

2018

Annual Report

James Cook
University

Cairns
Singapore
Townsville

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James Cook University (JCU) is committed to building strong and mutually beneficial partnerships that work towards closing the employment, health and education gap for Australian Aboriginal and Torres Strait Islander peoples.

Our students come from many backgrounds, promoting a rich cultural and experiential diversity on campus.

“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, or paper copies, please contact James Cook University on Ph: (07) 47814111 (Quality, Planning and Analytics Directorate) or email statistics@jcu.edu.au

Statement of compliance

This Annual Report fulfils the prescribed reporting requirements for 2018 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 2018 against its strategic intent, aims, priorities and actions.

Letter of compliance

25th of February 2019

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

Dear Minister,

I am pleased to submit for presentation to the Parliament the Annual Report 2018 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

Bill Tweddell
Chancellor
James Cook University

Year in review

From a governance perspective, 2018 was another dynamic year for JCU. In response to the new flexibility provided in our Act through the passing of the *University Legislation Amendment Act 2017* (ULAA) by the Queensland Government in late 2017, the JCU Council now consists of 15 members – three official, three appointed by the State Government, four elected members (three staff and one student) and five additional members appointed by the Council. Constituted on 20th April 2018, this smaller, more skills-based Council has broad leadership, governance, finance, law and commercial skills and knowledge, but also ensures appropriate gender, geographical and Indigenous representation in the membership. I have been very pleased at the engagement, commitment and expertise that members have brought to bear in the considerations of Council throughout the year.

Early in the year, JCU played an active role in the review of the Voluntary Code of Best Practice for the Governance of Australian Public Universities that was adopted by a joint meeting of Universities Australia (UA) and the University Chancellors Council (UCC) on 25th May 2018. Our quest was to have a Code that is as universal as it could be, given that each institution has its own governing legislation and particular approach to principles, policy and procedure - therefore a framework or set of principles to which governance bodies in the sector should subscribe without being overly prescriptive.

In 2018, the majority of the 32 recommendations of the Broderick Review were implemented, with the University on track to implement the remaining recommendations in 2019. The review conducted in 2017 by Ms Elizabeth Broderick AO (former Sex Discrimination Commissioner), examined the University's sexual harassment and sexual assault policies and procedures, as well as the University's culture. In line with the recommendations concerning leadership, the Council and Executive endorsed a Statement of Commitment to the Elimination of Sexual Harassment and Sexual Assault. The Statement was launched on Monday 23rd July 2018 at a series of meetings attended by staff and postgraduate students across the campuses. The Statement of Commitment was introduced to undergraduate students during Week 1 lectures, and through events hosted by the JCU Student Association. The University has been working very hard on this important work to ensure JCU is the safe, respectful, and inclusive learning and working environment that our communities deserve.

In November, I participated in the Australian Institute of Company Directors (AICD) Foundations of University Governance Performing in your Board Role program held in Perth, charged by the UCC to evaluate the effectiveness of the course in meeting the objectives set for it by the UCC. This was the fourth pilot course, and I believe the content was well tailored to the specific circumstances of the Higher Education sector. The Chair of the Finance Committee of Council also participated. It is my intent for more JCU Council members to attend the program during their terms.

Also in November, I had the great privilege of awarding an Honorary Doctor of Letters to Dr Bonita Mabo AO in recognition of her outstanding contribution, over 45 years, to the community, through her advocacy work for Indigenous schooling and her campaigning for the rights of Indigenous Australians and Australian South Sea Islanders. Dr Mabo started Australia's first Indigenous community school, the Black Community School in Townsville, and was a champion of Indigenous education. The following week we mourned her passing. We hope, however, that her family, and our JCU and broader community, take comfort from the knowledge that Dr Mabo's legacy as an advocate for Indigenous education, and for Indigenous Australians and South Sea Islanders, will long be remembered and celebrated by us, and indeed the nation.

At the end of the year, JCU farewelled Dr Dale Anderson, Deputy Vice Chancellor Singapore, after 12 years at the helm of the University's operations in Singapore. Owing to his prodigious efforts, the campus has achieved significant student growth and recognition in Singapore including: becoming the first Australian university to achieve Singapore Quality Class Star; the achievement and sustainment of Singapore's highest Private Education Institute quality rating, EduTrust Star; and recognition of JCU graduates with the Ministry of Education in China.

Dr Anderson's personal and professional efforts saw the University linked into many important networks in Singapore, particularly the Australian Chamber of Commerce (AustCham), the Singapore Association for Private Education and the International Chamber of Commerce. JCU Singapore also received multiple awards for community service in Singapore, with one such award being presented by Prime Minister Lee.

In Australia, JCU and the broader university sector continued to be 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. The University continues to work hard in very challenging times, both locally and nationally, to deliver on its mandate as a research-intensive, regionally-based university. Council continues to work with management to meet the challenges, but there is also much to celebrate.

In 2020, JCU will be celebrating its 50th Anniversary as a University and 60 years of providing higher education in northern Queensland. These significant celebrations require a substantial amount of planning to gain full effect for the University in our northern Queensland and Singaporean communities. A Steering Group has been established, including members of the Council, management of the University, and external advisers. This Group is charged with providing advice and assistance in planning for the University's 50th birthday celebrations, a significant milestone in the University's vibrant history. It provides us with an opportunity to celebrate our graduates, staff and the broader community who have contributed to that history as well as the human capital and economic development enabled by a university based in the region.

JCU is proudly committed to serving regional and remote communities, and has committed a further \$1.9 billion in investment over next 20 years, in addition to JCU's existing asset base of \$1.3 billion. This asset base includes places of significance including the JCU Cairns Institute, JCU Science Place and JCU's Australian Institute of Tropical Health and Medicine (AITHM). The 2018 JCU Economic Impact and Human Capital Report also highlights JCU's ability to amplify its income, converting \$464 million in revenue to an economic impact of \$827 million (for the year 2016).

JCU is acutely aware of the crucial role of universities in developing human capital. The presence of graduates in a region demonstrably contributes higher wages and lower unemployment rates, and provides an educated workforce. This contribution to human capital is an important catalyst for growth, economic activity and wellbeing in regional areas. The ongoing graduation of students from JCU creates a pipeline of human capital supporting the region's economic development and sustainability.

Bill Tweddell
Chancellor

Introduction

The excellent work of many at the University proceeded at pace during 2018, with both opportunities and challenges in evidence. The higher education landscape is changing and we head into 2019 with a renewed sense of vigour and a shared appetite to meet the challenges and realise the opportunities.

As the north's own university, it is our special obligation to be relevant to our region and to do all we can to continue to forge close links to the economic and social fabric of northern Queensland and the Tropics. In the face of international competition this is what makes us distinctive. And we are pleased to work alongside other educational and research institutes, government and industry within our region to deliver on our mission and create a brighter future for us all.

In November, James Cook University teamed with the government of the Philippines to sign a Memorandum of Understanding (MoU) with the Department of Science and Technology of the Philippines Government. Our institutions will cooperate on marine science, natural resource management and tropical health research designed to benefit the entire region.

In October, we signed a MoU to facilitate the establishment of a Centre of Innovation in Aquaculture. This MoU was signed between JCU and Singapore based partners, the National University of Singapore (NUS), the Nanyang Technological University (NTU), Republic Polytechnic, Temasek Polytechnic, Ngee Ann Polytechnic, Agri-Food & Veterinary Authority (AVA) and A*STAR (Agency for Science, Technology and Research), with Temasek Polytechnic undertaking a critical coordination role. This MoU is further evidence of JCU's commitment to applying its world-leading research capability towards enhancing the local and regional aquaculture industry while promoting sustainable development in Northern Australia and the global Tropics.

JCU's continued commitment to promote sustainable development and to being a model sustainable organisation was reflected by our success in the Green Gown Awards Australasia, further demonstrating the beneficial impact that our teaching and learning, research and operations have on the community. JCU's TropEco team won a Green Gown Award in the category 'Creating Impact' and was also a finalist in the 'Student Engagement' category.

In 2018, our alumni continue to play prominent roles within our society. Our eighth annual Outstanding Alumni Awards Ceremony recognised 12 exceptional graduates of the University. Professor Jamaluddin Jompa was recognised as the Chancellor's Outstanding Alumnus. Professor Jompa is one of Indonesia's top scientists and is currently the chair of the Centre of Excellence of Marine Resilience and the Dean of the Post Graduate School at Hasanuddin University.

We were particularly delighted when JCU's recently retired Dean of Graduate Research, Emeritus Professor Helene Marsh was named as the University of Queensland's 2018 Alumnus of the Year. Emeritus Professor Marsh continued to show her characteristic strong commitment to JCU by accepting my invitation to chair the JCU Broderick Review Implementation Working Group which has played a vital part in supporting the implementation of recommendations made by Ms Elizabeth Broderick AO in late 2017.

In a related, and important, 2018 moment the University adopted a Statement of Commitment to the Elimination of Sexual Harassment and Sexual Assault, with staff coming together across the University to discuss and lend their support for the Statement on that very special day in July.

We remain committed to maintaining the high quality of our teaching and research. In November, JCU celebrated the 20th anniversary of the Daintree Rainforest Observatory's (DRO) canopy crane. The crane is the essential infrastructure that gives life to JCU's DRO at Cape Tribulation and is the longest standing crane in Australia. The crane and the DRO are part of a world-standard research facility which is adding significantly to our understanding of tropical rainforests.

The Centre for World-Class Universities at Shanghai Jiao Tong University, publishers of the Academic Ranking of World Universities, released its 2018 ranking of the world's top 500 universities. That ranking saw JCU listed in the top 201-300 group of universities – reflecting the fine efforts of our academics. The Times Higher Education World University Rankings 2019 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 again in the 201-250 band among the world's universities. JCU also climbed up a key global ranking of 'young' universities, with JCU ranked 28th of the world's universities aged 50 years or under by the Times Higher Education Young University Rankings 2018.

The University's strong performance in teaching and research relevant to business, industry and the professions was once again recognised with a five-star rating for graduate employment by The Good Universities Guide. JCU is the only Queensland university, and one of only three Australian universities, to achieve this particular distinction every year for the past eight years.

JCU achieved success in the 2018 Queensland Young Tall Poppy Science Awards. Dr Alana Grech, was recognised as the Queensland Young Tall Poppy Scientist of the Year and Dr Georgina Gurney was recognised as a Young Tall Poppy Science award winner. Dr Gurney was also awarded a prestigious Fulbright Postdoctoral Fellowship, a flagship foreign exchange scholarship program of the United States of America. These prestigious awards and fellowship reflect the depth of research excellence at JCU and it is particularly pleasing to see some of our early and mid-career academics achieving so well among their peers.

It is clear that our commitment to teaching, education and research and our unique tri-city campus positioning in the Tropics – Cairns, Townsville and Singapore – encapsulated by our Statement of Strategic Intent to create a brighter future for life in the tropics world-wide through graduates and discoveries that make a difference, continue to drive our ambitions and encourage us to seek to improve our performance.

Late in 2018, we bid farewell to Dr Dale Anderson, our Deputy Vice Chancellor and Head of Singapore's campus, who retired after more than 12 years of service. Dr Anderson made a very significant difference to JCU in Singapore and to the broader Singapore community through his prodigious efforts, leading a strong team during a time of significant growth and achievement. Professor Chris Rudd OBE, will replace Dr Anderson in February 2019 and we look forward to welcoming him to the University.

We are also pleased to introduce to the JCU community Dr Laura-Anne Bull, who will be taking up the position of Deputy Vice Chancellor, Students in March 2019. Mr David Craig will also be joining us as Director, Cairns Campus, commencing at the end of January 2019. This role acts as the primary point of community contact for and with the University in Cairns and we look forward to David's leadership.

These new appointments come at an important time, as we seek to embed a differentiated market position for the JCU Cairns campus, with a view to growing our presence in the Far North.

In September, in his first visit to an Australian university after taking up his new role, Prime Minister The Hon Scott Morrison MP confirmed the Federal Government's contribution to the Cairns Innovation Centre project, highlighting both JCU's and the Federal Government's commitment to the Cairns campus and to building research and innovation skills. With construction expected to be finished in early 2020, the \$30 million Cairns Innovation Centre will become a place that will allow the University to translate its research into products and processes with real commercial application and which can drive economic growth and diversity for northern Australia.

Earlier, on 3 July, the Federal Minister for Northern Australia, Senator the Hon Matthew Canavan and Senator the Hon Ian Macdonald visited the Townsville campus to announce that the Northern Australia Infrastructure Facility had approved a loan of \$96 million to JCU, for the construction of the Technology Innovation Centre. This Centre will become the centrepiece of an innovation hub for undergraduate engineering students, industry partners, post-graduate researchers and start-up businesses on our Townsville campus.

It is particularly pleasing that regional students and academic staff will be beneficiaries of these new facilities, as we create a new era for the north's own University with truly world class facilities right here in the north.

In April, the Minister for Resources and Northern Australia, Senator the Hon Matthew Canavan officially opened the Australian Institute of Tropical Health and Medicine's (AITHM) world-class tropical health research and training facility in Cairns. This new facility at JCU's Cairns campus will build Australia's research and training abilities in virology, disease and transmission control and put Cairns at the forefront of the emerging knowledge economy.

In November, the Queensland Minister for Employment and Small Business and Minister for Training and Skills, the Hon Shannon Fentiman MP formally opened the University's AITHM facility on Thursday Island at a remarkable event which was a celebration of JCU's presence and commitment to the Torres Strait.

The launch of our Tropical Futures Institute in Singapore in September was a natural progression of our footprint in the Asia-Pacific region. Officially launched by The Honourable Karen Andrews MP, Minister for Industry, Science and Technology, this is the first research institute established by an Australian university in Singapore and will leverage the University's research capability and strengths to create substantive value-add to the research ecosystem in Australia, Singapore, ASEAN and the Tropics worldwide.

On a more sombre note, 2018 saw the closing of another chapter in the University's and indeed Australia's history, with the University community and the nation mourning the loss, but also celebrating the life, of Dr Bonita Mabo AO. Remembered as a matriarch of reconciliation and native title, working alongside her husband, Edward Koiki Mabo – after whom JCU's Townsville library is named – for the recognition of Indigenous land rights in Australia, Dr Mabo was a tireless advocate for Indigenous education and land rights, and the recognition of South Sea Islanders and the critical role they played in Australia's northern development. I was honoured to have been part of a special ceremony which saw Dr Mabo conferred a JCU Honorary Doctor of Letters on 17 November in recognition of her extraordinary life and achievements. It was a most moving ceremony, with many of Dr Mabo's family in attendance.

In acknowledging these important milestones, changes, growth and achievements, I would like to take this opportunity once again 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 am sincerely grateful for your contribution to our successes. 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 2018.

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 Section 5. *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 Section 6. *James Cook University Act 1997*

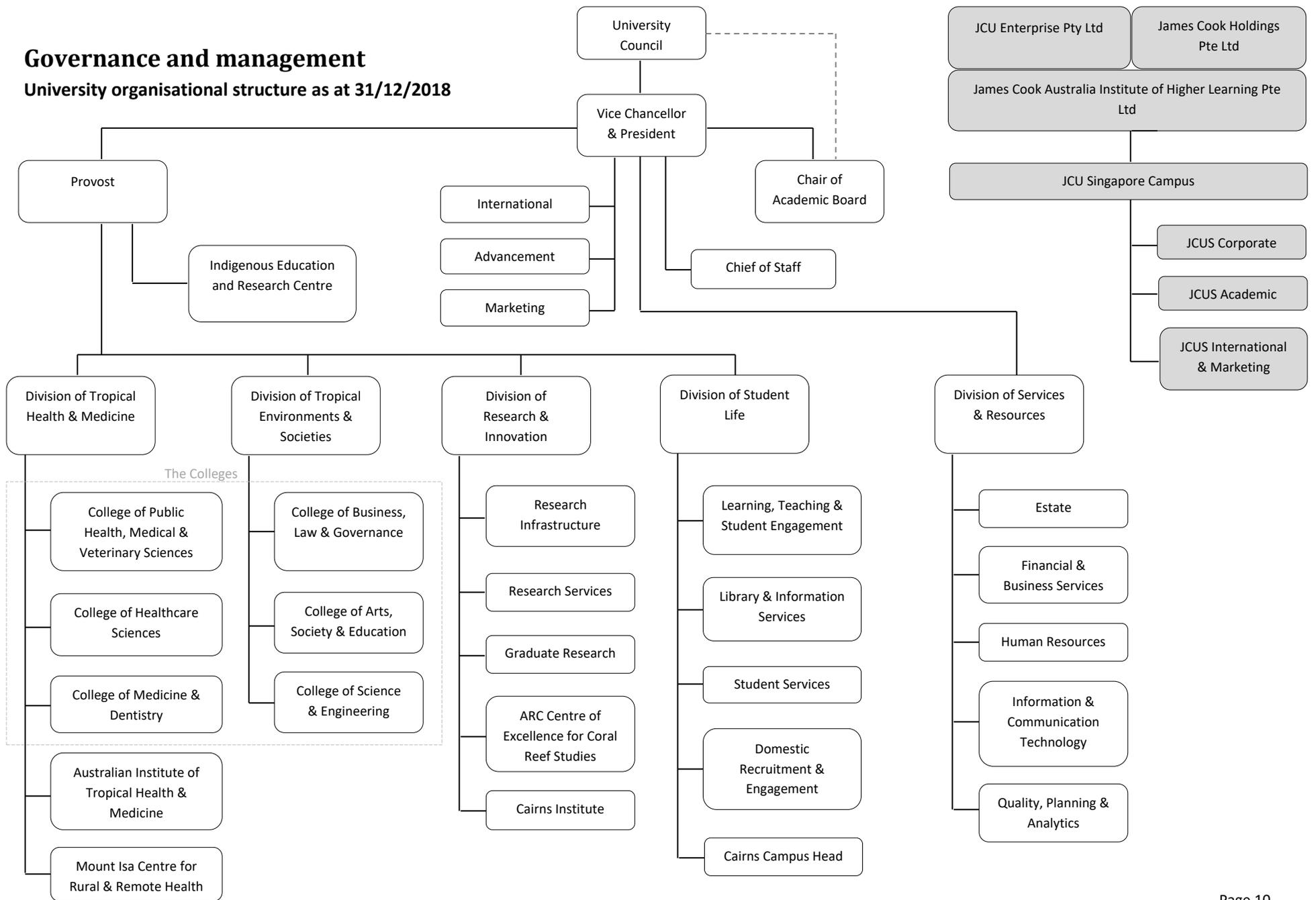
- (1) The University has all the powers of an individual, and may, for example—
 - (a) enter into contracts; and
 - (b) acquire, hold, dispose of, and deal with property; and
 - (c) appoint agents and attorneys; and
 - (d) engage consultants; and
 - (e) fix charges, and other terms, for services and 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)

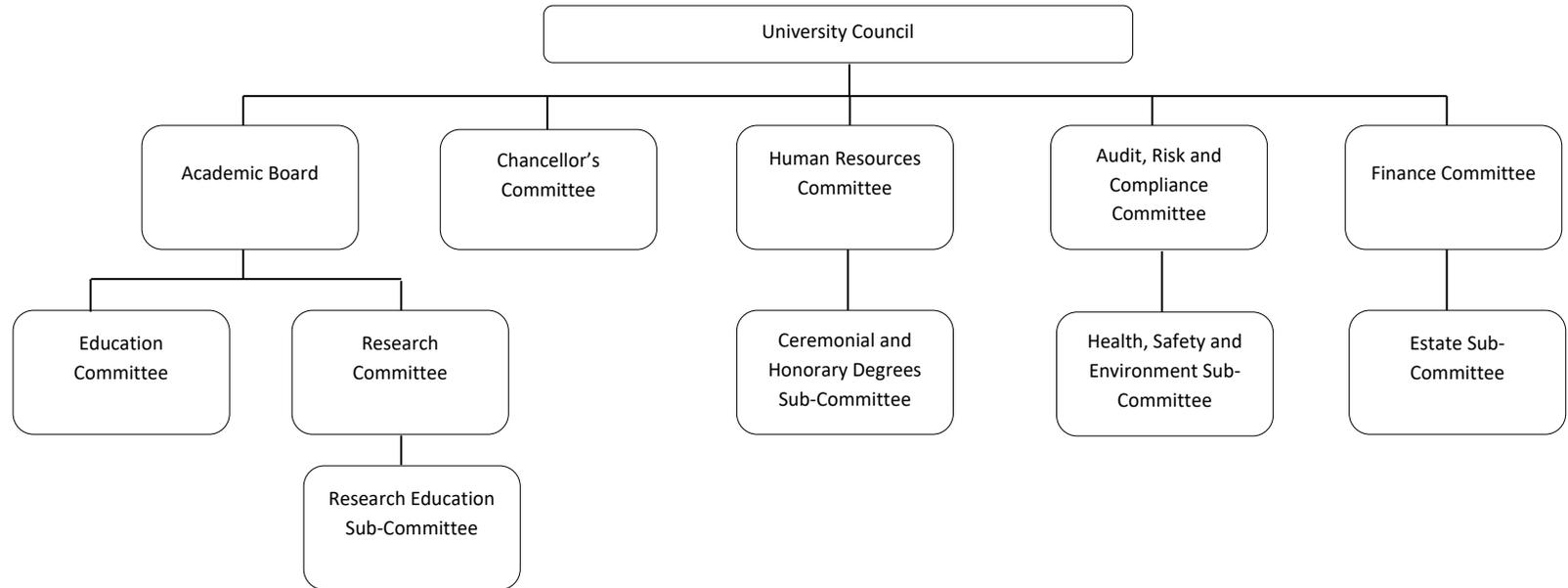
Governance and management

University organisational structure as at 31/12/2018

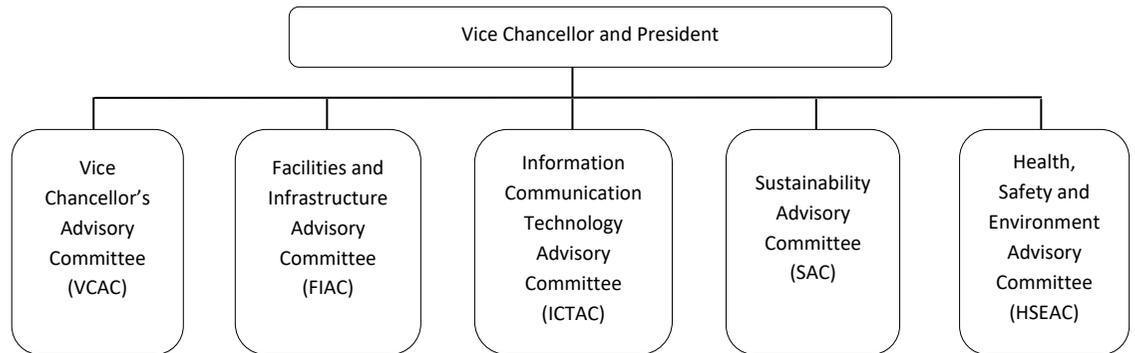


Governance structures as at 31/12/2018

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 Seventeenth Council commenced on 20 April 2018 for a term of four years.

