	24
Dept. of Infrastructure and Regional Development	-	8	-	-
	-	72	10,114	46
<b>Other Australian and State Government Capital Grants</b>				
Dept. of Science, Information Technology, Innovation & the Arts	1,500	473	14,400	75
	1,500	473	14,400	75
<b>Other</b>				
James Cook University Student Association	-	-	93	-
	-	-	93	-
	1,500	545	24,607	121
Capital grant income less expenses (net)		955		24,486

**UNDERLYING OPERATING RESULTS (cont'd)**

**(c) Changes to Workforce Plans**

In February 2014 the University Council approved a new headline structure in delivering its Crystallising our Purpose and University Plan. The change has been undertaken during a period of uncertainty surrounding the funding environment for higher education in Australia at the present time. The University's Workforce Plans have been adjusted accordingly which have resulted in significant expenditure that is not expected to be repeated consistently over a number of years. An adjustment has been made to the operating result to reflect the changes to the University's Workforce Plans.

	Parent Entity \$'000	
	2017	2016
Changes to Workforce Plans	792	7,301

**Operating result adjusted for capital grant income  
and associated expenses and Smart State income and expenses**

	Parent Entity \$'000	
	2017	2016
Net operating result as per statement of comprehensive income	(7,732)	19,063
(a) less: unspent committed grant funds	1,216	6,786
(b) less: capital grant income less expenses (net)	955	24,486
(c) Add: Changes to Workforce Plans	792	7,301
<b>Adjusted net underlying operating result</b>	<b>(9,111)</b>	<b>(4,908)</b>

