

2022

Annual Report

James Cook University

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At James Cook University we acknowledge with respect the Aboriginal and Torres Strait Islander people as the first people, educators and innovators of this country. We acknowledge that Country was never ceded, and value the accumulation of knowledge and traditions that reflect the wisdom of ancestral lines going back some 60,000 years and recognise the significance of this in the ways that Aboriginal and Torres Strait Islander people are custodians of Country.

As a university, we will continue to learn ways to care for and be responsible for Country, and we will collectively seek to build a future that is based on truth-telling, mutual understanding, hope, empowerment, and self-determination.

Open data

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

Public availability

For information about this report, or paper copies, please contact James Cook University on Ph: (07) 4781 4165 (Office of the Vice Chancellor and President) or email vc@jcu.edu.au. This Report and its associated statutory documents are available at <https://www.jcu.edu.au/about-jcu/strategic-direction/annual-report>.

Statement of compliance

This Annual Report fulfils the prescribed reporting requirements for 2022 of James Cook University to the Queensland Minister for Education, Minister for Industrial Relations and Minister for Racing, 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 matters that provide insight to the depth and breadth of activities undertaken by the University in 2022. These are linked to, and measured against, the strategic intent, aims, priorities, and actions.

Letter of compliance

23 February 2023

The Honourable Grace Grace MP
Minister for Education, Minister for Industrial Relations and Minister for Racing
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 2022 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 2019*, 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/strategic-direction/annual-report>.

Yours sincerely

Bill Tweddell
Chancellor
James Cook University

Introduction

This report describes the University's performance, achievements, outlook and financial position for the calendar year 2022. The report is also of interest to Members of Parliament, University staff, students, prospective students, key stakeholders, other universities, researchers and other members of the community. The Year in Review below provides a snapshot of the year that was, including a selection of our key events, challenges and highlights and a look ahead to 2023.

Year in review

It was a year of change for James Cook University. New leadership brought an opportunity in 2022 to assess and reflect on past successes and current challenges.

The University's financial performance remained a significant challenge in 2022. The losses experienced across the higher education sector in international student recruitment are subsiding with the easing of COVID-19 restrictions, and we are pleased that our international student load is returning to pre-pandemic numbers. We are also hopeful that we will see stability in our domestic student numbers. However, attracting and retaining students for the regions remains a challenge for the University.

A key task undertaken to address our financial challenges was a headline restructure and professional services change. Further work to right-size our business and ensure we remain accountable, efficient and effective will be needed in the next year.

Among the priorities for 2022 was the refresh of our corporate strategy and planning frameworks. In October, the Council approved the new JCU Corporate Strategy (https://www.jcu.edu.au/data/assets/pdf_file/0017/2007071/2022-JCU-Corporate-Strategy.pdf) which describes the overall strategy for the whole of JCU including our entities JCU Australia, JCU Brisbane and JCU Singapore. The Strategy affirmed our Purpose and defined strategic priorities for the University: transformative education, impactful research, empowering our people, a civic university and securing our future. Our refreshed values articulate how they relate to what we do and how we bring to life our mission.

The October meeting saw the approval of the JCU Mental Health and Wellness Strategy. Our efforts to ensure we are looking after the mental wellbeing of our staff and students is of benefit not only to us but also sets an example for our community in terms of best practice. Council was also pleased to approve the JCU Indigenous Workforce Strategy and is committed to seeing JCU achieve a 4.6 per cent target for employment of Indigenous staff at JCU. The new target aims to double by 2025 the percentage of staff at the University who identify as Aboriginal or Torres Strait Islander.

In 2022, we marked an historic milestone, the 30th anniversary of the Mabo Decision. JCU has a deep connection with Dr Eddie Koiki Mabo, a former gardener and tutor at the University in the 1970s. The University set the stage for Mabo and his fellow plaintiffs to launch their case in the High Court, during the 1981 JCU Student Association Land Rights Conference and through Dr Mabo's research in the library that now bears his name and in consultations with JCU academics Henry Reynolds and Noel Loos. Among our celebratory events, we were honoured to have award-winning journalist Stan Grant present the Mabo Lecture, a passionately delivered oration (<https://nqheritage.jcu.edu.au/902/>).

Meanwhile, the hard work and dedication of our Academic, Professional and Technical staff in delivering job-ready graduates for our region has been rewarded once more. JCU has, for the twelfth year running, received a five-star rating for graduate employment from the Good Universities Guide 2022. JCU is the only Queensland university, and one of only three in Australia, to achieve this level of success. This achievement further highlights the University's excellence in teaching and research, and the industry relevance of our degree programs.

We are extremely proud of the progress being made with our Indigenous education and research priorities. Through the dedication of the Indigenous Education and Research Centre, JCU is now fourth in the country for Indigenous student completions. In 2022, we reached our target of 800 Aboriginal and Torres Strait Islander graduates and have set our sights on reaching 1000 in the coming years. On the research front, 2022 saw the announcement that JCU will host a new ARC Centre of Excellence for Indigenous and Environmental Histories and Futures.

2023 will bring more change for JCU as we continue the transformation of our academic and service-delivery activities. Our revised planning and performance management will be in focus, ensuring all activities align with strategy, budget, and performance targets over the next 12 months. Of course, the intent of ensuring our financial stability is the opportunity to reinvest in the University and in our students, education and research.

JCU has a unique place in Australia, being a genuinely research-intensive university that is regionally based. Over its 62-year history, JCU has had an immeasurable impact and enormous benefit to the communities and regions in which we are placed. 85 per cent of our undergraduate students are from regional, rural and remote communities, 70 per cent are the first in their family to attend university, 25 per cent are from a low socioeconomic background and 6 per cent are of Aboriginal and/or Torres Strait Islander descent. Students who study in the regions stay in the regions – 77 per cent of recent JCU graduates work in outer regional and remote locations, and 83 per cent of JCU students originally from an outer regional town, stayed to work in similar communities after graduation. This clearly demonstrates the importance of place-based education and in delivering this, the retention of talent within the regions.

An enabling factor for that stability will be the opportunities afforded through the University Accord discussions in the coming months. The costs of educational delivery in regional areas, to regional students, are significantly higher than is supported through current regional loading allocations. Funding formulae based on sector average costs result in a maldistribution of public resources. JCU will endeavour to help shape the future of funding regional universities to deliver on priorities for regional Australia.

We need to ensure we are financially robust - securing our future so we can continue to produce transformative education and impactful research that makes a difference locally and globally.

We sincerely thank all those who have contributed to and supported the University in our endeavors, and we look forward to building on our success in the year to come.

Bill Tweddell
Chancellor

Professor Simon Biggs
Vice Chancellor and President

Non-Financial Performance

Operating environment

Meeting government objectives

JCU is an international University as reflected in our people, our places, and our research. The University takes pride in being recognised as a leading tertiary institution which consistently delivers outstanding student outcomes and highly employable graduates. JCU is unique among Australian universities, woven into the intellectual, economic and social fabric of its communities and set amid irreplaceable ecosystems and cultures. The University provides a practical, experiential and research-rich learning environment for students, fostering their professional expertise and intellectual curiosity.

In October 2022 the University Council adopted a revised Corporate Strategy (https://www.jcu.edu.au/_data/assets/pdf_file/0017/2007071/2022-JCU-Corporate-Strategy.pdf) which sets out JCU's purpose, values and strategic priorities, and set out what matters to JCU as a university. For more than 60 years, JCU has served the regional and remote communities of northern Queensland and remains dedicated to providing study and research experiences that are transformative and impactful. Students who study in northern Queensland, stay in northern Queensland. Most importantly, JCU remains committed to the success and wellbeing of its students, staff, communities and local economies.

By creating a brighter future for life in the Tropics and beyond, through education and research that makes a difference locally and globally, JCU meets the Queensland Government's Objectives of Good Jobs, Better Services and Great Lifestyle (<https://www.qld.gov.au/about/how-government-works/objectives-for-the-community>).

Environmental factors, government policy changes, funding changes

During 2022, the higher education sector continued to navigate complex economic circumstances. JCU relied on the Commonwealth Government funding guarantee of the Maximum Basic Grant Allowance across 2022 and will continue to do so in 2023. Aside from the pipeline impacts of the pandemic on international student arrivals, the proportion of school students from the regions we serve who are completing Australian Tertiary Admission Rank eligible subjects and seeking to go to university is declining. This has serious implications for the maintenance of the professional workforce in northern Queensland that sustains local economies, as well as implications for the University's funding base. JCU is working closely with schools to understand and address the drivers behind this decline.

The Federal election in 2022 and subsequent change of Government has led to a number of consultations on workforce development and productivity, with workforce development for Northern Australia being an important focus of JCU submissions to these consultations.

The announcement in 2022 of the Universities Accord process is warmly welcomed by JCU, as it provides a unique opportunity for reimagining tertiary education in Australia. It is essential that the tertiary sector is governed and funded by a system capable of recognising and responding to place-based differences: one that understands that geographical distance, dispersed populations, thin markets and economies of scale matter, and can deliver a funding and regulatory system that can

meet the unique needs of different communities, through the universities and TAFEs that serve them.

JCU is committed to working in partnership with the State and Commonwealth Governments during the Accord deliberations to design effective and equitable regulatory and funding systems for post-school educational needs. It is important to arrive at a uniquely Australian model capable of determining where and when it is most effective to incentivise competition, and when and when it is most effective to incentivise collaboration and other mechanisms, for the benefit of students, universities, and other educational institutions, and the regions they serve. The Accord process offers a way to reach this shared understanding.

Our Challenges

The University Plan (https://www.jcu.edu.au/__data/assets/pdf_file/0012/589764/JCU-University-Plan.pdf) expresses how JCU responded to the challenges facing the Australian higher education sector over the 2018-2022 period. A thematic approach was adopted, highlighting the primacy of our academic ambitions via the Academic Plan and identifying the services and capabilities required to fulfil these. The themes were:

- Changing expectations of universities
- Globalisation
- Digital technologies
- Competition

Our responses to the challenges

As outlined in the JCU University Plan 2018-2022, our responses 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 contribute 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.

Objectives and performance indicators

The University Plan identified the objectives for the 2018-2022 period. The University Plan had three academic aspirations, and six areas of focus which are addressed below. The Plan contained 117 actions, divided into indicative timeframes of 'now', 'soon' and 'later'. At the end of 2022, 96 actions were completed and 16 are still in progress. Five have not yet commenced, due to changes in the University's internal and external environments since the Plan's adoption.

The Academic Plan is nested within the broader University Plan and provides context and more detailed information around the University's academic aspirations and curriculum framework and identifies executive and operational leads for initiatives.

The University Plan and Academic Plan are being acquitted to the University Executive and the University Council respectively. A comprehensive suite of performance measures was used to monitor and evaluate the progress of the plans, as the basis for continuous improvement and to ensure the University met its priorities and goals. These are reported annually.

Outline of nature and range of operations

The nature and range of operations in the University Plan and summarised in this annual report are:

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 UN Sustainable Development Goals.

Priorities

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

Actions

| Timeframe | Actions | 2022 Status |
|-----------|--|--|
| (2021-22) | Develop opportunities for students to engage with innovation and entrepreneurship through, for example, start-up workshops and our new innovation centres. | This action was undertaken via several initiatives through the JCU Ideas Lab, JCU Connect, and the Academy. Over the reporting period there were at least 10 'start-up' founder organisations partnering with JCU. |
| | Promote ePortfolio and Career Development Learning to students as a key part of their academic career. | This action was delayed due to budgetary constraints and shifting priorities. |

Section 2: Academic aspiration – Inspire

Aim

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

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 | 2022 Status |
|------------------|---|--|
| (2021-22) | Maintain and extend opportunities for experiential learning through, for example, field-based learning, placements, and involvement in research activities. | Completed. The extent of WIL and placements has been greatly expanded since 2018. Field-based learning has also been expanded. |
| | Seek external investment in areas of emerging strength in either teaching or research. | Whilst this action is considered an ongoing commitment, JCU has achieved some notable joint investments (for example, the ongoing development of a Marine Innovation Park in the United Arab Emirates, in conjunction with that country's Government). |

Section 3: Academic aspiration – Catalyst

Aim

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

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 | 2022 Status |
|------------------|---|---|
| (2021-22) | Develop innovation hubs in both Townsville and Cairns. | Completed. The JCU Ideas Lab (CIC) and Technology Innovation Complex (TIC) projects were both approved and funded. The JCU Ideas Lab was completed in 2020, whilst the TIC is scheduled for 2023 (delays due to COVID-19 and labour shortages). |
| | Facilitate co-location of industry within innovation hubs. | Completed. This is linked to the action above. The JCU Ideas Lab took up residence within the CIC linking Cairns' industries to JCU. A similar industry linkage outcome will be achieved in Townsville after the completion of the TIC. |
| | Develop stronger alliances with State of the Tropics partner universities to facilitate joint programs, reciprocal exchanges and knowledge transfer opportunities for staff and students. | Completed. This was achieved through the State of the Tropics project, and through other direct joint collaborative ventures. |

Section 4: Enabling focus – Students

Aim

Focus on the needs of our students.

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 | 2022 Status |
|------------------|--|---|
| (2021-22) | Provide students with intuitive tools to manage their own requirements, whilst always maintaining the option for personal interaction. | Completed. Revision of Tier 0 resources to assure digital/interactive design commenced in 2019. Implemented the JCU app in 2018 and was further upgraded/replaced in 2022. Partnering with Google, which provides a modular platform for new building blocks to be added. The COVID-19 pandemic accelerated some outcomes for this action and forced new ways of student learning, leading to better digital solutions in this space. |
| | Ensure student representation is reflected in University governance and the student voice is represented in strategic decision-making. | Completed. Students have representation on the University Council, and are invited to attend numerous Academic Board meetings, and can supply feedback to the University to inform decision making. |

Section 5: Enabling focus – Culture

Aim

Build a 'OneJCU' culture.

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 | 2022 Status |
|-----------|---|---|
| (2021-22) | Continue to inculcate the 'OneJCU' culture to staff through modelling behaviour and refinement of our human resource policies and procedures. | A OneJCU culture approach has been implemented across JCUA (noting that this is essentially an ongoing action, and the definition of what a OneJCU Culture is/means will perpetually evolve over time depending on challenges and differing leadership styles/focus). |
| | Embed a culture of shared responsibility through engaging students in decision making and leadership roles. | This action is finalised as much as practicable. Students have leadership representation on the University Council and are invited to attend the 'public' Academic Board meetings (which occur several times per calendar year). Further to this, the University's DVCs make themselves as accessible as possible to engage with the student body. |
| | Review deployment of services across JCU campuses, with a specific focus on services delivered at the Australian and Singapore campuses. | This is a WIP. This work began in 2018 through a "Ways of Working" project, which aimed to improve effectiveness and efficiencies of how we work. This work stalled during the COVID-19 pandemic when the focus rapidly shifted to react to the various impacts of the pandemic. This led to reviewing and establishing various "Working from Home" and "Remote Working" methods to support these new and emerging nation-wide and global work trends. The 2022 PSC is a continuation of this work with a major focus on the "Effectives and Efficiency" of service delivery, whilst reducing cost and improving service execution, and is part of a Service Transformation Program of work for 2023. |

Section 6: Enabling focus – Digitally enabled

Aim

Digitally Enable the University.

Priorities

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

Actions

| Timeframe | Actions | 2022 Status |
|-----------|---|--|
| (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. | The initial action as per the Plan is now finalised. However, this is considered as an ongoing and continuous activity (i.e. to continuously improve and adopt new solutions and technologies). Further major improvements would be subject to budgeting and funding provisions. |
| | 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. | Completed. Implementation of Html-5-Package licence as a 'content creator' to enable and simplify staff use of interactive digital learning in Ultra platform is one example, another is the JCU app. These activities are considered as continuous functions; however, the primary action as per the Plan is now finalised. |
| | Embed emerging technologies into our digital experience, including artificial intelligence (including machine learning), and augmented, virtual, and mixed reality. | Finalised as per the initial Plan. This activity is considered as a continuous function and part of a Service Transformation Program of work for 2023. |
| | Engage with industry, community, and public sector partners to accelerate our capacity for innovation. | Establishment of JCU Connect in collaboration with the academic divisions was completed. Connection with industry and public sector partners has increased. This activity is now considered as a continuous function of JCU Connect and the Research Division. |
| | Grow our capability to get value from core systems, including in Singapore. | IT support staff have a rolling programme of systems integration to minimise transactional inputs and free-up staff time for higher quality service delivery. This will be further enhanced through the PSC process, and as part of a Service Transformation Program of work for 2023. |

Section 7: Enabling focus – People

Aim

Realise the potential of our people.

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 | 2022 Status |
|------------------|--|---|
| (2021-22) | Promote cross-University collaboration through the facilitation of internal secondments and improved induction and orientation programs. | Induction programs and onboarding processes have greatly improved between 2018 to 2022. Cross-University collaboration is now better supported and facilitated. The PSC process also aims to help improve cross-University collaboration through a functional based approach to service delivery. |
| | Develop more flexible reward and recognition mechanisms, which support an organisational culture of high performance. | This action did not progress due to a combination of restricted budgets, the COVID-19 pandemic shifting priorities and resources into other more urgent projects. The PDP forms have been reshaped for 2023 to incorporate the values articulated in the revised Corporate Strategy. Accountability, performance and culture are priorities of work going forward. |
| | Embed digital literacy into all ways of working and staff development. | JCU has embraced the digital ways of working through mass transition to digital solutions during the COVID-19 pandemic (for example, using Zoom and Microsoft Teams for meetings and collaborative work, innovative learning and teaching practices and platforms with ongoing training of academic and professional staff in the effective use of various technologies). |

Section 8: Enabling focus – Place

Aim

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

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 | 2022 Status |
|-----------|--|--|
| (2021-22) | Create vibrant learning and innovation hubs at JCU locations that bring students, industry and the community together. | This was achieved through collaboration between JCU Connect, the Academy, the Estate Directorate and the Technology Solutions Directorate and includes the Cairns Innovation Centre and Innovations Hub. This is considered an ongoing activity. |
| | Facilitate space consolidation at Cairns. | Space consolidation on the Nguma-bada (Smithfield) campus is represented within the Cairns Campus Master Planning and is being administered through the Estate Directorate. The primary action is complete, with further work being undertaken in 2023 onwards. |
| | Implement autonomous transport options. | Whilst autonomous transport options within the Tropical Health Precinct (joint between JCU and TUH) have been discussed, no such actions have been undertaken at this time. This action is also subject to future funding priorities. Partnering with a third-party operator to share costs and manage risks may be explored. |
| | Create additional and different types of spaces on campus to meet the diverse needs of our student community. | This action was achieved between 2018 and 2022. Examples include: building the new Central Plaza on the Townsville Campus; converting the former Indigenous Centre behind the Mabo Library into the Enkindle Village school; converting the Performing Arts building on the Townsville Campus into the new Indigenous Education and Research Centre; the opening of the Sky Lounge at the top of the new Townsville student accommodation; and establishment of Rainbow Lounges for the LGBTIQ+ community. |

Section 9: Enabling focus – Global outlook / local relevance

Aim

Achieve a global outlook while maintaining local relevance.