University Council – Powers of Council

As per Section 9. *James Cook University Act 1997*, the University Council has the following powers:

- (1) The council may do anything necessary or convenient to be done for, or in connection with, its functions.
- (2) Without limiting subsection (1), the council has the powers given to it under this or another Act and, in particular—
 - (a) to appoint the university's staff; and
 - (b) to manage and control the university's affairs and property; and
 - (c) to manage and control the university's finances.

University Council – Primary Responsibilities

The University Council is the prime instrument of University governance. The University Council of James Cook University has primary responsibilities 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 a flexible number and type of members.

Membership flexibility is made possible through the provisions of the *University Legislation Amendment Act 2017* (ULAA), which 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*). Among other things, new provisions in the *James Cook University Act 1997* 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.

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 not 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 University Council has a formal process for the review of its membership and that of its committees. 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 14 lists the University Council membership of the Seventeenth University Council as at the reporting period end (31st of December 2018). There were a total of six meetings in 2018 of the Seventeenth 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 31st of December 2018) is summarised in the Executive Management table on page 15.

James Cook University – University Council membership as at the 31st of December 2018 (for the Seventeenth University Council)

Membership type	Position on Council	Member's name	Member's qualifications	Attendance
Official members	Chancellor	William (Bill) Tweddell	BA, BEc <i>JCU</i>	6 / 6
	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	6 / 6
	Chairperson of the Academic Board	Stephen Naylor	BEd <i>Melb</i> , MA <i>RMIT</i> , PhD <i>Monash</i> .	6 / 6
Appointed members	Governor-in-Council	Bruce Martin		1 / 6
		Marjorie Pagani	BA <i>JCU</i> ; BA(Hons) <i>JCU</i> ; LLB <i>QUT</i> ; Grad Dip <i>AICD</i> ; Cert Arbitration; Cert Mediation; Grad Dip Family Dispute Resolution; Commercial Pilot; Member BAQ; <i>Australian Women Judges Assn.</i>	6 / 6
		Angela Toppin	BEd, Dip Teaching <i>QUT</i>	3 / 6
Additional members	Deputy Chancellor	Campbell (Cam) Charlton	BCom, LLB <i>JCU</i> , GAICD	4 / 6
	Additional members	Jayne Arlett	B.Sc.Pod.Med, GAICD; FIML; FAAPSM; FASMF	6 / 6
		Ryan Haddrick	LLB <i>JCU</i> , LLM <i>QUT</i> , GradDipLegPrac <i>ANU</i> , Barrister (Qld, NSW, ACT)	5 / 6
		Gregory Lynham	[Judge] LLB (Hons) <i>JCU</i> , Member National Judicial College of Australia	5 / 6
		Peter Phillips	BBus <i>Curtin</i> , CA, FIIA, CIA, CFE	6 / 6
Elected members	Academic staff	Allison Craven	BA (Hons) <i>UQ</i> , MA(Res) <i>UQ</i> , PhD <i>Monash</i>	6 / 6
		Lee Stewart	DipTeach(Nursing); PostgradCert Education; MasterDisp.Res.; PhD	2 / 2
		Lee Skerratt	BVSc, BAnSc and PhD (<i>University of Melbourne</i>)	3 / 3
	Professional and Technical staff	Jonathan Strauss	PhD (<i>JCU</i>) BA (Hons) <i>Monash</i>	6 / 6
	Students	Lennon Stathoulis		4 / 6
Non-member (Secretary)	Secretary (acting)	Ian Troupe	BSc (Hons) <i>CNA</i> , MSc <i>Lpool</i> , MA <i>Cantab</i> , GradDipACG AGIA ACIS	6 / 6

Note: The membership details of the single (one) meeting in early 2018 of the previous University Council (being the Sixteenth University Council) is not recorded in the above information. The previous (Sixteenth) University Council had different members, and a different membership mixture.

James Cook University - Executive Management as at the 31st of December 2018

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, and the State of the Tropics project. The Vice Chancellor has oversight of the International Directorate, the Advancement Directorate, and the Marketing Directorate.
Provost	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. The Provost has oversight of research infrastructure, graduate research, research services, the Cairns Institute and the ARC Centre of Excellence for Coral Reef Studies. The Provost has oversight of the Division of Student Life.
Deputy Vice Chancellor and Head of Singapore Campus	Dale Anderson (end) / Chris Rudd (start 11/2/2019)	BSc <i>Newcastle Uni UK</i> , PhD <i>Nottingham UK</i> , DSc <i>Nottingham UK</i> , Ceng, FIMechE, FIM	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: - College of Public Health, Medical & Veterinary Sciences - College of Healthcare Sciences - College of Medicine and Dentistry
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, FRSRB, FRSE	Responsibility for the operations of the Division and oversight of the following colleges: - College of Business, Law & Governance - College of Arts, Society & Education - College of Science & Engineering
Deputy Vice Chancellor of Student Life	Laura-Anne Bull (start 4/3/2019)	BEng (Hons) and PhD <i>University of Strathclyde UK</i>	Key responsibility for oversight of Learning, Teaching & Student Engagement, Library & Information Services, Student Services, Domestic Recruitment & Engagement, and Cairns Campus Head.
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 the controlled entities are listed below. 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 the end of year financial reporting, each of the entities provides an annual report in relation to the prior year's activities, Health, Safety & Environment (HSE), and risk, which is provided to the University Council via the Audit, Risk and Compliance Committee, and the Finance Committee, as part of the Statutory Accounts process.

JCU UniVet Pty Ltd (JCU Vet)

JCU Vet was incorporated in 2009, with objectives that include providing facilities for study, research and clinical education in the field of Veterinary Science as well as aiding in the development or promotion of research in that field. JCU Vet trades from Townsville's only animal hospital location on the Douglas Campus.

JCU Vet is a registered Australian Proprietary Company and JCU is the sole shareholder of the issued four hundred and eighty thousand (480,000) ordinary shares. The board of the company consists of five (5) nominees of the Vice Chancellor acting as directors of the company. JCU, JCU Univet and Greencross Limited (GXL) entered into an agreement under which GXL provides management services to the company. JCU elected to terminate the tripartite management agreement with GXL, and JCU Univet Pty Ltd will resume total management of the clinic as of 1 January 2019. The company is registered with the Australian Charities and Not-for-Profits Commission (ACNC). The company provides reports to the University Council in accordance with University policy.

JCU Enterprises Pty Ltd

JCU Enterprises Pty Ltd was incorporated in 1989 and owns all of the shares in James Cook Holdings Pte Ltd. JCU Enterprises Pty Ltd does not trade in its own right. JCU Enterprises Pty Ltd is a registered Australian Proprietary Company and JCU is the sole shareholder of the issued two million, four hundred and ninety-one thousand, six hundred and forty (2,491,640) ordinary shares. The board of JCU Enterprises Pty Ltd consists of three (3) nominees of the Vice Chancellor, acting as directors of the Company. The company is registered with the Australian Charities and Not-for-Profits Commission (ACNC). The company provides reports to the University Council in accordance with University policy.

James Cook Holdings Pte Ltd

James Cook Holdings Pte Ltd, a private company registered in Singapore, was incorporated in 2011 as a holding company fully owned and controlled by JCU Enterprises Pty Ltd. James Cook Holdings Pte Ltd does not trade. The company owns 100% of the shares in James Cook University Pte Ltd. The board of James Cook Holdings Pty Ltd consists of four (4) nominees of the Vice Chancellor acting as directors of the company. Two (2) of the directors permanently reside in Singapore. The company is registered with Accounting and Corporate Regulatory Authority (ACRA), and secretarial services are provided in Singapore by Park Crescent Services Pte Ltd (a subsidiary of Baker Tilley). The company provides reports to the University Council in accordance with University policy.

James Cook University Pte Ltd

James Cook University Pte Ltd was incorporated in Singapore in 2001. On 13 April 2015, James Cook University's Singapore campus earned the distinction of being the first private education institution to attain an EduTrust Star quality mark from the Singapore Government. The EduTrust Star is the highest level of quality assurance that can be awarded to a private education institution (PEI) by the Council for Private Education (CPE) under the EduTrust Certification Scheme (EduTrust). It underscores the high level of commitment on the part of management and staff of JCU Singapore, to strengthen the position of the institution as a leading provider of quality education.

The board of James Cook University Pte Ltd consists of four (4) nominees of the Vice Chancellor and the Vice Chancellor herself, acting as directors of the company. The company is registered with Accounting and Corporate Regulatory Authority (ACRA) and secretarial services are provided in Singapore by Park Crescent Services Pte Ltd (a subsidiary of Baker Tilley). Financial Statements of James Cook University Pte Ltd are audited by a Singapore-based external auditor. The company provides reports to the University Council in accordance with University policy.

JCU Early Learning Centres Pty Ltd

JCU Early Learning Centres Pty Ltd was registered in 1993 as a public company limited by guarantee to provide non-profit child care for children of students, staff and graduates of the University. It is also charged with providing and promoting the development, wellbeing and education of children, and encouraging parent and community involvement in its operations. JCU Early Learning Centres Pty Ltd operates two (2) child care centres on the Douglas Campus.

JCU Early Learning Centres Pty Ltd is a registered Australian Proprietary Company and JCU is the sole shareholder of the issued ten (10) ordinary shares. The board of the company consists of five (5) nominees of the Vice Chancellor acting as directors of the company, and there is currently one (1) vacancy for a director of the board. The company is registered with the Australian Charities and Not-for-Profits Commission (ACNC). The company provides reports to the University Council in accordance with University policy.

JCU Health Pty Ltd

JCU Health Pty Ltd was registered in 2002 as a public company limited by guarantee to provide non-profit medical services for students and staff of the University, staff of Queensland Health and the general public. It is also charged with providing and promoting the education and clinical training of University staff and students in the medical, nursing and allied health fields. The company operates from the Clinical Practice Building and works closely with other JCU Clinics operated by the University in the Clinical Practice Building. The promotion of medical research is also an object of the company.

JCU Health Pty Ltd is a registered Australian Proprietary Company and JCU is the sole shareholder of the issued ten (10) ordinary shares. The board of the company consists of six (6) nominees of the Vice Chancellor acting as directors of the company. The company is registered with the Australian Charities and Not-for-Profits Commission (ACNC). The company provides reports to the University Council in accordance with University policy.

Tropical Queensland Centre for Oral Health Pty Ltd

Tropical Queensland Centre for Oral Health was incorporated in 2011 with objectives to provide students enrolled in the Bachelor of Dental Surgery, and related postgraduate programs within the University, with the required clinical placements. It also has the objective 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 its operations are conducted from the Cairns Campus where there are 80 chairs in the undergraduate clinic, 4 chairs in the specialist rooms, and 15 chairs in the postgraduate clinic. The Townsville Clinic is located in the Clinical Practice Building, and was opened in 2014 hosting 18 chairs in the undergraduate clinic, and 2 chairs in the specialist rooms. The company is a registered Australian Proprietary Company and JCU is the sole shareholder of the issued ten (10) ordinary shares. The board of the company consists of five (5) nominees of the Vice Chancellor acting as directors of the company. The company is registered with the Australian Charities and Not-for-Profits Commission (ACNC). The company provides reports to the University Council in accordance with University policy.

JCU CPB Pty Ltd

JCU CPB, registered on 7 October 2011, is a special purpose entity to act as trustee of the CPB Trust (the Trust), with the primary objective of assisting the University in carrying out its development, construction and ongoing management of the Clinical Practice Building (CPB), Townsville. JCU is the sole beneficiary of the Trust, which ensures that the University benefits from the leasing of retail areas within the building. The CPB Trust holds a ground lease of the CPB site from JCU and owns and operates the CPB constructed on the site. Tenants in the Clinical Practice Building include both retail and clinical, health based operations.

The company does not trade, and acts only as trustee for the CPB Trust. The Clinical Practice Building was completed in 2013. CPB Pty Ltd is a registered Australian Proprietary Company and JCU is the sole shareholder of the issued ten (10) ordinary shares. The board of the company consists of four (4) nominees of the Vice Chancellor acting as directors of the company. The company provides reports to the University Council in accordance with University policy.

North Queensland Commercialisation Company Pty Ltd

North Queensland Commercialisation Company (NQCC) was registered in 2008 to provide research commercialisation services to JCU. The company does not trade and acts as the trustee of The JCU Asset Trust (the Trust), and any income of the Trust is to be distributed to JCU. The Trust was formed to generally assist JCU in research commercialisation, and to hold intellectual property rights and sponsor start-up initiatives in commercialisation companies.

Presently, the JCU Asset 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 which is currently engaged in research and commercialisation of an upper limb rehabilitation device. NQCC is a registered Australian Proprietary Company, and JCU is the sole shareholder of the issued one (1) ordinary share. The board of the company consists of two (2) nominees of the Vice Chancellor acting as directors of the company. The company is registered with the Australian Charities and Not-for-Profits Commission (ACNC). The company provides reports to the University Council in accordance with University policy.

JCU College Pty Ltd

JCU College incorporated and commenced trading in 2015 to provide educational pathways and English Language tuition for current JCU students, and prospective / future students. JCU College works closely with both the Australian and Singapore based campuses. JCU College Pty Ltd is a registered Australian Proprietary Company and JCU is the sole shareholder of the issued ten (10) ordinary shares. The board of the company consists of three (3) nominees of the Vice Chancellor acting as directors of the company. The company is registered with the Australian Charities and Not-for-Profits Commission (ACNC). The company provides reports to the University Council in accordance with University policy.

Discover Sport Limited

Discover Sport Limited was incorporated on 25 May 2018. Discover Sport's objectives are to promote awareness and the benefits (both physical and psychological) of healthy exercise via sports and games through the use of sporting facilities on the JCU Campuses and elsewhere, and to assist JCU in improving and providing facilities and resources for games and sport. Discover Sport will be a public company limited by guarantee and will consist of a board of eight (8) directors each nominated by the Vice Chancellor. The company is not presently trading, however it is actively applying for grant monies to achieve its objectives. Further, the company is income tax exempt, however it is not registered with the ACNC.

Governance – risk management and accountability

Risk Management

The University's Risk Management Framework is reviewed and updated annually to ensure its currency and relevance.

The University Executive also undertakes an annual University Level Risk Assessment. In 2018, this assessment responded to changes in the risk environment, and in response to the new University Plan (2018-2022). 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 and compliance 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;
- Compliance activities;
- Incident reporting; 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 Policy and Framework were revised to incorporate Executive level title changes, including the Compliance Action Plan template as an appendix, and to ensure consistency in the reporting of substantial breaches. In response to the Internal Audit of the Compliance Framework completed in November 2017, in 2018 the Annual Compliance Declaration (ACD) form was revised, the Lexis Nexis obligation register was implemented, and training for Obligation Owners for each legislative compliance requirement will continue into 2019.

A Comprehensive Assurance Framework is being finalised which notes all the assurance and business improvement activity across the University. It is based on a four lines of defence model noting the structure and roles, responsibilities, linkages and accountabilities for decision making, risk and internal control functions. Each line of defence provides higher levels of independence and

objectivity, thereby delivering greater assurance to key stakeholders, particularly the University's Council and Executive.

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 QAO focuses on financial accountability; and, the QAO's 'independent audit report' is included within the financial section of this annual report.

TEQSA is the regulator of Australia's higher education sector. 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. On 26 October 2018, TEQSA renewed, under section 36 of the *Tertiary Education Quality Standards Agency Act 2011*, the registration of JCU in the category of Australian University, for a period of seven years until 26 October 2025.

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.

Furthermore, in May 2018, the QAO report titled '*Education: 2016-17 results of financial audits (Report 15: 2017-18)*' was tabled in the Queensland legislative assembly. This report summarises the results of the QAO's financial audits of the education sector entities in Queensland. The education sector, for the purposes of this report, includes the Department of Education, TAFE Queensland, the seven Queensland public universities and the entities they control, the eight Queensland grammar schools, and other statutory bodies and controlled entities that provide specific and specialised education services.

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.

Achievements include: 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 13 members, comprising two ex-officio members, (Chancellor and Vice Chancellor) and nine (9) 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 (2) additional members were co-opted to the Committee for expertise in audit and in Information Communication Technology (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:

2018 Audit, Risk and Compliance Committee Membership (January to December)			
Membership type	Position	Member's name	Attendance
Chair	(External)	Campbell (Cam) Charlton	3 / 5
Ex officio	Chancellor	Mr William (Bill) Tweddell	4 / 5
	Vice Chancellor	Sandra Harding	5 / 5
Elected members	(External) – Deputy Chair	Graham Kirkwood	1 / 1
	(External)	Ryan Haddrick	1 / 1
	(External)	Steven Mosch	0 / 1
	(External)	Lynette McLaughlin	0 / 1
	(External)	Marjorie Pagani	4 / 4
	(External)	Bruce Martin	1 / 4
	(Staff)	Lee Skerratt	1 / 2
	(Staff)	Lee Stewart	2 / 2
Co-opted members	(External)	Ruth Faulkner	4 / 5
	(External)	Nick Tate	4 / 5
Secretary	Deputy Director, Secretariat.	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 takes the approach to identify areas of significant operational and financial risk, and managing those risks, by aligning activities to the University's risks and audit planning 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 meeting 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.

Achievements include: The Internal Audit Strategic and Annual Work Plans being 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. 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 via the Manager, Internal Audit reporting functionally to the Vice Chancellor and to the 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 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 2018 there was significant focus on developing, improving and streamlining policies and procedures impacting on student administration issues, student and staff health and well-being, organisational effectiveness and compliance and students' experience at JCU. Major projects completed during the year include:

- Implementation of recommendations arising from the Broderick Review. Significant amendment to the Bullying, Discrimination, Harassment and Sexual Misconduct Policy; and, establishment of the Sexual Assault and Sexual Harassment Procedures.
- Delivery of a streamlined approach to managing student appeals. Establishment of the Student Appeals Policy and Procedure
- Improving complex student administration processes. Review and amendment of Academic Progression Policy and establishment of new procedures.
- Consolidation of several policies into the Award Finalisation and Graduation Policy and development of associated procedures. Review and amendment of the Credit and Articulation Policy and Procedures.
- Articulation of JCU's approach to student retention. Establishment of the Student Retention Policy.
- Contribution to improving organisational effectiveness and compliance. Establishment of the Business Continuity Policy.
- Review and amendment of the Information Privacy Policy and establishment of new procedures. Establishment of the Cybersecurity Policy and Framework.
- Implementation of the JCU Enterprise Agreement. Review and amendments to several HR policies and procedures.

Regular reviews of various policies, procedures and guidelines were undertaken throughout the year, resulting in numerous amendments.

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 to 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 29% in 2018, 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 2018 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. A continuation of works from prior years continued throughout the year to work towards full compliance 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.

Workplace Health and Safety

The JCU Health Safety & Environment (HSE) Unit has the primary responsibility to administer the organisation's safety, fire, and other safe workplace related compliance activities. The HSE Unit provides assistance to a broad range of areas including laboratories, boating and diving, field trips, construction, biosafety, emergency preparedness, injury management, radiation, chemicals, asbestos and training.