## Glossary

<p><b>AARNet</b> Australia's Academic and Research Network</p> <p><b>AASB</b> Australian Accounting Standards Board</p> <p><b>AC</b> Companion of the Order of Australia</p> <p><b>ACIAR</b> Australian Centre for International Agricultural Research</p> <p><b>ACMER</b> Australian Centre for Minerals Extension and Research</p> <p><b>ACNC</b> Australian Charities for Not-For-Profit Commission</p> <p><b>ACOR</b> Australian Council of Recycling</p> <p><b>AEC</b> Animal Ethics Committee</p> <p><b>AITHM</b> Australian Institute of Tropical Health and Medicine</p> <p><b>AJIE</b> Australian Journal of Indigenous Education</p> <p><b>ALTC</b> Australian Learning and Teaching Council</p> <p><b>AM</b> Member of the Order of Australia</p> <p><b>ANU</b> Australian National University</p> <p><b>AO</b> Order of Australia</p> <p><b>APAIE</b> Asia Pacific Association for International Education</p> <p><b>ARC</b> Australian Research Council</p> <p><b>ARWU</b> Academic Ranking of World Universities</p> <p><b>ASX</b> Australian Stock Exchange</p> <p><b>ATFI</b> Australian Tropical Forest Institute</p> <p><b>ATH</b> Australian Tropical Herbarium</p> <p><b>ATSE</b> Academy of Technological Sciences and Engineering</p> <p><b>ATSIP</b> Australian Tropical Sciences and Innovation Precinct</p> <p><b>ATSIS</b> Aboriginal and Torres Strait Islander Studies Unit</p> <p><b>AUQA</b> Australian Universities Quality Agency</p> <p><b>AusAID</b> Australian Agency for International Development</p> <p><b>BJUT</b> Beijing University of Technology</p> <p><b>CBD</b> Central Business District</p> <p><b>CDC</b> Centre for Disease Control</p> <p><b>CEC</b> Community Education Counsellor</p> <p><b>CEO</b> Chief Executive Officer</p> <p><b>CEQ</b> Course experience questionnaire</p> <p><b>CGS</b> Commonwealth Grant Scheme</p> <p><b>CIPL</b> Centre for Innovation in Professional Learning</p> <p><b>CoE</b> Centre of Excellence</p> <p><b>CPB</b> Clinical Practice Building</p> <p><b>CPD</b> Continuing Professional Development</p> <p><b>CPE</b> Continuing Professional Education</p> <p><b>CPR</b> Course Performance Report</p> <p><b>CQU</b> Central Queensland University</p> <p><b>CRC</b> Cooperative Research Centre</p> <p><b>CRN</b> Collaborative Research Networks</p> <p><b>CSIRO</b> Commonwealth Scientific and Industrial Research Organisation</p> <p><b>CTS</b> Cyclone Testing Station</p> <p><b>DASL</b> Division of Academic and Student Life</p> <p><b>DEEDI</b> Department of Employment, Economic Development and Innovation</p> <p><b>DEEWR</b> Federal Department of Education, Employment and Work Relations</p> <p><b>DGSE</b> Division of Global Strategy and Engagement</p> <p><b>DIISR</b> Department of Innovation, Industry, Science and Research</p> <p><b>DLGP</b> Department of Local Government and Planning</p> <p><b>DRI</b> Division of Research and Innovation</p> <p><b>DRO</b> Daintree Rainforest Observatory</p> <p><b>DSR</b> Division of Services and Resources</p> <p><b>DTES</b> Division of Tropical Environments &amp; Societies</p> <p><b>DTHM</b> Division of Tropical Health &amp; Medicine</p>	<p><b>DVC</b> Deputy Vice Chancellor</p> <p><b>EAIE</b> European Association for International Education in Europe</p> <p><b>ECR</b> Early Career Researcher</p> <p><b>EDRMS</b> Electronic Document and Records Management System</p> <p><b>EFTSL</b> Equivalent full-time student load</p> <p><b>ERA</b> Excellence in Research Australia</p> <p><b>ERC</b> Ethics Review Committee</p> <p><b>ERM</b> Enterprise risk management</p> <p><b>ERMS</b> Electronic risk management system</p> <p><b>ESOL</b> English for speakers of other languages</p> <p><b>FAQ</b> Frequently asked questions</p> <p><b>FBT</b> Fringe Benefits Tax</p> <p><b>FDA</b> Food and Drug Administration</p> <p><b>FIAC</b> Facilities and Infrastructure Advisory Committee</p> <p><b>FoR</b> Fields of Research</p> <p><b>FTE</b> Full-time equivalent</p> <p><b>GATCF</b> General Access and Teaching Computer Facilities</p> <p><b>GIS</b> Geospatial information system</p> <p><b>GIZ</b> Deutsche Gesellschaft für Technische Zusammenarbeit</p> <p><b>GFA</b> Gross floor area</p> <p><b>GPA</b> Grade Point Average</p> <p><b>GST</b> Goods and services tax</p> <p><b>GXL</b> Greencross Limited</p> <p><b>HDR</b> Higher degree by research</p> <p><b>hGH</b> Human growth hormone</p> <p><b>HECS-HELP</b> A loan available to eligible students enrolled in Federal Government supported places</p> <p><b>HEESP</b> Higher Education Equity Support Program</p> <p><b>HEP</b> Higher education provider</p> <p><b>HEPPP</b> Higher Education Participation and Partnerships Program</p> <p><b>HERDC</b> Higher Education Research Data Collection</p> <p><b>HERS</b> Higher education research and scholarship</p> <p><b>HoS</b> Head of School</p> <p><b>HR</b> Human resources</p> <p><b>HREC</b> Human Research Ethics Committee</p> <p><b>iCEVAL</b> Institutional course evaluations</p> <p><b>ICT</b> Information Communication Technology</p> <p><b>IERC</b> Indigenous Education and Research Centre</p> <p><b>IFRS</b> International financial reporting standards</p> <p><b>IGS</b> Institutional Grant Scheme</p> <p><b>IHCAP</b> Indigenous Health Careers Access Program</p> <p><b>IML</b> Institute of Modern Languages</p> <p><b>IP</b> Intellectual property</p> <p><b>IRU</b> Innovative Research Universities</p> <p><b>IT</b> Information technology</p> <p><b>ITR</b> Information technology and resources</p> <p><b>JCU</b> James Cook University</p> <p><b>JCUS</b> James Cook University Singapore</p> <p><b>KPI</b> Key performance indicator</p> <p><b>kL</b> Kilo litre</p> <p><b>kWh</b> Kilowatt hours</p> <p><b>LMU</b> Ludwig-Maximilians-Universität München</p> <p><b>MIT</b> Massachusetts Institute of Technology</p> <p><b>MoU</b> Memorandum of understanding</p> <p><b>MP</b> Member of Parliament</p> <p><b>MRI</b> Magnetic resonance imaging</p>