Priorities

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

Actions

| Timeframe | Actions | 2022 Status |
|-----------|---|---|
| (2021-22) | Ensure our partnerships and curriculum work together to build capacity and competency to increase leadership capability throughout the Tropics. | Completed, and ongoing. The exemplar of this action is the work undertaken through the State of the Tropics. JCUS has executed many MoUs and partnerships under the leadership of both former Deputy Vice Chancellor Singapore, Dr Dale Anderson and now Professor Chris Rudd OBE. |
| | 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. | Completed and ongoing. From 2018 to 2022 there have been numerous key developments, including the TropiQ Health Precinct, and working jointly to achieve “University Hospital” status for both Townsville and Cairns (which comes with added joint funding and teaching opportunities). This is a strong feature of the revised Corporate Strategy. |
| | 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. | Completed and ongoing. This action is expressed through both the State of the Tropics Reports, and through the broad work that JCU researchers undertake. |
| | Provide intellectual leadership around the challenges and opportunities facing the Tropics. | Completed and ongoing. Again, this is exemplified through the State of the Tropics work and Reports and through the work of the many researchers at JCU including the Cairns Institute and the ARC Centre of Excellence for Coral Reef Studies. |
| | Facilitate development and exchange of innovations that contribute to liveability in our region. | Completed: ERA Impact and Engagement profile provides examples of this action. This would also be considered an ongoing activity. NB: The ARC stopped ERA in mid-2022 and will be moving towards a new national research assessment system. Therefore, there will be no ERA round in 2023. |

Key Performance Indicators (KPIs)

Category: Student focused

| | |
|----------------------------------|---|
| Measure name: | Institutional Total Student Load (EFTSL) |
| Type of measure: | Student enrolments and financial performance |
| 2022 Actual result: | 14,044 EFTSL |
| Note 1: Commentary about result: | The result was aided by higher commencing intakes at the Singapore campus and the return of international students to the Townsville Campus. |
| Note 2: KPI definition: | Total Institutional Equivalent full-time student load (EFTSL) at All Campuses and Study Centres – taught view – (for total University). Includes Preparatory Programs at JCU Singapore. |

| | |
|----------------------------------|--|
| Measure name: | Institutional Commencing Student Load (EFTSL) |
| Type of measure: | Student enrolments and financial performance |
| 2022 Actual result: | 5,778 EFTSL |
| Note 1: Commentary about result: | The largest commencing cohort since operation at the Singapore campus along with the return of international students to the Townsville Campus contributed to the final result. |
| Note 2: KPI definition: | Commencing Institutional Equivalent full-time student load (EFTSL) at All Campuses and Study Centres – taught view – (for total University). Includes Preparatory Programs at JCU Singapore. |

| | |
|----------------------------------|--|
| Measure name: | Overall quality of educational experience (QILT – SES) |
| Type of measure: | Teaching quality measure |
| 2022 Actual result: | 68.2% |
| Note 1: Commentary about result: | The result is a measure of teaching as per the most current QILT dataset release. |
| Note 2: KPI definition: | From the Quality Indicators for Learning and Teaching (QILT) – Student Experience Survey (SES) data set. Two-year average of the nominated year, and prior year (i.e. 2022 = average of 2021 & 2022). Undergraduate (UG) only. Includes both Domestic and International students. As per QILT publicly available and reported definitions & results. |

| | |
|----------------------------------|--|
| Measure name: | Total Undergraduate Student Retention (%) in tropical Australia |
| Type of measure: | Student retention measure |
| 2022 Actual result: | 83.1% |
| Note 1: Commentary about result: | The result is a good retention outcome in the context of a strong labour market. |
| Note 2: KPI definition: | Retention % = Number of Continuing students enrolled at the University / [divided by] (the number of students enrolled at the University in prior year, [-] less the number of students graduating at end of prior year). Students enrolled in undergraduate bachelor degrees on the following campuses: Townsville, Cairns, Mount Isa, Thursday Island and Mackay. Calculated to 1 decimal place. Calculated as 'University level retention'. |

Category: Research, reputation and rankings

| | |
|---------------------|--|
| Measure name: | Research Income (HERDC categories 1-4) |
| Type of measure: | Research activity (income) |
| 2022 Actual result: | \$55.487m |

| | |
|----------------------------------|--|
| Note 1: Commentary about result: | This is a strong result and an increase of 32.7% on 2021. NB: This result is unadjusted and unaudited. The final result will be confirmed after the annual HERDC Return (after June 30 each year). |
| Note 2: KPI definition: | Higher Education Research Data Collection (HERDC) Return - Research income: National Competitive grants (category 1); Other public sector (category 2); Industrial and other research (category 3); Cooperative Research Funding (category 4 - January to December) for the University. Note: Excludes 6990 use code and N/A#. |

| | |
|----------------------------------|---|
| Measure name: | HERDC Publication (points) |
| Type of measure: | Research activity (quantity measure) |
| 2022 Actual result: | 874 |
| Note 1: Commentary about result: | There was an overall increase in research outputs across 2022. |
| Note 2: KPI definition: | Number of Higher Education Research Data Collection (HERDC) publication Points in the prior year (e.g. 2018), which is reported in the current year (e.g. 2018 for 2019) for the University due to timing of collection and publication of results. |

| | |
|----------------------------------|---|
| Measure name: | Total number of HDR Student Completions (International & Domestic) |
| Type of measure: | Student outcomes, and research outputs |
| 2022 Actual result: | 126 |
| Note 1: Commentary about result: | Higher degree by research completions back to pre-pandemic rates. |
| Note 2: KPI definition: | Total number of Higher Degree by Research (HDR) Completions (PhD and Masters, both international and domestic). For total University. |

| | |
|------------------------------------|--|
| Measure name: | Reputation - International Rankings |
| Type of measure: | Benchmarked ranking of international reputation and research |
| 2022 Actual result: | Top 400 |
| Note 1: Commentary about variance: | JCU achieved a top 400 ranking world-wide. JCU was ranked in the 201-300 bracket in the 2021 ARWU. |
| Note 2: KPI definition: | Success defined as being in the Top 400 of the ARWU. |

Category: Our people

| | |
|--------------------------|--|
| Measure name: | Unscheduled absence index (average days) |
| Type of measure: | Proxy indicator for the health of the workforce |
| 2022 Actual result: | 9.92 average days |
| Commentary about result: | COVID-19 has impacted unscheduled absences across many industries and sectors including our Higher Education Sector. The result was in line with expected increases in sick leave due to the COVID-19 illness. |
| KPI definition: | The Unscheduled Absence index is the average number of days per calendar year for each staff member (headcount) that has been lost due to unscheduled absences. This includes paid and unpaid sick leave, personal leave, bereavement / compassionate leave and carers leave. Excludes casual only staff. Excludes staff located at JCU Brisbane and JCU Singapore. Full year result is from 1st of January to 31st of December. |

| | |
|--------------------------|--|
| Measure name: | WH&S Incident Reduction Ratio |
| Type of measure: | A leading and lag indicator improving safety & reduce Workplace, Health & Safety incidents. A lower % ratio is better. |
| 2022 Actual result: | 26.0% |
| Commentary about result: | The result was higher than expected (NB: a lower ratio % is better). |
| KPI definition: | Calculation: Actual number of reportable incidents in the year / divided by the actual number of proactive prevention hours undertaken in the year. (Target is set by the Workplace, Health & Safety Sub-Committee, being the estimated number of reportable incidents for the year / [divided by] the scheduled work plan number of proactive hours for the year). This measure is both a lead and lag indicator combined to show the effectiveness on WH&S culture and education through the relationship between proactive work undertaken, to the actual reduction in reportable incidents, where a lower ratio is better. Notes: a 'proactive prevention' is a face-to-face Safety Audit, Safety Inspection, Workstation Assessment, or Safety Site Visit. Scheduled and actual hours are to be recorded in the Enterprise Risk System - ERS. This is an internal non-benchmarked JCU measure. For JCU Australia only. Result expressed as a percentage to 1 decimal place. |

| | |
|--------------------------|--|
| Measure name: | % Net Operating Result/Income (Adjusted) |
| Type of measure: | Financial management success |
| 2022 Actual result: | -7.80% |
| Commentary about result: | The COVID-19 pandemic impacted a wide range of operating results. |
| KPI definition: | Measures Operating Margin. The adjusted Net Operating Result/adjusted Total Income, expressed as a percentage. The adjusted Net Operating Result = Net Operating result excluding abnormal items. Adjusted Total Income = Total Income less abnormal income. From Income Statement using Adjusted Operating Surplus / Deficit. |

| | |
|--------------------------|--|
| Measure name: | Unqualified Audit Outcome |
| Type of measure: | Financial management standard, external audit outcome |
| 2022 Actual result: | Yes. |
| Commentary about result: | An unqualified audit outcome was achieved. |
| KPI definition: | Achieved Unqualified Audit, as reported by external auditors – Queensland Audit Office (QAO). Result expressed as a "Yes" or "No". |

| | |
|--------------------------|--|
| Measure name: | Regulatory Evaluation – Students (TEQSA) |
| Type of measure: | External, independent, benchmarked, and comprehensive compliance scorecard of the student profile and risk |
| 2022 Actual result: | Low Risk (based on most current TEQSA Risk Provider Assessment). |
| Commentary about result: | JCU was rated as "Low Risk" by TEQSA. |
| KPI definition: | Result as per the most current annual Tertiary Education Quality and Standards Agency (TEQSA) Provider Risk Assessment. Relates to "Overall Risk to Students" and follows the TEQSA Provider Risk Assessment outcome. Represented as a traffic light system where "Low Risk" = green, "Medium Risk" = amber, and "High Risk" = red result. |

Financial performance

Summary of financial performance

Key financial outcomes for 2022 for the Parent Entity are:

The University's parent only financial statements for the year ended 31 December 2022 reported a deficit of \$48.9m (2021: surplus of \$18.6m).

While an operating loss of \$48.9m reflects the University's financial performance in accordance with Australian accounting standards, the University monitors its financial performance using a financial measure referred to as the 'underlying operating result'. The underlying result adjusts the University's net result for items that are one-off or restricted in nature. Excluding the changes to workforce plans of \$4.2m, net insurance proceeds of \$1.4m, net capital grant income of (\$1.4m) and \$9.34m in unrealised losses, the underlying operating result for 2022 was a deficit of \$35.3m (2021: deficit of \$12.6m).

2022 was another challenging financial year for the University. We continued to deal with the ongoing impacts of the pandemic from 2020 and 2021, while also addressing underlying financial sustainability challenges.

Revenue

The total revenue for 2022 was \$447.0m, which was a \$44.3m (9 per cent) decrease compared to 2021. This can be attributed to:

- A decrease in the combined funding received through the Commonwealth Grant Scheme (CGS), the Higher Education Loan Program (HELP), and HELP student contributions amounting to \$5.5m. The number of students in a Commonwealth supported place (CSP) decreased, with the 2022 CSP student load of 7,155 EFTSL being 557 EFTSL less than the 2021 CSP student load of 7,712 EFTSL.
- The Australian Government's Education Research Grants (i.e. research block grant funding) decreased by \$15.8m, largely due to the one-off Research Support Program (RSP) grant received in 2021.
- A decrease of \$7.6m in Other Australian Government grants is largely due to a decrease in capital grant income recognised for the Cairns Tropical Enterprise Centre (CTEC) project which commenced in 2021. The income recognised reflects expenditure incurred. The CTEC project is a work in progress, with the initial planning phase now completed and the construction phase about to commence.
- Other income for the year was \$1.3m, which represents a decrease of \$15.6m compared to the previous year's income of \$16.9m. This decrease is largely attributable to insurance proceeds received in 2021 to cover claims related to the 2019 Townsville Halls of Residence fire and the Townsville floods.
- The University's investment revenue of (\$0.7m) reflects a decrease compared to 2021 of \$14.3m. In 2022, a \$9.4m unrealised movement in the market value of investments was recorded, with a \$16.1m movement in the market value of investments over the two-year period. This is offset, by a \$1.7m increase in investment returns and a \$0.1m increase in dividends received.

- Income from royalties, trademarks, and licenses of \$1.0m decreased by \$6.5m. The reason for the decline is a change in the commercial arrangement with JCU Singapore (JCUS). This change resulted in the income from JCUS now being recognised in the "Other Fees and Charges" income line item. As a result of this change, Other Fees and Charges income increased by \$13.9m.
- The 2022 growth in Course Fees and Charges of \$7.0 million was attributable to additional course fees generated from full-fee paying international students. The number of full-fee paying international students rose by 253 EFTSL, from 1,136 EFTSL in 2021 to 1,389 EFTSL in 2022.
- Income received by the University for research and consultancy activities increased by \$6.1m in 2022, to \$25.3m. As the result does not recognise such revenue until expended, this rise is due to a related increase in expenditure.

The proportion of the University's revenue received from the Australian Government (including HECS-HELP, Fee-HELP and SA-HELP) has remained relatively stable when compared to 2021 with 70.1 per cent in 2022 and 70.3 per cent in 2021.

Expenses

The total expenses for 2022 was \$495.9m, which was a \$23.2m (5 per cent) increase on 2021. Employee related expenses increased by \$10.8m or 4 per cent which can partly be attributed to \$4m paid in changes to the University's workforce plans, whilst other expenses increased by \$11m. Depreciation and amortisation increased by \$0.9m and repairs and maintenance increased by \$1m. These increases are partially offset by decreases in finance costs of \$0.3m and impairment of assets by \$0.7m.

2022 financial position

Assets

Total assets were \$1.576b at the end of 2022 which is an increase of \$128.1m from 2021. The main contributor to this increase was property plant and equipment, which increased by \$139.0m. During 2022, the total amount capitalised on property, plant and equipment was \$55.9m. The major projects completed in 2022 included the new Student Accommodation (Burrallga Yumba), the construction of two new residential buildings in Emerald, and the Orpheus Island Office and Staff Accommodation.

Other financial assets, including both current and non-current assets, increased by \$26.6m. This increase was offset by a decrease in cash and cash equivalents of \$45.0m as the University moved funds from on-call accounts to term deposits for improved returns.

Liabilities

Total liabilities were \$366.7m at the end of 2022, which is \$62.2m (20 per cent) higher than 2021. During the year the University increased its debt borrowings by \$37.4m as the drawdown of Northern Australia Infrastructure Fund (NAIF) loans continued for the Technology Innovation Complex and Student Accommodation projects.

In 2022, the balance of contract liabilities (current and non-current) increased by \$38.0m, trade and other payables (current and non-current) decreased by \$12.0m and employee benefit liabilities decreased by \$1.2m.

Total net assets

Total net assets were \$1.209b at the end of 2022 which was \$65.9m or 6 per cent higher than 2021.

The University maintains a sound financial position as indicated by the following key ratios:

- Current Ratio of 1.4 (2021: 1.5);
- Debt to Equity Ratio of 14.9 per cent (2021: 12.5 per cent); and
- Debt Ratio of 23.2 per cent (2021: 21.0 per cent).

Governance – management and structure

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 initiated the remaking of the Acts of Queensland universities. The resultant the *James Cook University Act 1997* received assent by the Governor in Council on 29 August 1997 and is the University’s 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 JCU 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

JCU 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*

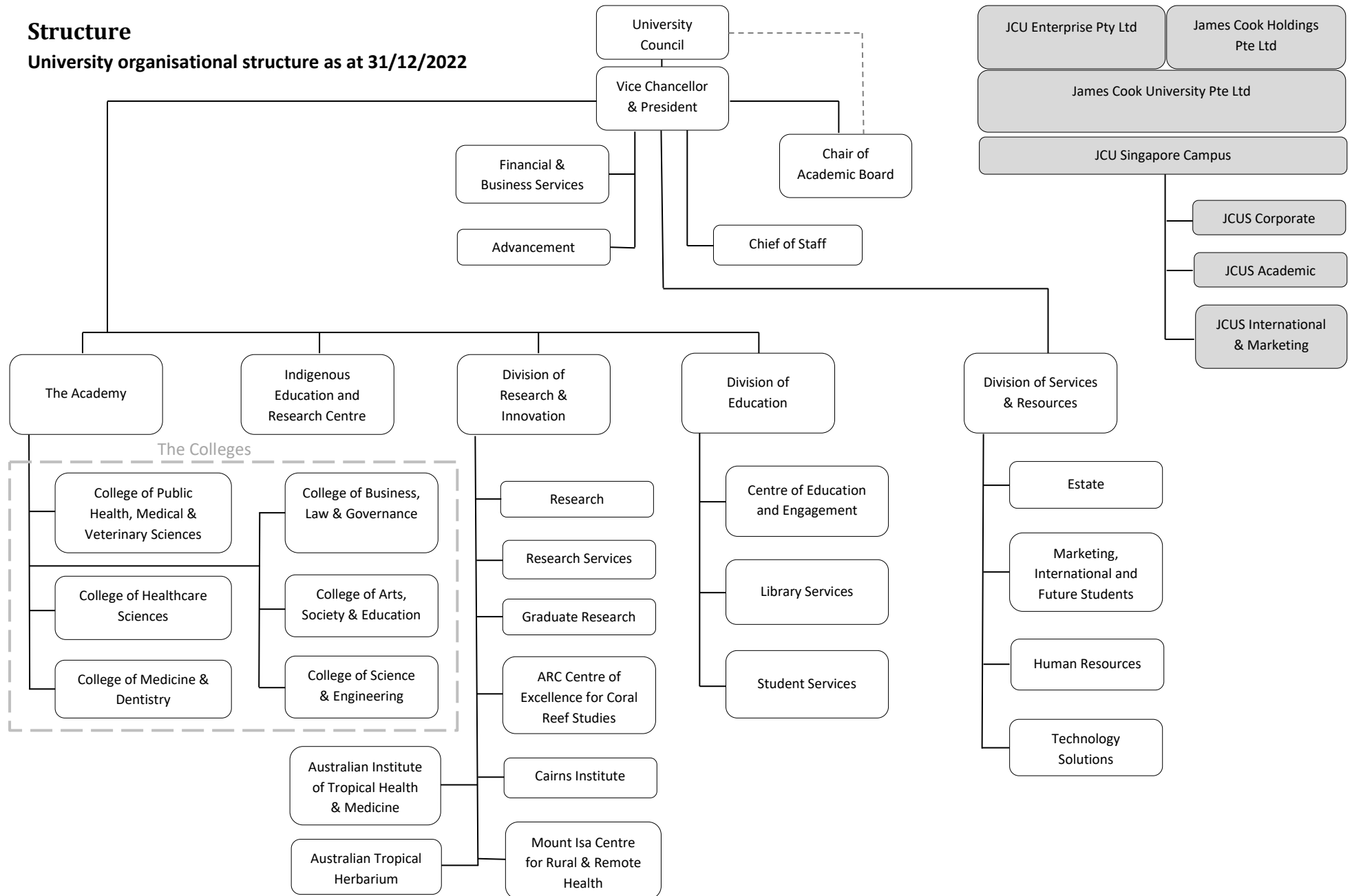
- (a) to provide education at university standard; and
- (b) to provide facilities for study and research generally and, in particular, in subjects of special importance to the people of the tropics; and
- (c) to encourage study and research generally and, in particular, in subjects of special importance 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.

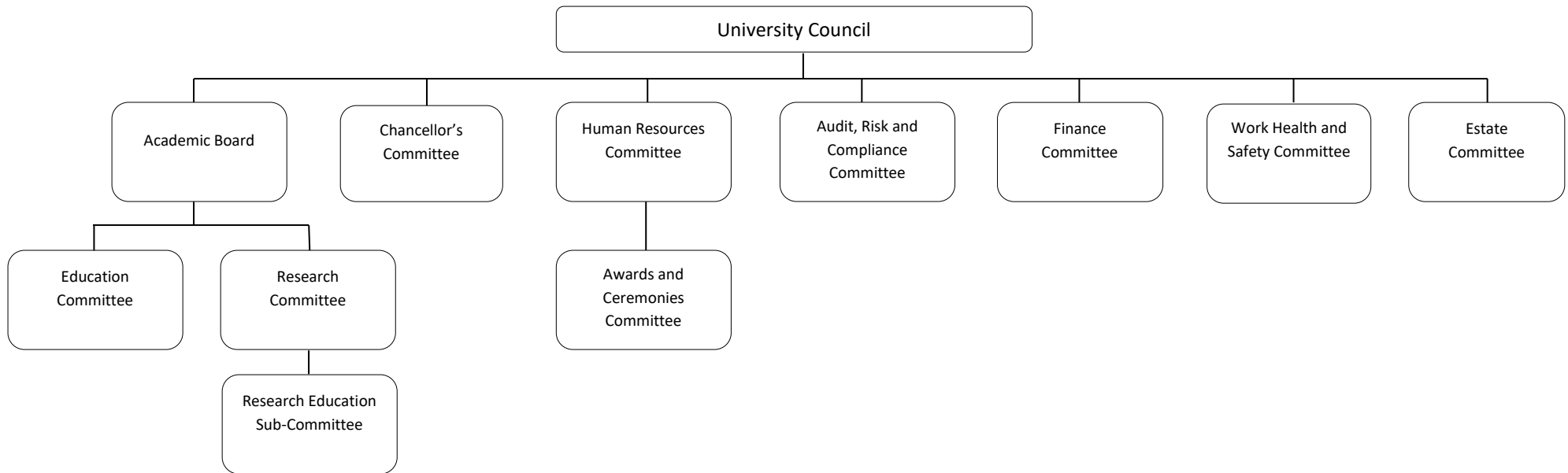
Structure

University organisational structure as at 31/12/2022

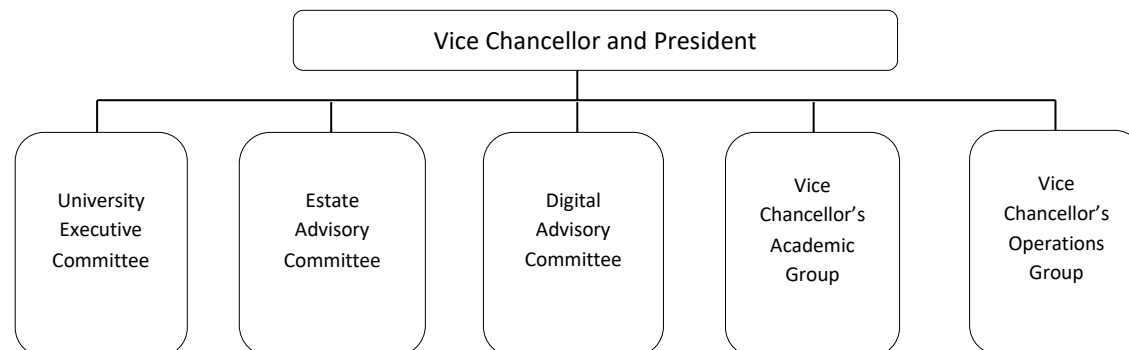


Governance structures as at 31/12/2022

Committees of Council



Committees of the Vice Chancellor



Governing body – James Cook University Council

The JCU Council (University Council) is the University's governing authority. Its 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. The University Council is established under the *James Cook University Act 1997*, as amended.

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 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

There are four classes of University Council membership:

- Official members - members of the University Council by virtue of the office they hold;
- Appointed members - appointed by the Governor in Council for a specified term of office not exceeding four years;
- Elected members:
 - members of the academic staff, who are elected for four years;
 - members of the professional and technical staff, who are elected for four years;
 - students, who are elected for two years.
- Additional members – appointed by the Council for a period not exceeding four years.

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 exceeding five years as fixed by the University Council, and the person elected need not be

a member of the University Council. The incumbent Chancellor, Mr Bill Tweddell, was first elected on 26 March 2016 for a term of four years and subsequently re-elected in March 2020 for a second term of three years, extending his tenure to 25 March 2023.

The University Council has a formal process to review 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 lists the members of the University Council during 2022, including member names, membership type, position, qualifications, and the number of meetings attended for the reporting year. There was a total of seven (7) meetings of the University Council in 2022.