The HSE Unit is working to implement, monitor and review a Health & Safety Management System (HSMS). The system is designed to complement other systems used within JCU, and provide a systemic management approach to assist in both meeting legal requirements and leading to sustained improvements in health and safety performance.

In 2018 key initiatives were implemented as part of the HSMS, resulting in the reduction of incidents, improved practices, clear health and safety guidance / advice to the University, and efficiencies in management and governance processes. Some of these key initiatives included the following:

- After undertaking a successful Smoking Policy Review, JCU converted to a 'smoke free' university from 1st July 2018.
- Annual fire evacuation drills were conducted for all buildings, and all essential first aid kits are compliant as part of fire compliance / first aid compliance.
- Development of a Contractor Management Procedure was completed, which will provide clearer guidance on how to manage contractors.
- Implementation of a mandatory health and safety training matrix, which provides mandatory safety training requirements based on legislation and JCU procedures.
- Development of a JCU infection control procedure for immunisation, health screening, infection control practices and management of pandemics.
- In 2016 JCU elected to take part in the Injury Prevention and Management (IPaM) program. The IPaM program is an initiative, and is also a statement of commitment between an employer and the joint agencies of Workplace Health & Safety Queensland (WHSQ) and WorkCover Queensland. The program is designed to assist businesses to develop better workplace health and safety management systems. In 2018 JCU successfully completed the program, and was provided with a letter from WorkCover Queensland congratulating the University on being recognised as a high achiever. In recognition of JCU's achievements, WorkCover Queensland and WHSQ requested that JCU as an exemplar, provide a presentation at the IPaM High Achievers seminar outlining how JCU successfully undertook the IPaM program.

There has been major progress regarding disposal of historical radiation sources. This consisted of both sealed and unsealed sources that were stockpiled since the opening of the University. During 2018, all unsealed sources were disposed of, and of the remaining 21 sealed sources, 17 have been accepted into the Radiation Health Esk Store. Three sources are remaining at JCU in safe containment.

Townsville Health and Knowledge Precinct

JCU has a strong relationship with the Townsville Hospital and Health Service (Townsville HHS), working together towards the collaborative development of the adjacent Douglas campuses of both organisations to create a unified precinct with the working title of the 'Townsville Health and Knowledge Precinct'.

The Townsville Health and Knowledge Precinct is being brought forward as an initiative under the Townsville City Deal. The parties advancing the proposition are JCU, Townsville HHS, the Townsville City Council (TCC), and the Queensland State Government via Economic Development Queensland. During 2018, a Steering Committee was established, with senior representation from each party. Significant activities during 2018 included:

- Economic analysis: CDM Smith provided economic analysis to support the Health and knowledge development strategy for the Townsville City Deal. This included a consideration of the characteristics of a knowledge city, and the preconditions for knowledge economy development.
- City building: Agreement on the Douglas node as the Health and Knowledge Precinct for Townsville, with connections to the CPB and other productive precincts.

- Identity: Commitment to establishing a new name, brand and marketing and engagement strategies for the Precinct. This process is underway and will be completed in the first half of 2019.
- Benchmarking: Other Health and Knowledge precincts were researched and benchmarked to ensure best practice and the latest concepts were considered for the Townsville Precinct; in particular the Gold Coast Health and Knowledge Precinct.
- Infrastructure: A developing partnership with the Sustainable Built Environment National Research Centre towards case study analysis of the CBD to Douglas 'Smart Link' corridor, as a suitable route for new generation Public Transport technologies such as the 'Trackless Tram'.

In addition, THHS and JCU continue to meet and pursue matters of mutual interest under their Memorandum of Understanding. These include:

- Tropical Australia Academic Health Centre (TAAHC): Through an emphasis on translational research, TAAHC aims to embed research into health service delivery to improve quality and efficiency of care, enhance recruitment and retention of professionals in the region and encourage greater investment in the North.
- Master Planning: THHS is developing a new master plan, and are working closely with JCU to ensure their plan meshes with the 2017 JCU Master Plan, to create a coherent built environment with a compelling public realm across the two integrated campuses.
- Infrastructure: Exploration of options for joint development of renewable energy on a precinct wide basis.
- Collaboration: Establishment of research and teaching working groups with representation from Townsville HHS and JCU.

The Townsville Hospital is also the main teaching campus of JCU's schools of Medicine, Nursing, Allied Health, and Dentistry. A number of Townsville Hospital clinicians also hold academic posts at JCU.

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.

Students are at the heart of our University

We inspire our students 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.

We commit to providing an inclusive and respectful learning environment for our students. We recognise that their physical, mental and cultural wellbeing while at University is central to achieving their personal and educational goals.

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

Our world-class research generates new knowledge and understanding to meet the challenges facing the people of the Tropics.

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.

Diversity and reconciliation

We embrace the diversity of the communities we serve in Australia and Singapore and work with them to create opportunities and enduring benefits for our region and beyond. We acknowledge the First Nation peoples of the world, their rich cultures and their knowledge of the natural environment, and 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 Aboriginal and Torres Strait Islander peoples and the wider community.

Sustainability

We are 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. We are a University signatory to the United Nations Sustainable Development Goals and have agreed to play our role in understanding and responding to challenges facing the world and contributing to a sustainable future.

Our Values

- Excellence
- Authenticity
- Integrity
- Sustainability
- Mutual Respect
- Discovery

Our 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.

One university / Two countries / Three tropical campuses – Cairns, Singapore, Townsville.

Operating environment

Review of achieving statutory obligations

The University's priorities and actions, found within the JCU University Plan 2018-2022 and outlined throughout this annual report, and the University's achievements, are aligned with the Queensland ***Government's objectives for the Community***. These include: academic excellence; literacy and numeracy; skills training; career pathways and development; professional learning; community services and relationships; fiscal responsibility; and new infrastructure.

Environmental factors, government policy changes, funding changes

There continued to be significant inertia during 2018 in the Higher Education sector with respect to the policy reform agenda the Federal Government raised in 2016 through the Driving Innovation, Fairness and Excellence in Higher Education consultation process. However, in late 2018 consultation was initiated with the sector around reviewing provider categories; reviewing the Australian Qualifications Framework; and reviewing the redistribution of enabling places, and post-graduate and sub-bachelor Commonwealth Support Places (CSP), with consultations continuing into early 2019. In addition, the Government announced that former Chief Justice Robert French will review issues related to freedom of speech in Australian Universities.

The Federal Government has announced that the 2019 budget will be handed down on 2 April 2019, with a Federal election widely expected in early May. Opposition Federal Shadow Ministers have made a number of policy announcements that Labor would implement if it forms government, including commitments to a full review of post-secondary education; demand driven funding; a review of the research system; increasing investment in research and development to 3% of Gross Domestic Product (GDP) by 2030; and an independent taskforce on sexual harassment and sexual assault on university campuses.

In late 2018, the Government announced the development of a National Regional, Rural and Remote Higher Education Strategy, supported by a new Advisory Group on Regional Education in response to the 2017 Independent Review into Regional, Rural and Remote Education. An additional 500 enabling places will be released to the sector for 2019, following a competitive bid process that closed November 2018. Several universities, including JCU, were allocated additional enabling and sub-bachelor places prior to the release of the additional 500 places. The Mid-Year Economic Forecast 2018/19 is expected to show where funding for these initiatives has been accounted for.

Major / significant initiatives

Major / significant initiatives are outlined under the 'Major Achievements' section of this report. The Major Achievements are listed under category headings: Student focus; Research, reputation and rankings; Our people; and, Sustainable organisation. These categories broadly encompass the sections of the 2018-2022 University Plan.

Matters of interest to key stakeholders

Matters of interest to key stakeholders are outlined in this annual report under each individual section. Outlining the matters of interest to key stakeholders under each individual section, links the matters to the appropriate area of focus for the 2018-2022 University.

Our Challenges

As outlined in the JCU University Plan 2018-2022, our challenges are listed as:

Area of challenge	Specific challenge
Changing expectations of universities	Changes to the relative contributions of public and private investment in higher education.
	Increased emphasis on Industry engagement, applied research and employment outcomes in undergraduate degrees.
	Universities are expected to provide community infrastructure, catalyse innovation and train entrepreneurs.
Globalisation	It is no longer necessary to live near your workplace as working remotely is possible.
	Employers can access labour from a global talent pool.
	Students will travel to study.
	International experience or exposure is expected as part of university study.
Digital technologies	Importance of the Tropics as a geo-political region.
	Impact of automation and digitisation on the employment market and the potential to disrupt local economies. Universities need to retrain displaced workers for knowledge based jobs.
	Democratisation of knowledge and ubiquitous content means it is no longer necessary to attend a university to gain knowledge.
Competition	Students expect a digitally enhanced learning environment, which is accessible 24/7.
	Source countries for international students are now competitors.
	Increased competition in local region for students.
	Increased competition for government funds, business investment and philanthropic funds.

Our response to the challenges

As outlined in the JCU University Plan 2018-2022, our response to the challenges are listed as:

- Improving the accessibility of our programs by enhancing our pathways programs, developing modules to provide continuous learning opportunities, expanding the range of programs we deliver online and developing a metropolitan campus strategy.
- Developing graduates who have the knowledge, skills and disposition to succeed in a global workforce by increasing our focus on authentic learning experiences, global citizenship, Work Integrated Learning and innovation.
- Offering a distinctive course portfolio that reflects the current and future needs of our regions, and enables students to make a contribution to local communities and the attainment of the UN Sustainable Development Goals.
- Boosting our engagement with our communities and local industry through the expansion of Work Integrated Learning opportunities and an increased focus on industry led research and consultancy projects.
- Promoting the Tropics as a powerful geo-political region through our world-class and impactful research and leadership of the State of the Tropics project.

- Acknowledging the significant investment that is made by our students to further their goals and ambitions, and the investment by governments, local communities, business and industry to support the educational and research outcomes that the University delivers. We commit to delivering meaningful returns on these investments by managing our financial resources in a manner that is sustainable, fit-for-purpose, and which facilitates the efficient and effective deployment of our entire resource base.

Outline of nature and range of operations

The nature and range of operations are further expanded in this annual report throughout each individual section. As per the JCU University Plan 2018-2022, each section is outlined as either an academic aspiration, or an enabling focus.

	Section
<p>Academic Aspiration Our academic aspirations are:</p>	1. Create and sustain opportunities for those living in the Tropics to participate in further education and make a valuable contribution to the community and global workforce and the attainment of the UN Sustainable Development Goals.
	2. Inspire students and the wider community about the importance of the Tropics and underserved populations.
	3. Be a catalyst for innovation and connection, using international networks, research with impact and continuous learning opportunities to connect northern Australia to the global economy.
<p>Enabling Focus To achieve our academic aspirations we must:</p>	4. Focus on the needs of our students.
	5. Build a 'OneJCU' culture.
	6. Be digitally enabled.
	7. Realise the potential of our people.
	8. Be empowered by our place – the Tropics, our locations and campus experiences.
	9. Achieve a global outlook whilst maintaining local relevance.

Section 1: Academic aspiration – Create and sustain opportunities

Aim

Create and sustain opportunities for those living in the Tropics to participate in further education and contribute to the community, the global workforce and the attainment of the United Nations (UN) Sustainable Development Goals.

Context

Our role is to develop graduates who have the disciplinary and generic knowledge, skills, attributes and disposition to be successful in an employment market that is becoming increasingly knowledge based, automated and globalized. To achieve this our programs will enable students to be adaptable and acquire the digital literacy, intercultural communication, collaboration, career management, innovation and entrepreneurial skills required to succeed within complex career landscapes of the future.

Priorities

- Refine and renew programs to meet market demand for education and training.
- Provide clear pathways for students to access and succeed at JCU.
- Reach a larger group of people by providing engaging, interactive and flexible learning.
- Provide students with the practical skills to succeed.

Actions

Timeframe	Actions
Now (2018-19)	Refine our portfolio of sub-degree and undergraduate courses, with a specific focus on continuous renewal to meet the current and future needs of the region.
	Adopt a co-ordinated but nimble approach to support the delivery of modular and bespoke program offerings.
	Refine domestic and international pathway programs to provide accessible, inclusive and integrated entry to JCU.
	Modernise and streamline our credit transfer and recognition of prior learning processes.
	Expand the range of programs we offer in an online format and adopt a student-centred and accessible learning management system.
	Confirm the arrangements for learning delivery in an Australian metropolitan area.
Soon (2019-21)	Develop a dynamic portfolio of postgraduate coursework and research degrees, with a specific focus on alignment with our Strategic Intent, areas of academic excellence and meeting market demand.
	Further develop our whole-of-institution early intervention strategies, afforded through learning analytics software and dedicated staff.
	Consider the role and structural placement of JCU College.
	Establish minimum standards and expectations for online learning.
	Encourage and incentivise academic disciplines to expand the range of courses available at the Singapore campus.
Later (2021-22)	Develop opportunities for students to engage with innovation and entrepreneurship through, for example, start-up workshops and our new innovation centres.
	Promote ePortfolio and Career Development Learning to students as a key part of their academic career.

Section 2: Academic aspiration – Inspire

Aim

Inspire students and the wider community about the importance of the Tropics and underserved populations.

Context

JCU is acknowledged internationally for excellence in research and teaching in areas of specific importance to the Tropics and underserved regions and plays a vital role in developing graduates who are equipped and excited to work and live in rural, remote and Indigenous communities throughout northern Australia and the broader Tropics. We will invest in areas of demonstrated strength and in new areas of strategic importance to focus attention and bring benefits to the communities we serve and enrich the learning experience of our students through exposure to, and involvement with, research.

Priorities

- Build on academic and research excellence to raise awareness of issues facing tropical and underserved populations.
- Contribute to tropical communities through Work Integrated Learning programs (WIL).
- Sustain research excellence and intensify its impact by making it relevant to tropical communities, industries and policy makers.
- Develop graduates whose learning is enriched by research.

Actions

Timeframe	Actions
Now (2018-19)	Encourage collaboration between colleges and the Indigenous Education and Research Centre to provide students with the opportunity to acquire a deeper understanding of Indigenous peoples across the Tropics including their knowledges, worldviews and contemporary challenges.
	Strengthen the coordination of opportunities for students to engage with industry and participate in Work Integrated Learning (WIL), workplace based projects and service learning through curriculum.
	Create a WIL website that provides information and resources for students, staff and host employers and showcases opportunities for WIL projects to contribute to local communities.
	Expertly and robustly manage staff succession and recruitment to ensure the ongoing development of areas of demonstrated research strength.
Soon (2019-21)	Create deliberate links between the State of the Tropics project and the Academy to leverage resources and data which can be utilised to inform student learning or research.
	Support Academic and Professional and Technical staff involved in WIL and research internship programs through the development of specific WIL pedagogy, the establishment of a Community of Practice, workload recognition, and professional development resources.
	Continuously monitor and develop the portfolio and capability of research centres and institutes, including the establishment of a research institute in Singapore.
	Enrich the student learning experience through engagement with high-profile researchers.

Later (2021-22)	Maintain and extend opportunities for experiential learning through, for example, field-based learning, placements, and involvement in research activities.
	Seek external investment in areas of emerging strength in either teaching or research.

Section 3: Academic aspiration – Catalyst

Aim

Be a catalyst for innovation, connecting our region to the global knowledge economy.

Context

JCU is a part of the national and international innovation ecosystem, delivering foundation knowledge and applied research to support communities, industries and government. We aim to facilitate and support innovation and entrepreneurship as integral elements of our core business – education and research. By virtue of our strategic focus on the Tropics, we embrace international alliances and intercultural experiences and seek to make global citizenship a defining feature of the JCU experience.

Priorities

- Establish Innovation Centres at the Townsville and Cairns Campuses.
- Demonstrate the relevance of research to industries operating in the Tropics.
- Promote Global Citizenship among students and staff.

Actions

Timeframe	Actions
Now (2018-19)	Facilitate community-level engagement in innovation and entrepreneurship through events like start-up weekends.
	Invest in new business development and commercialisation capabilities to provide a pan-University view and remit and provide leadership and guidance to academic disciplines.
	Establish new administrative capability in consultancy research, providing business development, project management, and post-award management services to assist academic disciplines increase their capacity.
	Provide additional opportunities for our students to travel and study overseas through cross-campus experiences, exchanges, short courses and study abroad programs.
Soon (2019-21)	Participate in PhD industry internship programs.
	Develop and maintain collaborations with industry to aid our students in developing skills that will be crucial in their professional and personal development.
	Strengthen our participation in industry oriented grant programs, including specifically the CRC program, the ARC Linkage Program, Academic Health Centres and Advance Queensland.
	Foster global citizenship in our graduates through the embedding of global perspectives in our teaching and learning in accordance with the JCU Curriculum Framework.
Later (2021-22)	Develop innovation hubs in both Townsville and Cairns.
	Facilitate co-location of industry within innovation hubs.
	Develop stronger alliances with State of the Tropics partner universities to facilitate joint programs, reciprocal exchanges and knowledge transfer opportunities for staff and students.

Section 4: Enabling focus – Students

Aim

Focus on the needs of our students.

Context

The needs of our student cohort are central to JCU’s vision, and creating an environment that fosters a positive learning experience for our students is everybody’s business. We seek to know our student cohort and welcome them into an inclusive and accessible space which embraces diversity and champions respect. We will engage our students in a supportive community of higher learning through an outstanding academic, social and cultural campus experience that equips them to make a significant contribution to local, national and global communities.

Priorities

- Understand and engage with our diverse student cohort.
- Embrace innovative and inspirational approaches to a scaffolded and authentic learning experience.
- Ensure quality services for students that are integrated, responsive and focused on supporting wellbeing, success and engagement.
- Provide clear communication and engagement strategies that assist students & stakeholders to connect with each other.

Actions

Timeframe	Actions
Now (2018-19)	Develop a student experience plan that articulates the characteristics of the JCU student experience across our campuses and delivery modes.
	Implement a diverse, inclusive range of pedagogies that support our student cohort including the expansion of authentic learning and assessment tools across the curriculum and potential reduction in the use of examinations.
	Deliver student wellbeing and equity initiatives, which promote holistic wellbeing.
	Deliver streamlined administrative procedures to students and provide responses, which are timely, integrated and coordinated.
	Deliver orientation and welcome events that are informed by the diversity of our cohort and that are accessible, informative, and contribute to building social capital.
	Provide opportunities for students to give feedback on their JCU experience.
Soon (2019-21)	Engage with our comprehensive student data set to inform our service delivery and our interactions with students.
	Develop proactive and cohesive engagement and service methodologies that complement the student journey.
	Ensure all student services and resources are inclusive and accessible.
	Raise awareness of disability and mental health support issues and expand the range of services available for students on campus.
	Broaden the role of frontline support positions such as First Year Coordinators, within the Academic Performance Frameworks.
Later (2021-22)	Provide students with intuitive tools to manage their own requirements, whilst always maintaining the option for personal interaction.
	Ensure student representation is reflected in University governance and the student voice is represented in strategic decision-making.

Section 5: Enabling focus – Culture

Aim

Build a ‘OneJCU’ culture.

Context

We are a large and diverse organisation spanning two countries with staff and students located at a geographically dispersed network of campuses, study centres, field stations and clinical schools. Although we are connected by our shared vision as expressed in our Strategic Intent it is easy to lose sight of the University as a whole and focus on the priorities of individual work units. This diminishes the power that a unified university approach can bring to confronting and responding quickly to opportunities and challenges. With our operating environment becoming increasingly complex it is imperative that we build a OneJCU culture which reflects our values and beliefs and is characterised by high performance, customer focus, trust and accountability, and timely and transparent decision making.

Priorities

- Develop a ‘can do’ approach across the organisation.
- Build a culture that has institutional priorities at the centre.
- Imbed the Singapore campus as an integral element of our operations.
- Establish flexibility and agility as operational priorities.

Actions

Timeframe	Actions
Now (2018-19)	Actively model the ‘OneJCU’ culture in day-to-day management practice, reflecting the University’s values and beliefs and demonstrating a collaborative and whole-of university approach to confronting challenges and removing barriers.
	Develop strong partnerships within and between academic and non-academic units to ensure a positive student experience.
	Share information between the Australian and Singapore campuses on service delivery and operations.
	Refine delegations, policies and procedures to improve processing times, reduce administration and adopt a risk-based approach to decision making.
Soon (2019-21)	Implement a ‘OneJCU’ communication and education strategy for staff expressing the institutional priorities, provides more visibility around our values and beliefs, and promotes the importance of academic excellence and student and staff wellbeing to our University.
	Harmonise and integrate service delivery across our campus network to achieve a sense of community across all locations.
	Deliver professional development workshops to strengthen the service culture utilising the Good Services Framework.
	Equip and support our staff with digital tools and technologies that support agile and collaborative ways of working.
Later (2021-22)	Continue to inculcate the ‘OneJCU’ culture to staff through modelling behaviour and refinement of our human resource policies and procedures.
	Embed a culture of shared responsibility through engaging students in decision making and leadership roles.
	Review deployment of services across JCU campuses, with a specific focus on

	services delivered at the Australian and Singapore campuses.
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Section 6: Enabling focus – Digitally enabled

Aim

Digitally Enable the University.