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<p><b>MTSRF</b> Marine and Tropical Sciences Research Facility</p> <p><b>MTB</b> Marine and Tropical Biology</p> <p><b>NAFSA</b> North American Association of International Educators</p> <p><b>NAIDOC</b> National Aboriginal and Islander Day of Celebration</p> <p><b>NERP</b> National Environmental Research Program</p> <p><b>NGER</b> National Greenhouse and Energy Reporting</p> <p><b>NGO</b> Non-government agency</p> <p><b>NHMRC</b> National Health and Medical Research Council</p> <p><b>NIRAP</b> National and International Research Alliances Program</p> <p><b>NMR</b> Nuclear magnetic resonance</p> <p><b>NQAA</b> National Quality Assurance Authority</p> <p><b>NZ</b> New Zealand</p> <p><b>OAM</b> Medal of the Order</p> <p><b>OER</b> Open educational resource</p> <p><b>OHS</b> Occupational health and safety</p> <p><b>OLT</b> Office for Learning and Teaching</p> <p><b>OP</b> Overall position score for QJd Year 12 students</p> <p><b>ORIP</b> Operational Recordkeeping Implementation Plan</p> <p><b>OS HELP</b> Student loan scheme</p> <p><b>PG</b> Postgraduate</p> <p><b>PBL</b> Problem-based learning</p> <p><b>PDR</b> Planning, development and review</p> <p><b>PET</b> Positron emission tomography</p> <p><b>PNG</b> Papua New Guinea</p> <p><b>PVC</b> Pro Vice Chancellor</p> <p><b>QAAFI</b> Queensland Alliance for Agriculture and Food Innovation</p> <p><b>QAO</b> Queensland Audit Office</p> <p><b>QSA</b> Queensland State Archives</p> <p><b>QTAAS</b> Queensland Tropical Agriculture and Aquatic Sciences</p> <p><b>QTAC</b> Queensland Tertiary Admissions Centre</p> <p><b>QTHA</b> Queensland Tropical Health Alliance</p> <p><b>QUT</b> Queensland University of Technology</p> <p><b>RATEP</b> Remote Area Teacher Education Program</p> <p><b>R&amp;D</b> Research and development</p> <p><b>RHD</b> Research higher degree</p> <p><b>RHE</b> Russo Higher Education</p> <p><b>RIBG</b> Research infrastructure block grant</p> <p><b>RNAi</b> Ribonucleic acid interference</p> <p><b>RTO</b> Registered training organisation</p> <p><b>RTS</b> Research training scheme grant</p> <p><b>SAMP</b> Strategic Asset Management Plan</p> <p><b>SDVC</b> Senior Deputy Vice Chancellor</p> <p><b>SES</b> Socio-economic status</p> <p><b>SFS</b> Student feedback survey</p> <p><b>SPC</b> Secretariat of the Pacific Community</p> <p><b>SSRFF</b> Smart State Research Facilities Fund</p> <p><b>SRIP</b> Strategic Recordkeeping Implementation Plan</p> <p><b>TAFE</b> Technical and Further Education</p> <p><b>TERN</b> Terrestrial Ecosystem Research Network</p> <p><b>TEQSA</b> Tertiary Education Quality Standards Authority</p> <p><b>TESOL</b> Teaching English to speakers of other languages</p> <p><b>TEVALS</b> Teaching evaluations</p> <p><b>TF</b> Teaching focused</p>	<p><b>TLEP</b> Teaching and Learning Enhancement Plan</p> <p><b>TLJV</b> Tropical Landscapes Joint Venture</p> <p><b>TRI</b> Translational Research Institute Queensland</p> <p><b>TRIM</b> Tower Records Information Management</p> <p><b>TSXPO</b> annual tertiary studies exhibition</p> <p><b>UA</b> Universities Australia</p> <p><b>UE</b> University Executive</p> <p><b>UG</b> Undergraduate</p> <p><b>UIIT</b> Universities Innovation and Investment Trust</p> <p><b>UIL</b> Union Institute of Language</p> <p><b>UK</b> United Kingdom</p> <p><b>ULMP</b> University Level Performance Measure</p> <p><b>UN</b> United Nations</p> <p><b>UNESCO</b> United Nations Educational, Scientific and Cultural Organisation</p> <p><b>UniSA</b> University of South Australia</p> <p><b>UNICEF</b> United Nations Children’s Fund</p> <p><b>UNSW</b> University of New South Wales</p> <p><b>UQ</b> University of Queensland</p> <p><b>USA</b> United States of America</p> <p><b>USC</b> University of the Sunshine Coast</p> <p><b>USFDA</b> United States Food and Drug Administration</p> <p><b>USQ</b> University of Southern Queensland</p> <p><b>UWA</b> University of Western Australia</p> <p><b>VC</b> Vice Chancellor</p> <p><b>VCAC</b> Vice Chancellor’s Advisory Committee</p> <p><b>VET</b> Vocational Education and Training</p> <p><b>VM</b> Virtual machine</p> <p><b>VoIP</b> Voice over Internet Protocol</p> <p><b>WIL</b> Work integrated learning</p> <p><b>WIP</b> work in progress</p> <p><b>WHO</b> World Health Organisation</p> <p><b>WHSQ</b> Workplace Health &amp; Safety Queensland</p>
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