James Cook University - 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> | 7/7 |
| | Vice Chancellor | Simon Biggs | BSc(Hons) PhD Brist. FREng FTSE CEng FIChemE FIEAust, FRSC | 7/7 |
| | Chairperson of the Academic Board | Stephen Naylor | BEd <i>Melb</i> , MA <i>RMIT</i> , PhD <i>Monash</i> . | 7/7 |
| Appointed members | Governor-in-Council | Donnella Mills | LLB; GradDip LP | 6/7 |
| | | 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> | 7/7 |
| | | Angela Toppin | BEd, Dip Teaching <i>QUT</i> | 6/7 |
| Additional members | Deputy Chancellor | Peter Phillips | BBus Curtin, CA, FIIA, CIA, CFE | 1/1 |
| | | Jayne Arlett | B.Sc.Pod.Med, GAICD; FIML; FAAPSM; FASMF | 7/7 ¹ |
| | Additional members | Gregory Lynham | [Judge] LLB (Hons) <i>JCU</i> , Member National Judicial College of Australia | 7/7 |
| | | Carolyn Eagle | BCom JCU, FCA, FIIA, GAICD, CIA, CGAP, CRMA, CIQA | 5/7 |
| | | Nicholas Tate | BSc (Hons) St. Andrews, MSc OU, PhD Deakin, CEng, CITP, CP, FRAS, FBIS, FACS, FBCS, GAICD | 6/6 |
| | | Michael Delaney | | 4/6 |
| | | Helen Drennen | BA, BSc (Hons) Monash University, PhD ANU, Dip Ed Melbourne University, FACE, FACEL, AM | 0/0 ² |
| | Elected members | Academic staff | Allison Craven | BA (Hons) <i>UQ</i> , MA(Res) <i>UQ</i> , PhD <i>Monash</i> |
| Anthony Leciht | | | BAppSc (Hons) GDip (FET) PhD FESSA FECSS | 5/6 |
| Alana Grech | | | PhD, BEnvSc | 6/6 |
| Lee Stewart | | | DipTeach (Nursing); PostgradCert Education; MasterDisp.Res.; PhD | 1/1 |
| Professional and Technical staff | | Jonathan Strauss | BA (Hons) <i>Monash</i> ; PhD <i>JCU</i> | 7/7 |
| | | Ruby Christopher | Student | 6/6 |
| | | Lara Humadi | Student | 1/1 |
| Non-member (Secretary) | University Secretary | Ian Troupe/Secretary | BSc (Hons) <i>CNAAB</i> , MSc <i>Lpool</i> , MA <i>Cantab</i> , GradDipACG AGIA ACIS | 7/7 |

1. Ms Arlett was Deputy Chancellor for six of the seven meeting she attended in 2022.

2. Ms Drennan resigned from the University Council with effect 7 February 2022, prior to the first meeting of the year.

Executive Management

The Executive Management structure of the University as at 31 December 2022 is summarised in the following table.

James Cook University - Executive Management

| Executive Position | Name | Qualifications | Major duties |
|--|----------------------|---|---|
| Vice Chancellor & President | Simon Biggs | <i>BSc(Hons) PhD Brist. FREng FTSE CEng FIChemE FIEAust, FRSC</i> | 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 Executive Group, Chief of Staff Office, the Indigenous Education and Research Centre, Financial and Business Services and Advancement. |
| Deputy Vice Chancellor and Head of JCU Singapore Campus | Chris Rudd | <i>BSc Newcastle Uni UK, PhD Nottingham UK, DSc Nottingham UK, Ceng, FIMechE, FIM</i> | Responsible 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 Indigenous Education and Strategy | Martin Nakata | <i>B.Ed. (Hons) JCU, PhD JCU, ComplEAust EngExec, AARE, AALL</i> | Responsible for leadership and operations of JCU's Indigenous Education and Research Centre. Co-principal responsibility (with the Vice Chancellor) for leading JCU's Reconciliation strategy and actions. Key advisor to the University Council, and the University Executive, on Australian Aboriginal and Torres Strait Islander matters within the Higher Education Sector. |
| Deputy Vice Chancellor of the Academy | Marcus Lane | <i>BSc(Hons) Griffith University, GradCertHEd Griffith University, PhD Queensland</i> | Responsible for the leadership and operations of the Division and oversight of the following colleges: Arts, Society & Education; Business, Law & Governance; Healthcare Sciences; Medicine and Dentistry; Public Health, Medical and Veterinary Sciences; and Science & Engineering. |
| Deputy Vice Chancellor of the Division Education | Maree Dinan-Thompson | <i>B.Ed JCU, M.Ed JCU, PhD UQ</i> | Responsible for leadership and operations of Learning, Teaching & Student Engagement, Library & Information Services, and Student Services. |
| Deputy Vice Chancellor of the Division of Services & Resources | Patricia Brand | <i>BCom JCU, FCPA, FAICD, FAIM</i> | Responsible for the leadership and operations of corporate services including Estate, Human Resources, Technology Solutions, Marketing, International and Future Students, Discovery Rise, Health, Safety & Environment, and student accommodation. |
| Chairperson of the Academic Board | Stephen Naylor | <i>BEd Melb, MA RMIT, PhD Monash.</i> | Leads the Academic Board, which advises the University Council about teaching, research, course accreditation and scholarship matters. The Chair makes proposals for academic policies, monitors the academic activities and quality, and promotes scholarship and research. |

Overview of JCU Controlled Entities

Details of the University's controlled entities are listed below. All Australian controlled entities are audited by, or on behalf of, the Queensland Audit Office. The five 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, WHS, and risk, which is provided to the University Council via the Audit, Risk and Compliance, and Finance Committees, as part of the Statutory Accounts process.

JCU UniVet Pty Ltd

JCU UniVet Pty Ltd (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 and is located on the Bebegu Yumba (Douglas) Campus. JCU Vet is a registered Australian Proprietary Company and JCU is the sole shareholder of the 480,000 ordinary shares on issue. The board of the company consists of four nominees of the Vice Chancellor acting as directors of the company. The company is registered with the ACNC.

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 2,491,640 ordinary shares on issue. The board of JCU Enterprises Pty Ltd has provision for three nominees of the Vice Chancellor, acting as directors of the company. The company is registered with the ACNC.

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 per cent of the shares in James Cook University Pte Ltd. The board of James Cook Holdings Pty Ltd consists of three nominees of the Vice Chancellor acting as directors of the company. Two of the directors permanently reside in Singapore. The company is registered with ACRA, and secretarial services are provided in Singapore by Park Crescent Services Pte Ltd (a subsidiary of Baker Tilley).

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 by Singapore's Council for Private Education under its EduTrust Certification Scheme. It underscores the high level of commitment on the part of management and staff of JCUS to strengthen the position of the institution as a leading provider of quality education.

The board of James Cook University Pte Ltd consists of the Vice Chancellor and four nominees of the Vice Chancellor acting as directors of the company. The company is registered with the ACRA and secretarial services are provided in Singapore by Park Crescent Services Pte Ltd (a subsidiary of Baker

Tilley). The financial statements of James Cook University Pte Ltd are audited by a Singapore-based external auditor.

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 childcare 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 childcare centres on the Bebegu Yumba (Douglas) Campus.

JCU Early Learning Centres Pty Ltd is a registered Australian Proprietary Company and JCU is the sole shareholder of the ten ordinary shares on issue. The board of the company currently consists of four nominees of the Vice Chancellor acting as directors of the company. The company is registered with the ACNC.

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 CPB on the Bebegu Yumba (Douglas) Campus and works closely with other JCU clinics operated by the University from the same site. 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 ten ordinary shares on issue. The board of the company consists of four nominees of the Vice Chancellor acting as directors of the company and there is currently one vacancy for a director of the board. The company is registered with the ACNC.

Tropical Queensland Centre for Oral Health Pty Ltd

Tropical Queensland Centre for Oral Health Pty Ltd was incorporated in 2011 to provide clinical placements for students enrolled in the Bachelor of Dental Surgery and related postgraduate programs. It also has the objective of 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 Nguma-bada (Smithfield) Campus in Cairns where there are 80 chairs in the undergraduate clinic, four chairs in the specialist rooms, and 15 chairs in the postgraduate clinic. The Townsville Clinic is located in the CPB and was opened in 2014. It has 18 chairs in the undergraduate clinic, and two chairs in the specialist rooms. The company is a registered Australian Proprietary Company and JCU is the sole shareholder of the ten ordinary shares on issue. The board of the company consists of four nominees of the Vice Chancellor acting as directors of the company. The company is registered with the ACNC.

JCU CPB Pty Ltd

JCU CPB Pty Ltd was registered in 2011 and is a special purpose entity which acts as trustee of the CPB Trust (the Trust). Its primary objective is to assist the University to develop, construct and

manage the CPB on the Bebegu Yumba (Douglas) campus. JCU is the sole beneficiary of the Trust, which means that the University benefits from the leasing of commercial spaces within the building. The CPB Trust holds a ground lease of the CPB site from JCU and owns and operates the CPB. Tenants in the CPB include retail, medical and allied health-based operations.

The company does not trade and acts only as trustee for the CPB Trust. JCU CPB Pty Ltd is a registered Australian Proprietary Company and JCU is the sole shareholder of the ten ordinary shares on issue. The board of the company consists of four nominees of the Vice Chancellor acting as directors of the company.

North Queensland Commercialisation Company Pty Ltd

NQCC was registered in 2008 to provide research commercialisation services to JCU. It is a registered Australian Proprietary Company, and JCU is the sole shareholder of the one ordinary share on issue. The board of the company consists of two nominees of the Vice Chancellor acting as directors of the company. The company is not registered with the ACNC.

The company does not trade and acts as the trustee of The JCU Asset Trust. Trust income is distributed to JCU. The Trust was formed to assist JCU in research commercialisation, hold intellectual property rights and sponsor start-up initiatives in commercialisation companies. The JCU Asset Trust assists JCU in research commercialisation, including oversight of start-up entities involved in commercialisation processes.

JCU College Pty Ltd

JCU College Pty Ltd was incorporated and commenced trading in 2015 to provide educational pathways and English Language tuition for current and prospective JCU students. JCU College Pty Ltd works closely with both the Australian and Singapore based campuses and is a registered Australian Proprietary Company. JCU is the sole shareholder of the ten ordinary shares on issue. The board of the company consists of two nominees of the Vice Chancellor acting as directors of the company. The company is registered with the ACNC.

JCU College Pty Ltd has been significantly impacted by COVID-19 as its core business relates to the international student pathways market. JCU College Pty Ltd went into a period of hibernation in 2021.

Discover Sport Ltd

Discover Sport Ltd was incorporated in 2018. Discover Sport Ltd'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 the provision and improvement of facilities and resources for games and sport. Discover Sport LTD is a public company limited by guarantee and has provision for a board of eight directors. The company is not presently trading. The company is income tax exempt and is not registered with the ACNC.

Tropical Futures Institute Pte Ltd

in 2018 JCU established the TFI in Singapore to provide region specific research to Singapore and the wider ASEAN region. The TFI is the first research institute established by an Australian university in

Singapore and is a strategic investment that will allow JCU to leverage its research strengths and add value to the research environment in Singapore and the region.

In 2019, JCU incorporated the TFI as a not-for-profit public company limited by guarantee in Singapore. The company currently has four directors, including the Deputy Vice Chancellor Singapore and Head of Campus. The financial statements of TFI are audited by a Singapore-based external auditor.

James Cook Academy Pte Ltd

James Cook Academy Pte Ltd, a private company registered in Singapore, was incorporated in 2021 as a holding company fully owned and controlled by James Cook University Pte Ltd. The company owns 100 per cent of the shares in Eagle Infotech Consultants Pte Ltd and does not trade. The company has four Directors including the Deputy Vice Chancellor Singapore and Head of Campus. It is registered with ACRA and its financial statements are audited by a Singapore-based external auditor.

Eagle Infotech Consultants Pte Ltd

In 2021, James Cook Academy Pte Ltd acquired 100 per cent of the shares in Eagle Infotech Consultants Pte Ltd, a training provider with a suite of short courses in technology and soft skills for working professionals in Singapore. The company was accredited by the Singapore Workforce Development Agency in 2005. The acquisition of the company positions JCU's Singapore campus to provide corporate training and Singapore Government funded short courses to complement its degree level programs. The company has four Directors and is registered with ACRA. Its financial statements are audited by a Singapore-based external auditor.

Governance – risk management, accountability and external scrutiny

Risk Management

JCU has an integrated governance risk and compliance model with the policy and delegations, risk and compliance, internal audit, insurance and legal services functions within one single organisational unit; the Chief of Staff Office. The Chief of Staff is responsible for providing assurance that key risks are being effectively evaluated and reviewed and for the facilitation and coordination of risk management activities across the University.

The University Executive and the University Council's Audit, Risk & Compliance Committee of receive and review a report on risk and compliance management quarterly. The report contains details of:

- any risk management initiatives undertaken during the previous quarter including key risk indicator reporting;
- 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 University's Risk Management Framework is reviewed and updated biennially (or as required) to ensure its currency and relevance. The Risk Appetite Statement's Key Risk Indicators (KRIs) are reported quarterly to the Audit, Risk and Compliance Committee of Council, and to Vice Chancellor's advisory Committees. The University Council adopted a revised Corporate Strategy in October 2022 and the University's Risk Appetite Statement and strategic level risks will be reviewed against this strategy early in 2023.

Risk management and governance improvements implemented by the University during 2022 included:

- increased training for University managers;
- a review into the Risk Management System by risk owner, particularly for high residual risks;
- improved integration of risk management in decision making and the promotion of a risk culture;
- increased maturity of risk management across the University.

System adjustments to reflect the headline structure and organisation changes have also been made.

With the recommencement of international travel post the pandemic, there has been a focus on risk assessments and critical incident management for field trip and placement activities. Cybersecurity remains a high key risk and increased investment has been made to implement the University's Cybersecurity Strategy and Roadmap.

External scrutiny

Independent scrutiny is provided by a number of State and Federal entities which may publish reports on the operations or performance of the University, including the Auditor-General, Ombudsman, the Crime and Corruption Commission, and the Tertiary Education Quality and Standards Authority (TEQSA). TEQSA conducts an annual risk assessment for all higher education providers and determines each provider's eligibility for placement on the National Register.

In response to a Compliance Assessment regarding the delivery of the Bachelor of Business (Financial Advising) and Bachelor of Commerce (Financial Advising) without having first obtained the mandatory professional accreditation for graduates to be eligible to practise as financial advisers, TEQSA issued a warning letter to JCU in relation to the University's non-compliance with Higher Education Standards 3.1.5, 7.1.2, and Paragraph 6.2.1i. Having regard to JCU's commitments to reduce the likelihood of an incident of this nature reoccurring, TEQSA considered a warning letter to be an appropriate and proportionate regulatory response to the risks associated with JCU's non-compliance. TEQSA also acknowledged the rectification plans in place to mitigate further disadvantage to affected students and reduce the likelihood of an event of this nature reoccurring.

Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee is responsible for all audit and risk related matters, and for monitoring audit and risk compliance on behalf of the University Council. The Committee's purpose is to:

1. provide independent assurance and assistance to the Council on the University's external accountabilities as prescribed in the *Financial Accountability Act 2009*, the *Financial and Performance Management Standard 2019*, the *James Cook University Act 1997* and any other applicable legislation or regulations; and
2. to assist Council in the governance of the University, and the exercising of due care, diligence and skill in relation to:
 - (1) the risk management system, including the University's insurance arrangements;
 - (2) the internal control system, including ensuring relevant policies, practices and procedures are effectively and efficiently implemented;
 - (3) the coordination of the University's internal and external audit effort, including oversight of the internal audit function; and
 - (4) compliance with applicable laws, regulations, standards, government policies and best practice guidelines.

The Audit, Risk and Compliance Committee reviews the QAO's annual External Audit Plan for the University, which includes a summary of key risks facing the higher education sector, areas of audit focus, other audit considerations such as materiality, issues identified in the previous year, key financial audit milestones, the assessment of internal controls and the audit fee. The Committee also reviews the QAO's interim and final audit reports, observes the terms of the Committee charter, and has due regard to Queensland Treasury's Audit Committee Guidelines.

There were eight members of the Audit, Risk and Compliance Committee at the end of 2022, comprising:

- two ex-officio members, (the Chancellor and Vice Chancellor);

- four members from the University Council, including the Chair and Deputy Chair, elected for their relevant skills and/or experience in relation to the Committee's business, including three independent, non-executive members; and
- two co-opted members with expertise in risk governance (Ms Catherine Duffy and Ms Christine Traquair).

One member of the Committee is a professional accountant/ auditor, and another is a legal practitioner. A minority of members are also members of the Finance Committee. Committee members are offered financial compensation for their membership and service.

Membership of the Audit, Risk and Compliance Committee during 2022 is detailed in the following table:

| 2022 Audit, Risk and Compliance Committee Membership (January to December) | | | |
|--|----------------------|----------------------------|------------------|
| Membership type | Position | Member's name | Attendance |
| Chair | (External) | Ms Marjorie Pagani | 3/5 |
| Deputy Chair | (External) | Ms Donnella Mills | 2/2 |
| | (External) | Mr Nick Tate | 5/5 ¹ |
| Ex officio | Chancellor | Mr William (Bill) Tweddell | 5/5 |
| | Vice Chancellor | Prof Simon Biggs | 5/5 |
| Additional Council member | (External) | His Honour Mr Greg Lynham | 1/3 |
| Elected members | (Staff) | Prof Lee Stewart | 1/1 |
| | (Staff) | AProf Alana Grech | 2/3 |
| Co-opted members ² | (External) | Ms Ruth Faulkner | 1/1 |
| | (External) | Ms Catherine Duffy | 2/3 |
| | (External) | Ms Christine Traquair | 2/3 |
| Secretary | Secretary or nominee | Ms Chezelle Boevink | 5/5 |

(1) Mr Tate was Deputy Chair for three of the meetings he attended.

(2) Ms Faulkner's term finished after the first meeting and Ms Duffy and Ms Traquair were not appointed until after the second meeting.

Internal Audit

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

Internal Audit operates under an Internal Audit Charter which is reviewed and approved by the Audit, Risk and Compliance Committee annually. 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 ability of the internal audit activity to carry out internal

audit responsibilities in an independent and unbiased manner is assured through operational independence of the Manager, Internal Audit. This role reports functionally to the Vice Chancellor and to the Audit, Risk and Compliance Committee and has an open and independent relationship with the QAO.

The Manager, Internal Audit is responsible for implementing a program of quality assurance and improvement which includes external and internal reviews, to ensure the effective, efficient and economical operation of the Internal Audit function. Oversight is provided by the Chief of Staff.

The annual internal audit planning process employs a risk-based approach to the identification of target audit areas, by aligning audit activities with the University's strategy, risks and assurance needs, based on:

- University Risk Appetite Statements;
- the University Level Risk Assessment;
- The University Performance Report;
- any key risks or control concerns identified by management, including assurance gaps and emerging needs; and
- the scope of work of other assurance providers (internal and external).

The combined Internal Audit Strategic Plan and Annual Work Schedule 2022 covers a three-year period in line with the University's triennium planning cycle (which will change to a five-year planning cycle in 2023). It provides information on the link between the Internal Audit Charter, Internal Audit strategies, the University Level Risk Assessment and the Annual Work Schedule. The Internal Audit Plan and Annual Work Schedule are reviewed and approved annually by the Audit, Risk and Compliance Committee, in accordance with Section 31 - Planning by internal audit function, Division 5 Internal audit and audit committees, *Financial and Performance Management Standard 2019*.

The results of the Performance Measure and Quality Assurance and Improvement Program of the Internal Audit function are also regularly reported to, and monitored by, the Audit, Risk and Compliance Committee.

Ethical conduct and social responsibility

In concert with the *Public Sector Ethics Act 1994*, the JCU Staff 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 members of the University Council and sets their expected standards of conduct. 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 'Conflict of Interests of Members of the University Council' policy statement, to provide guidance in dealing with any conflicts.

The JCU 'Code for the Responsible Conduct of Research' requires 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 'Student Code of Conduct' outlines the ethical obligations of all students of the University.

Human Rights

In compliance with the Queensland *Human Rights Act 2019*, JCU outlines the following information and activities for 2022:

Details of actions taken to further the objects of the *Human Rights Act 2019*:

- ~ Updated various policies, processes, and procedures throughout 2022 to align to the *Human Rights Act 2019*.

Details of any human rights complaints received by JCU:

| | |
|-----------------------------------|--|
| Number of complaints: | Five |
| Nature and outcome of complaints: | <ul style="list-style-type: none"> • A matter relating to the exclusion of a student from the Bachelor of Medicine/Bachelor of Surgery program on the basis that the student was deemed not suitable to continue studying the program. The excluded student lodged a complaint in the QHRC and following an unsuccessful conciliation conference, instituted proceedings in the QCAT. The matter is currently awaiting a trial date. • A second matter relating to the exclusion of a student from the Bachelor of Medicine/Bachelor of Surgery program on the basis that the student was deemed not suitable to continue studying the program. The excluded student lodged a complaint in the QHRC and following an unsuccessful conciliation conference, instituted proceedings in QCAT. Subsequent negotiations led to a confidential resolution and proceedings were discontinued. • A matter relating to a complaint from a student to the QHRC alleging the University discriminated against the student based on age and disability. The University disputed the allegations. The matter was not able to be resolved at a conciliation conference, but the student subsequently decided not to pursue further action through QCAT. • A matter relating to a complaint alleging discrimination based on disability. The matter was resolved at a QHRC conciliation conference. • A current matter before the QHRC relates to alleged race-based discrimination by JCU and a third party. The matter is scheduled for a compulsory conference in 2023. |

Details of reviews to policies, programs, procedures, practices, or services undertaken in relation to human rights:

- ~ A continuous improvement process was undertaken to review numerous policies, with action taken to update policies, processes and procedures where required / appropriate.

Information systems and recordkeeping

The University is required to report on its compliance with the provisions of the Public Records Act 2002, Financial and Performance Management Standard 2019 and to have regard to the Records governance policy and other policies, standards and guidelines issued by the Queensland State Archivist.

JCU maintains its focus on, and commitment to, full compliance with the Public Records Act 2002 and other records management related legislation. In doing so, the compliant EDRMS, Micro Focus Content Manager, commonly referred to as TRIM, was upgraded to version 10.1 in December 2022. JCU's Technology Solutions Directorate continues to progress integration between internal systems and Content Manager, with the Student Services Directorate's CRM system being fully integrated during 2022 .