Context

A fundamental shift is occurring in how we use technology: it shapes the customers, markets and products we have, our students' experiences, the way we work, how our students learn and how we do research. Our aim is to successfully exploit digital technologies for growth, for inspiring digital experiences, and for improving productivity and efficiency.

Priorities

- Digitise platforms to achieve growth.
- Digitise our business.
- Innovate and Experiment.
- Digitally enable our workforce.

Actions

Timeframe	Actions
Now (2018-19)	Continue to invest in digital transformation including IT infrastructure and professional development to support technology enabled teaching.
	Employ digital and assistive technologies to enhance our student learning experience.
	Develop our cybersecurity culture and capabilities to provide effective protection and mitigations against current and emerging cybersecurity threats.
	Experiment with contemporary communication mechanisms to enhance our interactions with students.
	Increase our capacity in education design for new digital learning environments, and support and grow the capabilities of our academics in next generation digital learning platforms.
Soon (2019-21)	Use digital platforms to personalise the management of each student's relationship with the University throughout their student lifecycle. This could be through a student portal.
	Fully exploit all of the rich sources of data available to us to develop predictive insights that lead to business advantage.
	Grow existing research tools, platforms and partnerships to continue to enable world leading research.
	Maximise our ability to adapt and adopt digital capabilities including cloud, Internet of Things and mobile through engendering an agile and smart risk-taking culture of technology development and use.
	Embed key aspects of digital literacy competencies in the development of our staff, our students and our curricula.
	Extend and grow eResearch capabilities in target disciplines.
Later (2021-22)	Utilise next generation digital learning platforms and learning analytics that increasingly personalise the student's learning experience and support personalised interventions and retention.
	Co-design and co-create new digital experiences with our customers that are engaging, intuitive, personalised, mobile, and accessible, whilst also reducing

	manual process effort and improving our use of digital technology in the way we work.
	Embed emerging technologies into our digital experience, including: artificial intelligence (including machine learning) and; augmented, virtual, and mixed reality.
	Engage with industry, community, and public sector partners to accelerate our capacity for innovation.
	Grow our capability to get value from core systems, including in Singapore.

Section 7: Enabling focus – People

Aim

Realise the potential of our people.

Context

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. We are enriched by our connections to Aboriginal and Torres Strait Islander communities throughout Northern Australia and the Torres Strait and those who choose to work or study at JCU. We support and develop staff throughout the employment lifecycle, understanding that in doing so we are developing the leaders of the future. By nurturing our people we enable them to fulfil their ambitions and make a difference to tropical societies.

Priorities

- Develop inspired teams and promote the ‘OneJCU’ culture.
- Recognise and reward high performing staff who consistently demonstrate JCU values.
- Develop and nurture a high performing, diverse and inclusive workforce.
- Implement a ‘grow our own’ culture through professional development and workforce planning.

Actions

Timeframe	Actions
Now (2018-19)	Foster an inclusive workplace where we accept and value diversity through the implementation of the Respect Now Always and Broderick Review action plans, achieving Athena SWAN bronze accreditation and fulfilling our ambitions stated in the Indigenous Workforce Strategy and Reconciliation Action Plan.
	Invest in a comprehensive suite of contemporary management development opportunities to develop inspiring leaders and managers embracing a ‘OneJCU’ culture.
	Streamline human resource management administrative processes to reduce workload and enhance the experience of casual staff.
	Strengthen our performance management practices and model a culture built on performance, trust and accountability.
Soon (2019-21)	Embed the ‘OneJCU’ culture into our recruitment, induction, performance management and promotion processes to make expectations clear and encourage a culture of accountability.
	Strengthen the internal focus on professional development and staff wellbeing including an emphasis on training staff in new pedagogies, student centric approaches and digital technologies to improve employment satisfaction and the student experience.
	Proactively encourage high performing students and staff to continue their career at JCU through active talent management and workforce and succession planning.
	Invest in e-recruitment and talent management technologies to enhance JCU’s reputation as an employer and improve the applicant experience.
	Embrace new career patterns expected by new generation employees.

Later (2021-22)	Promote cross-University collaboration through the facilitation of internal secondments and improved induction and orientation programs.
	Develop more flexible reward and recognition mechanisms, which support an organisational culture of high performance.
	Embed digital literacy into all ways of working and staff development.

Workforce planning, attraction and retention, and performance

QLD Government Measures	2018 Result
Workforce Profile: Full-time equivalent staff (FTE)*	2,138
Workforce Profile: Permanent separation rate*	10%

*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);
- And, external factors like regional unemployment.

Policies and activities that promote flexible working arrangements, wellbeing and a healthy work-life balance

- Free and confidential access to the Employee Assistance Program (EAP);
- Free online flexible learning and development via Lynda.com applications;
- Training regarding discrimination, bullying & harassment prevention;
- Training regarding Aboriginal and Torres Strait Islander Cultural Competence (modular);
- Training regarding Resilience for Staff, Resilience for Managers, Mental Health Awareness, and Emotional Intelligence in the Workplace;
- Work-station set-up and special needs assessment (by the Health, Safety & Environment directorate), including stand-up desks;
- Provision of mobile technologies (mobile phones, laptop computers, digital tablets, etc.) for staff that are in remote locations, constantly travelling, or are required to work off-campus;
- Availability of flexible optional working hours, known as 'Op-time', for continuous full-time or part-time staff within employee band levels HEWL 1-9;
- Fitness Passport program for staff and family members to use multiple gyms and pools across Townsville and Cairns at a low cost;
- And, provision of various leave arrangements including Cultural Leave, Special Sporting Leave, Personal and Carer's Leave, Compassionate Leave, Domestic and Family Violence Leave, State Emergency Services Leave, Volunteering Leave, Natural Disaster Leave, and Defence Force Reservist Leave.

Section 8: Enabling focus – Place

Aim

Be empowered by our place - the Tropics, our locations and campus experiences.

Context

We are inspired and enlivened by our place in the Tropics and the diverse environments, which surround our locations including the contrast between the Australian outback, Great Barrier Reef and World Heritage listed rainforests in northern Queensland and the metropolitan hubs of Singapore and Brisbane. Our place underpins our teaching, research and engagement and gives a unique JCU flavour to our work. However, we understand that the student experience is not based solely on the learning environment and our goal is to create captivating, dynamic and vibrant campus environments where students, staff and the wider community can live, work and socialise.

Priorities

- Create a vibrant knowledge community inspired by our place in the Tropics.
- Build environments that inspire innovation and collaboration and where students, staff and the community feel welcome.
- Develop in a sustainable way.

Actions

Timeframe	Actions
Now (2018-19)	Deliver Campus Master Plans that address the aspirational briefs of our campus locations.
	Improve space efficiency through planning, design, coexistence and better use of technology.
	Discourage car movements on campus.
	Enhance the promotion of JCU's residential culture and its role in contributing to the inclusiveness and vibrancy of the University.
Soon (2019-21)	Create an aspirational brief for key locations outside the main campuses.
	Deliver the space rationalisation and Townsville Innovation Complex projects.
	Build an estate plan that enables the University to be responsive to an ever-changing environment.
	Utilise sustainable utility opportunities.
	Ensure all campus infrastructure and learning experience is fully accessible to students with disabilities.
Later (2021-22)	Create vibrant learning and innovation hubs at JCU locations that bring students, industry and the community together.
	Facilitate space consolidation on the Cairns campus.
	Implement autonomous transport options.
	Create additional and different types of spaces on campus to meet the diverse needs of our student community.

Section 9: Enabling focus – Global outlook / local relevance

Aim

Achieve a global outlook while maintaining local relevance.

Context

Through our three tropical campuses – Cairns, Townsville and Singapore – James Cook University is a tri-city university with internationalisation integral to our intent and structure. Our aim is to provide global perspectives and connection through strategically selected collaborations and partnerships that work to strengthen our local communities. Key to this is our work to build and maintain a powerful and distinctive global brand that continues to bring awareness to the importance of the Tropics.

Priorities

- Internationalise teaching, research and our study body.
- Serve our local communities.
- Bring global perspectives to our regions.

Actions

Timeframe	Actions
Now (2018-19)	Present JCUs narrative and stories in a compelling way to strengthen our brand, create engagement and to bring students, researchers and staff to the Tropics.
	Build sustainable international student recruitment through the development of pipeline, academic pathways and partnerships.
	Consolidate and strengthen our widening participation agenda through school and community engagement programs.
	Invest in implementing a Schools Engagement Strategy that adds value to our schools and strengthens our connection to community thereby enabling us to contribute to the prosperity of our region.
	Support our local communities through strategic partnerships, sponsorships and professional development programs.
	Stay in touch with our domestic and international alumni and find ways that they can bring global perspectives to our priorities.
	Bring opportunities to our region by facilitating connections with Singapore.
Soon (2019-21)	Develop a curriculum that includes relevant, globally informed content, which works to build global competencies and perspectives within our graduates to enable them to gain successful employment in the global knowledge economy.
	Work independently and with regional community partners to raise the aspiration of students from underrepresented groups.
	Increase the participation of Aboriginal and Torres Strait Islanders, and students from remote, rural and low SES students in higher education.
	Work with Local, State and Federal Government in partnership to serve our local community.
	Capitalise on our status and facilities in Singapore to increase access for our region into Asia.
Find new and innovative ways to showcase the success of our alumni to inspire our regions to compete on a global scale.	
Later (2021-22)	Ensure our partnerships and curriculum work together to build capacity and competency to increase leadership capability throughout the Tropics.

	Build and strengthen partnerships with key industry within our local communities and build leadership capacity to support them to compete on a local and global scale.
	Work to educate non-tropical regions of the world about the global importance of the Tropics through our contribution to State of the Tropics and the tropical focus of our research and courses.
	Provide intellectual leadership around the challenges and opportunities facing the Tropics.
	Facilitate development and exchange of innovations that contribute to liveability in our region.

Major achievements

Category: Student focused

- JCU graduates ranked number one in Australia for employer satisfaction, ahead of all other universities, in the Federal Government's Quality Indicators for Learning and Teaching (QILT) 2017 Employer Satisfaction National Report. The report details that 91% of direct employer supervisors rated graduates from JCU favourably, giving JCU the top spot out of the 39 universities ranked. Employers provided feedback on a range of skills, including application of professional and technical knowledge, and the ability to perform and innovate in the workplace. JCU graduates performed exceptionally well across the whole range of employer feedback.
- JCU was awarded five stars for graduate success in 2018, for 'graduates getting a full time job', in The Good Universities Guide. This is the eighth consecutive year in a row, from 2011 to 2018, that JCU has been awarded the highest rating of five stars for graduate success. The Good Universities Guide has also awarded JCU five stars in 2018 for 'student-teacher ratio' (the number of students per teacher); 'learner engagement' (the proportion of students who felt they were engaged with learning at their university); and, 'social equity' (the proportion of domestic students who come from low socioeconomic or disadvantaged backgrounds).
- In July 2018, Federal Minister for Resources and Northern Australia, Senator the Hon. Matthew Canavan, and North Queensland-based Senator the Hon. Ian Macdonald made the announcement to commit up to \$96 million from the Northern Australia Infrastructure Facility (NAIF) to develop the landmark Technology Innovation Complex (TIC) at JCU's Townsville campus. The TIC will deliver leading-edge STEM (Science, Technology, Engineering and Mathematics) innovation, research and educational facilities for northern Queensland.

The three level, 10,000m² TIC will be the centrepiece of an innovation hub in which undergraduate engineering students, industry partners, post-graduate researchers and start-up businesses will converge and collaborate. Construction on the TIC is expected to commence in early 2020, with the project estimated to create 270 construction and other jobs. The vision is to help build a workforce for the future economy, and position northern Queensland and Australia as a global leader in the tropics, and help drive prosperity and innovation.

- In May 2018, JCU celebrated the opening of the new Indigenous Education & Research Centre on the Townsville campus. The Bebegu Yumba precinct, meaning 'place of learning' in the Birri-Gubba language of the Bindal people, is designed to promote collaboration between students and staff, and brings together research, teaching and support facilities into one location. The Centre supports more than 500 Australian Aboriginal and Torres Strait Islander students who now have access to advanced study and social facilities.
- On 18 February 2018, Rugby League legend and JCU Honorary Doctor, Dr Johnathan Thurston, officially opened the new student accommodation at the Cairns Campus. The seven-story building, with accommodation for 300 students in its first stage, aptly named the John Grey Hall of Residence, in honour of former long running Chancellor Lt Gen Dr John Grey (Rtd) AC. Lt Gen Dr Grey (Rtd) presided as Chancellor of JCU for 17 years - from 1999 to

2016. Lt Gen Dr Grey (Rtd) held a long-term vision for JCU to provide student accommodation at the Cairns Campus site; however, he retired as Chancellor prior to completion of this vision.

Construction of the accommodation 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.

- In September 2018, JCU announced a \$1 million scholarship program developed to encourage more high-achieving school leavers to study at JCU. An additional 63 scholarships will be offered every year (for three years) from 2019, aimed at high-achieving school leavers. An extra \$780,000 will be invested in scholarships, boosting up the existing scholarships and bursaries program. Under the \$1 million scholarship program, there will be 60 Academic Merit Scholarships, and six Dean's Scholarships, offered every year. The Academic Merit Scholarships, worth \$5,000 each, shall be paid over three years, and are offered to domestic school leavers commencing eligible courses; and, The Dean's Scholarships provide \$10,000 every year for the duration of an undergraduate course. The \$1 million scholarship program also aims to boost the North Queensland regional economy by encouraging high-achieving North Queensland based students to remain in the region, whilst enticing high-achieving students from other locations to come to North Queensland for study, and join the regional workforce upon completion of studies.
- A major review into the University's Course Architecture was conducted throughout 2018, undertaken with the assistance from external consultants. The outcomes from the review will inform JCU on the future direction of structuring courses at all levels. Additional work will be conducted in the near future to implement the agreed changes. These changes will further strengthen JCU's course offerings to future students.
- 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	2,502
Singapore	996
Cairns	739
Brisbane (RHE 3 rd party operated campus)	288
JCU Online	88
Mackay	21
Mount Isa	3
Thursday Island	0
TOTAL	4,637

Category: Research, reputation and rankings

- In 2018, the Times Higher Education ranked JCU 28th in the best 'young' universities in the world (under 50 years old). The Times Higher Education assessed young universities across a range of criteria including teaching, research, international outlook, and working relationships with industry.
- In 2018, Scopus ranked JCU as the highest cited institution in the world for coral reef science (2013-2017 data). Scopus is the largest abstract and citation database in the world of peer-reviewed literature, including scientific journals, books and conference proceedings.
- In 2018, JCU established the Strategic Research Investment Fund (SRIF), which aims to seed programs of work that align with strategic research priorities and enhance the research capabilities of the University. Submissions are assessed against three key criteria: 1) Proposed program, 2) Team and ability to deliver, and 3) Benefit to JCU and the end-user. In August 2018, the outcomes of the first round SRIF funding were announced, with 17 proposals submitted to the panel, of which, two were chosen to receive SRIF first round funding, as per below:

1. *Data Integration for Actionable Knowledge - Forecasting decision making tools for fisheries and beyond.*

Led by Professor Marcus Sheaves, this program involves a strong team of researchers from the College of Science & Engineering and project partners from InfoFish, PNG National Fisheries Authority, GBRMPA, and QDAFF. JCU is uniquely positioned to develop and deliver technological solutions to inform management that address critical needs in fisheries and aquatic food security. This program will provide high-level data handling and processing, analysis and interpretation, and cutting-edge research to create a platform of capability in fisheries management research.

2. *UHEAL –Ulcer and wound HEALing consortium.*

Led by Professor Jon Golledge, this program involves a strong and diverse team of researchers from AITHM, the JCU Colleges of Medicine & Dentistry and Science & Engineering, the Indigenous Education & Research Centre, JCU (Singapore), and project partners from Townsville Hospital, Townsville Aboriginal & Islander Health Service, Cairns Base Hospital, Queensland University of Technology, AIT Ventures, A*STAR (Singapore), Vapogenix (US), and NOVEL (Germany). UHEAL is a new alliance of researchers and clinicians with unique expertise (drug discovery, wound healing, animal models, disease mechanisms and clinical care) needed to improve chronic wound management. UHEAL will achieve its vision of substantially reducing the morbidity from chronic wounds in the tropics by undertaking an integrated cross-disciplinary program of pre-clinical and clinical research focused on research translation and commercialisation.

- JCU ranked second in Australia and equal 15th in the world for environment/ecology in the US News & Global Report - Best Global Universities Ranking 2018.
- In April 2018, the Federal Minister for Resources and Northern Australia, Senator the Hon. Matthew Canavan, officially opened the second building at the Cairns Campus devoted to the Australian Institute of Tropical Health and Medicine (AITHM). This building features 16 laboratories and cryogenic facilities capable of storing clinical material and research samples at temperatures as low as -190 degree Celsius. Work at the AITHM includes research into tropical diseases and health issues affecting the peoples of the tropics. The Federal Government provided \$18 million for the building, via the Australian Research Council's

Special Research Initiative Scheme, with the Queensland Government contributing a further \$6.5 million.

- At a prestigious ceremony held at the Grimaldi Forum in Monaco, His Royal Highness Prince Albert II of Monaco presented Professor Terry Hughes of JCU with the 2018 Climate Change Award. This was in recognition for his outstanding contributions to advancing understanding of the influence of rapid climate change on the world's coral reefs. Professor Hughes is a coral reef scientist, and is the Director of the Australian Research Council Centre of Excellence for Coral Reef Studies.
- JCU's Dr Severine Navarro will receive research funding from the Woolworths Centre for Childhood Nutrition Research, which delivers and houses innovative paediatric nutrition research. Dr Navarro undertakes research at the AITHM at JCU in Cairns. Dr Navarro will receive \$450,000 over the next two years to support her ground-breaking research into the link between parasites, their effect on gut microbiome and allergy prevention.
- In August 2018, The Australian Institute of Policy and Science held the 2018 Queensland Young Tall Poppy Science Awards ceremony. Two JCU scientists achieved success for their outstanding achievements: Dr Alana Grech, was recognised as the Queensland Young Tall Poppy Scientist of the Year; and, Dr Georgina Gurney was recognised as a Young Tall Poppy Science award winner. Dr Gurney was also awarded a prestigious Fulbright Postdoctoral Fellowship, a flagship foreign exchange scholarship program of the United States of America.
- In August 2018, JCU announced its first biotech start-up, Paragen Bio Pty Ltd. Located in Cairns, Paragen Bio is focused on treating autoimmune diseases, a range of diseases in which the immune system attacks healthy tissues and organs, leading to the deterioration and in some cases to the complete destruction of tissue. AbbVie Ventures, Brandon Capital's Medical Research Commercialisation Fund (MRCF), and OneVentures will co-fund the \$6 million investment into the new biotech company. Paragen Bio's technology is based on research with parasitic hookworms, conducted at JCU's Australian Institute of Tropical Health and Medicine (AITHM) by Professor Alex Loukas and team. The technology was developed at JCU with support from the Australian Research Council, Queensland Government, and National Health and Medical Research Council (NHMRC).
- In August 2018, the NHMRC released the results of the Fellowship rounds for 2019 research funding. JCU's Associate Professor Emily Callander was successful in securing \$437,036 under the Career Development Fellowships category for "Assessing value in maternal healthcare by harnessing the power of data linkage."
- In September 2018, the Provost announced the launch of a new JCU pricing tool to assist with research and consultancy related project budgeting. Jointly developed by Research Services, and Financial and Business Services, this new tool aids in the development of project budgets that fully consider all costs and resources associated with the delivery of externally funded activities including research, consultancy and other commercial activities. The new tool will also deliver additional effectiveness and efficiency when developing research, consultancy and other commercial activity based project budgets.