The upgrade from Content Manager 9.4 to 10.1 occurred as part of a platform/server upgrade to ensure JCU Information and data remains secure and hardened against cybersecurity threats.

JCU's digital capability continued towards the 95 per cent target during 2022, with:

- a further increase in EDRMS licence holders;
- a reduction in the creation of physical files;
- an increase in the number of organisational units moving to electronic records management/digitally born records;
- an increase in digitisation projects, which included Research Ethical material and integration with student placements and the CRM.

The Retention and Disposal schedule continued to be monitored and updates notified by Queensland State Archives were applied to JCU records. One major change was the removal of the disposal freeze on records older than 25 years, allowing the destruction of records held by the University that were older than 25 years and determined to be of low value under current Retention and Disposal Schedules.

The University's Deputy University Secretary contributed to both the Queensland Government's Review of the Public Records Act 2002 and Privacy Act survey.

Academic Freedom and Freedom of Speech

In 2021, the University Council adopted an 'Academic Freedom and Freedom of Speech Policy' which the Federal Department of Education assessed as being 'Fully Aligned' with the 'Model Code on Freedom of Speech and Academic Freedom' recommended by the Hon Mr Robert French AC, former Chief Justice of the High Court Chief of Australia after his 2019 review into freedom of speech in higher education. In its assessment, the Department noted there would be changes to the Intellectual Freedom Clause within the JCU Enterprise Agreement to ensure consistency with the Policy. The University is currently undertaking Enterprise Bargaining where this clause is being negotiated.

There have been no complaints or matters raised in relation to Freedom of Speech nor Academic Freedom in 2022.

Voluntary Code of Best Practice for the Governance of Australian Universities

In 2022 the University was in full compliance with the Voluntary Code of Best Practice for the Governance of Australian Universities, including clause 14 which states that '(a) university should disclose in its Annual Report its compliance with this Code of Best Practice and provide reasons for any areas of non-compliance'.

Workplace Health and Safety

The JCU WHS Unit has the primary responsibility to administer the organisation's safety, fire, and other safe workplace related compliance activities. The WHS Unit assists a broad range of areas including laboratories, boating and diving, field trips, construction, biosafety, emergency preparedness, injury prevention and management, radiation, chemicals, asbestos and training.

Over the last three years the WHS Unit has developed and maintained a set of resources that provided guidance to the University community during the COVID-19 pandemic. The WHS Unit has now transitioned to assisting vulnerable persons to return to campus and monitoring for changes to the Queensland Government's health directives.

Significant activities in 2022 included:

- addressing the legislative requirements for training and competency in the boating and diving areas for universities; the sector has been under-represented in the development of the legislated requirements. The JCU WHS Unit chairs an Australian University Safety Association Special Interest Group which is working to develop a position statement for the amendment to the General Diving Work section of the WHS regulations specifically address scientific diving and will also be approaching WHS regulators and Safe Work Australia to initiate reform. The group also supports the Australian and New Zealand Scientific Diving Association and the creation of a Scientific Diving Standards Committee develop an updated Scientific Diving Standard (AS/NZS 2299.2).
- The review of the contract management framework introduced a WHS schedule in all relevant tenders, and a WHS based checklist in all procurement plans. Additionally, a WHS Unit representative is now included as a Subject Matter Expert in tender evaluations.
- An audit conformance report on the University's Student Placement Procedure, including the development of a student placement audit tool to determine WHS compliance for student placements.
- Trialling the use of the WorkSafe Queensland Psychosocial Risk Assessment Tool across different business units. The risk assessment tool is designed to help employers meet their legal obligations to manage risks associated with psychological injury and represents one pillar of a wider approach being developed to manage psychosocial risks.

Other work activities undertaken by the WHS Unit in 2022 include:

1. Compliance audits and inspections;
2. Injury management (work related and non-work related);
3. WHS Risk management review;
4. Facilitate Sub-Committees of the Work Health and Safety Advisory Committee for boating and diving, radiation safety and institutional biosafety;
5. Emergency management compliance requirements;
6. Work Health and Safety compliance for Controlled Entities;

7. JCU WHS Mandatory Training requirements – includes training needs analysis and review of training and competency procedure;
8. Health and Safety Representative nomination and engagement process;
9. Revision of WHS Policies and Procedures requiring a formal review;
10. Implementation of the Contract Management System as a global process for JCU; and,
11. The reviewing and streamlining of the Rapid Global system workflow in relation to permits to work.

In 2023 the WHS Unit will continue its efforts to ensure staff and students remain safe and healthy. Planned projects and initiatives include:

- Updating the Managers Essentials training to reflect current WHS trends, including risk management, emergency management and injury management;
- Expanding on the development and delivery of the undergraduate student risk management training module;
- Utilising the online Staff Learning Hub as a platform to advertise new WHS procedures/safe work procedures;
-
- University-wide rollout of the Contractor Management System (including remote sites);
- Developing a WHS based pulse survey to better understand the safety culture within the University community;
- Expanding WHS compliance auditing of remote sites;

Governance – Human Resources

Workforce planning and performance

| Queensland Government Measures | 2022 Result |
|--|-------------|
| Workforce Profile: Full-time equivalent staff (FTE)* | 1,995 |

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

Factors that generally affect the workforce profile (FTE) 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 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.

Financial Statements

Financial overview

2022 Consolidated and Parent Entity financials

| Total Student Numbers* | All JCU |
|---|---------|
| Total Enrolments: <i>Student Head Count</i> | 19,916 |
| Total EFTSL: <i>Equivalent Full-Time Student Load</i> | 14,036 |

| Expenditure \$m | Consolidated | Parent Entity |
|---|--------------|---------------|
| Total expenses from continuing operations | \$574.071m | \$495.956m |

| Revenue \$m | Consolidated | Parent Entity |
|---|--------------|---------------|
| Total income from continuing operations | \$529.196m | \$447.003m |

| Assets Vs Liabilities \$m | Consolidated | Parent Entity |
|---------------------------|--------------|---------------|
| Total Current Assets | \$333.218m | \$263.201m |
| Total Current Liabilities | \$231.275m | \$189.782m |
| | | |
| Current Ratio | 1:441 | 1:387 |

| Net Result \$m | Consolidated | Parent Entity |
|-----------------------------|--------------|---------------|
| Net Result After Income Tax | (\$44.875m) | (\$48.953m) |

| Employee Benefits Ratio | Consolidated | Parent Entity |
|--|--------------|---------------|
| Employee Benefits as a % of Total Expenses | 53.91% | 54.30% |

* 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 and data.

Financial statements and notes

The following pages contain the financial Statements and notes

JAMES COOK UNIVERSITY
Annual Financial Report - 31 December 2022

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JAMES COOK UNIVERSITY

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2022

| | | Consolidated | | Parent Entity | |
|--|-------|-----------------|----------------|-----------------|----------------|
| | | 2022 | 2021 | 2022 | 2021 |
| Notes | | \$'000 | \$'000 | \$'000 | \$'000 |
| INCOME FROM CONTINUING OPERATIONS | | | | | |
| Australian Government financial assistance | | | | | |
| Australian Government grants | 2.1 | 191,040 | 209,591 | 191,040 | 209,591 |
| HECS-HELP - Australian Government payments | 2.1 | 55,609 | 58,720 | 55,609 | 58,720 |
| FEE-HELP - Australian Government payments | 2.1 | 15,058 | 17,458 | 15,058 | 17,458 |
| SA-HELP - Australian Government payments | 2.1 | 1,470 | 1,626 | 1,470 | 1,626 |
| Other Australian Government grants | 2.1 | 50,325 | 57,959 | 50,325 | 57,959 |
| State and Local Government financial assistance | 2.2 | 6,831 | 8,482 | 6,831 | 8,482 |
| HECS-HELP - student payments | | 5,332 | 5,240 | 5,332 | 5,240 |
| Fees and charges | 2.3 | 172,008 | 145,447 | 91,651 | 70,675 |
| Royalties, trademarks and licences | | 1,031 | 2,710 | 1,031 | 7,487 |
| Consultancy and contracts | 2.4 | 25,333 | 19,156 | 25,333 | 19,156 |
| Other revenue | 2.5 | 2,766 | 4,592 | 2,697 | 4,359 |
| Other income | 2.5 | 3,894 | 19,897 | 1,284 | 16,908 |
| Investment income | 3 | (1,413) | 12,679 | (658) | 13,681 |
| Share of profit or loss on investments accounted for using the equity method | | (88) | (10) | - | - |
| Total income from continuing operations | | 529,196 | 563,547 | 447,003 | 491,342 |
| EXPENSES FROM CONTINUING OPERATIONS | | | | | |
| Employee related expenses | 4 | 309,484 | 291,812 | 269,321 | 258,453 |
| Depreciation and amortisation | | 47,992 | 46,198 | 39,699 | 38,827 |
| Repairs and maintenance | 5 | 26,540 | 24,994 | 23,152 | 22,186 |
| Finance costs | 6 | 5,865 | 6,005 | 3,562 | 3,889 |
| Impairment of assets | | 749 | 750 | 7 | 679 |
| Other expenses | 7 | 182,230 | 168,270 | 160,215 | 148,699 |
| Total expenses from continuing operations | | 572,860 | 538,029 | 495,956 | 472,733 |
| Net result before income tax from continuing operations | | (43,664) | 25,518 | (48,953) | 18,609 |
| Income tax expense | | 1,211 | 1,639 | - | - |
| Net result after income tax for the period attributable to members of James Cook University | | (44,875) | 23,879 | (48,953) | 18,609 |
| Other comprehensive income after income tax | | | | | |
| Items that will not be reclassified to profit or loss: | | | | | |
| Gain/(loss) on revaluation of land, buildings and infrastructure | 14(a) | 133,559 | 6,731 | 126,804 | 7,851 |
| Gain/(loss) on equity instruments at fair value through other comprehensive income | 12(d) | (12,214) | 42,740 | (11,933) | 42,740 |
| Exchange differences on translation of foreign operations | | 3,239 | 1,211 | - | - |
| Total other comprehensive income for the period | | 124,584 | 50,682 | 114,871 | 50,591 |
| Total comprehensive income for the period attributable to members of James Cook University | | 79,709 | 74,561 | 65,918 | 69,200 |

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

JAMES COOK UNIVERSITY

STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

| | Notes | Consolidated | | Parent Entity | |
|---|--------|------------------|------------------|------------------|------------------|
| | | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 10 | 152,106 | 189,349 | 87,185 | 132,191 |
| Trade and other receivables | 11 | 48,877 | 53,402 | 59,806 | 54,706 |
| Contract assets | 2.7/11 | 3,169 | 2,434 | 2,639 | 8,066 |
| Inventories | | 502 | 509 | - | - |
| Other financial assets | 12 | 98,807 | 46,834 | 91,750 | 46,834 |
| Non-current assets classified as held for sale | 13 | 5,403 | - | - | - |
| Prepayments | | 24,354 | 18,534 | 21,821 | 16,544 |
| Total current assets | | 333,218 | 311,062 | 263,201 | 258,341 |
| NON-CURRENT ASSETS | | | | | |
| Trade and other receivables | 11 | - | - | 25,183 | 22,103 |
| Investments accounted for using the equity method | | - | 88 | - | - |
| Other financial assets | 12 | 135,203 | 153,268 | 137,669 | 155,959 |
| Property, plant and equipment | 14 | 1,260,999 | 1,116,440 | 1,147,555 | 1,008,561 |
| Intangible assets | | 3,453 | 4,669 | 2,100 | 2,591 |
| Other non-current assets | | 82 | 129 | - | 16 |
| Total non-current assets | | 1,399,737 | 1,274,594 | 1,312,507 | 1,189,230 |
| TOTAL ASSETS | | 1,732,955 | 1,585,656 | 1,575,708 | 1,447,571 |
| CURRENT LIABILITIES | | | | | |
| Current tax liabilities | | 1,514 | 1,875 | - | - |
| Trade and other payables | 15 | 35,156 | 46,834 | 22,978 | 37,017 |
| Borrowings | 16 | 17,310 | 14,372 | 13,200 | 10,620 |
| Employee benefit liability | 17 | 45,176 | 45,634 | 44,585 | 45,060 |
| Other liabilities | 18 | 5,938 | 5,925 | 712 | 699 |
| Contract liabilities | 2.7 | 126,181 | 88,160 | 108,307 | 73,916 |
| Total current liabilities | | 231,275 | 202,800 | 189,782 | 167,312 |
| NON-CURRENT LIABILITIES | | | | | |
| Deferred tax liabilities | | 205 | 370 | - | - |
| Trade and other payables | 15 | 1,949 | - | 1,949 | - |
| Borrowings | 16 | 209,704 | 175,679 | 168,041 | 133,161 |
| Employee benefit liability | 17 | 3,371 | 4,169 | 3,319 | 4,096 |
| Other liabilities | 18 | 2,217 | 1,810 | - | - |
| Contract liabilities | 2.7 | 3,697 | - | 3,697 | - |
| Total non-current liabilities | | 221,143 | 182,028 | 177,006 | 137,257 |
| TOTAL LIABILITIES | | 452,418 | 384,828 | 366,788 | 304,569 |
| NET ASSETS | | 1,280,537 | 1,200,828 | 1,208,920 | 1,143,002 |
| EQUITY | | | | | |
| Parent Entity Interest | | | | | |
| Retained earnings | | 673,003 | 718,823 | 623,182 | 672,135 |
| Asset revaluation surplus | 14(a) | 597,513 | 463,954 | 580,920 | 454,116 |
| Other reserves | 12(d) | 4,537 | 15,806 | 4,818 | 16,751 |
| Foreign currency translation reserve | | 5,484 | 2,245 | - | - |
| TOTAL EQUITY | | 1,280,537 | 1,200,828 | 1,208,920 | 1,143,002 |

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 2022

| | Retained Earnings \$'000 | Asset Revaluation Surplus \$'000 | Other Reserves \$'000 | Foreign Currency Translation Reserve \$'000 | Total Equity \$'000 |
|-------------------------------------|--------------------------------|---|-----------------------------|---|---------------------------|
| Consolidated | | | | | |
| Balance at 1 January 2021 | 613,161 | 457,223 | 54,849 | 1,034 | 1,126,267 |
| Transfers / reclassifications | 81,783 | - | (81,783) | - | - |
| Net operating result for the period | 23,879 | - | - | - | 23,879 |
| Other comprehensive income | - | 6,731 | 42,740 | 1,211 | 50,682 |
| Total comprehensive income | 23,879 | 6,731 | 42,740 | 1,211 | 74,561 |
| Balance at 31 December 2021 | 718,823 | 463,954 | 15,806 | 2,245 | 1,200,828 |
| Balance at 1 January 2022 | 718,823 | 463,954 | 15,806 | 2,245 | 1,200,828 |
| Transfers / reclassifications | (945) | - | 945 | - | - |
| Net operating result for the period | (44,875) | - | - | - | (44,875) |
| Other comprehensive income | - | 133,559 | (12,214) | 3,239 | 124,584 |
| Total comprehensive income | (44,875) | 133,559 | (12,214) | 3,239 | 79,709 |
| Balance at 31 December 2022 | 673,003 | 597,513 | 4,537 | 5,484 | 1,280,537 |
| Parent Entity | | | | | |
| Balance at 1 January 2021 | 571,743 | 446,265 | 55,794 | - | 1,073,802 |
| Transfers / reclassifications | 81,783 | - | (81,783) | - | - |
| Net operating result for the period | 18,609 | - | - | - | 18,609 |
| Other comprehensive income | - | 7,851 | 42,740 | - | 50,591 |
| Total comprehensive income | 18,609 | 7,851 | 42,740 | - | 69,200 |
| Balance at 31 December 2021 | 672,135 | 454,116 | 16,751 | - | 1,143,002 |
| Balance at 1 January 2022 | 672,135 | 454,116 | 16,751 | - | 1,143,002 |
| Transfers / reclassifications | - | - | - | - | - |
| Net operating result for the period | (48,953) | - | - | - | (48,953) |
| Other comprehensive income | - | 126,804 | (11,933) | - | 114,871 |
| Total comprehensive income | (48,953) | 126,804 | (11,933) | - | 65,918 |
| Balance at 31 December 2022 | 623,182 | 580,920 | 4,818 | - | 1,208,920 |

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 2022

| | | Consolidated | | Parent Entity | |
|--|-------|------------------|-----------------|-----------------|-----------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | Notes | \$'000 | \$'000 | \$'000 | \$'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Australian Government financial assistance | | | | | |
| Australian Government grants | | 193,790 | 214,304 | 193,790 | 214,310 |
| Capital grants - Australian Government | | 16,000 | 8,000 | 16,000 | 8,000 |
| HECS-HELP - Australian Government payments | | 52,283 | 58,094 | 52,283 | 58,094 |
| FEE-HELP - Australian Government payments | | 17,948 | 16,246 | 17,948 | 16,246 |
| SA-HELP - Australian Government payments | | 1,855 | 1,731 | 1,855 | 1,731 |
| Other Australian Government grants | | 63,796 | 60,062 | 63,796 | 60,062 |
| HECS-HELP - student payments | | 5,332 | 5,240 | 5,332 | 5,240 |
| FEE-HELP - student payments | | 5,152 | 5,625 | 5,152 | 5,625 |
| Queensland State Government grants | | 7,356 | 7,061 | 7,356 | 7,061 |
| Interest received | | 2,161 | 962 | 1,807 | 907 |
| Dividends and property trust distributions received | | 7,061 | 3,118 | 7,061 | 3,118 |
| Receipts from student fees and other customers | | 194,892 | 197,000 | 102,227 | 117,351 |
| Payments to suppliers and employees | | (527,306) | (493,121) | (463,228) | (433,483) |
| Interest and other costs of finance | | (6,826) | (7,079) | (3,563) | (3,889) |
| GST recovered / (paid) | | 2,213 | (3,253) | 2,045 | (3,156) |
| Income tax paid | | (1,737) | (2,138) | - | - |
| Short-term lease payments | | (1,693) | (746) | (1,693) | (746) |
| Net cash provided by / (used in) operating activities | 26 | 32,277 | 71,106 | 8,168 | 56,471 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from sale of financial assets | | 91,538 | 125,470 | 91,539 | 125,470 |
| Proceeds from sale of property, plant and equipment | | 5,655 | 661 | 5,655 | 139 |
| Payment for acquisition of subsidiary, net of cash acquired | | - | (2,293) | - | - |
| Payments for property, plant and equipment | | (56,965) | (86,461) | (49,680) | (84,159) |
| Payments for financial assets | | (144,759) | (128,073) | (137,202) | (128,073) |
| Net cash provided by / (used in) investing activities | | (104,531) | (90,696) | (89,688) | (86,623) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from borrowings | | 47,826 | 52,179 | 46,864 | 52,149 |
| Repayments of borrowings | | (8,673) | (7,060) | (8,673) | (9,107) |
| Repayment of lease liabilities | | (5,872) | (4,264) | (1,930) | (2,057) |
| Net cash provided by / (used in) financing activities | | 33,281 | 40,855 | 36,261 | 40,985 |
| Net increase / (decrease) in cash and cash equivalents | | (38,973) | 21,265 | (45,259) | 10,833 |
| Effects of exchange rate changes on cash and cash equivalents | | 1,730 | (386) | 253 | 109 |
| Cash and cash equivalents at the beginning of the financial year | | 189,349 | 168,470 | 132,191 | 121,249 |
| Cash and cash equivalents at end of financial year | 10 | 152,106 | 189,349 | 87,185 | 132,191 |

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

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JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2022

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)
- *Financial and Performance Management Standard 2019* (Qld)
- *Australian Charities and Not-for-profits Commission Act 2012* (Cth)

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 Parent Entity'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 financial report other than the normal operational judgements effecting revenue recognition, depreciation, impairment, revaluation of assets, lease accounting 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 21 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 Parent Entity 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) 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.

(e) Rounding amounts

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

(f) New Accounting Standards and Interpretations

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 December 2022 reporting periods. The Group has assessed the standards and interpretations and determined that they are not relevant or applicable to the Group.

Note 2: Revenue and Income

Note 2.1: Australian Government Financial Assistance including Australian Government Loan Programs (HELP)

Accounting Policy

Commonwealth Grants Scheme and Other Grants

The Commonwealth Grants Scheme (CGS) represents funding from the Australian Government to help subsidise students' tuition costs. Under AASB 15: *Revenue from Contracts with Customers*, the Group has a specific obligation to provide education services to an enrolled student in respect of the specific course during a defined time period. As such, CGS revenue is recognised over the time the course is being provided.

Indigenous Student Success

The Indigenous Student Success Program represents grant funding which the Group receives to assist the Group to meet the needs of Aboriginal and Torres Strait Islander students. The grant amount is split into two funding components, Pool A and Pool B.

Under Pool A there is a contractual obligation to deliver cash to the student and, under AASB 9: *Financial Instruments*, a financial liability is created and then extinguished as the Group meets its obligation to the student. Under Pool B there are no sufficiently specific performance obligations and as such falls under AASB 1058: *Income of Not-for-Profit Entities* where the revenue is recognised immediately when the Group has the contractual right to receive the grant.

Disability Support Program

The Disability Support Program is grant funding to meet the costs of providing support to students with a disability with high cost needs. The grant represents a reimbursement of costs incurred by the Group, as such, no sufficiently specific performance obligations are identified. Therefore, under AASB 1058: *Income of Not-for-Profit Entities* the revenue is recognised immediately when the Group has the contractual right to receive the grant.

Indigenous, Regional and Low SES Attainment Fund

The Indigenous, Regional and Low SES Attainment Fund is funding which supports the Group in its efforts to increase participation of people who are from low socio-economic backgrounds to attend university. There is an enforceable contract by the provisions in the *Higher Education Support Act 2003* (Cth); and sufficiently specific performance obligations in the promise of tailored activities to encourage low socio-economic background students into undergraduate courses. The revenue is subject to AASB 15: *Revenue from Contracts with Customers* and is recognised over time as the tailored activities are delivered to students and key stakeholders.

National Priorities Pool

The National Priorities Pool provides funding to higher education providers to conduct research projects and trial initiatives to inform equity policy projects. This income is subject to AASB 1058: *Income of Not-for-Profit Entities* and is recognised at the time the Group has the contractual right to receive the grants.

Regional Partnerships Project Pool Program

The Program provides funding to empower students from under-represented backgrounds in regional and remote areas to aspire to higher education. The funding also supports universities to develop sustainable partnerships with communities currently underserved by existing outreach initiatives and where cumulative barriers to higher education exist. The revenue is subject to AASB 15: *Revenue from Contracts with Customers* and is recognised over time as the tailored activities are delivered to students and key stakeholders.

Tertiary Access Payments Scheme

The Tertiary Access Payments Scheme is a non-indexed, means-tested payment to school-leavers from regional or remote areas who need to relocate for tertiary education. There is a contractual obligation to deliver cash to the student and, under AASB 9: *Financial Instruments*, a financial liability is created and then extinguished as the Group meets its obligation to the student. The Parent Entity receives a fee to administer the payments to eligible students and the revenue falls within AASB 15: *Revenue from Contracts with Customers* and is recognised over time as the student consumes the services.

Strategic University Reform Fund

The Strategic University Reform Fund builds on industry linkage pilot projects, enhances collaboration between universities and local employers and improves commercialisation of applied science. Revenue is recognised as expenditure is incurred in accordance with AASB 15: *Revenue from Contracts with Customers*.

Higher Education Loan Programs

HECS-HELP is a loan scheme that assists eligible students enrolled in Commonwealth Supported Places to pay their student contribution amounts. Whilst FEE-HELP is also a loan scheme that assists eligible fee-paying students pay all or part of their tuition fees. Under both schemes the revenue falls within AASB 15: *Revenue from Contracts with Customers* and is recognised over time as the Group provides the services to the student.

SA-HELP is a loan scheme that assists eligible students to pay for all or part of their student services and amenities fee. The revenue falls within AASB 15: *Revenue from Contracts with Customers* and is recognised over time as the student consumes the services.

Education Research

Education Research comprises of two programs, the Research Training Program which provides a block grant to the Group to support both domestic and overseas students undertaking higher degrees by research and the Research Support Program which provides a block grant to the Group to support the systemic costs of research not supported directly through competitive and other grants. Under both programs, sufficiently specific performance obligations have not been identified and therefore both programs fall outside the scope of AASB 15: *Revenue from Contracts with Customers*. Hence, the income is subject to AASB 1058: *Income of Not-for-Profit Entities* and is recognised at the time the Group has the contractual right to receive the grants.

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2022

Note 2.1: Australian Government Financial Assistance including Australian Government Loan Programs (HELP) (cont'd)

Australian Research Council

Funding in this category is from the Commonwealth of Australia as represented by the Australian Research Council (ARC). The Group currently receives funding under three programs – Discovery Program, Linkage Program and Linkage Program (Centres of Excellence). Funding received from ARC has been assessed as meeting the sufficiently specific and enforceable criteria. As there is no link between payment and performance, management have judged that performance obligations are satisfied as performed and access to research findings is available to granting bodies, and this is consistent with expenses incurred. Revenue is recognised as expenditure is incurred in accordance with AASB 15: *Revenue from Contracts with Customers*.

In addition, some ARC agreements require collaboration with other organisations. This means that other organisations may be named as Participating Organisations within the ARC agreements. Funding received for the Participating Organisation is held as an AASB 9: *Financial Instruments* financial liability and is extinguished as the Group transfers the cash to the Participating Organisation.

Other Australian Grants

Funding received from other government sources generally relates to research and differ significantly in the individual terms and conditions. The Group considers each contract on a case by case basis as to whether it is within the scope of AASB 15: *Revenue from Contracts with Customers*. If the Group considers the contract to be enforceable and to have sufficiently specific performance obligations, it recognises the revenue over time as the research is performed.

Funding received from other government sources to enable the Group to acquire or construct a recognisable non-financial asset to be controlled by the Group falls within AASB 1058: *Income of Not-for-Profit Entities*.

| | | Parent Entity and Consolidated | |
|--|-------|-----------------------------------|----------------|
| | Notes | 2022 \$'000 | 2021 \$'000 |
| (a) Commonwealth Grants Scheme and Other Grants | 27 | | |
| Commonwealth Grants Scheme ^{#1} | | 157,920 | 157,747 |
| Indigenous Student Success | | 3,090 | 3,219 |
| Disability Support Program | | 48 | 55 |
| Indigenous, Regional and Low SES Attainment Fund | | 3,807 | 3,629 |
| National Priorities Pool | | 3,279 | 3,250 |
| Regional Partnerships Project Pool Program | | 66 | - |
| Tertiary Access Payments Program | | - | 338 |
| Strategic University Reform Fund | | 136 | - |
| Total Commonwealth Grants Scheme and Other Grants | | 168,346 | 168,238 |
| (b) Higher Education Loan Programs | 27 | | |
| HECS-HELP | | 55,609 | 58,720 |
| FEE-HELP | | 15,058 | 17,458 |
| SA-HELP | | 1,470 | 1,626 |
| Total Higher Education Loan Programs | | 72,137 | 77,804 |
| (c) Education Research | 27 | | |
| Research Training Program | | 11,196 | 13,829 |
| Research Support Program | | 7,318 | 20,533 |
| Total Education Research Grants | | 18,514 | 34,362 |
| (d) Australian Research Council | 27 | | |
| <i>(i) Discovery</i> | | | |
| Projects | | 846 | 805 |
| Fellowships | | 841 | 1,004 |
| Indigenous Researchers Development | | 93 | 58 |
| Early Career Researcher Award | | 1,086 | 927 |
| Total Discovery | | 2,866 | 2,794 |
| <i>(ii) Linkages</i> | | | |
| Projects | | 345 | 163 |
| Industrial Transformation Research Hubs | | 847 | 115 |
| Total Linkages | | 1,192 | 278 |
| <i>(iii) Networks and Centres</i> | | | |
| Centres | | 4 | 2,975 |
| Special Research Initiatives | | 118 | 944 |
| Total Networks and Centres | | 122 | 3,919 |
| Total Australian Research Council | | 4,180 | 6,991 |

^{#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 2022

Note 2.1: Australian Government Financial Assistance including Australian Government Loan Programs (HELP) (cont'd)

| Notes | Parent Entity and Consolidated | |
|---|--------------------------------|----------------|
| | 2022 \$'000 | 2021 \$'000 |
| (e) Other Australian Government grants | | |
| <i>Non-capital</i> | | |
| Australian Centre for International Agricultural Research | 604 | 240 |
| Australian Institute of Marine Science | 576 | 566 |
| Commonwealth Scientific and Industrial Research Organisation | 721 | 643 |
| Cooperative Research Centre for Developing Northern Australia | 541 | 309 |
| Department of Agriculture | 4,214 | 1,505 |
| Department of Education - Study Overseas Short-term Mobility Program | 57 | 97 |
| Department of Foreign Affairs and Trade | 1,276 | 1,545 |
| Department of Health - Generalist Medical Training | 19,264 | 22,164 |
| Department of Health - Rural Health Multi Disciplinary Training Program | 14,335 | 13,156 |
| Department of Industry, Science, Energy and Resources | 130 | 248 |
| Department of the Environment and Energy | 45 | 128 |
| Director of Parks | 701 | 455 |
| Great Barrier Reef Marine Park Authority | 1,303 | 1,253 |
| Medical Research Future Fund | 103 | - |
| National Health and Medical Research Council | 3,256 | 4,076 |
| Torres Strait Regional Authority | 361 | 267 |
| Other | 1,404 | 904 |
| Total Non-capital | 48,891 | 47,556 |
| <i>Capital</i> | | |
| Department of Infrastructure, Regional Development and Cities - Cairns Innovation Centre | - | 64 |
| Department of Health - Cairns Tropical Enterprise Centre | 1,434 | 10,339 |
| Total Capital | 1,434 | 10,403 |
| Total other Australian Government Financial Assistance | 50,325 | 57,959 |
| Total Australian Government Financial Assistance | 313,502 | 345,354 |
| Reconciliation | | |
| Australian Government grants [2(a) + 2(c) + 2(d)] | 191,040 | 209,591 |
| HECS-HELP - Australian Government payments [2(b)] | 55,609 | 58,720 |
| SA-Help [2(b)] | 1,470 | 1,626 |
| Other Australian Government loan programs [FEE-HELP] [2(b)] | 15,058 | 17,458 |
| Other Australian Government financial assistance [2(e)] | 50,325 | 57,959 |
| Total Australian Government financial assistance reported in the statement of comprehensive income | 313,502 | 345,354 |

Note 2.2: State and Local Government Financial Assistance

State and Local Government Financial Assistance

Funding received from State and Local Government contracts generally relate to research and differ significantly in the individual terms and conditions. The Group considers each contract on a case by case basis as to whether it is within the scope of AASB 15: *Revenue from Contracts with Customers*. If the Group considers the agreement to be enforceable and to have sufficiently specific performance obligations, it recognises the revenue over time as the research is performed.

Funding received to enable the Group to acquire or construct a recognisable non-financial asset to be controlled by the Group falls within AASB 1058: *Income of Not-for-Profit Entities*. Under these circumstances, the funding requires the Group to construct a recognisable non-financial asset to identified specifications; does not require the Group to transfer the non-financial asset to another party; and occurs under an enforceable contract. On initial receipt of the grant a liability is recognised which represents the Group's obligation to construct the non-financial asset. The liability is initially measured at the carrying amount of the financial asset received from the granting body. As the Group satisfies its obligations under the grant by constructing the non-financial asset, the liability is extinguished and income is recognised in the Statement of Comprehensive Income.

| | Consolidated | | Parent Entity | |
|--|---------------------|---------------|----------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| <i>Non-capital</i> | | | | |
| Department of Environment and Science | 759 | 875 | 759 | 875 |
| Department of Health - Dental Clinic Operations | 3,550 | 3,550 | 3,550 | 3,550 |
| Department of Health | 996 | 1,475 | 996 | 1,475 |
| Department of Housing and Public Works | 948 | 1,451 | 948 | 1,451 |
| Department of Natural Resources, Mines and Energy | 68 | 278 | 68 | 278 |
| Department of Agriculture and Fisheries | 62 | 115 | 62 | 115 |
| Other | 448 | 674 | 448 | 674 |
| Total Non-capital | 6,831 | 8,418 | 6,831 | 8,418 |
| <i>Capital</i> | | | | |
| Queensland Treasury - Cairns Innovation Centre | - | 64 | - | 64 |
| Total Capital | - | 64 | - | 64 |
| Total State and Local Government Financial Assistance | 6,831 | 8,482 | 6,831 | 8,482 |

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2022

Note 2.3: Fees and Charges

Accounting Policy

Course Fees and Charges

Course fees and charges revenue relate to undergraduate programs, graduate and professional degree programs and continuing education and executive programs.

Under AASB 15: *Revenue from Contracts with Customers*, the Group has a specific obligation to provide education services to an enrolled student in respect of the specific course. As such, the revenue is recognised over the time the course is being provided.

When the courses or trainings have been paid in advance by students or the Group has received the government funding in advance the Group recognises a contract liability until the services are delivered.

There is no significant financing component, as the period from when the student pays and the service is provided is less than 12 months and the consideration is not variable.

Other Fees and Charges

Non-course fees and charges revenue relates to student accommodation, testing services, rental income, veterinary fees, medical fees, child care fees, dental fees, student services and amenities fees, and other fees and charges.

Revenue relating to student services and amenities and student accommodation is recognised over time as and when the service is provided over the relevant academic year. Revenue which relates to all other fees and charges is recognised at the point in time when the service or sale is delivered

| | Consolidated | | Parent Entity | |
|--|---------------------|----------------|----------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Course fees and charges | | | | |
| Fee paying onshore overseas students | 53,533 | 46,089 | 53,533 | 46,089 |
| Fee paying offshore overseas students | 77,055 | 64,297 | - | - |
| Fee paying domestic postgraduate students | 5,152 | 5,625 | 5,152 | 5,625 |
| Other domestic course fees and charges | 205 | 188 | 205 | 188 |
| | 135,945 | 116,199 | 58,890 | 51,902 |
| Other fees and charges | | | | |
| Library fines and fees | 10 | (30) | 10 | (30) |
| Parking fines and fees | 294 | 192 | 294 | 192 |
| Professional, testing and technical services | 5,295 | 4,613 | 6,086 | 5,465 |
| Reciprocal service fees | - | - | 11,456 | - |
| Rental income | 4,344 | 3,538 | 1,272 | 1,087 |
| Conference fee income | 608 | 109 | 608 | 109 |
| Student accommodation | 10,560 | 8,600 | 10,560 | 8,600 |
| Student amenities fee | 1,573 | 1,486 | 1,573 | 1,486 |
| Lecture, marking and examination fees | - | - | - | 925 |
| Fees incidental to studies | 1,825 | 1,544 | 389 | 326 |
| Child care fees and charges | 2,568 | 2,517 | - | - |
| Medical fees and charges | 2,527 | 2,198 | - | - |
| Veterinary fees and charges | 4,675 | 2,796 | - | - |
| Dental fees and charges | 1,048 | 877 | - | - |
| Other | 736 | 808 | 513 | 613 |
| | 36,063 | 29,248 | 32,761 | 18,773 |
| | 172,008 | 145,447 | 91,651 | 70,675 |

Note 2.4: Consultancy and Contracts

Accounting Policy

Consultancy and Contracts

For research agreements, the Group considers each contract on a case by case basis as to whether it is within the scope of AASB 15: *Revenue from Contracts with Customers*. If the Group considers the agreement to be enforceable and to have sufficiently specific performance obligations, it recognises the revenue over time as the research is performed.

| | Consolidated | | Parent Entity | |
|----------------------|---------------------|---------------|----------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Contract research | 22,812 | 16,500 | 22,812 | 16,500 |
| Research consultancy | 156 | 175 | 156 | 175 |
| Other consultancy | 2,365 | 2,481 | 2,365 | 2,481 |
| | 25,333 | 19,156 | 25,333 | 19,156 |

Note 2.5: Other Revenue and Income

Accounting Policy

Other Revenue and Income

Revenue received from donations and bequests usually relates to research, and or teaching, and if the donor wishes, could be for a specific field or area. There will be no sufficiently specific performance obligations and under AASB 1058: *Income of Not-for-Profit Entities* the revenue is recognised immediately when the Group has the contractual right to receive the donation or bequest.

For commission income, scholarships, prizes and sponsorship income the Group assesses each on a case by case basis as to whether it is within the scope of AASB 15: *Revenue from Contracts with Customers*. If the Group considers the agreement to be enforceable and to have sufficiently specific performance obligations, it recognises the revenue at a point in time when the transaction is complete.

Funding received to enable the Group to acquire or construct a recognisable non-financial asset to be controlled by the Group falls within AASB 1058: *Income of Not-for-Profit Entities*. Under these circumstances, the funding requires the Group to construct a recognisable non-financial asset to identified specifications; does not require the Group to transfer the non-financial asset to another party; and occurs under an enforceable agreement. On initial receipt of the grant a liability is recognised which represents the Group's obligation to construct the non-financial asset. The liability is initially measured at the carrying amount of the financial asset received from the granting body. As the Group satisfies its obligations under the grant by constructing the non-financial asset, the liability is extinguished and income is recognised in the Statement of Comprehensive Income.

| | Consolidated | | Parent Entity | |
|--|--------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Other revenue | | | | |
| Commission income | 140 | 33 | 140 | 33 |
| Donations and bequests | 2,268 | 3,688 | 2,268 | 3,688 |
| Non-government grants - other | 69 | 67 | - | - |
| Non-government grants - capital | 53 | 673 | 53 | 507 |
| Scholarships and prizes | 23 | 44 | 23 | 44 |
| Sponsorship income | 213 | 87 | 213 | 87 |
| | 2,766 | 4,592 | 2,697 | 4,359 |
| Other income | | | | |
| Net foreign exchange gain (loss) | 212 | 25 | 232 | 25 |
| Net gain (loss) on disposal of property, plant and equipment | 310 | 111 | 310 | 109 |
| COVID-19 subsidies | 633 | 2,334 | - | - |
| Other income | 2,739 | 17,427 | 742 | 16,774 |
| | 3,894 | 19,897 | 1,284 | 16,908 |

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2022

Note 2.6: Unsatisfied Performance Obligations

Remaining performance obligations represent services the Group has promised to provide to customers under contracts for research services which are satisfied as the goods or services are provided over the contract term. In determining the transaction price allocated to the remaining performance obligations in the Group's contracts with customers the Group uses the input method. The input method recognises revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation. The Group has determined that resources consumed is the best measure to determine the Group's efforts or inputs to the satisfaction of a performance obligation.

For customer contracts with terms of one year or less, or where revenue is recognised using the 'right to invoice' method of recognising revenue, as permitted under AASB 15: *Revenue from Contracts with Customers*, disclosures are not required in relation to the transaction price allocated to these unsatisfied performance obligations. Further, the amounts disclosed below do not include variable consideration which has been constrained.

These unsatisfied performance obligations are expected to be satisfied within the following periods:

| | Within 1 year \$'000 | From 1 to 5 years \$'000 | After 5 years \$'000 | Total \$'000 |
|--|-------------------------|-----------------------------|-------------------------|-----------------|
| Consolidated | | | | |
| Australian Government unspent financial assistance | 6,238 | 2,465 | 1,232 | 9,935 |
| Research grants | 41,136 | 24,565 | - | 65,701 |
| Student income | 40,128 | - | - | 40,128 |
| Capital grants | 12,226 | - | - | 12,226 |
| Other unearned revenue | 1,888 | - | - | 1,888 |
| | 101,616 | 27,030 | 1,232 | 129,878 |
| Parent | | | | |
| Australian Government unspent financial assistance | 6,238 | 2,465 | 1,232 | 9,935 |
| Research grants | 41,136 | 24,565 | - | 65,701 |
| Student income | 22,325 | - | - | 22,325 |
| Capital grants | 12,226 | - | - | 12,226 |
| Other unearned revenue | 1,817 | - | - | 1,817 |
| | 83,742 | 27,030 | 1,232 | 112,004 |

Note 2.7: Assets and Liabilities Related to Contracts with Customers

Accounting Policy

Contract assets

While a receivable is the Group's right to consideration that is unconditional, a contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to the customer when that right is conditioned on satisfying the terms and performance obligations of the contract.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the consideration is received. Contract liabilities are recognised as revenue when the Group performs under the contract.

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2022

Note 2.7: Assets and Liabilities Related to Contracts with Customers (cont'd)

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

| | Consolidated 2022 | | Parent Entity 2022 | |
|--|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| | Closing balance \$'000 | Opening balance \$'000 | Closing balance \$'000 | Opening balance \$'000 |
| Receivables | | | | |
| Receivables - current | 48,877 | 53,402 | 59,806 | 54,706 |
| Receivables - non-current | - | - | 25,183 | 22,103 |
| | <u>48,877</u> | <u>53,402</u> | <u>84,989</u> | <u>76,809</u> |
| Contract assets | | | | |
| Contract assets - current | 3,169 | 2,434 | 2,639 | 8,066 |
| | <u>3,169</u> | <u>2,434</u> | <u>2,639</u> | <u>8,066</u> |
| Contract liabilities | | | | |
| Australian Government unspent financial assistance - current | 6,238 | 10,054 | 6,238 | 10,054 |
| Australian Government unspent financial assistance - non-current | 3,697 | - | 3,697 | - |
| Other contract liabilities - current | 119,943 | 78,106 | 102,069 | 63,862 |
| | <u>129,878</u> | <u>88,160</u> | <u>112,004</u> | <u>73,916</u> |

Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was \$32.788m (2021: \$47.708m) (Parent: \$47.001m (2021: \$34.803m)).

Contract assets

The contract assets are associated with the Group's research contracts.

The impairment associated with the contract assets is disclosed in Note 11: Receivables and Contract Assets.

Contract liabilities

The contract liabilities are associated to the Group's research contracts and student income.

Note 3: Investment Income

Accounting Policy

Interest

For all financial instruments measured at amortised cost 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 | |
|---|------------------------|------------------------|------------------------|------------------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Investment income | | | | |
| Interest | 2,958 | 858 | 3,549 | 1,860 |
| Dividends | 5,150 | 5,007 | 5,150 | 5,007 |
| Trust distributions | 1 | 21 | 1 | 21 |
| | <u>8,109</u> | <u>5,886</u> | <u>8,700</u> | <u>6,888</u> |
| Other investment income | | | | |
| Net gain/(loss) on financial assets at fair value through the profit and loss | (9,522) | 6,793 | (9,358) | 6,793 |
| | <u>(9,522)</u> | <u>6,793</u> | <u>(9,358)</u> | <u>6,793</u> |
| Net investment income and losses | <u>(1,413)</u> | <u>12,679</u> | <u>(658)</u> | <u>13,681</u> |

JAMES COOK UNIVERSITY
Notes to the financial statements
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Note 4: Employee Related Expenses

Accounting Policy

Employee Related Expenses

Contributions to superannuation funds are recognised as an expense as they become payable.

Past service costs are recognised in profit and loss immediately.

The Parent Entity incurs payroll tax at the rate determined by the Queensland Government and other states and territories for payments made to and benefits received by the employees.