- The Australian Research Council (ARC) successful research funding announced in 2018 included:

Researcher	Category	Area of Research	Amount
Professor Peter Junk	Discovery Projects	Challenging targets in rare earth metal-organic chemistry	\$450,000 over 3 years
A/Professor Jan Strugnell	Discovery Projects	Dating West Antarctic ice sheet collapse using molecular sequence data	\$285,000 over 3 years
Professor Geoffrey Jones	Discovery Projects	Conserving coral reef fish and sustaining fisheries in the Anthropocene	\$620,000 over 4 years
Dr Felecia Watkin-Lui	Discovery Indigenous Projects	Knowledge integration for Torres Strait sustainability	\$387,811 over 3 years
Dr Michele Barnes	Discovery Early Career Researcher Awards	How social networks and power shape adaptive action	\$370,000 over 3 years

- In October 2018, JCU announced the opening of the Centre for Tropical Bioinformatics and Molecular Biology (CTBMB). The CTBMB will gather vast amounts of data relating to biological sciences via molecular techniques, and then apply a process known as bioinformatics. Bioinformatics is the analysing, visualising and interpreting of datasets involving many thousands of genes, genomic variants or micro-organisms. Researchers from the CTBMB will work across JCU's three main tropical campus locations of Cairns, Singapore and Townsville. The Centre will focus on four tropical themes: (1) Health and Disease in the Tropics; (2) Tropical Biodiversity; (3) Methods/Pipeline Development; and, (4) Tropical Food Production.
- In November 2018, Shannon Fentiman, the Queensland Minister for Training and Skills Development, officially opened the Australian Institute of Tropical Health and Medicine's (AITHM) new base on Thursday Island. The new building, adjacent to the Torres Strait Hospital, was designed to support research, training and community engagement. The facilities were co-funded by the Queensland Government (\$6.3 million), and JCU (\$300,000). AITHM JCU researchers will work and collaborate on issues of particular relevance to the Torres Strait, including infectious diseases such as tuberculosis; chronic diseases such as diabetes and obesity; exploiting the therapeutic properties of tropical organisms including parasites; and controlling the spread of mosquitoes that transmit diseases such as dengue and Zika.
- In November 2018, JCU launched the Centre for International Trade and Business in Asia (CITBA). The CITBA at James Cook University in Singapore brings together expertise in international trade, business, economic development, banking and finance, and sustainable urban planning, to successfully carry out research and consultancy projects throughout Asia that helps our stakeholders harness the opportunities that exist in the region. The CITBA is the first centre focused on business and trade in JCU, and signifies a new chapter in Singaporean/Australian academic cooperation.
- In December 2018, JCU announced a Memorandum of Understanding (MOU) with the Department of Science and Technology (DOST) of the Philippines Government. JCU Chancellor and former Ambassador to the Philippines, Bill Tweddell, signed the MOU, which included scholarships for Filipinos to study for PhD and Master's degrees at JCU. The MOU also included an exchange program of scientists, specialists and students, along with

capacity building initiatives, and training and career development for researchers and the professional workforce. The partnership with DOST is based on JCU's shared interest with DOST in developing scientific and educational alliances that are relevant and unique to the tropics. The focus will include marine sciences, biodiversity, tropical ecology and environments, global warming, tourism, and tropical medicine and public health care in under-served populations.

Category: Our people

- In February 2017, JCU engaged former Sex Discrimination Commissioner Elizabeth Broderick AO to comprehensively review JCU's sexual harassment and sexual assault policies and procedures, as well as the University culture. The Vice Chancellor released the findings of the Review in September 2017, and affirmed the University's commitment to implement strong and effective responses to sexual harassment and sexual assault. This resolution included fostering a community that features, at its core, respect, inclusion, and safety for all. The Broderick Review Implementation Working Group was established in late 2017 to support JCU's work in this important area. The Working Group, chaired by Emeritus Professor Helene Marsh, provided regular updates to the JCU community via communiques. Throughout 2018, there were a total of seven communiques from the Working Group, which detailed the progress of implementing the adopted findings from the original Broderick Review. One of the Group's major undertakings in 2018 was to acquit progress across the six key thematic areas identified from the Broderick Review, including: Leadership and Commitment; Policy and Procedure; Process and Ways of Working; Partnerships; Training; and Communication.

The Broderick Review was commissioned prior to other key reports being released, including: Universities Australia / Australian Human Rights Commission's 2017 - *Change the Course: National Report on Sexual Assault and Sexual Harassment at Australian Universities* report; UNSW's 2017: *On Safe Ground* report; and, the End Rape on Campus Australia's 2018: *The Red Zone Report*. JCU has drawn upon the recommendations from all of these above reports, and implemented new policies, procedures, and undertaken action to address issues. Furthermore, in 2018, JCU commissioned an external review of the residential colleges by Dr Sharon McCallum, completed in November, with actions being implemented relating to the outcomes of that review. JCU has worked closely with all residential colleges in response to all the reports and reviews; including the establishment of Memorandums of Understanding (MoU) with all residential college accommodation providers, to adopt the University's procedures in response to Sexual Assault and Sexual Harassment. JCU has also worked closely with specialist sexual assault support services to inform the University's procedures and support to victims of sexual assault and sexual harassment.

- The James Cook University Enterprise Agreement was approved by the Fair Work Commission on 9 March 2018, and came into operation on 16 March 2018. There was a major body of work undertaken by the Human Resources Directorate to implement the agreed updates and changes within the Agreement. The current Agreement has a nominal

expiry date of the 30 June 2021. The parties agree to commence discussions for a replacement agreement within 3 months after the nominal expiry of this Agreement.

- JCU's Deputy Vice Chancellor and head of the Singapore Campus, Dr Dale Anderson, will retire from JCU in late 2018, after 14 years of dedication and service. Professor Chris Rudd OBE has been appointed as Dale's replacement, commencing in February 2019. The JCU Singapore Campus is strategically placed in the Tropics, and is a gateway to Asia. The Campus is a critical part of JCU's overall success and long-term positioning / recognition as the University for the Tropics world-wide.

Category: Sustainable organisation

- Over the course of several years, JCU was engaged in the university-wide process of preparing for the Tertiary Education Quality and Standards Agency (TEQSA) audit. TEQSA allocates a maximum of seven years registration to universities, which is required to be a provider of higher education in Australia. This complex and lengthy process culminated in JCU receiving a successful registration in the category of Australian University on 26 October 2018. The registration was provided for the maximum seven years, until 26 October 2025.
- On 7 November 2018, JCU received renewal of its registration on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS). This registration was provided for the maximum period of seven years, until 26 October 2025 (aligned with the TEQSA registration expiry date). Education institutions can only enrol and deliver education services to students in Australia on a student visa if they are registered on the CRICOS.
- In March 2018, JCU released the results of its latest Economic Impact Report. JCU commissioned The Western Research Institute (WRI) to undertake the independent and external review of the University's economic impact in Townsville, Cairns, and across Queensland, based on 2016 data.

WRI found that JCU boosted the Queensland's economy by approximately \$827 million in 2016, with 97% of that economic impact felt in the Townsville and Cairns regions. 5,450 full time equivalent jobs were created across the State in 2016, either directly or indirectly, through spending on operations and infrastructure. \$512 million was contributed to the State's household income in 2016. Furthermore, it was projected that students, who graduated from JCU in 2016, would add a total of \$1.75 billion in human capital to the economy over their lifetime.

- In October 2017, JCU participated in the Queensland Government's Smoking & Vaping in Educational settings (SAVE) survey, to assess the attitudes and opinions of University staff and students on smoking and the use of e-cigarettes on campus. Among other findings, the survey results highlighted that a clear majority of 86% of survey respondents would prefer to be in a smoke-free environment, and 70% believe a smoke-free environment would have a positive impact on staff and student quality of life.

With this in mind, JCU committed to participate in the State Government's public health initiative to create a smoke-free environment for all public universities and TAFE's across Queensland. A Smoke-free Campus Policy was created and implemented, and came into effect on 1 July 2018. This policy applies to all Australian JCU locations, including campuses,

study centres, research stations, properties and the Cairns Student accommodation, which is already smoke free. The policy continues to prohibit smoking in JCU buildings and vehicles, including boats. The policy affects all students, staff, visitors, contractors, tenants and controlled entities. NB: Student accommodation in Townsville will transition to the smoke-free status as of 1 January 2019.

- Changes to the JCU headline structure were considered and approved by the University Council, and came into effect on 30 April 2018. The changes are proposed to streamline delivery of services for students, and better coordinate the University's approach to attracting, retaining and graduating both domestic and international students. The changes included bringing the Division of Student Life under the portfolio of the Provost (previously known as the Senior Deputy Vice Chancellor); the disestablishment of the Division of Global Strategy & Engagement; and, the International Directorate, the Marketing Directorate, and the Advancement Directorate, now reporting under the broadened Chancellery portfolio.
- The Townsville Campus Renewal project is a seven-year, targeted program of works affecting more than 50 buildings across the campus. Learning and Teaching buildings will be refurbished, while other ageing buildings will be demolished, and University activities will be brought closer together creating a more vibrant campus heart. The previously mentioned TIC building is a major component of this project, which will reduce the footprint of the University around a new Central Plaza. The Central Plaza, when constructed, will be an open public space that will connect the TIC, The Science Place, and other areas of the campus. The \$5 million Central Plaza project is funded through the Queensland Government's Catalyst Infrastructure Program.
- In August 2018, JCU signed a partnership agreement with the National Rugby League (NRL) to train its North Queensland based referees. The NRL aims that Rugby League Officials in North Queensland are not disadvantaged by their region locations. The agreement allows referees to receive access to a three-faceted training program, which delivers on education, technical skills, and personal development. Referees will visit JCU to undertake the program, where they will be provided with expert support from JCU Sport and Exercise Science staff and students. The program creates opportunities for referees to participate in innovative and cutting edge Sport and Exercise Science research.
- In August 2018, JCU went live with an updated iteration of the JCU website. The next generation website is specifically designed to enhance user functionality for people using mobile devices. This is in response to the growing trend of how our users interact with us, and how technology is being used more broadly. The new website focuses on four major areas, including: Brand equity, contemporary products, customer experience management, and commercial intent. These four areas will further support JCU's Acquisition and Retention – Recruitment strategy.
- In November 2018, JCU won the 'Creating Impact' award at the Green Gown Awards Australasia. The award was directly attributed to JCU's TropEco program, for creating a culture of sustainability at JCU. Since commencement in 2011, JCU's TropEco program has embedded a positive culture of sustainability via action and education. The TropEco program has undertaken a range of successful initiatives, which is empowering of staff, students and the wider community through sustainable actions and deliverables.

Key Performance Indicators (KPIs)

Category: Student focused

Measure name:	Institutional Total Student Load (EFTSL)
Type of measure:	Student enrolments and financial performance
2017 Result:	15,535
2018 Target:	15,175
2018 Result:	15,530
Commentary and variance reporting about 2018 result:	The target was met, with the result being 355 EFTSL (or 2.34%) above the target.

Measure name:	Institutional Commencing Student Load (EFTSL)
Type of measure:	Student enrolments and financial performance
2017 Result:	5,922
2018 Target:	6,282
2018 Result:	6,121
Commentary and variance reporting about 2018 result:	The target was not met; however, the result was within the agreed tolerance.

Measure name:	Overall quality of educational experience (QILT – SES)
Type of measure:	Teaching quality measure
2017 Result:	77.4%
2018 Target:	80.0%
2018 Result:	Not Available
Commentary and variance reporting about 2018 result:	The results are released by the Quality Indicators for Learning and Teaching (QILT) around May each year. It is too late for inclusion in this report.

Measure name:	Total Undergraduate Student Retention (%) in tropical Australia
Type of measure:	Student retention measure
2017 Result:	82.1%
2018 Target:	84.0%
2018 Result:	82.7%
Commentary and variance reporting about 2018 result:	The result was an improvement over 2017. The University is stepping up towards this long-term target.

Category: Research, reputation and rankings

Measure name:	Research Income (HERDC categories 1-4)
Type of measure:	Research activity
2017 Result:	\$44.631m
2018 Target:	\$46.858m
2018 Result:	\$44.726m
Commentary and variance reporting about 2018 result:	The target was not met, however; the result was within the agreed tolerance. The result was also an improvement over 2017. NB: The result is unaudited and unadjusted, with the final result coming from the HERDC Return (June).

Measure name:	HERDC Publication (points)
Type of measure:	Research activity
2017 Result:	996
2018 Target:	1,000
2018 Result:	986
Commentary and variance reporting about 2018 result:	The target was not met by 14 publication points; however, the result was within the agreed tolerance.

Measure name:	Total number of HDR Student Completions (International & Domestic)
Type of measure:	Student outcomes, and research outputs (RTS)
2017 Result:	138
2018 Target:	131
2018 Result:	108
Commentary and variance reporting about 2018 result:	The University has come off the back of two years of record high HDR completions results. The University challenged itself again with a very high target; however, the result could not be sustained, which is also compounded by unpredictability around the timeliness of research thesis submissions.

Measure name:	Reputation - International Rankings
Type of measure:	International reputation
2017 Result:	Top 400
2018 Target:	Top 400
2018 Result:	Top 400
Commentary and variance reporting about 2018 result:	The target was met. JCU maintained its ranking in the top 400 universities in the world.

Measure name:	Number of 1st Preferences to QTAC
Type of measure:	QTAC Market share
2017 Result:	6,854
2018 Target:	6,900
2018 Result:	6,342
Commentary and variance reporting about 2018 result:	This challenging target was not met, which was further compounded by the shrinking of the QTAC state-wide sector for First Preferences between 2017 and 2018. Prospective students now have more choices than ever of applying to interstate / international institutions, and undertaking different learning delivery modes (like online courses, which can be accessed from anywhere).

Category: Our people

Measure name:	Unscheduled absence index (average days)
Type of measure:	Proxy for health of the workforce
2017 Result:	6.00 days
2018 Target:	6.20 days
2018 Result:	7.60 days
Commentary and variance reporting about 2018 result:	A lower number of average absence days is considered better. There was an unexpected higher number of absences in the latter half of 2018, attributed to illness (flu season) and personal carers leave.

Measure name:	WH&S Incident Reduction Ratio
Type of measure:	A leading and lag indicator improving safety & reduce WH&S incidents.
2017 Result:	26.5%
2018 Target:	22.3%
2018 Result:	16.7%
Commentary and variance reporting about 2018 result:	A lower ratio is considered better. The target was exceeded with a great result. The full-year result of 16.7% was made up of 256 reportable incidents / divided by 1,530.25 proactive prevention hours. The full-year result was achieved through a positive combination of lower incidents, and a higher investment in proactive prevention effort (hours). NB: The 2018 target of 22.3% was set through a combination of 310 predicted reportable incidents / divided by 1,390 planned proactive prevention hours (as per the WH&S 2018 work plan). The 2018 result was also an improvement on 2017, which had a combination of 307 reportable incidents, and 1,160 proactive prevention hours. A higher investment in prevention activities has a direct and positive influence in reducing incidents.

Category: Sustainable organisation

Measure name:	% Net Operating Result/Income
Type of measure:	Financial management success
2017 Result:	-1.67%
2018 Target:	-1.96%
2018 Result:	+2.52 %
Commentary and variance reporting about 2018 result:	The result was exceeded due to an increase in teaching revenue, State and Local Government capital grants, and expenditure savings across various areas (as part of planned sustainable financial management activities).

Measure name:	Unqualified Audit Outcome
Type of measure:	Financial management standard
2017 Result:	Yes
2018 Target:	Yes
2018 Result:	Yes
Commentary and variance reporting about 2018 result:	An unqualified audit result was achieved.

Measure name:	Estate Management (GFA/EFTSL)
Type of measure:	Efficiency of space utilisation
2017 Result:	17.34
2018 Target:	17.98
2018 Result:	19.60
Commentary and variance reporting about 2018 result:	A lower ratio shows a more efficient use of physical space (Gross Floor Area), and is considered better. The target was not met due to student EFTSL in Townsville and Cairns being lower than expected.

Measure name:	TEQSA Compliance (Threshold Standards)
Type of measure:	Compliance
2017 Result:	Yes (Compliant)
2018 Target:	Yes (Compliant)
2018 Result:	Yes (Compliant)
Commentary and variance reporting about 2018 result:	Current work plans and milestones are being met and continually monitored.

Financial overview

Consolidated financials

Total Student Numbers*	2018
Total Enrolments: <i>Student Head Count</i>	21,375
Total EFTSL: <i>Equivalent Full-Time Student Load</i>	15,530

Expenditure \$m	2018
Total expenses from continuing operations	\$540.302 m

Revenue \$m	2018
Total income from continuing operations	\$557.756 m

Assets Vs Liabilities \$m	2018
Total Current Assets	\$262.418 m
Total Current Liabilities	\$128.529 m
Current Ratio	2.042

Net Result \$m	2018
Net Result Before Income Tax	\$17.454 m

Employee Benefits Ratio	2018
Employee Benefits as a % of Total Expenses	51.74%

* 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 FINANCIAL POSITION
as at 31 December 2018

	Notes	Consolidated		Parent Entity	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
CURRENT ASSETS					
Cash and cash equivalents	13	82,748	50,877	48,726	27,910
Trade and other receivables	14	34,498	23,272	38,277	26,428
Inventories		428	407	-	-
Other financial assets	15	133,683	177,500	133,683	177,500
Prepayments		11,061	12,120	10,053	11,557
Total current assets		262,418	264,176	230,739	243,395
NON-CURRENT ASSETS					
Trade and other receivables	14	-	-	24,510	24,891
Investments accounted for using the equity method		121	133	-	-
Other financial assets	15	84,548	47,312	86,294	49,952
Property, plant and equipment	16	1,013,702	1,021,822	949,192	956,312
Intangible assets		2,736	3,621	2,736	3,621
Other non-current assets		304	311	93	46
Total non-current assets		1,101,411	1,073,199	1,062,825	1,034,822
TOTAL ASSETS		1,363,829	1,337,375	1,293,564	1,278,217
CURRENT LIABILITIES					
Current tax liabilities		904	226	-	-
Trade and other payables	17	35,130	41,647	27,152	35,968
Borrowings	18	11,047	8,810	8,693	7,828
Employee benefit liability	19	47,071	46,645	46,640	46,424
Other financial liabilities	15	2,645	-	2,645	-
Other liabilities	20	31,732	26,173	15,925	12,572
Total current liabilities		128,529	123,501	101,055	102,792
NON-CURRENT LIABILITIES					
Deferred tax liabilities		1,007	664	-	-
Borrowings	18	90,459	101,249	90,459	99,093
Employee benefit liability	19	2,616	4,133	2,526	3,980
Other liabilities	20	981	905	-	-
Total non-current liabilities		95,063	106,951	92,985	103,073
TOTAL LIABILITIES		223,592	230,452	194,040	205,865
NET ASSETS		1,140,237	1,106,923	1,099,524	1,072,352
EQUITY					
Parent Entity Interest					
Retained earnings	21(a)	646,121	629,779	617,493	604,853
Asset revaluation surplus	16(a)	463,240	456,003	454,042	447,640
Other reserves	15(f)	27,989	19,859	27,989	19,859
Foreign currency translation reserve	21(b)	2,887	1,282	-	-
TOTAL EQUITY		1,140,237	1,106,923	1,099,524	1,072,352

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

JAMES COOK UNIVERSITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

Consolidated	Notes	Retained Earnings \$'000	Asset Revaluation Surplus \$'000	Other Reserves \$'000	Foreign Currency Translation Reserve \$'000	Total Equity \$'000
Balance at 1 January 2017		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
Total comprehensive income		(4,669)	162,192	5,966	56	163,545
Balance at 31 December 2017		629,779	456,003	19,859	1,282	1,106,923
Balance at 1 January 2018		629,779	456,003	19,859	1,282	1,106,923
Change in accounting policy	1(g)	-	-	5,551	-	5,551
Restated balance at 1 January 2018		629,779	456,003	25,410	1,282	1,112,474
Net operating result for the period		16,342	-	-	-	16,342
Other comprehensive income		-	7,237	2,579	1,605	11,421
Total comprehensive income		16,342	7,237	2,579	1,605	27,763
Balance at 31 December 2018		646,121	463,240	27,989	2,887	1,140,237

Parent Entity	Notes	Retained Earnings \$'000	Asset Revaluation Surplus \$'000	Other Reserves \$'000	Foreign Currency Translation Reserve \$'000	Total Equity \$'000
Balance at 1 January 2017		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
Total comprehensive income		(7,732)	153,829	5,966	-	152,063
Balance at 31 December 2017		604,853	447,640	19,859	-	1,072,352
Balance at 1 January 2018		604,853	447,640	19,859	-	1,072,352
Change in accounting policy	1(g)	-	-	5,551	-	5,551
Restated balance at 1 January 2018		604,853	447,640	25,410	-	1,077,903
Net operating result for the period		12,640	-	-	-	12,640
Other comprehensive income		-	6,402	2,579	-	8,981
Total comprehensive income		12,640	6,402	2,579	-	21,621
Balance at 31 December 2018		617,493	454,042	27,989	-	1,099,524

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

JAMES COOK UNIVERSITY
STATEMENT OF CASH FLOWS
for the year ended 31 December 2018

	Notes	Consolidated		Parent Entity	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Australian Government financial assistance					
Australian Government grants		185,880	187,102	185,880	187,102
Capital grants - Australian Government		3,000	-	3,000	-
HECS-HELP - Australian Government payments		73,001	74,256	73,001	74,256
FEE-HELP - Australian Government payments		7,006	3,024	7,006	3,024
SA-HELP - Australian Government payments		2,233	2,320	2,233	2,320
Other Australian Government grants		43,768	44,679	43,768	44,679
HECS-HELP - student payments		6,187	6,681	6,187	6,681
FEE-HELP - student payments		4,063	3,363	4,063	3,363
Queensland State Government		8,945	10,537	8,945	10,537
Capital Grants - Queensland State Government		10,792	1,500	10,792	1,500
Interest received		5,431	6,118	6,457	7,300
Dividends and property trust distributions received		4,925	2,455	5,019	2,455
Receipts from student fees and other customers		192,682	171,114	136,336	120,146
Payments to suppliers and employees		(498,417)	(478,443)	(456,436)	(436,394)
Interest and other costs of finance		(4,651)	(3,829)	(4,528)	(3,670)
GST recovered / (paid)		1,333	26	1,095	121
Income tax paid		(92)	7	-	-
Net cash provided by / (used in) operating activities	30	46,086	30,910	32,818	23,420
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of financial assets		238,792	242,682	238,792	242,682
Proceeds from sale of property, plant and equipment		372	356	372	356
Payments for property, plant and equipment		(24,833)	(83,993)	(23,170)	(81,183)
Payments for financial assets		(221,449)	(244,392)	(220,504)	(244,392)
Payments for other non-current assets		(81)	-	(81)	-
Proceeds from loans to related parties		1,297	1,103	1,215	1,175
Payments of loans to related parties		-	-	(945)	-
Net cash provided by / (used in) investing activities		(5,902)	(84,244)	(4,321)	(81,362)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		630	40,000	630	40,000
Repayments of borrowings		(9,183)	(7,236)	(8,399)	(6,274)
Net cash provided by / (used in) financing activities		(8,553)	32,764	(7,769)	33,726
Net increase / (decrease) in cash and cash equivalents		31,631	(20,570)	20,728	(24,216)
Effects of exchange rate changes on cash and cash equivalents		240	165	88	107
Cash and cash equivalents at the beginning of the financial year		50,877	71,282	27,910	52,019
Cash and cash equivalents at end of financial year	13	82,748	50,877	48,726	27,910

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

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Note 1: Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out in the relevant notes. 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.