The Parent Entity pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing staff but is not counted in an employee's total remuneration package. It is not an employee benefit and is recognised separately as employee related expenses.

| | Consolidated | | Parent Entity | |
|-----------------------------------|---------------------|----------------|----------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Academic | | | | |
| Salaries | 134,065 | 122,327 | 102,698 | 98,362 |
| Contribution to superannuation | 18,216 | 16,677 | 18,216 | 16,677 |
| Payroll tax | 5,333 | 5,023 | 5,333 | 5,023 |
| Workers compensation | 324 | 21 | 324 | 21 |
| Long service leave | 670 | 1,508 | 670 | 1,508 |
| Annual leave | 10,766 | 10,449 | 10,766 | 8,086 |
| | 169,374 | 156,005 | 138,007 | 129,677 |
| Professional and technical | | | | |
| Salaries | 103,779 | 102,854 | 95,471 | 96,240 |
| Contribution to superannuation | 17,400 | 16,719 | 16,912 | 16,719 |
| Payroll tax | 4,937 | 4,635 | 4,937 | 4,635 |
| Workers compensation | 301 | 20 | 301 | 20 |
| Long service leave | 2,983 | 3,050 | 2,983 | 3,050 |
| Annual leave | 10,710 | 8,529 | 10,710 | 8,112 |
| | 140,110 | 135,807 | 131,314 | 128,776 |
| | 309,484 | 291,812 | 269,321 | 258,453 |

Note 5: Repairs and Maintenance

Accounting Policy

Repairs and Maintenance

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

| | Consolidated | | Parent Entity | |
|-----------|---------------------|---------------|----------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Buildings | 12,787 | 12,099 | 9,967 | 9,849 |
| Grounds | 424 | 661 | 404 | 645 |
| Equipment | 13,329 | 12,234 | 12,781 | 11,692 |
| | 26,540 | 24,994 | 23,152 | 22,186 |

JAMES COOK UNIVERSITY
Notes to the financial statements
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Note 6: Finance Costs

Accounting Policy

Financing costs

Financing 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.

For interest expense on lease liabilities, refer to Note 16.1 which details the policy for lease accounting where the Group is a lessee.

| | Consolidated | | Parent Entity | |
|---------------------------------------|---------------------|---------------|----------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Interest expense on loans | 3,146 | 3,409 | 3,146 | 3,409 |
| Interest expense on lease liabilities | 426 | 477 | 426 | 477 |
| Other interest expenses | 234 | 3 | (10) | 3 |
| Finance costs | 2,059 | 2,116 | - | - |
| | 5,865 | 6,005 | 3,562 | 3,889 |

Note 7: Other Expenses

| | Consolidated | | Parent Entity | |
|---|---------------------|----------------|----------------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Advertising, marketing and promotional expenses | 10,900 | 9,131 | 4,444 | 4,199 |
| Bank fees and charges | 313 | 255 | 242 | 221 |
| Books and publications | 5,622 | 5,429 | 5,622 | 5,429 |
| Commissions paid | 18,904 | 17,599 | 18,904 | 17,599 |
| Communications | 1,950 | 2,237 | 1,807 | 2,062 |
| Consumables | 5,416 | 4,796 | 3,895 | 3,637 |
| Course fees paid | 9,074 | 7,802 | 9,074 | 7,802 |
| Cost of goods sold | 3,523 | 3,666 | - | - |
| Demolition costs | 3,498 | 90 | 3,498 | 90 |
| Fees and charges | 5,828 | 1,886 | 1,708 | 1,815 |
| Insurance | 7,062 | 6,672 | 7,044 | 6,410 |
| Licence fees | 737 | 861 | 636 | 728 |
| Motor vehicle related expenses | 773 | 621 | 761 | 604 |
| Non-capitalised equipment | 4,849 | 6,685 | 4,811 | 6,616 |
| Occupancy and utilities | 18,002 | 16,732 | 17,156 | 15,973 |
| Other staff related expenses | 4,578 | 4,697 | 5,933 | 4,697 |
| Practice and teaching subsidies | 5,094 | 6,325 | 5,094 | 6,325 |
| Printing and stationery | 1,670 | 1,843 | 1,632 | 1,771 |
| Professional fees | 17,502 | 18,313 | 17,173 | 17,806 |
| Rental, hire and other leasing fees | 2,249 | 1,845 | 1,962 | 1,483 |
| Minimum lease payments on operating leases | 2,065 | 1,889 | 1,882 | 1,759 |
| Grants, scholarships and prizes | 18,944 | 15,850 | 22,687 | 19,630 |
| Staff development and recruitment | 2,534 | 2,374 | 2,197 | 1,938 |
| Student supervision fees | 3,989 | 5,103 | 5,813 | 7,541 |
| Subscriptions and memberships | 4,623 | 4,121 | 4,607 | 4,098 |
| Travel expenses | 7,148 | 4,071 | 7,069 | 4,006 |
| Other | 15,383 | 17,377 | 4,564 | 4,460 |
| | 182,230 | 168,270 | 160,215 | 148,699 |

* Insurance recoveries received during the year in respect to the losses of public property: \$0.004m (2021: \$15.294m).

Note 8: 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 | |
|--|---------------------|---------------|----------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Fees paid to Queensland Audit Office: | | | | |
| Audit and review of financial statements | 258 | 234 | 258 | 234 |
| Fees paid to non-Queensland Audit Office audit firms: | | | | |
| Audit or review of financial statements of any entity in the Consolidated Entity | - | 4 | - | 4 |
| | 258 | 238 | 258 | 238 |

For the year ended 31 December 2022, Queensland Audit Office provided the Group with a quote of \$241,500 for the audit.

JAMES COOK UNIVERSITY
Notes to the financial statements
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Note 9: Key Management Personnel Disclosures

(a) Names of responsible persons and executive officers

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

Responsible Officers

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

Executive Officers

2022

Prof. Simon Biggs (appointed 14/02/2022)
Prof. Sandra Harding (resigned 13/02/2022)
Prof. Stephen Naylor (resigned 6/06/2022)
Prof. Chris Cocklin (resigned 14/04/2022)
Prof. Nicholas Nakata
Prof. Richard Murray (resigned 6/06/2022)
Prof. Marcus Lane
Prof. Andrew Krockenberger (appointed 14/02/2022)
Prof. Maree Dinan-Thompson
Mrs Patricia Brand
Ms Vanessa Cannon (appointed 6/06/2022)
Mrs Danella Forster (appointed 6/06/2022)

2021

Prof. Sandra Harding
Prof. Stephen Naylor
Prof. Chris Cocklin
Prof. Nicholas Nakata (appointed 15/11/2021)
Prof. Richard Murray
Prof. Marcus Lane
Prof. Maree Dinan-Thompson
Mrs Patricia Brand

(b) Remuneration of Council members and Executive Officers

The amounts disclosed are determined on the same basis as expenses recognised in the Statement of Comprehensive Income.

Remuneration of Council members

Council members 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 nineteen Council members (2021: thirteen) who received remuneration as employees of the Parent Entity.

During the year there were two Council members (2021: two) who did not receive remuneration as employees of the Parent Entity.

| Remuneration of Council members | Consolidated | | Parent Entity | |
|---------------------------------|----------------|----------------|----------------|----------------|
| | 2022 Number | 2021 Number | 2022 Number | 2021 Number |
| Nil to \$14,999 | 5 | 2 | 5 | 2 |
| \$15,000 to \$29,999 | 3 | 4 | 3 | 4 |
| \$30,000 to \$44,999 | 4 | 3 | 4 | 3 |
| \$60,000 to \$74,999 | - | 1 | - | 1 |
| \$75,000 to \$89,999 | 1 | - | 1 | 1 |
| \$90,000 to \$104,999 | - | - | - | - |
| \$105,000 to \$119,999 | 1 | 1 | 1 | 1 |
| \$180,000 to \$194,999 | - | - | - | - |
| \$195,000 to \$209,999 | 3 | - | 3 | - |
| \$210,000 to \$224,999 | - | 1 | - | 1 |
| \$270,000 to \$284,999 | 1 | - | 1 | - |
| \$285,000 to \$299,999 | 1 | 1 | 1 | 1 |
| \$330,000 to \$344,999 | 1 | 1 | 1 | 1 |
| \$735,000 to \$749,999 | 1 | - | 1 | - |
| \$885,000 to \$899,999 | - | 1 | - | 1 |

| Remuneration of executive officers | Consolidated | | Parent Entity | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2022 Number | 2021 Number | 2022 Number | 2021 Number |
| \$75,000 to \$89,999 | - | 1 | - | 1 |
| \$120,000 to \$134,999 | 1 | - | 1 | - |
| \$165,000 to \$179,999 | 1 | - | 1 | - |
| \$180,000 to \$194,999 | 2 | - | 2 | - |
| \$270,000 to \$284,999 | 1 | - | 1 | - |
| \$285,000 to \$299,999 | - | 1 | - | 1 |
| \$330,000 to \$344,999 | 1 | - | 1 | - |
| \$420,000 to \$434,999 | - | 1 | - | 1 |
| \$435,000 to \$449,999 | 1 | 2 | 1 | 2 |
| \$450,000 to \$464,999 | 2 | - | 2 | - |
| \$465,000 to \$479,999 | - | 1 | - | 1 |
| \$480,000 to \$494,999 | 2 | - | 2 | - |
| \$525,000 to \$539,999 | - | 1 | - | 1 |
| \$735,000 to \$749,999 | 1 | - | 1 | - |
| \$885,000 to \$899,999 | - | 1 | - | 1 |

JAMES COOK UNIVERSITY
Notes to the financial statements
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Note 9: Key Management Personnel Disclosures (cont'd)

(c) Key management personnel compensation

| | Council Members | | University Executive | |
|--|------------------------|---------------|-----------------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Short-term employee benefits | 2,336 | 1,786 | 3,554 | 3,031 |
| Post-employment benefits | 326 | 266 | 547 | 500 |
| Other long-term benefits | 19 | 27 | 81 | 76 |
| Termination benefits | - | - | 156 | - |
| Total key management personnel compensation | 2,681 | 2,079 | 4,338 | 3,607 |

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 payments are capped at 10% for Deputy Vice Chancellors and 15% for the Vice Chancellor. The bonuses for key management personnel other than the Vice Chancellor are determined by the Vice Chancellor. 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
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Note 10: 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 | |
|---|---------------------|---------|----------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Cash at bank and on hand | 34,383 | 57,669 | 24,968 | 17,867 |
| Term deposits (maturity less than 90 days or at call) | 117,723 | 131,680 | 62,217 | 114,324 |
| | 152,106 | 189,349 | 87,185 | 132,191 |

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 1.05% (2021: 0.00% and 0.01%)

(b) Cash held in trust

Cash held in trust deposits yield interest at floating rates of between 0.00% and 1.05% (2021: 0.00% and 0.01%)

(c) Term deposits

Short term deposits yield interest at floating rates of between 0.28% and 3.55% (2021: 0.10% and 2.00%). These deposits have a maturity date of less than 90 days or at call.

Note 11: Receivables and Contract Assets

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 allowance for expected credit losses is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

Expected credit losses

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 | |
|---------------------------------------|---------------------|---------|----------------------|---------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Debtors | 13,916 | 15,171 | 24,181 | 17,037 |
| Sundry loans and advances | 5,661 | 4,820 | 4,073 | 3,278 |
| Loans receivable from related parties | - | - | 1,652 | 292 |
| | 19,577 | 19,991 | 29,906 | 20,607 |
| Allowance for expected credit losses | (2,223) | (4,762) | (1,704) | (4,004) |
| | 17,354 | 15,229 | 28,202 | 16,603 |
| Accrued revenue | 26,528 | 30,965 | 26,502 | 30,957 |
| GST receivable | 4,995 | 7,208 | 5,102 | 7,146 |
| | 48,877 | 53,402 | 59,806 | 54,706 |
| Non-current | | | | |
| Loans receivable from related parties | - | - | 25,183 | 22,103 |
| | - | - | 25,183 | 22,103 |

Note 11: Receivables and Contract Assets (cont'd)

Contract assets

As at 31 December 2022, the Group has contract assets of \$3.169m (2021: \$2.434m) which is net of an allowance for expected credit losses of \$Nil (2021: \$Nil).

The significant changes in the balances of contract asset are disclosed in Note 2.7: **Assets and Liabilities Related to Contracts with Customers** while information about the credit exposures are disclosed in Note 23: **Financial Risk Management**.

(a) Impaired receivables

The allowance for expected credit losses of \$2.223m (2021: \$4.762m) is based on historical experience regarding the collectability of aged debts and also includes specific debtors.

As at 31 December 2022, trade and other receivables of \$16.127m (2021: \$14.872m) 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.

Accrued revenue

Accrued revenue includes a franking credit receivable of \$22.759m (2021: \$22.759m) relating to the divestment of Education Australia Limited. The franking credit claim is currently under review by the Australian Taxation Office.

Note 12: Other Financial Assets and Liabilities

Accounting Policy

Classification

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 the Statement of Comprehensive Income), and
- Those to be measured at amortised cost.

The classification depends on the Group'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 the Statement of Comprehensive Income 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 the Statement of Comprehensive Income (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 the Statement of Comprehensive Income.

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 Comprehensive Income.
- **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 Comprehensive Income.
- **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.

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2022

Note 12: Other Financial Assets and Liabilities (cont'd)

Accounting Policy (cont'd)

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 Comprehensive Income 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.

Expected credit losses

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.

| | | Consolidated | | Parent Entity | |
|---|-------|---------------------|---------------|----------------------|---------------|
| | | 2022 | 2021 | 2022 | 2021 |
| | | \$'000 | \$'000 | \$'000 | \$'000 |
| Other Financial Assets | | | | | |
| Current | | | | | |
| Other financial asset at amortised cost | 12(a) | 91,750 | 46,834 | 91,750 | 46,834 |
| Financial assets at fair value through the profit and loss | 12(b) | 7,057 | - | - | - |
| | | 98,807 | 46,834 | 91,750 | 46,834 |
| Non-current | | | | | |
| Financial assets at fair value through the profit and loss | 12(b) | 78,370 | 84,255 | 77,864 | 84,255 |
| Financial assets at fair value through other comprehensive income | 12(c) | 56,833 | 69,013 | 59,805 | 71,704 |
| | | 135,203 | 153,268 | 137,669 | 155,959 |
| (a) Other financial asset at amortised cost | | | | | |
| Current - at market value | | | | | |
| Term deposits (maturity greater than 90 days) | | 91,750 | 46,834 | 91,750 | 46,834 |
| | | 91,750 | 46,834 | 91,750 | 46,834 |
| (b) Financial asset at fair value through the profit and loss | | | | | |
| Current - at market value | | | | | |
| Financial assets at fair value through the profit and loss | | 7,057 | - | - | - |
| | | 7,057 | - | - | - |
| Non-current - at market value | | | | | |
| Listed securities - managed funds | | 78,370 | 84,255 | 77,864 | 84,255 |
| | | 78,370 | 84,255 | 77,864 | 84,255 |
| (c) Financial assets at fair value through other comprehensive income comprise | | | | | |
| Non-current - at market value | | | | | |
| Unlisted securities - shares | | 7,062 | 7,467 | 10,034 | 10,158 |
| Listed securities - shares | | 49,771 | 61,546 | 49,771 | 61,546 |
| | | 56,833 | 69,013 | 59,805 | 71,704 |

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.

Note 12: Other Financial Assets and Liabilities (cont'd)

| | Consolidated | | Parent Entity | |
|--|---------------------|---------------|----------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| (d) Other Reserves - fair value movements in other financial assets (amounts recognised directly in equity) | | | | |
| Balance at the beginning of the year | 15,806 | 54,849 | 16,751 | 55,794 |
| Transfers / reclassifications | 945 | (81,783) | - | (81,783) |
| Gain / (loss) on equity instruments at fair value through other comprehensive income | (12,214) | 42,740 | (11,933) | 42,740 |
| Balance at the end of the year | 4,537 | 15,806 | 4,818 | 16,751 |

Note 13: Non-current Assets Classified as Held for Sale

Accounting Policy

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

| | Consolidated | | Parent Entity | |
|-----------|---------------------|---------------|----------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Buildings | 5,403 | - | - | - |
| | 5,403 | - | - | - |

On 29 December 2022, the Group entered an Option to Purchase agreements with a third party to sell the freehold properties, 2 Sims Close #01-03, 01-04 Gemini @ Sims, Singapore 387298 ("properties") with a total consideration of \$6.473m. The expected handover date will be February 2023.

As the properties are expected to be disposed within 12 months from the end of the financial year, the carrying value of \$5.403m has been reclassified from "freehold property" under "property, plant and equipment" (non-current assets) to "asset held for sale" (current assets) in the Statement of Financial Position as at 31 December 2022.

Note 14: 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 15 December 2022, Queensland public universities were granted an exemption from complying with Queensland Treasury's Asset Policy – 'Non-Current Asset Policies for the Queensland Public Sector' (June 2022). The exemption applies for three reporting years, 31 December 2022, 31 December 2023 and 31 December 2024. 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' (June 2022), 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.

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2022

Note 14: Property, Plant and Equipment (cont'd)

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' (June 2022) 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' (June 2022). 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' (June 2022). 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 museums and art, and rare books) are revalued with sufficient regularity but at least every five years in accordance with Queensland Treasury's Asset Policy – 'Non-Current Asset Policies for the Queensland Public Sector' (June 2022), 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.

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:

| | 2022 | 2021 |
|------------------------------|-----------------|-----------------|
| Buildings | 1.03% to 19.40% | 1.03% to 19.40% |
| Infrastructure | 0.89% to 20.00% | 0.89% to 20.00% |
| Leasehold improvement assets | 3.57% to 27.03% | 3.57% to 50.00% |
| Plant and equipment | 2.50% to 50.00% | 2.50% to 33.33% |

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
for the year ended 31 December 2022

Note 14: 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 | Right of Use Assets \$'000 | Total \$'000 |
|--|----------------|---------------------|---------------|----------------------------------|----------------------------------|------------------------------|-------------------------------------|--------------------------|----------------------------------|------------------|
| As at 1 January 2021 | | | | | | | | | | |
| Cost | - | - | 30,619 | 153,883 | - | - | 20,737 | - | - | 205,239 |
| Fair value | 38,093 | 1,255,092 | - | - | 1,558 | 1,801 | - | 195,411 | 77,052 | 1,569,007 |
| Accumulated depreciation and impairment | - | (481,986) | - | (120,354) | - | - | (9,029) | (79,426) | (14,392) | (705,187) |
| Net book amount | 38,093 | 773,106 | 30,619 | 33,529 | 1,558 | 1,801 | 11,708 | 115,985 | 62,660 | 1,069,059 |
| Year ended 31 December 2021 | | | | | | | | | | |
| Opening net book amount | 38,093 | 773,106 | 30,619 | 33,529 | 1,558 | 1,801 | 11,708 | 115,985 | 62,660 | 1,069,059 |
| Acquisition of subsidiary | - | - | - | 20 | - | - | - | - | 42 | 62 |
| Additions / transfers (including from WIP) | 13,614 | 10,398 | 52,087 | 5,490 | - | 36 | 154 | 1,470 | 1,099 | 84,348 |
| Lease modifications | - | - | - | - | - | - | - | - | 177 | 177 |
| Revaluation / impairment | 25 | 4,578 | - | - | - | 6 | - | 2,122 | - | 6,731 |
| Depreciation expense | - | (23,481) | - | (7,427) | - | - | (2,728) | (5,048) | (6,892) | (45,576) |
| Disposals | - | - | - | (79) | - | - | (517) | - | (229) | (825) |
| Effect of foreign currency translation | - | 249 | - | 37 | - | - | 644 | - | 1,534 | 2,464 |
| Closing net book amount | 51,732 | 764,850 | 82,706 | 31,570 | 1,558 | 1,843 | 9,261 | 114,529 | 58,391 | 1,116,440 |
| As at 31 December 2021 | | | | | | | | | | |
| Cost | - | - | 82,706 | 104,140 | - | - | 19,950 | - | - | 206,796 |
| Fair value | 51,732 | 1,267,011 | - | - | 1,558 | 1,843 | - | 198,988 | 70,036 | 1,591,168 |
| Accumulated depreciation and impairment | - | (502,161) | - | (72,570) | - | - | (10,689) | (84,459) | (11,645) | (681,524) |
| Net book amount | 51,732 | 764,850 | 82,706 | 31,570 | 1,558 | 1,843 | 9,261 | 114,529 | 58,391 | 1,116,440 |
| Year ended 31 December 2022 | | | | | | | | | | |
| Opening net book amount | 51,732 | 764,850 | 82,706 | 31,570 | 1,558 | 1,843 | 9,261 | 114,529 | 58,391 | 1,116,440 |
| Additions / transfers (including from WIP) | (823) | 57,791 | (6,825) | 6,400 | - | 42 | 5,841 | 377 | 462 | 63,265 |
| Lease modifications | - | - | - | - | - | - | - | - | 1,353 | 1,353 |
| Revaluation / impairment | 8,826 | 103,942 | - | - | 7 | 21 | - | 20,763 | - | 133,559 |
| Depreciation expense | - | (25,967) | - | (7,245) | - | - | (2,178) | (5,146) | (6,831) | (47,367) |
| Disposals | (5,497) | - | - | (373) | - | - | (337) | - | - | (6,207) |
| Reclassification to held for sale | - | (5,403) | - | - | - | - | - | - | - | (5,403) |
| Effect of foreign currency translation | - | 580 | 28 | 427 | - | - | 1,087 | - | 3,237 | 5,359 |
| Closing net book amount | 54,238 | 895,793 | 75,909 | 30,779 | 1,565 | 1,906 | 13,674 | 130,523 | 56,612 | 1,260,999 |
| As at 31 December 2022 | | | | | | | | | | |
| Cost | - | - | 75,909 | 168,870 | - | - | 46,933 | - | - | 291,712 |
| Fair value | 54,238 | 1,400,903 | - | - | 1,565 | 1,906 | - | 212,661 | 74,845 | 1,746,118 |
| Accumulated depreciation and impairment | - | (505,110) | - | (138,091) | - | - | (33,259) | (82,138) | (18,233) | (776,831) |
| Net book amount | 54,238 | 895,793 | 75,909 | 30,779 | 1,565 | 1,906 | 13,674 | 130,523 | 56,612 | 1,260,999 |

JAMES COOK UNIVERSITY
Notes to the financial statements
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Note 14: 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 | Right of Use Assets \$'000 | Total \$'000 |
|--|----------------|---------------------|---------------|----------------------------------|----------------------------------|------------------------------|-------------------------------------|--------------------------|----------------------------------|------------------|
| As at 1 January 2021 | | | | | | | | | | |
| Cost | - | - | 29,557 | 95,721 | - | - | 14,612 | - | - | 139,890 |
| Fair value | 38,093 | 1,199,002 | - | - | 1,558 | 1,801 | - | 193,430 | 24,581 | 1,458,465 |
| Accumulated depreciation and impairment | - | (477,249) | - | (66,616) | - | - | (8,578) | (79,016) | (10,223) | (641,682) |
| Net book amount | 38,093 | 721,753 | 29,557 | 29,105 | 1,558 | 1,801 | 6,034 | 114,414 | 14,358 | 956,673 |
| Year ended 31 December 2021 | | | | | | | | | | |
| Opening net book amount | 38,093 | 721,753 | 29,557 | 29,105 | 1,558 | 1,801 | 6,034 | 114,414 | 14,358 | 956,673 |
| Additions / transfers (including from WIP) | 13,614 | 9,452 | 51,834 | 5,104 | - | 36 | (23) | 1,466 | 1,054 | 82,537 |
| Lease modifications | - | - | - | - | - | - | - | - | 43 | 43 |
| Revaluation / impairment | 25 | 5,698 | - | - | - | 6 | - | 2,122 | - | 7,851 |
| Depreciation expense | - | (22,404) | - | (7,004) | - | - | (1,597) | (4,972) | (2,261) | (38,238) |
| Disposals | - | - | - | (76) | - | - | - | - | (229) | (305) |
| Closing net book amount | 51,732 | 714,499 | 81,391 | 27,129 | 1,558 | 1,843 | 4,414 | 113,030 | 12,965 | 1,008,561 |
| As at 31 December 2021 | | | | | | | | | | |
| Cost | - | - | 81,391 | 99,245 | - | - | 14,589 | - | - | 195,225 |
| Fair value | 51,732 | 1,209,727 | - | - | 1,558 | 1,843 | - | 197,004 | 24,357 | 1,486,221 |
| Accumulated depreciation and impairment | - | (495,228) | - | (72,116) | - | - | (10,175) | (83,974) | (11,392) | (672,885) |
| Net book amount | 51,732 | 714,499 | 81,391 | 27,129 | 1,558 | 1,843 | 4,414 | 113,030 | 12,965 | 1,008,561 |
| Year ended 31 December 2022 | | | | | | | | | | |
| Opening net book amount | 51,732 | 714,499 | 81,391 | 27,129 | 1,558 | 1,843 | 4,414 | 113,030 | 12,965 | 1,008,561 |
| Additions / transfers (including from WIP) | (823) | 57,631 | (7,975) | 4,992 | - | 42 | 1,275 | 377 | 462 | 55,981 |
| Lease modifications | - | - | - | - | - | - | - | - | 952 | 952 |
| Revaluation / impairment | 8,826 | 97,187 | - | - | 7 | 21 | - | 20,763 | - | 126,804 |
| Depreciation expense | - | (24,841) | - | (6,567) | - | - | (754) | (5,071) | (1,950) | (39,183) |
| Disposals | (5,497) | - | - | (63) | - | - | - | - | - | (5,560) |
| Closing net book amount | 54,238 | 844,476 | 73,416 | 25,491 | 1,565 | 1,906 | 4,935 | 129,099 | 12,429 | 1,147,555 |
| As at 31 December 2022 | | | | | | | | | | |
| Cost | - | - | 73,416 | 97,578 | - | - | 15,864 | - | - | 186,858 |
| Fair value | 54,238 | 1,349,494 | - | - | 1,565 | 1,906 | - | 214,310 | 25,528 | 1,647,041 |
| Accumulated depreciation and impairment | - | (505,018) | - | (72,087) | - | - | (10,929) | (85,211) | (13,099) | (686,344) |
| Net book amount | 54,238 | 844,476 | 73,416 | 25,491 | 1,565 | 1,906 | 4,935 | 129,099 | 12,429 | 1,147,555 |

JAMES COOK UNIVERSITY
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Note 14: Property, Plant and Equipment (cont'd)

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 | 30.06.2022 | Independent | 30.06.2021 | Independent |
| Buildings | 30.06.2022 | Independent | 30.06.2021 | Independent |
| Infrastructure | 30.06.2022 | Independent | 30.06.2021 | Independent |
| Museum and Art | 22.06.2018 | Independent | 31.12.2022 | Independent |
| Library Collections (Rare Books) | 22.06.2018 | Independent | 31.12.2022 | Independent |

An independent valuation of land assets was performed by Australian Pacific Valuers Pty Ltd (APV) on 30 June 2022. The fair value was assessed primarily by the direct comparison method. APV have provided an opinion stating that there has been no material change in value between the valuation date of 30 June 2022 and the University's financial reporting date of 31 December 2022.

On 30 June 2022 independent valuations of buildings and infrastructure assets was 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 current 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 30 June 2022 and the University's financial reporting date of 31 December 2022. However, management have also applied an index of 2.6%, derived from the ABS Asset-Revaluation-index-non-residential-construction indices as at 31 December 2022, to account for any movement in values between the valuation date of 30 June 2022 and the University's financial reporting date of 31 December 2022.

An 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) on 22 June 2018. The valuation has been based on auction records, market information on artists and other sale information available. A subsequent desktop valuation has been performed by Ross Searle on 31 December 2022.

An 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) on 22 June 2018. 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. A subsequent desktop valuation has been performed by Ross Searle on 31 December 2022.

The library collections asset comprises of three rare book collections held at the University's library. An independent valuation of the rare book collection was undertaken by Simon Taaffe, Sydney (approved valuer of the Commonwealth Government's Cultural Gifts Program) on 22 June 2018. The fair value has been assessed based on auction records, booksellers' catalogues and online databases of market information. A subsequent desktop valuation has been performed by Simon Taaffe on 31 December 2022.

Note 24(c) provides further details regarding the valuation techniques for the above classes of non-current assets.

| | Consolidated | | Parent Entity | |
|--|---------------------|---------------|----------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at the beginning of the year | 463,954 | 457,223 | 454,116 | 446,265 |
| Revaluation adjustments: | | | | |
| Land | 8,826 | 25 | 8,826 | 25 |
| Buildings | 103,942 | 4,578 | 97,187 | 5,698 |
| Library collections | 7 | - | 7 | - |
| Museums and Art | 21 | 6 | 21 | 6 |
| Infrastructure | 20,763 | 2,122 | 20,763 | 2,122 |
| Total increment to asset revaluation surplus | 133,559 | 6,731 | 126,804 | 7,851 |
| Balance at the end of the year | 597,513 | 463,954 | 580,920 | 454,116 |

Note 14.1: Right-of-Use Assets

Accounting Policy

Assessment of whether a contract is, or contains, a lease

At inception of a contract, the Group assesses whether a contract is, or contains a lease. A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group assesses whether:

- a. The contract involves the use of an identified asset – the asset may be explicitly or implicitly specified in the contract. A capacity portion of larger assets is considered an identified asset if the portion is physically distinct or if the portion represents substantially all the capacity of the asset. The asset is not considered an identified asset if the supplier has the substantive right to substitute the asset throughout the period of use.
- b. The Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- c. The Group has the right to direct the use of the asset throughout the period of use – the Group is considered to have the right to direct the use of the asset only if either:
 - i. The Group has the right to direct how and for what purpose the identified asset is used throughout the period of use; or
 - ii. The relevant decisions about how and for what purposes the asset is used is predetermined and the Group has the right to operate the asset, or the Group designed the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Accounting for leases – Group as lessee

In contracts where the Group is a lessee, the Group recognises a right-of-use asset and a lease liability at the commencement date of the lease, unless the short-term or low-value exemption is applied.

Right-of-use asset

A right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

A right-of-use asset associated with land and buildings is subsequently measured at fair value. All other property, plant and equipment are measured as described in the accounting policy for property, plant and equipment in Note 14.

Concessionary (peppercorn) leases

Leased assets arising from significantly below market leases are measured at fair value at the inception of the lease whereas the lease liability is recognised at present value of peppercorn lease payment amounts. The difference between the right-of-use asset and lease liability is recorded as income in the Statement of Comprehensive Income under AASB 1058: *Income of Not-for-Profit Entities*.

AASB 2018-8: *Amendments to Australian Accounting Standards Right-of-Use Assets of Not-for-Profit Entities* 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 have not been recognised as a right-of-use asset.

Dependencies on concessionary leases

The concessional leases listed below, because of their nature, play a significant role to the Group to further its objectives:

- Charters Towers, rural property (Fletcherview);
- Mackay Base Hospital, Level 1 (Mackay Education Research Centre);
- Orpheus Island, research station; and
- Townsville, Clinical Practice Building.

Nature and term of the lease

- Fletcherview is a thirty year special lease with the Department on Natural Resources and Water which expires in 2037. Its use is restricted to a field research station facility.
- Mackay Base Hospital, Level 1, is a forty year peppercorn lease which expires in 2051. Its use is restricted as a dedicated educational precinct for use by the University.
- Orpheus Island research station is a twenty year '*Interest in Protected Areas Authority*' which expires in 2029. Its use is restricted as a marine and terrestrial research and educational facility.
- The University has a twenty year peppercorn lease on the first and second floors (part thereof) of the Clinical Practice Building which expires in 2033. Its use is restricted to a dental clinic, teaching spaces, multidisciplinary health clinics and allied health clinics.

JAMES COOK UNIVERSITY
Notes to the financial statements
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Note 14.1: Right-of-Use Assets (cont'd)

| | Consolidated | | Parent Entity | |
|--|---------------|---------------|---------------|---------------|
| Buildings | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 January 2022 | 57,465 | 61,590 | 12,965 | 14,358 |
| Additions of right-of-use assets | 462 | 1,099 | 462 | 1,054 |
| Disposals of right-of-use assets | - | (229) | - | (229) |
| Depreciation charge | (6,655) | (6,747) | (1,950) | (2,261) |
| Lease modifications | 1,353 | 224 | 952 | 43 |
| Effect of foreign currency translation | 3,223 | 1,528 | - | - |
| At 31 December 2022 | 55,848 | 57,465 | 12,429 | 12,965 |

| | Consolidated | | Parent Entity | |
|--|---------------|---------------|---------------|---------------|
| Plant and Equipment | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| At 1 January 2022 | 926 | 1,070 | - | - |
| Acquisition of subsidiary | - | 42 | - | - |
| Depreciation charge | (176) | (147) | - | - |
| Lease modifications | - | (47) | - | - |
| Effect of foreign currency translation | 14 | 8 | - | - |
| At 31 December 2022 | 764 | 926 | - | - |

Note 15: 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 | |
|--|---------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Trade creditors | 6,485 | 10,743 | 3,647 | 6,476 |
| OS-HELP liability to Australian Government | 1,297 | 3,648 | 1,297 | 3,648 |
| Salary and related payables | 1,261 | 4,464 | 879 | 4,184 |
| Accrued expenses and other creditors | 26,113 | 27,979 | 17,155 | 22,709 |
| | 35,156 | 46,834 | 22,978 | 37,017 |
| Non-current | | | | |
| OS-HELP liability to Australian Government | 1,949 | - | 1,949 | - |
| | 1,949 | - | 1,949 | - |

Note 16: Note 16: 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.

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Notes to the financial statements
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Note 16: Note 16: Borrowings (cont'd)

| | Consolidated | | Parent Entity | |
|----------------------|----------------|----------------|----------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Unsecured | | | | |
| Interest bearing | 10,416 | 8,119 | 10,416 | 8,119 |
| Non-interest bearing | 553 | 553 | 553 | 553 |
| Lease liabilities | 6,341 | 5,700 | 2,231 | 1,948 |
| | 17,310 | 14,372 | 13,200 | 10,620 |
| Non-current | | | | |
| Unsecured | | | | |
| Interest bearing | 153,296 | 116,847 | 153,296 | 116,847 |
| Non-interest bearing | 1,642 | 2,195 | 1,642 | 2,195 |
| Lease liabilities | 54,766 | 56,637 | 13,103 | 14,119 |
| | 209,704 | 175,679 | 168,041 | 133,161 |

The consolidated interest-bearing liabilities represent outstanding loans of \$64.697m with the Queensland Treasury Corporation (QTC) and \$99.014m with the Northern Australia Infrastructure Facility (NAIF) (Parent Entity). The payout value at 31 December 2022 of the QTC loans outstanding is \$62.583m (2021: \$81.356m), the NAIF loans is \$99.014m (2021: \$52.149m), and the non-interest loan under the Catalyst Infrastructure Program is \$2.195m (2021: \$2.749m).

Non-current assets pledged as security for these liabilities: \$Nil (2021: \$Nil)

The University entered into two facility agreements with the Queensland Government in which the Queensland Government agreed to provide financial accommodation to the University to finance two capital building projects. The Queensland Government entered into a master facility agreement with the Commonwealth of Australia and NAIF under which NAIF agreed to provide the Queensland Government the financial accommodation necessary for the University's two capital building projects.

NAIF has financed the construction of the Technology Innovation Complex (TIC) and construction of new student accommodation. The TIC facility is for \$96m over twenty-five years, draw-downs commenced in 2021. The student accommodation facility is for \$46m over twenty-five years, draw-downs commenced in 2021. Both projects are being built in Townsville on the Bebegu Yumba Campus, Douglas.

| | Consolidated | | Parent Entity | |
|---|----------------|----------------|----------------|----------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Borrowings are payable: | | | | |
| - not later than one year | 17,310 | 14,372 | 13,200 | 10,620 |
| - later than one year and not later than five years | 65,170 | 66,733 | 47,816 | 51,071 |
| - later than five years | 144,534 | 108,946 | 120,225 | 82,090 |
| | 227,014 | 190,051 | 181,241 | 143,781 |

The Group's long-term borrowings arising from financing activities had net cashflows of \$33.281m (2021: \$40.855m) as disclosed in the Statement of Cash Flows and net non-cash changes of \$70.244m (2021: \$80.884m).

Note 16.1: JCU as Lessee

Accounting Policy

Lease liabilities – JCU as Lessee

A lease liability is initially measured at the present value of unpaid lease payments at the commencement date of the lease. To calculate the present value, the unpaid lease payments are discounted using the interest rate implicit in the lease if the rate is readily determinable. If the interest rate implicit in the lease cannot be readily determined, the incremental borrowing rate at the commencement date of the lease is used. Lease payments included in the measurement of lease liabilities comprise:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (e.g. payments varying on account of changes in CPI);
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Subsequently, the lease liability is measured at amortised cost using the effective interest rate method resulting in interest expense being recognised as a borrowing cost in the Statement of Comprehensive Income. The lease liability is remeasured when there are changes in future lease payments arising from a change in an index or rate with a corresponding adjustment to the right-of-use asset. The adjustment amount is factored into depreciation of the right-of-use asset prospectively.

Right-of-use assets are presented within property, plant and equipment in Note 14.1 and lease liabilities are presented as borrowings in Note 16.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases i.e. leases with a lease term of 12 months or less and leases of low-value assets i.e., when the value of the leased asset when new is below the asset recognition threshold of its class or less. The Group recognises the lease payments associated with these leases as expense on a straight-line basis over the lease term.

Amounts recognised in the Statement of Comprehensive Income

| | Consolidated | | Parent Entity | |
|--|---------------------|--------|----------------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Interest on lease liabilities | 2,480 | 2,617 | 426 | 477 |
| Expenses relating to short-term leases | 1,876 | 1,753 | 1,876 | 1,753 |
| | 4,356 | 4,370 | 2,302 | 2,230 |

Maturity analysis - undiscounted contractual cash flows

| | Consolidated | | Parent Entity | |
|---|---------------------|--------|----------------------|--------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Less than one year | 8,854 | 8,391 | 2,646 | 2,627 |
| One to five years | 58,552 | 60,771 | 8,129 | 8,283 |
| More than five years | 6,191 | 7,652 | 6,191 | 7,652 |
| Total undiscounted contractual cash flows | 73,597 | 76,814 | 16,966 | 18,562 |
| Lease liabilities recognised in the Statement of Financial Position | 61,107 | 62,337 | 15,334 | 16,067 |
| Current | 6,341 | 5,700 | 2,231 | 1,948 |
| Non-current | 54,766 | 56,637 | 13,103 | 14,119 |

Note 17: 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 Parent Entity are entitled to benefits on retirement, disability or death from the Parent Entity's superannuation plan. The Parent Entity 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 Parent Entity, 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 Parent Entity and the Parent Entity's legal or constructive obligation is limited to these contributions.

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

| | Consolidated | | Parent Entity | |
|--------------------|---------------------|---------------|----------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Annual leave | 19,098 | 19,397 | 18,820 | 19,145 |
| Long service leave | 26,078 | 26,237 | 25,765 | 25,915 |
| | 45,176 | 45,634 | 44,585 | 45,060 |
| Non-current | | | | |
| Long service leave | 3,371 | 4,169 | 3,319 | 4,096 |
| | 3,371 | 4,169 | 3,319 | 4,096 |
| | 48,547 | 49,803 | 47,904 | 49,156 |

Liability for employee benefits

Current annual leave for the Consolidated and Parent Entity expected to be settled wholly after more than 12 months is \$2.947m (2021: \$2.556m). Current long service leave for the Consolidated and Parent Entity expected to be settled wholly after more than 12 months is \$24.940m (2021: \$24.036m).

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 18: Other Liabilities

| | Consolidated | | Parent Entity | |
|---------------------------------------|--------------|--------------|---------------|------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Current | | | | |
| Funds held in trust | 5,938 | 5,925 | 712 | 699 |
| | <u>5,938</u> | <u>5,925</u> | <u>712</u> | <u>699</u> |
| Non-current | | | | |
| Make good provision - leased premises | 2,217 | 1,810 | - | - |
| | <u>2,217</u> | <u>1,810</u> | <u>-</u> | <u>-</u> |

Note 19: Commitments for Expenditure

| | Consolidated | | Parent Entity | |
|---|---------------|---------------|---------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Capital expenditure commitments | | | | |
| Contracted but not provided for and payable: | | | | |
| - not later than one year | 32,667 | 64,649 | 32,667 | 60,563 |
| - later than one year and not later than five years | 1,204 | 388 | 1,204 | 388 |
| | <u>33,871</u> | <u>65,037</u> | <u>33,871</u> | <u>60,951</u> |
| Operating lease commitments | | | | |
| Future operating lease rentals of property, plant and equipment not provided for and payable: | | | | |
| - not later than one year | 1,492 | 653 | 1,275 | 450 |
| - later than one year and not later than five years | 8,093 | 4,030 | 7,007 | 3,016 |
| | <u>9,585</u> | <u>4,683</u> | <u>8,282</u> | <u>3,466</u> |
| Other contractual commitments | | | | |
| Future contractual commitments not provided for and payable: | | | | |
| - not later than one year | 19,895 | 8,376 | 19,895 | 8,349 |
| - later than one year and not later than five years | 31,310 | 4,645 | 31,310 | 4,645 |
| | <u>51,205</u> | <u>13,021</u> | <u>51,205</u> | <u>12,994</u> |
| Total commitments for expenditure | <u>94,661</u> | <u>82,741</u> | <u>93,358</u> | <u>77,411</u> |

JAMES COOK UNIVERSITY
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Note 20: Contingencies

As at 31 December 2022 there are no known contingencies which are likely to materially affect the Group's financial position.

Note 21: Investment in Controlled Entities and Jointly Controlled Operations and Assets

| | Note | Reporting date | Country of incorporation | Class of shares | Holding * 2022 % | Holding * 2021 % |
|--|------|----------------|--------------------------|-----------------|------------------------|------------------------|
| 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 |
| Tropical Futures Institute Ltd | | 31 Dec | Singapore | - | - | - |
| James Cook Academy Pte Ltd | | 31 Dec | Singapore | Ordinary | 100 | 100 |
| Eagle Infotech Consultants 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 and controlled entities.

(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 principal activity is the provision of the University's English for Academic Purposes Course.

(i) Discover Sport Ltd's purpose and principal 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 21: Investment in Controlled Entities and Jointly Controlled Operations and Assets (cont'd)

Directly Controlled Entities - 31 December 2022

| | Total Assets \$'000 | Total Liabilities \$'000 | Total Revenue \$'000 | Operating Result \$'000 |
|--|------------------------------------|---|-------------------------------------|--|
| JCU Enterprises Pty Ltd | 137,665 | 90,577 | 81,130 | 4,261 |
| JCU Early Learning Centres Pty Ltd | 2,022 | 298 | 2,677 | 57 |
| JCU Health Pty Ltd | 1,811 | 164 | 2,997 | (132) |
| JCU Univet Pty Ltd | 881 | 1,681 | 6,261 | (480) |
| North Queensland Commercialisation Company Pty Ltd | - | - | - | - |
| JCU CPB Pty Ltd | - | - | - | - |
| Tropical Queensland Centre for Oral Health Pty Ltd | 1,897 | 529 | 5,818 | 9 |
| JCU College Pty Ltd | 55 | 21 | 1 | 33 |
| Discover Sport Ltd | - | - | - | - |

Directly Controlled Entities - 31 December 2021

| | Total Assets \$'000 | Total Liabilities \$'000 | Total Revenue \$'000 | Operating Result \$'000 |
|--|------------------------------------|---|-------------------------------------|--|
| JCU Enterprises Pty Ltd | 118,850 | 79,263 | 68,369 | 7,138 |
| JCU Early Learning Centres Pty Ltd | 1,949 | 283 | 2,595 | 55 |
| JCU Health Pty Ltd | 2,005 | 226 | 2,761 | (156) |
| JCU Univet Pty Ltd | 811 | 1,132 | 4,261 | (443) |
| North Queensland Commercialisation Company Pty Ltd | - | - | - | - |
| JCU CPB Pty Ltd | - | - | - | - |
| Tropical Queensland Centre for Oral Health Pty Ltd | 1,994 | 634 | 5,653 | (726) |
| JCU College Pty Ltd | 125 | 124 | 4 | (186) |
| Discover Sport Ltd | - | - | - | - |

Indirectly Controlled Entities

| | Note | Holding * 2022 % | Holding * 2021 % |
|------------------------------------|-------------|---------------------------------|---------------------------------|
| James Cook Holdings Pte Ltd | (i) | 100 | 100 |
| James Cook University Pte Ltd | | 100 | 100 |
| Tropical Futures Institute Ltd | (ii) | - | - |
| James Cook Academy Pte Ltd | (iii) | 100 | 100 |
| Eagle Infotech Consultants Pte Ltd | (iv) | 100 | 100 |
| JCU Asset Trust | | - | - |
| CPB Trust | | - | - |

(i) James Cook Holdings Pte 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.