(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.

Note 1: Summary of Significant Accounting Policies (cont'd)

(b) Taxation (cont'd)

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) 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.

(d) 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.

(e) 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.

(f) Rounding amounts

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

Note 1: Summary of Significant Accounting Policies (cont'd)

(g) Change in Accounting Policy

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

This note explains the impact of the adoption of AASB 9: *Financial Instruments* on the Group's financial statements.

Impact on the financial statements

AASB 9 replaces the provisions of AASB 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9: *Financial Instruments* from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in note 15. In accordance with the transitional provisions in AASB 9 (7.2.15) and (7.2.26), comparative figures have not been restated.

The following table shows the adjustments recognised for each individual line item. The adjustments are explained in more detail by standard below.

		31 Dec 2017 \$'000	AASB 9 \$'000	1 January 2018 Restated \$'000
Balance Sheet (extract)				
Current Assets				
Term deposits (maturity greater than 90 days)	(a)	177,500	(177,500)	-
Other financial asset at amortised cost	(a)	-	177,500	177,500
Non-Current Assets				
Available-for-sale financial assets	(b)	47,312	(47,312)	-
Financial assets at Fair Value Through Other Comprehensive Income (FVTOCI)	(b)	-	47,312	52,863

(a) Reclassification from Held-to-Maturity to Amortised Cost

Term deposits with a maturity date greater than 90 days that would previously been classified as held-to-maturity are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of the other financial assets as 1 January 2018 to be recognised in opening retained earnings.

(b) Equity Investments previously classified as Available-for-sale

The Group elected to present in other comprehensive income changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of \$47.312m were reclassified from available-for-sale financial assets to \$52,863m of financial assets at FVTOCI and fair value gains of \$19.859m were reclassified from the available-for-sale assets reserve to \$25,410m in the FVTOCI reserve on 1 January 2018. In addition, a parcel of non-listed shares, which were held a cost, received a valuation to determine their fair value resulting in an opening balance adjustment at 1 January 2018 of \$5.551m.

(c) Reclassifications of financial instruments on adoption of AASB 9

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

	Measurement category		Carrying amount		
	Original (AASB 139)	New (AASB 9)	Original \$'000	New \$'000	Difference \$'000
Current financial assets					
Term Deposits (maturity > 90 days)	Amortised cost	Amortised cost	177,500	177,500	-
Non-current assets					
Listed and unlisted equity securities	Fair value	FVTOCI	47,312	52,863	5,551

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

(g) Change in Accounting Policy (cont'd)

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

Other Reserves	Effect on AFS \$'000	Effect on FVTOCI \$'000
Opening balance – AASB 139	19,859	-
Reclassification of listed and un-listed securities from available-for-sale (AFS) to FVTOCI	(19,859)	25,410
Opening balance – AASB 9	-	25,410

(d) Impairment of financial assets

The Group has two types of financial assets that are subject to AASB 9's new expected credit loss model:

- Debt investments carried at amortised cost (term deposits with a maturity greater than 90 days), and
- Loans and receivables

The Group was required to revise its impairment methodology under AASB 9 for each of these classes of assets.

Debt investments

Debt investments at amortised cost are essentially cash and cash equivalents. While subject to the impairment requirements of AASB 9, the identified impairment loss was Nil.

Loans and receivables

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivable. The identified impairment loss was immaterial.

(h) New Accounting Standards and Interpretations

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2018 reporting periods. The Group does not anticipate early adoption of any of the following Australian Accounting Standards or Interpretations.

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 represent 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.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. The University has elected to apply the modified retrospective approach.

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

(h) New Accounting Standards and Interpretations (cont'd)

Impact:

The following sources of income will be affected and the impacts of applying the new standard on the Group's financial statements on a modified retrospective approach are as follows:

Item	AASB 15 New standard	Approximate \$ impact on 1 January 2019
Australian Research Council	Revenue is recognised over time as the research activities are performed.	Deferred revenue will increase by approximately \$15.332m; and Retained earnings will decrease by \$18.636m; Accrued revenue (contract) will increase by \$0.018m; and Liabilities to third parties will increase by \$3.322m on 1 January 2019
Higher Education Loan Programs	Revenue is recognised over time as the University provides the tuition services to the student.	Deferred revenue will increase by approximately \$0.003m; and Retained earnings will decrease by \$0.003m on 1 January 2019
Other Australian Governments grants	Revenue is recognised over time as the research activities are performed.	Deferred revenue will increase by approximately \$7.987m; and Retained earnings will decrease by \$9.283m; Accrued revenue (contract asset) will increase by \$0.756m; and Liabilities to third parties will increase by \$2.052m on 1 January 2019
State and Local Government financial assistance	Revenue is to be recognised when the University satisfies a performance obligation by transferring a service to the customer.	Deferred revenue will increase by approximately \$4.410m; and Retained earnings will decrease by \$3.871m; Accrued revenue (contract asset) will increase by \$0.572m; and Liabilities to third parties will increase by \$0.033m on 1 January 2019
Fees and charges	Revenue is to be recognised when the University satisfies a performance obligation by transferring a service to the customer.	Deferred revenue will increase by approximately \$5.564m; and Retained earnings will decrease by \$5.564m on 1 January 2019
Consultancy and contracts	Revenue is to be recognised when the University satisfies a performance obligation by transferring a service to the customer.	Deferred revenue will increase by approximately \$12.378m; and Retained earnings will decrease by \$9.978m; Accrued revenue (contract asset) will increase by \$2.389m; and Liabilities to third parties will decrease by \$0.011m on 1 January 2019
Other Revenue and Income	Revenue is to be recognised when the University satisfies a performance obligation by transferring a service to the customer.	Liabilities to third parties will increase by \$0.034m and retained earnings will decrease by \$0.034m on 1 January 2019

Presentation and disclosure requirements:

The presentation and disclosure requirements in AASB15 are more detailed than under current Australian Accounting Standards. Many of the disclosure requirements in AASB 15 are new and the Group has assessed there will be an increase in the disclosures required in the Group's financial statements. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of estimates and judgements made when assessing the contracts where the Group has concluded that there is a significant financing component.

Date of adoption by the Group:

The new standard is mandatory for financial years commencing on or after 1 January 2019. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2019 and that the comparatives will not be restated.

(h) New Accounting Standards and Interpretations (cont'd)

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-of-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-of-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.

Impact:

The Group has assessed all contracts which may fall under this new standard. Following the assessment, the Group has identified 20 contracts that deal with real property and 4 contracts that deal with equipment. All are considered to fall within the scope of the new standard. However, 11 of these contracts are considered to be below-market leases (i.e. peppercorn leases). The Australian Accounting Standards Board has issued AASB 2018-8: *Amendments to Australian Accounting Standards Right-of-Use Assets of Not-for-Profit Entities* which provides an option for Not-for-Profit entities to not apply the fair value initial measurement requirements to below-market leases. The Group has exercised this option and as a result the Group's below-market leases have not been measured at fair value and will not be recognised as a right-of-use asset on 1 January 2019. For the 13 contracts that can be measured at fair value, it will result in the Group recognising a right-of-use asset of \$30.578m, corresponding lease liability of \$32.251m and a decrease to retained earnings of \$1.672m on 1 January 2019.

Presentation and disclosure requirements:

The disclosure requirements in AASB 16 are new and the Group has assessed there will be an increase in the disclosures required in the Group's financial statements. In particular, the Group expects that the notes to the financial statements will be expanded because the Group is required to disclose sufficient information to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lease.

Date of adoption by the Group:

The new standard is mandatory for financial years commencing on or after 1 January 2019. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2019 and that the comparatives will not be restated.

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.

Impact:

This standard operates in conjunction with AASB 15: *Revenue from Contracts and Customers*. AASB 1058 will only apply where AASB 15 does not apply. Both standards supersede AASB 1004: *Contributions*. The main impact on adopting this standard is reflected above with the adoption of AASB15.

(h) New Accounting Standards and Interpretations (cont'd)

Presentation and disclosure requirements:

The disclosure requirements in AASB 1058 are new and the Group has assessed there will be an increase in the disclosures required in the Group's financial statements. In particular, the Group expects that the notes to the financial statements will be expanded because the Group is required to disclose sufficient information which will allow users of the financial statements to understand the effects of transactions where an entity acquires an asset for consideration that is significantly less than fair value principally to enable the entity to further its objectives on the financial position, financial performance and cash flows of the entity. There will also be additional disclosures required for capital grants and where there are externally imposed restrictions that limit or direct the purpose for which resources may be used.

Date of adoption by the Group:

The new standard is mandatory for financial years commencing on or after 1 January 2019. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2019 and that the comparatives will not be restated.

Note 2: Australian Government Financial Assistance including Australian Government Loan Programs (HELP)

Accounting Policy

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 receipt or 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.

		Parent Entity and Consolidated	
		2018	2017
		\$'000	\$'000
	Notes		
(a) Commonwealth Grants Scheme and Other Grants			
	31		
Commonwealth Grants Scheme #1		144,108	143,508
Indigenous Student Success		3,291	3,635
Disability Support Program		49	36
Access and Participation Program		3,372	3,493
Promotion of Excellence in Learning and Teaching		-	40
Total Commonwealth Grants Scheme and Other Grants		150,820	150,712
(b) Higher Education Loan Programs			
	31		
HECS-HELP		73,639	74,622
FEE-HELP		6,717	3,375
SA-HELP		2,217	2,296
Total Higher Education Loan Programs		82,573	80,293
(c) Department of Education and Training Research			
	31		
Research Training Program		14,438	14,164
Research Support Program		12,455	12,875
Joint Research Engagement Base		13	-
Total Department of Education and Training Research		26,906	27,039
(d) Australian Research Council			
	31		
<i>(i) Discovery</i>			
Projects		893	1,087
Fellowships		945	1,851
Indigenous Researchers Development		-	521
Early Career Researcher Award		556	384
Total Discovery		2,394	3,843
<i>(ii) Linkages</i>			
Infrastructure		358	-
Projects		342	558
Industrial Transformation Research Hubs		538	1,072
Total Linkages		1,238	1,630
<i>(iii) Networks and Centres</i>			
Centres		4,395	4,330
Total Networks and Centres		4,395	4,330
Total Australian Research Council		8,027	9,803

#1 Includes the basic CGS grant amount, CGS - Regional Loading, CGS - Enabling Loading, CGS - Medical Student Loading.

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 2: Australian Government Financial Assistance including Australian Government Loan Programs (HELP) (cont'd)

	Parent Entity and Consolidated	
	2018 \$'000	2017 \$'000
(e) Other Australian Government grants		
<i>Non-capital</i>		
Australian Centre for International Agricultural Research	1,021	1,081
Australian Institute of Marine Science	685	-
Commonwealth Scientific and Industrial Research Organisation	643	688
Cooperative Research Centre for Developing Northern Australia	197	-
Department of Agriculture	409	-
Department of Education - Study Overseas Short-term Mobility Program	1,175	1,070
Department of Foreign Affairs and Trade	1,008	1,124
Department of Health - University Department of Rural Health	-	4,414
Department of Health - Rural Clinical Training and Support	-	7,561
Department of Health - Clinical Training Program	-	159
Department of Health - Generalist Medical Training	18,879	21,082
Department of Health - Rural Health Multi Disciplinary Training Program	11,493	-
Department of Industry	437	-
Department of the Environment	259	63
Department of the Environment - Australian Marine Mammal Centre	-	100
Director of Parks	636	-
Fisheries Research and Development Corporation	-	81
Great Barrier Reef Marine Park Authority	2,301	1,115
National Health and Medical Research Council	3,466	3,701
Torres Strait Regional Authority	247	235
Other	912	2,205
Total Non-capital	43,768	44,679
<i>Capital</i>		
Department of Infrastructure, Regional Development and Cities - Cairns Innovation Centre	10,000	-
Total Capital	10,000	-
Total other Australian Government financial assistance	53,768	44,679
Total Australian Government financial assistance	322,094	312,526
Reconciliation		
Australian Government grants [2(a) + 2(c) + 2(d)]	185,753	187,554
HECS-HELP - Australian Government payments [2(b)]	73,639	74,622
SA-Help [2(b)]	2,217	2,296
Other Australian Government loan programs [FEE-HELP] [2(b)]	6,717	3,375
Other Australian Government financial assistance [2(e)]	53,768	44,679
Total Australian Government financial assistance reported in the statement of comprehensive income	322,094	312,526

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 2: Australian Government Financial Assistance including Australian Government Loan Programs (HELP) (cont'd)

	Parent Entity and Consolidated	
	2018 \$'000	2017 \$'000
(f) Australian Government grants received - cash basis		
CGS and other Education Grants	150,947	150,260
Higher Education Loan Programs	82,240	79,600
Department of Education and Training Research	26,906	27,039
ARC grants - Discovery	2,394	3,843
ARC grants - Linkages	1,238	1,630
ARC grants - Networks and Centres	4,395	4,330
Other Australian Government grants	53,768	44,679
Total Australian Government grants received - cash basis	321,888	311,381
OS-HELP (net)	2,421	2,520
Total Australian Government funding received - cash basis	324,309	313,901

Note 3: State and Local Government Financial Assistance

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
<i>Non-capital</i>				
Department of Education	250	-	250	-
Department of Environment and Science	885	-	885	-
Department of Health - Dental clinic operations	3,550	3,550	3,550	3,550
Department of Health - North Queensland clinical school	1,108	1,108	1,108	1,108
Australian Institute of Tropical Health and Medicine	-	400	-	400
Department of Health	1,490	1,638	1,490	1,638
Department of Housing and Public Works	450	-	450	-
Department of Science, Information Technology and Innovation	-	1,515	-	1,515
Department of Natural Resources and Mines	203	532	203	532
Department of Agriculture and Fisheries	162	389	162	389
Department of Environment and Heritage Protection	-	237	-	237
Tourism and Events Queensland	80	-	80	-
Other	767	1,167	767	1,167
Total Non-capital	8,945	10,536	8,945	10,536
<i>Capital</i>				
Australian Institute of Tropical Health and Medicine	792	1,500	792	1,500
Queensland Treasury - Cairns Innovation Centre	10,000	-	10,000	-
Total Capital	10,792	1,500	10,792	1,500
Total State and Local Government Financial Assistance	19,737	12,036	19,737	12,036

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 4: Fees and Charges

Accounting Policy

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.

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Course fees and charges				
Fee paying onshore overseas students	74,071	64,041	74,071	64,041
Fee paying offshore overseas students	48,484	43,737	-	-
Fee paying domestic postgraduate students	4,065	3,056	4,065	3,056
Other domestic course fees and charges	134	141	134	141
	126,754	110,975	78,270	67,238
Other fees and charges				
Library fines and fees	12	16	12	16
Parking fines and fees	505	521	505	521
Professional, testing and technical services	4,469	3,991	5,163	5,208
Rental income	4,067	3,858	1,257	1,205
Conference fee income	810	874	810	874
Student accommodation	11,109	9,832	11,109	9,832
Student amenities fee	1,632	1,599	1,632	1,599
Lecture, marking and examination fees	263	284	1,315	1,036
Fees incidental to studies	1,663	943	633	349
Child care fees and charges	2,238	2,185	-	-
Medical fees and charges	2,456	2,388	-	-
Veterinary fees and charges	3,333	3,043	-	-
Dental fees and charges	1,461	1,561	-	-
Other	1,587	1,511	1,378	1,178
	35,605	32,606	23,814	21,818
	162,359	143,581	102,084	89,056

Note 5: Investment Income

Accounting Policy

Interest

For all financial instruments measured at amortised cost and debt instruments measured at fair value through other comprehensive income, interest income is recorded using the effective interest rate. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

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. Revenue is recognised when the Group's right to receive the payment is established; it is probable that the economic benefits associated with the dividend will flow to the Group; and the amount of the dividend can be reliably measured.

Distributions

Distributions are recognised on an entitlement basis on the date the distribution is declared.

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Investment revenue				
Interest	4,854	6,593	5,894	7,768
Dividends	6,324	2,147	6,418	2,147
Trust distributions	1	-	1	-
	11,179	8,740	12,313	9,915
Investment losses				
Net loss on write off of investments	-	-	-	18
	-	-	-	18
Net investment revenue and losses	11,179	8,740	12,313	9,897

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Notes to the financial statements
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Note 6: Consultancy and Contracts

Accounting Policy

Rendering of services

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

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Contract research	24,976	22,674	24,976	22,674
Research consultancy	255	299	255	299
Other consultancy	3,301	1,434	3,301	1,434
	28,532	24,407	28,532	24,407

Note 7: Other Revenue and Income

Accounting Policy

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.

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Other revenue				
Commission income	148	137	148	137
Donations and bequests	4,448	2,590	4,448	2,590
Non-government grants - other	53	82	5	22
Non-government grants - capital	41	125	41	126
Scholarships and prizes	244	232	244	232
Sponsorship income	368	502	368	502
	5,302	3,668	5,254	3,609
Other income				
Net foreign exchange gain (loss)	314	(17)	314	(17)
Net gain (loss) on disposal of property, plant and equipment	(563)	189	(563)	189
Other income	1,620	1,440	731	892
	1,371	1,612	482	1,064

Note 8: Employee Related Expenses

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Academic				
Salaries	117,043	112,399	99,609	98,409
Contribution to superannuation	16,291	16,008	16,291	16,008
Payroll tax	6,139	6,086	6,139	6,086
Workers compensation	156	162	156	162
Long service leave	2,199	1,018	2,199	1,018
Annual leave	8,097	7,546	8,097	7,546
	149,925	143,219	132,491	129,229
Professional and technical				
Salaries	94,264	97,109	87,007	89,964
Contribution to superannuation	16,663	15,918	16,398	15,918
Payroll tax	5,604	5,571	5,481	5,571
Workers compensation	148	153	148	153
Long service leave	2,084	950	2,084	950
Annual leave	10,855	10,573	10,855	10,573
	129,618	130,274	121,973	123,129
	279,543	273,493	254,464	252,358

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 9: Repairs and Maintenance

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Buildings	9,501	11,156	7,801	9,922
Grounds	740	471	724	456
Equipment	8,709	9,560	8,281	8,994
	18,950	21,187	16,806	19,372

Note 10: Other Expenses

Accounting Policy

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.

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Advertising, marketing and promotional expenses	9,449	8,443	4,010	3,728
Bank fees and charges	372	419	351	390
Books and publications	5,197	4,990	5,197	4,990
Commissions paid	26,695	18,131	26,695	18,131
Communications	2,764	2,085	2,660	1,993
Consumables	5,635	5,420	4,404	4,178
Course fees paid	7,523	7,933	7,523	7,933
Cost of goods sold	3,257	2,804	-	-
Fees and charges	2,135	2,495	1,966	2,290
Insurance	3,176	2,860	3,109	2,790
Licence fees	1,476	995	1,392	882
Motor vehicle related expenses	578	625	578	625
Non-capitalised equipment	7,525	6,765	7,506	6,741
Occupancy and utilities	15,456	14,064	14,404	12,904
Other staff related expenses	12,924	11,447	15,406	12,416
Practice and teaching subsidies	6,211	5,366	6,211	5,366
Printing and stationery	1,814	1,684	1,765	1,636
Professional fees	14,625	14,553	13,739	13,903
Rental, hire and other leasing fees	8,124	6,846	2,560	1,901
Minimum lease payments on operating leases	2,949	2,917	2,949	2,643
Grants, scholarships and prizes	16,888	14,386	21,448	18,436
Staff development and recruitment	2,881	3,197	2,816	3,105
Student accommodation catering expenses	-	24	-	24
Subscriptions and memberships	4,239	4,365	4,233	4,360
Travel expenses	12,851	12,326	12,832	12,320
Other	17,602	15,158	8,464	8,205
	192,346	170,298	172,218	151,890

* Insurance recoveries received during the year in respect to the losses of public property: \$0.006m (2017: Nil).

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:

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Fees paid to Queensland Audit Office:				
Audit and review of financial statements	202	200	202	200
Fees paid to non-Queensland Audit Office audit firms:				
Audit or review of financial statements of any entity in the Consolidated Entity	5	7	5	7
	207	207	207	207

For the year ended 31 December 2018, Queensland Audit Office provided the Group with a quote of \$210,000 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

2018	2017
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
Mrs Patricia Brand	Prof. Robyn McGuiggan (resigned 31/12/2017)
	Prof. Sally Kift (resigned 30/06/2017)
	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.

During the year there were ten Council members (2017: seven) who received remuneration as employees of the parent entity.

During the year there were twenty three Council members (2017: sixteen) who did not receive remuneration as employees of the parent entity.

	Consolidated		Parent Entity	
	2018 Number	2017 Number	2018 Number	2017 Number
Nil to \$14,999	23	16	23	16
\$60,000 to \$74,999	1	-	1	-
\$105,000 to \$119,999	1	-	1	-
\$120,000 to \$134,999	-	1	-	1
\$150,000 to \$164,999	2	1	2	1
\$165,000 to \$179,999	-	1	-	1
\$180,000 to \$194,999	1	-	1	-
\$225,000 to \$239,999	-	1	-	1
\$240,000 to \$254,999	1	-	1	-
\$270,000 to \$284,999	1	1	1	1
\$285,000 to \$299,999	1	1	1	1
\$330,000 to \$344,999	1	-	1	-
\$975,000 to \$989,999	-	1	-	1
\$1,050,000 to \$1,064,999	1	-	1	-

Remuneration of executive officers	Consolidated		Parent Entity	
	2018 Number	2017 Number	2018 Number	2017 Number
\$285,000 to \$299,999	1	1	1	1
\$405,000 to \$419,999	-	1	-	1
\$450,000 to \$464,999	-	2	-	2
\$465,000 to \$479,999	2	1	2	1
\$495,000 to \$509,999	1	-	1	-
\$570,000 to \$584,999	-	1	-	1
\$600,000 to \$614,999	1	-	1	-
\$810,000 to \$824,999	-	1	-	1
\$975,000 to \$989,999	-	1	-	1
\$1,050,000 to \$1,064,999	1	-	1	-

Note 12: Key Management Personnel Disclosures (cont'd)

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Short-term employee benefits	2,915	3,498	2,915	3,498
Post-employment benefits	402	488	402	488
Other long-term benefits	64	76	64	76
Termination benefits	-	422	-	422
Total key management personnel compensation	3,381	4,484	3,381	4,484

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 Provost and Vice Chancellor. The bonuses for key management personnel other than the Provost and the Vice Chancellor are determined by the Vice Chancellor. The Provost'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 or 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 their related parties, during the financial year.

JAMES COOK UNIVERSITY
Notes to the financial statements
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Note 13: Cash and Cash Equivalents

Accounting Policy

Cash and cash equivalents include 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.

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash at bank and on hand	45,580	37,278	21,887	19,412
Term deposits (maturity less than 90 days or at call)	37,168	13,599	26,839	8,498
	82,748	50,877	48,726	27,910

The above figures are included as cash and cash equivalents in the Statement of Cash Flows.

(a) Cash at bank and on hand

Cash at bank deposits yield interest at floating rates of between 0.00% and 0.15% (2017: 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% (2017: 0.00% and 0.15%).

(c) Term deposits

Short term deposits yield interest at floating rates of between 2.43% and 3.00% (2017: 2.43% and 3.15%). These deposits have a maturity date of less than 90 days or at call.

Note 14: Trade and Other Receivables

Accounting Policy

Classification and measurement

Trade receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost. 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.

Impairment

For trade receivables the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Debtors	24,124	10,822	27,051	13,514
Sundry loans and advances	7,547	6,229	6,034	4,708
Loans receivable from related parties	-	-	1,842	1,782
	31,671	17,051	34,927	20,004
Provision for impairment	(3,967)	(1,471)	(3,626)	(1,259)
	27,704	15,580	31,301	18,745
Accrued revenue	3,914	3,541	3,896	3,508
GST receivable	2,880	4,151	3,080	4,175
	34,498	23,272	38,277	26,428
Non-current				
Loans receivable from related parties	-	-	24,510	24,891
	-	-	24,510	24,891

(a) Impaired receivables

The provision for impairment of \$3.626m (2017: \$1.471m) is a provision which is based on historical experience regarding the collectability of aged debts and also includes specific debtors.

As at 31 December 2018, trade and other receivables of \$5.111m (2017: \$2.690m) 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 and Liabilities

Accounting Policy

Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss), and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI).

The Group reclassifies debt investments only when its business model for managing those assets changes.

Recognition and De-recognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, in the case of a financial asset not at fair value through profit or loss (FVTPL), the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains / (losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.
- **FVTOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains / (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains / (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVTPL:** Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.

Equity Instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the de-recognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains / (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 14 for further details.

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Note 15: Other Financial Assets and Liabilities (cont'd)

Accounting Policy (cont'd)

Accounting Policy which applied until 31 December 2017

The Group has applied AASB 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 December 2017, 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.

		Consolidated		Parent Entity	
		2018	2017	2018	2017
		\$'000	\$'000	\$'000	\$'000
Other Financial Assets					
Current					
Other financial asset at amortised cost	15(a)	131,000	-	131,000	-
Financial assets at fair value through the profit and loss	15(b)	2,683	-	2,683	-
Term deposits (maturity greater than 90 days)		-	177,500	-	177,500
		<u>133,683</u>	<u>177,500</u>	<u>133,683</u>	<u>177,500</u>
Non-current					
Financial assets at fair value through other comprehensive income	15(c)	84,548	-	86,294	-
Available-for-sale financial assets	15(d)	-	47,312	-	49,952
		<u>84,548</u>	<u>47,312</u>	<u>86,294</u>	<u>49,952</u>
Other Financial Liabilities					
Current					
Financial liability at fair value through the profit and loss	15(e)	2,645	-	2,645	-
		<u>2,645</u>	<u>-</u>	<u>2,645</u>	<u>-</u>

JAMES COOK UNIVERSITY
Notes to the financial statements
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Note 15: Other Financial Assets and Liabilities (cont'd)

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a) Other financial asset at amortised cost				
Current - at market value				
Term deposits (maturity greater than 90 days)	131,000	-	131,000	-
	<u>131,000</u>	<u>-</u>	<u>131,000</u>	<u>-</u>
(b) Financial asset at fair value through the profit and loss				
Current - at market value				
Derivative financial asset - QTC	2,683	-	2,683	-
	<u>2,683</u>	<u>-</u>	<u>2,683</u>	<u>-</u>
(c) Financial assets at fair value through other comprehensive income comprise				
Non-current - at market value				
Listed securities - managed funds	54,111	-	54,111	-
Unlisted securities - shares	30,437	-	32,183	-
	<u>84,548</u>	<u>-</u>	<u>86,294</u>	<u>-</u>
Financial assets at fair value through other comprehensive income 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.				
(d) Available-for-sale financial assets comprise				
Non-current - at market value				
Listed securities - managed funds	-	30,951	-	30,951
Unlisted securities - shares	-	16,361	-	19,001
	<u>-</u>	<u>47,312</u>	<u>-</u>	<u>49,952</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.				
(e) Financial liability at fair value through the profit and loss				
Current - at market value				
Derivative financial liability - QTC	2,645	-	2,645	-
	<u>2,645</u>	<u>-</u>	<u>2,645</u>	<u>-</u>
(f) Other Reserves - fair value movements in other financial assets (amounts recognised directly in equity)				
Balance at the beginning of the year	-	13,893	-	13,893
Reclassification on adoption of AASB 9	25,410	-	25,410	-
Gain/ (loss) on equity instruments at fair value through other comprehensive income	2,579	-	2,579	-
Change in fair value of available for sale financial assets	-	5,966	-	5,966
Balance at the end of the year	<u>27,989</u>	<u>19,859</u>	<u>27,989</u>	<u>19,859</u>

Other financial assets have been reclassified as a result of adopting AASB 9. Refer to Note 1(g).

Note 16: Property, Plant and Equipment

Accounting Policy

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.

On 10 May 2016, Queensland public universities were granted an exemption from complying with Queensland Treasury's asset policy – 'Non-Current Asset Policies for the Queensland Public Sector' (May 2018). The exemption applies for three reporting years, 31 December 2016, 31 December 2017 and 31 December 2018. Despite the exemption, the University has voluntarily elected to comply with the policy.

Land, buildings and infrastructure assets

Land, buildings and infrastructure assets are valued at fair value in accordance with the Queensland Treasury's asset policy – 'Non-Current Asset Policies for the Queensland Public Sector' (May 2018), 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.

Library collections

In accordance with the 'Non-Current Asset Policies for the Queensland Public Sector' (May 2018) 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's asset policy – 'Non-Current Asset Policies for the Queensland Public Sector' (May 2018). The asset recognition threshold is \$5,000.

Museums and art

Museums and art are valued at fair value in accordance with Queensland Treasury's asset policy – 'Non-Current Asset Policies for the Queensland Public Sector' (May 2018). 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's asset policy – 'Non-Current Asset Policies for the Queensland Public Sector' (May 2018), 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.

Note 16: Property, Plant and Equipment (cont'd)

Accounting Policy (cont'd)

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:

	2018	2017
Buildings	1.03% to 19.40%	1.03% to 19.40%
Infrastructure	0.89% to 20.00%	0.89% to 35.00%
Leasehold improvement assets	4.00% to 50.00%	4.00% to 50.00%
Plant and equipment	2.50% to 33.33%	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.

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.

JAMES COOK UNIVERSITY
Notes to the financial statements
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Note 16: Property, Plant and Equipment (cont'd)

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
As at 1 January 2017									
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)
Net book amount	65,991	507,222	97,907	39,671	1,037	1,280	21,298	80,900	815,306
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 / impairment	(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)
Closing net book amount	38,243	708,262	79,454	41,328	1,037	1,312	19,820	132,366	1,021,822
As 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)
Net book amount	38,243	708,262	79,454	41,328	1,037	1,312	19,820	132,366	1,021,822
Year ended 31 December 2018									
Opening net book amount	38,243	708,262	79,454	41,328	1,037	1,312	19,820	132,366	1,021,822
Additions/transfers (including from WIP)	950	71,095	(60,184)	5,051	-	176	1,458	6,504	25,050
Revaluation / impairment	(41)	9,017	-	-	397	10	-	(2,146)	7,237
Depreciation expense	-	(23,044)	-	(7,379)	-	-	(4,539)	(5,963)	(40,925)
Disposals	-	(835)	-	(101)	-	-	-	-	(936)
Effect of foreign currency translation	-	-	34	98	-	-	1,322	-	1,454
Closing net book amount	39,152	764,495	19,304	38,997	1,434	1,498	18,061	130,761	1,013,702
As at 31 December 2018									
Cost	-	-	19,304	142,984	-	-	34,590	-	196,878
Fair value	39,152	1,168,916	-	-	1,434	1,498	-	190,708	1,401,708
Accumulated depreciation	-	(404,421)	-	(103,987)	-	-	(16,529)	(59,947)	(584,884)
Net book amount	39,152	764,495	19,304	38,997	1,434	1,498	18,061	130,761	1,013,702

JAMES COOK UNIVERSITY
Notes to the financial statements
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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
As at 1 January 2017									
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)
Net book amount	65,994	470,043	97,897	35,401	1,037	1,282	5,239	79,641	756,534
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 / impairment	(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)
Closing net book amount	38,246	663,740	79,340	36,636	1,037	1,314	5,407	130,592	956,312
As 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)
Net book amount	38,246	663,740	79,340	36,636	1,037	1,314	5,407	130,592	956,312
Year ended 31 December 2018									
Opening net book amount	38,246	663,740	79,340	36,636	1,037	1,314	5,407	130,592	956,312
Additions/transfers (including from WIP)	948	71,095	(61,067)	4,553	-	176	1,202	6,480	23,387
Revaluation / impairment	(41)	8,182	-	-	397	10	-	(2,146)	6,402
Depreciation expense	-	(22,051)	-	(6,808)	-	-	(1,227)	(5,888)	(35,974)
Disposals	-	(835)	-	(100)	-	-	-	-	(935)
Effect of foreign currency translation	-	-	-	-	-	-	-	-	-
Closing net book amount	39,153	720,131	18,273	34,281	1,434	1,500	5,382	129,038	949,192
As at 31 December 2018									
Cost	-	-	18,273	94,054	-	-	9,780	-	122,107
Fair value	39,153	1,122,003	-	-	1,434	1,500	-	188,726	1,352,816
Accumulated depreciation	-	(401,872)	-	(59,773)	-	-	(4,398)	(59,688)	(525,731)
Net book amount	39,153	720,131	18,273	34,281	1,434	1,500	5,382	129,038	949,192

JAMES COOK UNIVERSITY
Notes to the financial statements
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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 stated above, 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	22.06.2018	Independent
Buildings	09.06.2017	Independent	22.06.2018	Independent
Infrastructure	09.06.2017	Independent	22.06.2018	Independent
Museum and Art	22.06.2018	Independent	31.12.2017	Management
Library Collections (Rare Books)	22.06.2018	Independent	31.12.2017	Management

An independent valuation of land assets was performed by Australian Pacific Valuers Pty Ltd (APV) on 9 June 2017. The fair value was assessed primarily by the direct comparison method. APV has 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. A subsequent desktop valuation has been performed by APV on 22 June 2018 with an opinion stating that there has been no material change in value between the valuation date and the University's financial statement reporting date of 31 December 2018.

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. A subsequent desktop valuation has been performed by APV on 22 June 2018 with an opinion stating that there has been no material change in value between the valuation date and the University's financial statement reporting date of 31 December 2018.

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 22 June 2018 and the University's financial statement reporting date of 31 December 2018.

The independent valuation of the museum collection was undertaken by Ross Searle, Ross Searle and Associates, 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. Ross Searle has provided an opinion stating that there has been no material change in value between the valuation date of 22 June 2018 and the University's financial statement reporting date of 31 December 2018.

The library collections asset comprises of three rare book collections held at the University's library. 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 22 June 2018 and the University's financial statement reporting date of 31 December 2018.

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Balance at the beginning of the year	456,003	293,811	447,640	293,811
Revaluation adjustments:				
Land	(41)	(28,057)	(41)	(28,057)
Buildings	9,017	136,789	8,182	128,426
Library collections	397	-	397	-
Museums and Art	10	10	10	10
Infrastructure	(2,146)	53,450	(2,146)	53,450
Total increment to asset revaluation surplus	7,237	162,192	6,402	153,829
Balance at the end of the year	463,240	456,003	454,042	447,640

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 17: Trade and Other Payables

Accounting Policy

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.

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Trade creditors	8,364	13,373	4,292	10,999
OS-HELP liability to Australian Government	918	933	918	933
Salary and related payables	1,589	1,453	1,358	1,020
Accrued expenses and other creditors	24,259	25,888	20,584	23,016
	35,130	41,647	27,152	35,968

Note 18: Borrowings

Accounting Policy

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.

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.

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Unsecured				
Interest bearing	10,988	8,810	8,634	7,828
Non-interest bearing	59	-	59	-
	11,047	8,810	8,693	7,828
Non-current				
Unsecured				
Interest bearing	90,459	101,249	90,459	99,093
Non-interest bearing	-	-	-	-
	90,459	101,249	90,459	99,093

The consolidated interest-bearing liabilities represent outstanding loans of \$99.093m with the Queensland Treasury Corporation (QTC) (Parent Entity) and \$2.354m with ANZ (Singapore). The payout value at 31 December 2018 of the QTC loans outstanding is \$106.611m (2017: \$113.611m).

Non-current assets pledged as security for these liabilities: \$Nil (2017: \$Nil)

	Consolidated	Parent Entity	Consolidated	Parent Entity
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Borrowings are payable:				
- not later than one year	11,047	8,810	8,693	7,828
- later than one year and not later than five years	34,278	36,552	34,278	34,396
- later than five years	56,181	64,697	56,181	64,697
	101,506	110,059	99,152	106,921

JAMES COOK UNIVERSITY
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Note 19: Employee Benefit Liability

Accounting Policy

Short-term employee benefits

Liabilities for short-term employee benefits including wages and salaries, annual leave, long service leave, 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.

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Annual leave	21,761	22,657	21,538	22,529
Long service leave	25,310	23,988	25,102	23,895
	47,071	46,645	46,640	46,424
Non-current				
Long service leave	2,616	4,133	2,526	3,980
	2,616	4,133	2,526	3,980
	49,687	50,778	49,166	50,404

Liability for employee benefits

Current annual leave for the consolidated and parent entity expected to be settled wholly after more than 12 months is \$3.470m (2017: \$4.090m). Current long service leave for the consolidated and parent entity expected to be settled wholly after more than 12 months is \$22.757m (2017: \$21.550m).

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.

JAMES COOK UNIVERSITY
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Note 20: Other Liabilities

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current				
Unearned revenue	25,867	19,981	15,286	11,606
Funds held in trust	5,865	5,863	639	637
Australian Government unspent financial assistance	-	329	-	329
	31,732	26,173	15,925	12,572
Non-current				
Provision	981	905	-	-
	981	905	-	-

Note 21: Reserves and Retained Earnings

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
(a) Retained Earnings				
Balance at the beginning of the year	629,779	634,448	604,853	612,585
Operating result attributable to the parent entity	16,342	(4,669)	12,640	(7,732)
Balance at the end of the year	646,121	629,779	617,493	604,853
(b) Foreign currency translation reserve				
Balance at the beginning of the year	1,282	1,226	-	-
Foreign currency exchange difference on translation	1,605	56	-	-
Balance at the end of the year	2,887	1,282	-	-

Note 22: Commitments for Expenditure

	Consolidated		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Capital expenditure commitments				
Contracted but not provided for and payable:				
- not later than one year	7,449	9,037	7,247	8,854
- later than one year and not later than five years	54	757	54	27
	7,503	9,794	7,301	8,881
Operating lease commitments				
Future operating lease rentals of property, plant and equipment not provided for and payable:				
- not later than one year	7,669	7,587	1,959	2,507
- later than one year and not later than five years	10,431	14,652	5,912	6,138
- later than five years	9,797	9,082	9,797	9,082
	27,897	31,321	17,668	17,727
Other contractual commitments				
Future contractual commitments not provided for and payable:				
- not later than one year	13,956	14,970	13,956	14,970
- later than one year and not later than five years	19,780	7,140	19,780	7,140
- later than five years	200	30	200	30
	33,936	22,140	33,936	22,140
Total commitments for expenditure	69,336	63,255	58,905	48,748

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 23: Contingent Liabilities

There are no contingent liabilities for the financial year ended 31 December 2018.

Note 24: Investment in Controlled Entities

	Note	Reporting date	Country of incorporation	Class of shares	Holding * 2018 %	Holding * 2017 %
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
Discover Sport Ltd	(i)	31-Dec	Australia	-		

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 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.

(i) Discover Sport Ltd's purpose and principle activity is to help, foster and encourage games and sport, to provide sporting opportunities for students, staff and alumni of the University; members of JCU affiliated sports clubs; and members of the community in which JCU students study.

*Holding represents the shareholdings and voting rights in each entity

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Note 24: Investment in Controlled Entities (cont'd)

Directly Controlled Entities - 31 December 2018

	Total Assets \$'000	Total Liabilities \$'000	Total Revenue \$'000	Operating Result \$'000
JCU Enterprises Pty Ltd	47,142	25,799	50,100	868
JCU Early Learning Centres Pty Ltd	1,540	250	2,375	175
JCU Health Pty Ltd	1,774	273	2,798	104
JCU Univet Pty Ltd	1,767	1,280	6,864	1,891
North Queensland Commercialisation Company Pty Ltd	-	-	-	-
JCU CPB Pty Ltd	-	-	-	-
Tropical Queensland Centre for Oral Health Pty Ltd	2,293	674	6,273	347
JCU College Pty Ltd	381	23	1,243	326
Discover Sport Ltd	-	-	-	-

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)

Indirectly Controlled Entities

	Note	Holding * 2018 %	Holding * 2017 %
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 shareholdings and voting rights in each entity.

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Note 25: Jointly Controlled Operations and Assets

Accounting Policy

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.

(a) 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		Parent Entity	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Financial Performance				
Income	72	229	-	-
Expenses	(90)	(115)	-	-
Profit / (loss)	(18)	114	-	-

(b) 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		Parent Entity	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Financial Performance				
Income	-	236	-	-
Expenses	(126)	(257)	-	-
Profit / (loss)	(126)	(21)	-	-
Share of jointly controlled entity profit / (loss)	(63)	(11)	-	-
Financial Position				
Accumulated funds	699	825	-	-
Share of jointly controlled entity net assets	350	412	-	-

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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		Parent Entity	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Revenue				
Distribution received from related trust	-	-	-	-
Interest received from subsidiaries	-	-	1,209	1,266
Royalties received from subsidiaries	-	-	4,749	4,353
Fees and charges received from subsidiaries	-	-	1,946	2,109
Rental received from subsidiaries	-	-	415	471
Expenses				
Grants, contributions to subsidiary	-	-	4,655	4,158
Fees paid to subsidiaries for seconded staff	-	-	2,577	1,677

(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:

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Current receivables - subsidiaries	-	-	6,142	4,586
Current payables - subsidiaries	-	-	-	214

An expense of \$1.959m has been recognised in respect of bad or doubtful debts due from related parties in the current year (2017: \$Nil).

(f) Loans to / from related parties

	Consolidated		Parent Entity	
	2018	2017	2018	2017
	\$'000	\$'000	\$'000	\$'000
Loans to subsidiaries				
Balance at the beginning of the year	-	-	25,813	26,988
Loan advanced	-	-	2,568	-
Loan repayments received	-	-	(1,214)	(1,157)
Debt write-off	-	-	(1,674)	(18)
Interest charged	-	-	1,209	951
Interest received	-	-	(1,209)	(951)
Balance at the end of the year	-	-	25,493	25,813

Loans to other related parties - \$Nil (2017: \$Nil)

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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 2018	Average Interest %	Variable interest rate \$'000	Less than 1 year \$'000	1 to 5 years \$'000	5+ years \$'000	Non- interest \$'000	Total \$'000
Financial Assets							
Cash	2.52%	45,580	37,168	-	-	-	82,748
Receivables	-	-	-	-	-	34,498	34,498
Other financial assets							
Other financial asset at amortised cost	2.52%	-	131,000	-	-	-	131,000
Financial assets at fair value through the profit and loss	-	-	-	-	-	2,683	2,683
Financial assets at fair value through other comprehensive income	-	-	-	-	-	84,548	84,548
		<u>45,580</u>	<u>168,168</u>	<u>-</u>	<u>-</u>	<u>121,729</u>	<u>335,477</u>
Financial Liabilities							
Payables	-	-	-	-	-	35,130	35,130
Borrowings	4.57%	-	11,047	34,278	56,181	-	101,506
Other financial liabilities	-	-	-	-	-	2,645	2,645
		<u>-</u>	<u>11,047</u>	<u>34,278</u>	<u>56,181</u>	<u>37,775</u>	<u>139,281</u>
31 December 2017							
Financial Assets							
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
		<u>37,278</u>	<u>191,099</u>	<u>-</u>	<u>-</u>	<u>70,584</u>	<u>298,961</u>
Financial Liabilities							
Payables	-	-	-	-	-	41,647	41,647
Borrowings	4.62%	-	8,810	36,552	64,697	-	110,059
		<u>-</u>	<u>8,810</u>	<u>36,552</u>	<u>64,697</u>	<u>41,647</u>	<u>151,706</u>

Other financial assets have been reclassified as a result of adopting AASB 9. Refer to Note 1(g).

Note 27: Financial Risk Management (cont'd)

(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 2018, the translation adjustment of the foreign subsidiary's net assets to the Parent Entity's functional currency amounted to \$6.605m (2017: \$0.056m). 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. To minimise risk for any relatively material payments, the University has entered into a hedging agreement with Queensland Treasury Corporation. For significant purchases the University maintains foreign currency accounts to mitigate exchange fluctuation risk.

Derivatives and hedging activities

The University received approval to undertake limited derivative transactions as cited in the *Statutory Bodies Financial Arrangements (Universities) Amendment Regulation 2017 SL No 13*. Transactions are limited to hedge against exposure to foreign currency rate movements in relation to the payment of annual library subscriptions and purchases of high value assets.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and are subsequently remeasured to their fair value. Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement. The Group designates certain derivatives as hedges of highly probable forecast transactions.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expense.

Amounts that have been recognised in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'borrowing costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss that has been recognised in other comprehensive income from the period when the hedge was effective shall remain separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in other comprehensive income shall be reclassified to profit or loss as a reclassification adjustment. The replacement or rollover of a hedging instrument into another hedging instrument is not considered an expiration or termination if such replacement is documented as part of the hedging strategy. Additionally, it is not considered a termination or expiration if, as a consequence of law or constitution, parties to the hedging instrument agree to replace their original counterparty to become the new counterparty to each of the parties.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement and are included in other income or other expenses.

(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 fixed rate 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.

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Note 27: Financial Risk Management (cont'd)

(c) Market risk (cont'd)

(iii) Summarised sensitivity analysis (cont'd)

31 December 2018

	Carrying Amount \$'000	Interest Rate Risk				Foreign Exchange Risk			
		-2.00% Result \$'000	Equity \$'000	2.00% Result \$'000	Equity \$'000	-9.39% Result \$'000	Equity \$'000	9.39% Result \$'000	Equity \$'000
Financial Assets									
Cash	82,748	(1,655)	(1,655)	1,655	1,655	-	-	-	-
Receivables	34,498	-	-	-	-	(827)	(827)	827	827
Other financial assets									
Other financial asset at amortised cost	131,000	(2,620)	(2,620)	2,620	2,620	-	-	-	-
Financial assets at fair value through the profit and loss	2,683	-	-	-	-	(252)	(252)	252	252
Financial assets at fair value through other comprehensive income	84,548	-	-	-	-	-	-	-	-
	<u>335,477</u>	<u>(4,275)</u>	<u>(4,275)</u>	<u>4,275</u>	<u>4,275</u>	<u>(1,079)</u>	<u>(1,079)</u>	<u>1,079</u>	<u>1,079</u>
Financial Liabilities									
Trade and other payables	35,130	-	-	-	-	-	-	-	-
Other financial liabilities	2,645	-	-	-	-	(248)	(248)	248	248
	<u>37,775</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(248)</u>	<u>(248)</u>	<u>248</u>	<u>248</u>

31 December 2017

	Carrying Amount \$'000	Interest Rate Risk				Foreign Exchange Risk			
		-2.00% Result \$'000	Equity \$'000	2.00% Result \$'000	Equity \$'000	-4.64% Result \$'000	Equity \$'000	4.64% Result \$'000	Equity \$'000
Financial Assets									
Cash	50,877	(1,018)	(1,018)	1,018	1,018	-	-	-	-
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	-	-	-	-	-	-	-	-
	<u>298,961</u>	<u>(4,568)</u>	<u>(4,568)</u>	<u>4,568</u>	<u>4,568</u>	<u>(248)</u>	<u>(248)</u>	<u>248</u>	<u>248</u>
Financial Liabilities									
Trade and other payables	41,647	-	-	-	-	(1)	(1)	1	1
	<u>41,647</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>(1)</u>	<u>1</u>	<u>1</u>

Other financial assets have been reclassified as a result of adopting AASB 9. Refer to Note 1(g).

Note 28: Fair Value Measurements

Accounting Policy

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 (i.e. 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 (i.e. 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 (i.e. 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.

(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	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial Assets				
Cash	82,748	50,877	82,748	50,877
Receivables	34,498	23,272	34,498	23,272
Other financial assets				
Other financial asset at amortised cost	131,000	-	131,000	-
Financial assets at fair value through the profit and loss	2,683	-	2,683	-
Term deposits	-	177,500	-	177,500
Financial assets at fair value through other comprehensive income	84,548	-	84,548	-
Available-for-sale financial assets	-	47,312	-	47,312
	335,477	298,961	335,477	298,961
Financial Liabilities				
Payables	35,130	41,647	35,130	41,647
Other financial liabilities	2,645	-	2,645	-
	37,775	41,647	37,775	41,647

Other financial assets have been reclassified as a result of adopting AASB 9. Refer to Note 1(g).

Note 28: 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 asset at amortised cost
- Financial assets at fair value through the profit and loss
- Financial assets at fair value through other comprehensive income
- 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 2018			
		2018 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements					
<i>Financial assets</i>					
Other financial asset at amortised cost	15	131,000	131,000	-	-
Financial assets at fair value through the profit and loss	15	2,683	2,683	-	-
Financial assets at fair value through other comprehensive income					
Managed funds	15	54,111	54,111	-	-
Unlisted shares	15	30,437	-	-	30,437
Total financial assets recognised at fair value		218,231	187,794	-	30,437
<i>Non-financial assets</i>					
Land	16	39,152	-	4,818	34,334
Buildings	16	764,495	-	3,416	761,079
Infrastructure	16	130,761	-	-	130,761
Library collections	16	1,434	-	-	1,434
Museums and art	16	1,498	-	-	1,498
Total non-financial assets recognised at fair value		937,340	-	8,234	929,106
	Note	31 December 2017			
		2017 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
Recurring fair value measurements					
<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
Total financial assets recognised at fair value		224,812	208,451	-	16,361
<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
Total non-financial assets recognised at fair value		881,220	-	8,275	872,945

Other financial assets have been reclassified as a result of adopting AASB 9. Refer to Note 1(g).

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 (2017: 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 (e.g. 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, and 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 comprises of three 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
Notes to the financial statements
for the year ended 31 December 2018

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 2018 and 2017:

	Unlisted Shares \$'000	Land \$'000	Buildings \$'000	Infrastructure \$'000	Library Collections \$'000	Museums and Art \$'000	Total \$'000
Level 3 Fair Value Measurements 2018							
Opening balance	16,361	33,396	704,834	132,366	1,037	1,312	889,306
Additions/transfers (including from WIP)	972	940	71,095	6,504	-	176	79,687
Transfers out of level 3	-	-	-	-	-	-	-
Disposals	(51)	-	(835)	-	-	-	(886)
Depreciation	-	-	(22,972)	(5,963)	-	-	(28,935)
Recognised in other comprehensive income	13,155	(2)	8,957	(2,146)	397	10	20,371
Closing balance	30,437	34,334	761,079	130,761	1,434	1,498	959,543

	Unlisted Shares \$'000	Land \$'000	Buildings \$'000	Infrastructure \$'000	Library Collections \$'000	Museums and Art \$'000	Total \$'000
Level 3 Fair Value Measurements 2017							
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

(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 2018 \$'000	Unobservable inputs	Range of inputs (probability weighted average)		Relationship of unobservable inputs to fair value	
			Lower	Upper	Lower	Upper
Land	34,334	Price per square metre	-2.50%	2.50%	(858)	858
Buildings	761,079	Relationship between asset consumption rating scale and the level of consumed service potential.	-2.50%	2.50%	(19,027)	19,027
Infrastructure	130,761	Relationship between asset consumption rating scale and the level of consumed service potential.	-2.50%	2.50%	(3,269)	3,269

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 28: Fair Value Measurements (cont'd)

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, Services and Resources. 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 obsolescence and the determination of key depreciation related assumptions such as residual values, useful life and pattern of consumption of the future economic benefit.

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		Parent Entity	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net result for the period	16,342	(4,669)	12,640	(7,732)
Non-cash items				
Depreciation and amortisation	41,899	47,755	36,893	43,273
Work in Progress adjustment	952	18	952	18
Net (gain) / loss on sale of property, plant and equipment	563	(189)	563	(189)
Net (gain) / loss on disposal of investments	(38)	18	-	18
Unrealised foreign currency (gain) / loss	(88)	(107)	(126)	(107)
Debt forgiveness	(2,058)	-	-	-
Write off of financial asset	51	-	51	-
Loss on revaluation of investment in associate	12	17	-	-
Changes in assets and liabilities associated with operating activities				
Decrease / (Increase) in receivables	(12,151)	(444)	(11,789)	(659)
Decrease / (Increase) in inventories	(20)	137	-	19
Decrease / (Increase) in other assets	1,057	(1,376)	1,504	(1,265)
Increase / (Decrease) in creditors	(5,897)	(10,442)	(9,985)	(9,729)
Increase / (Decrease) in tax liability	1,021	546	-	-
Increase / (Decrease) in other liabilities	5,622	345	3,353	513
Increase / (Decrease) in employee benefits liability	(1,181)	(699)	(1,238)	(740)
Net cash inflow from operating activities	46,086	30,910	32,818	23,420

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 31: Acquittal of Australian Government Financial Assistance

Education - CGS and Other Education Grants	Commonwealth Grants Scheme		Indigenous Student Success		Disability Support Program		Access and Participation Program		National Priorities Pool		Promo of Exc in Learning and Teaching		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assistance received in cash during the reporting period	144,235	143,056	3,291	3,635	49	36	3,372	3,493	-	-	-	40	150,947	150,260
Net accrual adjustment	(127)	452	-	-	-	-	-	-	-	-	-	-	(127)	452
Revenue for the period	144,108	143,508	3,291	3,635	49	36	3,372	3,493	-	-	-	40	150,820	150,712
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-	11	25	81	265	92	290
Total revenue including accrued revenue	144,108	143,508	3,291	3,635	49	36	3,372	3,493	11	25	81	305	150,912	151,002
Less expenses including accrued expenses	(144,108)	(143,508)	(3,291)	(3,635)	(49)	(36)	(3,372)	(3,493)	(11)	(14)	(22)	(224)	(150,853)	(150,910)
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	-	-	11	59	81	59	92

Higher Education Loan Programs (excl OS-HELP)	HECS-HELP Australian Gov't Payments Only		FEE- HELP		SA-HELP		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash payable / (receivable) at beginning of year	419	785	(312)	39	25	1	132	825
Financial assistance received in cash during the reporting period	73,001	74,256	7,006	3,024	2,233	2,320	82,240	79,600
Cash available for period	73,420	75,041	6,694	3,063	2,258	2,321	82,372	80,425
Revenue earned	(73,639)	(74,622)	(6,717)	(3,375)	(2,217)	(2,296)	(82,573)	(80,293)
Surplus / (deficit) for reporting period	(219)	419	(23)	(312)	41	25	(201)	132

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 31: Acquittal of Australian Government Financial Assistance (cont'd)

Department of Education and Training Research	Research Training Program		Research Support Program		Joint Research Engagement Base		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assistance received in cash during the reporting period	14,438	14,164	12,455	12,875	13	-	26,906	27,039
Net accrual adjustment	-	-	-	-	-	-	-	-
Revenue for the period	14,438	14,164	12,455	12,875	13	-	26,906	27,039
Surplus / (deficit) from the previous year	-	933	-	611	-	-	-	1,544
Total revenue including accrued revenue	14,438	15,097	12,455	13,486	13	-	26,906	28,583
Less expenses including accrued expenses	(14,438)	(15,097)	(12,455)	(13,486)	(13)	-	(26,906)	(28,583)
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	-

Total Higher Education Provider Research Training Program Expenditure	Total Domestic Students \$'000	Total Overseas Students \$'000
	Research Training Program Fee Offsets	4,998
Research Training Program Stipends	4,221	-
Research Training Program Allowances	3,775	23
Total for all types of support	12,994	1,444

Australian Research Council Grants (a) Discovery	Projects		Future Fellowships		Indigenous Researchers Development		Laureate Fellowship		Early Career Researcher Award		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assistance received in cash during the reporting period	911	913	442	562	-	237	526	1,170	506	384	2,385	3,266
Transfers / return of grant	(18)	174	(23)	119	-	284	-	-	50	-	9	577
Revenue for the period	893	1,087	419	681	-	521	526	1,170	556	384	2,394	3,843
Surplus / (deficit) from the previous year	801	499	263	354	100	68	985	1,329	50	66	2,199	2,316
Total revenue including accrued revenue	1,694	1,586	682	1,035	100	589	1,511	2,499	606	450	4,593	6,159
Less expenses including accrued expenses	(954)	(785)	(338)	(772)	(100)	(489)	(1,001)	(1,514)	(400)	(400)	(2,793)	(3,960)
Surplus / (deficit) for reporting period	740	801	344	263	-	100	510	985	206	50	1,800	2,199

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 31: Acquittal of Australian Government Financial Assistance (cont'd)

Australian Research Council Grants (b) Linkages	Infrastructure		Projects		Industrial Transformation Research Hubs		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assistance received in cash during the reporting period	358	-	342	588	538	1,072	1,238	1,660
Transfers / return of grant	-	-	-	(30)	-	-	-	(30)
Revenue for the period	358	-	342	558	538	1,072	1,238	1,630
Surplus / (deficit) from the previous year	-	-	476	568	1,823	1,772	2,299	2,340
Total revenue including accrued revenue	358	-	818	1,126	2,361	2,844	3,537	3,970
Less expenses including accrued expenses	(358)	-	(595)	(650)	(1,349)	(1,021)	(2,302)	(1,671)
Surplus / (deficit) for reporting period	-	-	223	476	1,012	1,823	1,235	2,299

Australian Research Council Grants (c) Networks and Centres	Centres		Special Research Initiatives		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Financial assistance received in cash during the reporting period	4,395	4,330	-	-	4,395	4,330
Revenue for the period	4,395	4,330	-	-	4,395	4,330
Surplus / (deficit) from the previous year	4,004	3,770	11,728	25,617	15,732	29,387
Total revenue including accrued revenue	8,399	8,100	11,728	25,617	20,127	33,717
Less expenses including accrued expenses	(4,599)	(4,096)	(3,750)	(13,889)	(8,349)	(17,985)
Surplus / (deficit) for reporting period	3,800	4,004	7,978	11,728	11,778	15,732

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2018

Note 31: Acquittal of Australian Government Financial Assistance (cont'd)

Other Australian Government Financial Assistance

	2018 \$'000	2017 \$'000
Cash received during the reporting period	53,768	44,679
Cash spent during the reporting period	(57,759)	(50,012)
Net cash received	(3,991)	(5,333)
Cash surplus / (deficit) from the previous period	19,733	25,066
Cash surplus / (deficit) for the reporting period	15,742	19,733

OS-Help

	2018 \$'000	2017 \$'000
Cash received during the reporting period	2,421	2,520
Cash spent during the reporting period	(2,436)	(2,083)
Net cash received	(15)	437
Cash surplus / (deficit) from the previous period	932	495
Cash surplus / (deficit) for the reporting period	917	932

Student Services and Amenities Fee

	2018 \$'000	2017 \$'000
Unspent / (overspent) revenue from previous period	577	788
SA-HELP revenue earned	2,217	2,290
Student Services Fees direct from students	1,632	1,579
Total revenue expendable in period	4,426	4,657
Student Services expenses in period	3,775	4,080
Unspent / (overspent) Student Services revenue	651	577

Note 32: Disaggregated Information

	Revenue		Results		Assets	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Geographical - Consolidated Entity						
Australia	507,657	468,572	15,475	(8,674)	1,316,688	1,298,952
Singapore	50,099	44,713	867	4,005	47,141	38,423
	557,756	513,285	16,342	(4,669)	1,363,829	1,337,375

The University reports revenue, results and assets by geographical regions in accordance with the Financial Statement Guidelines for Australian Higher Education Providers for the 2018 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

We have prepared the annual financial statements pursuant to the provisions of the *Financial Accountability Act 2009* (Qld), the *Financial Management and Performance Standard 2009* (Qld) 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 2018 to 31 December 2018, and the financial position as at 31 December 2018 in accordance with prescribed accounting standards and conform with the Financial Statement Guidelines for Australian Higher Education Providers for the 2018 reporting period issued by the Australian Government Department of Education 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;
 - (vi) James Cook University charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* (Cth) and the Administration Guidelines made under the Act. Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

W.T.R. Tweddell
Chancellor

Date 25 February, 2019

S.L. Harding
Vice Chancellor

Date 25 February, 2019

P.C. Brand
Deputy Vice Chancellor
Services and Resources

Date 25 February, 2019

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 2018, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 31 December 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate.

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 (\$764.495 million) valuation.

Refer Note 16.

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

Other information

Other information comprises the information included in James Cook University's annual report for the year ended 31 December 2018 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 group for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the effectiveness of the parent's and group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the group.
- Conclude on the appropriateness of the parent's and group's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent's or group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the parent or group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the group. I remain solely responsible for my audit opinion.

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

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

Report on other legal and regulatory requirements

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

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



28 February 2019

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 2018 reveal that the expenditure during the reporting period is matching revenue received in prior periods.

	Parent Entity \$'000	
	2018	2017
Unspent committed research grant funds	(12,586)	1,216

(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			
	2018 \$'000 Income	2018 \$'000 Expenditure	2017 \$'000 Income	2017 \$'000 Expenditure
Australian Government Capital Grants				
Australian Research Council	-	81	-	64
Queensland Treasury	10,000	24	-	-
Dept. of Infrastructure, Regional Development & Cities	10,000	-	-	-
Dept. of Infrastructure and Regional Development	-	-	-	7
	<u>20,000</u>	<u>105</u>	<u>-</u>	<u>71</u>
Other Australian and State Government Capital Grants				
Dept. of Science, Information Technology and Innovation	792	186	1,500	473
	<u>792</u>	<u>186</u>	<u>1,500</u>	<u>473</u>
Other				
Sandran Pty Ltd - Cairns City Campus	41	63	-	-
	<u>41</u>	<u>63</u>	<u>-</u>	<u>-</u>
	<u>20,833</u>	<u>354</u>	<u>1,500</u>	<u>544</u>
Capital grant income less expenses (net)		<u>20,479</u>		<u>956</u>

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	
	2018	2017
Changes to Workforce Plans	3,398	792

	Parent Entity \$'000	
	2018	2017
Operating result adjusted for capital grant income and associated expenses and Smart State income and expenses		
Net operating result as per statement of comprehensive income	12,640	(7,732)
(a) less: unspent committed grant funds	(12,586)	1,216
(b) less: capital grant income less expenses (net)	20,479	956
(c) Add: Changes to Workforce Plans	3,398	792
Adjusted net underlying operating result	8,145	(9,112)

Glossary

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