(ii) Tropical Futures Institute Ltd is a company limited by guarantee which was incorporated in Singapore on 11 April 2019 and is controlled by James Cook University Pte Ltd.

(iii) James Cook Academy Pte Ltd was incorporated in Singapore on 18 October 2021, is a wholly owned subsidiary of James Cook University Pte Ltd and holds all the shares of Eagle Infotech Consultants Pte Ltd.

(iv) Eagle Infotech Consultants Pte Ltd was acquired by James Cook Academy Pte Ltd on 30 November 2021. The company's principal activity is conducting computer-training courses.

* Holding represents the shareholdings and voting rights in each entity.

Jointly Controlled Operations and Assets

(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.

(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.

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Note 22: Related Party Transactions

Parent entity

The ultimate parent entity is James Cook University.

Subsidiaries

Interest in subsidiaries is set out in Note 21.

Key management personnel

Disclosures relating to Council members and executive officers are set out in Note 9.

Transactions with related parties

The following transactions occurred with related parties:

| | Parent Entity | |
|--|----------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Revenue | | |
| Interest received from subsidiaries | 965 | 1,050 |
| Royalties received from subsidiaries | 11,456 | 6,679 |
| Fees and charges received from subsidiaries | 1,746 | 1,780 |
| Rental received from subsidiaries | 161 | 355 |
| Expenses | | |
| Grants, contributions to subsidiary | 3,743 | 3,520 |
| Fees paid to subsidiaries for seconded staff | 2,267 | 2,165 |

Outstanding balances arising from transactions with related parties

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

| | Parent Entity | |
|------------------------------------|----------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Current receivables - subsidiaries | 1,809 | 2,103 |
| Current payables - subsidiaries | - | 1 |

An allowance for expected credit losses of \$Nil has been recognised in respect of bad or doubtful debts due from related parties in the current year (2021: \$Nil).

Loans to / from related parties

| | Parent Entity | |
|---------------------------------------|----------------------|---------------|
| | 2022 | 2021 |
| | \$'000 | \$'000 |
| Loans to subsidiaries | | |
| Balance at the beginning of the year | 22,543 | 23,945 |
| Loan advanced | 4,441 | - |
| Loan repayments received | - | (1,402) |
| Interest charged | 965 | 1,050 |
| Interest received | (965) | (1,050) |
| Balance at the end of the year | 26,984 | 22,543 |

Loans to other related parties - \$Nil (2021: \$Nil)

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Note 23: 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 24, 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 2022 | 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 | 1.44% | 34,383 | 117,723 | - | - | - | 152,106 |
| Receivables | - | - | - | - | - | 48,877 | 48,877 |
| Other financial assets | | | | | | | |
| Other financial asset at amortised cost | 1.44% | - | 91,750 | - | - | - | 91,750 |
| Financial assets at fair value through the profit and loss | - | - | - | - | - | 85,427 | 85,427 |
| Financial assets at fair value through other comprehensive income | - | - | - | - | - | 56,833 | 56,833 |
| | | 34,383 | 209,473 | - | - | 191,137 | 434,993 |
| Financial Liabilities | | | | | | | |
| Payables | - | - | - | - | - | 35,156 | 35,156 |
| Borrowings | 4.31% | - | 23,410 | 113,687 | 186,094 | - | 323,191 |
| | | - | 23,410 | 113,687 | 186,094 | 35,156 | 358,347 |
| 31 December 2021 | 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 | 0.80% | 57,669 | 131,680 | - | - | - | 189,349 |
| Receivables | - | - | - | - | - | 53,402 | 53,402 |
| Other financial assets | | | | | | | |
| Other financial asset at amortised cost | 0.80% | - | 46,834 | - | - | - | 46,834 |
| Financial assets at fair value through the profit and loss | - | - | - | - | - | 84,255 | 84,255 |
| Financial assets at fair value through other comprehensive income | - | - | - | - | - | 69,013 | 69,013 |
| | | 57,669 | 178,514 | - | - | 206,670 | 442,853 |
| Financial Liabilities | | | | | | | |
| Payables | - | - | - | - | - | 46,834 | 46,834 |
| Borrowings | 4.37% | - | 20,139 | 119,760 | 197,234 | - | 337,133 |
| | | - | 20,139 | 119,760 | 197,234 | 46,834 | 383,967 |

Note 23: 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 2022, the translation adjustment of the foreign subsidiary's net assets to the Parent Entity's functional currency amounted to \$3.239m (2021: \$1.211m). 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 Group has entered into a hedging agreement with Queensland Treasury Corporation. For significant purchases the Group maintains foreign currency accounts to mitigate exchange fluctuation risk.

Derivatives and hedging activities

The Parent Entity 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 Statement of Comprehensive Income. 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income and are included in other income or other expenses. The Group did not enter into any derivative contracts during 2022.

(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.

(iii) Interest rate sensitivity analysis

Interest rate sensitivity analysis evaluates the outcome on operating result or equity if interest rates would change by +/- 1 per cent from the year end rates applicable to the Group's financial assets and liabilities. With all other variables held constant, the Group would have a surplus and equity increase / (decrease) of \$1.829m (2021: \$1.771m).

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Note 24: 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 Group'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.

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 | |
|---|------------------------|---------------|-------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial Assets | | | | |
| Cash | 152,106 | 189,349 | 152,106 | 189,349 |
| Receivables | 48,877 | 53,402 | 48,877 | 53,402 |
| Other financial assets | | | | |
| Other financial asset at amortised cost | 91,750 | 46,834 | 91,750 | 46,834 |
| Financial assets at fair value through the profit and loss | 85,427 | 84,255 | 85,427 | 84,255 |
| Financial assets at fair value through other comprehensive income | 56,833 | 69,013 | 56,833 | 69,013 |
| | 434,993 | 442,853 | 434,993 | 442,853 |
| Financial Liabilities | | | | |
| Payables | 35,156 | 46,834 | 35,156 | 46,834 |
| Borrowings | 227,014 | 190,051 | 237,389 | 213,068 |
| | 262,170 | 236,885 | 272,545 | 259,902 |

Note 24: Fair Value Measurements (cont'd)

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

- Other financial assets 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: *Fair Value Measurement* 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 Group 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 24: 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.

| | | | 31 December 2022 | | |
|---|------|------------------|-------------------|-------------------|-------------------|
| | Note | 2022 \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Recurring fair value measurements | | | | | |
| <i>Financial assets</i> | | | | | |
| Other financial asset at amortised cost | 12 | 91,750 | 91,750 | - | - |
| Financial assets at fair value through the profit and loss | 12 | 85,427 | 85,427 | - | - |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unlisted and listed shares | 12 | 56,833 | 49,770 | - | 7,063 |
| Total financial assets recognised at fair value | | 234,010 | 226,947 | - | 7,063 |
| <i>Non-financial assets</i> | | | | | |
| Land | 14 | 54,238 | - | 17,476 | 36,762 |
| Buildings | 14 | 895,793 | - | 5,613 | 890,180 |
| Infrastructure | 14 | 130,523 | - | - | 130,523 |
| Library collections | 14 | 1,565 | - | - | 1,565 |
| Museums and art | 14 | 1,906 | - | - | 1,906 |
| Total non-financial assets recognised at fair value | | 1,084,025 | - | 23,089 | 1,060,936 |

| | | | 31 December 2021 | | |
|---|------|----------------|-------------------|-------------------|-------------------|
| | Note | 2021 \$'000 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 |
| Recurring fair value measurements | | | | | |
| <i>Financial assets</i> | | | | | |
| Other financial asset at amortised cost | 12 | 46,834 | 46,834 | - | - |
| Financial assets at fair value through the profit and loss | 12 | 84,255 | 84,255 | - | - |
| Financial assets at fair value through other comprehensive income | | | | | |
| Unlisted shares | 12 | 69,013 | 61,546 | - | 7,467 |
| Total financial assets recognised at fair value | | 200,102 | 192,635 | - | 7,467 |
| <i>Non-financial assets</i> | | | | | |
| Land | 14 | 51,732 | - | 18,457 | 33,275 |
| Buildings | 14 | 764,850 | - | 12,558 | 752,292 |
| Infrastructure | 14 | 114,529 | - | - | 114,529 |
| Library collections | 14 | 1,558 | - | - | 1,558 |
| Museums and art | 14 | 1,843 | - | - | 1,843 |
| Total non-financial assets recognised at fair value | | 934,512 | - | 31,015 | 903,497 |

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 (2021: no transfers). For transfers in and out of level 3 measurements see (d) below.

Note 24: 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 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.

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Note 24: Fair Value Measurements (cont'd)

(d) Reconciliation of recurring Level 3 fair value measurements

| | Unlisted Shares \$'000 | Land \$'000 | Buildings \$'000 | Infrastructure \$'000 | Library Collections \$'000 | Museums and Art \$'000 | Total \$'000 |
|---|------------------------------|----------------|---------------------|--------------------------|----------------------------------|------------------------------|------------------|
| Level 3 Fair Value Measurements 2022 | | | | | | | |
| Opening balance | 7,467 | 33,275 | 752,292 | 114,529 | 1,558 | 1,843 | 910,964 |
| Additions/transfers (including from WIP) | 35 | - | 57,088 | 377 | - | 42 | 57,542 |
| Transfers out of level 3 | - | - | (5,403) | - | - | - | (5,403) |
| Depreciation | - | - | (25,785) | (5,146) | - | - | (30,931) |
| Recognised in other comprehensive income | (439) | 3,487 | 111,988 | 20,763 | 7 | 21 | 135,827 |
| Closing balance | 7,063 | 36,762 | 890,180 | 130,523 | 1,565 | 1,906 | 1,067,999 |
| | | | | | | | |
| | Unlisted Shares \$'000 | Land \$'000 | Buildings \$'000 | Infrastructure \$'000 | Library Collections \$'000 | Museums and Art \$'000 | Total \$'000 |
| Level 3 Fair Value Measurements 2021 | | | | | | | |
| Opening balance | 56,510 | 33,275 | 769,692 | 115,985 | 1,558 | 1,801 | 978,821 |
| Additions/transfers (including from WIP) | 35 | - | 1,666 | 1,470 | - | 36 | 3,207 |
| Depreciation | - | - | (23,622) | (5,048) | - | - | (28,670) |
| Recognised in other comprehensive income | (49,078) | - | 4,556 | 2,122 | - | 6 | (42,394) |
| Closing balance | 7,467 | 33,275 | 752,292 | 114,529 | 1,558 | 1,843 | 910,964 |

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Note 24: 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 affects fair value.

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 Vice Chancellor. 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 14(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 25: Events Occurring After the Balance Sheet Date

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

Note 26: Reconciliation of Net Cash Inflow from Operating Activities to Operating Result

| | Consolidated | | Parent Entity | |
|---|-----------------|----------|-----------------|----------|
| | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Net result for the period | (44,875) | 23,879 | (48,953) | 18,609 |
| Non-cash items | | | | |
| Depreciation and amortisation | 47,992 | 46,198 | 39,699 | 38,827 |
| Work in progress adjustment | 2 | 6,646 | 2 | 6,644 |
| Net (gain) / loss on sale of property, plant and equipment | (310) | (111) | (310) | (109) |
| Unrealised foreign currency (gain) / loss | (253) | (109) | (253) | (109) |
| Gain/(loss) of financial asset through profit and loss | 9,522 | (6,793) | 9,358 | (6,793) |
| Loss on revaluation of investment in associate | 88 | - | - | - |
| Changes in assets and liabilities associated with operating activities | | | | |
| Decrease / (Increase) in receivables | (5,574) | (10,598) | (5,917) | (10,174) |
| Decrease / (Increase) in inventories | (20) | 25 | (27) | (8) |
| Decrease / (Increase) in other assets | (5,819) | (2,094) | (5,280) | (1,144) |
| Increase / (Decrease) in creditors | 2,722 | (10,724) | (5,494) | (13,085) |
| Increase / (Decrease) in tax liability | (526) | (499) | - | - |
| Increase / (Decrease) in other liabilities | 30,663 | 26,461 | 26,595 | 24,990 |
| Increase / (Decrease) in employee benefits liability | (1,335) | (1,185) | (1,252) | (1,177) |
| Net cash inflow from operating activities | 32,277 | 71,106 | 8,168 | 56,471 |

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Note 27: Acquittal of Australian Government Financial Assistance

| Education - CGS and Other Education Grants | Commonwealth Grants Scheme | | Indigenous Student Success | | Disability Support Program | | Indigenous, Regional and Low-SES Attainment Fund | | National Priorities Pool | | Promo of Exc in Learning and Teaching | |
|---|----------------------------|----------------|----------------------------|----------------|----------------------------|----------------|--|----------------|--------------------------|----------------|---------------------------------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Financial assistance received in cash during the reporting period | 158,764 | 157,555 | 3,090 | 3,222 | 48 | 55 | 3,807 | 3,629 | 3,279 | 3,250 | - | - |
| Net accrual adjustment | (844) | 192 | - | (3) | - | - | - | - | - | - | - | - |
| Revenue for the period | 157,920 | 157,747 | 3,090 | 3,219 | 48 | 55 | 3,807 | 3,629 | 3,279 | 3,250 | - | - |
| Surplus / (deficit) from the previous year | - | - | 319 | 215 | - | - | - | 179 | - | - | - | 1 |
| Total revenue including accrued revenue | 157,920 | 157,747 | 3,409 | 3,434 | 48 | 55 | 3,807 | 3,808 | 3,279 | 3,250 | - | 1 |
| Less expenses including accrued expenses | (157,920) | (157,747) | (3,090) | (3,115) | (48) | (55) | (3,420) | (3,808) | (3,279) | (3,250) | - | (1) |
| Surplus / (deficit) for reporting period | - | - | 319 | 319 | - | - | 387 | - | - | - | - | - |

| | Tertiary Access Payments Program | | Strategic University Reform Fund | | Regional Partnerships Project Pool Program | | Total | |
|---|----------------------------------|----------------|----------------------------------|----------------|--|----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Financial assistance received in cash during the reporting period | - | 4,488 | 500 | 1,000 | 102 | - | 169,590 | 173,199 |
| Net accrual adjustment | - | (4,150) | (364) | (1,000) | (36) | - | (1,244) | (4,961) |
| Revenue for the period | - | 338 | 136 | - | 66 | - | 168,346 | 168,238 |
| Surplus / (deficit) from the previous year | - | - | - | - | - | - | 319 | 395 |
| Total revenue including accrued revenue | - | 338 | 136 | - | 66 | - | 168,665 | 168,633 |
| Less expenses including accrued expenses | - | (338) | (136) | - | (66) | - | (167,959) | (168,314) |
| Surplus / (deficit) for reporting period | - | - | - | - | - | - | 706 | 319 |

| Higher Education Loan Programs (excl OS-HELP) | HECS-HELP Australian Gov't Payments Only | | FEE- HELP | | SA-HELP | | Total | |
|---|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Cash payable / (receivable) at beginning of year | 4,193 | 4,819 | 443 | 1,131 | 291 | 186 | 4,927 | 6,136 |
| Financial assistance received in cash during the reporting period | 52,978 | 58,094 | 16,770 | 16,770 | 1,676 | 1,731 | 71,424 | 76,595 |
| Cash available for period | 57,171 | 62,913 | 17,213 | 17,901 | 1,967 | 1,917 | 76,351 | 82,731 |
| Revenue earned | (55,609) | (58,720) | (15,058) | (17,458) | (1,470) | (1,626) | (72,137) | (77,804) |
| Surplus / (deficit) for reporting period | 1,562 | 4,193 | 2,155 | 443 | 497 | 291 | 4,214 | 4,927 |

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2022

Note 27: Acquittal of Australian Government Financial Assistance (cont'd)

Department of Education and Training

Research

| | Research Training Program | | Research Support Program | | Total | |
|---|---------------------------|----------------|--------------------------|----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Financial assistance received in cash during the reporting period | 11,196 | 13,829 | 7,318 | 20,533 | 18,514 | 34,362 |
| Net accrual adjustment | - | - | - | - | - | - |
| Revenue for the period | 11,196 | 13,829 | 7,318 | 20,533 | 18,514 | 34,362 |
| Surplus / (deficit) from the previous year | - | - | - | - | - | - |
| Total revenue including accrued revenue | 11,196 | 13,829 | 7,318 | 20,533 | 18,514 | 34,362 |
| Less expenses including accrued expenses | (11,196) | (13,829) | (7,318) | (20,533) | (18,514) | (34,362) |
| Surplus / (deficit) for reporting period | - | - | - | - | - | - |

**Total Higher Education Provider Research
Training Program Expenditure**

Research Training Program Fee Offsets
Research Training Program Stipends
Research Training Program Allowances
Total for all types of support

| | Total Domestic Students \$'000 | Total Overseas Students \$'000 |
|---------------------------------------|--------------------------------------|--------------------------------------|
| Research Training Program Fee Offsets | 5,420 | 1,114 |
| Research Training Program Stipends | 4,657 | - |
| Research Training Program Allowances | - | 5 |
| Total for all types of support | 10,077 | 1,119 |

| | Projects | | Future Fellowships | | Indigenous Researchers Development | | Laureate Fellowship | | Early Career Researcher Award | | Total | |
|---|----------------|----------------|--------------------|----------------|--|----------------|---------------------|----------------|----------------------------------|----------------|----------------|----------------|
| | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 | 2022 \$'000 | 2021 \$'000 |
| Financial assistance received in cash during the reporting period | 1,212 | 1,205 | 190 | 186 | - | 134 | 685 | 673 | 1,074 | 1,405 | 3,161 | 3,603 |
| Transfers / return of grant | - | - | - | (5) | - | - | - | - | - | - | - | (5) |
| Net accrual adjustment | (366) | (400) | (17) | 101 | 93 | (76) | (17) | 49 | 12 | (478) | (295) | (804) |
| Revenue for the period | 846 | 805 | 173 | 282 | 93 | 58 | 668 | 722 | 1,086 | 927 | 2,866 | 2,794 |
| Surplus / (deficit) from the previous year | 977 | 795 | 109 | 213 | 109 | 53 | 574 | 623 | 803 | 325 | 2,572 | 2,009 |
| Total revenue including accrued revenue | 1,823 | 1,600 | 282 | 495 | 202 | 111 | 1,242 | 1,345 | 1,889 | 1,252 | 5,438 | 4,803 |
| Less expenses including accrued expenses | (732) | (623) | (149) | (386) | (198) | (2) | (653) | (771) | (1,097) | (449) | (2,829) | (2,231) |
| Surplus / (deficit) for reporting period | 1,091 | 977 | 133 | 109 | 4 | 109 | 589 | 574 | 792 | 803 | 2,609 | 2,572 |

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2022

Note 27: Acquittal of Australian Government Financial Assistance (cont'd)

| Australian Research Council Grants (b) Linkages | Projects | | Industrial Transformation Research Hubs | | Total | |
|---|----------|--------|---|--------|---------|---------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assistance received in cash during the reporting period | 653 | 584 | 1,026 | 1,018 | 1,679 | 1,602 |
| Transfers / return of grant | (201) | - | - | - | (201) | - |
| Net accrual adjustment | (107) | (421) | (179) | (903) | (286) | (1,324) |
| Revenue for the period | 345 | 163 | 847 | 115 | 1,192 | 278 |
| Surplus / (deficit) from the previous year | 636 | 213 | 904 | - | 1,540 | 213 |
| Total revenue including accrued revenue | 981 | 376 | 1,751 | 115 | 2,732 | 491 |
| Less expenses including accrued expenses | (256) | 260 | (801) | 789 | (1,057) | 1,049 |
| Surplus / (deficit) for reporting period | 725 | 636 | 950 | 904 | 1,675 | 1,540 |

| Australian Research Council Grants (c) Networks and Centres | Centres | | Special Research Initiatives | | Total | |
|---|---------|---------|---------------------------------|---------|--------|---------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial assistance received in cash during the reporting period | - | - | - | - | - | - |
| Transfers / return of grant | - | - | - | (1,383) | - | (1,383) |
| Net accrual adjustment | 4 | 2,975 | 118 | 2,327 | 122 | 5,302 |
| Revenue for the period | 4 | 2,975 | 118 | 944 | 122 | 3,919 |
| Surplus / (deficit) from the previous year | (35) | 2,706 | 54 | 2,329 | 19 | 5,035 |
| Total revenue including accrued revenue | (31) | 5,681 | 172 | 3,273 | 141 | 8,954 |
| Less expenses including accrued expenses | 31 | (5,716) | (3) | (3,219) | 28 | (8,935) |
| Surplus / (deficit) for reporting period | - | (35) | 169 | 54 | 169 | 19 |

JAMES COOK UNIVERSITY
Notes to the financial statements
for the year ended 31 December 2022

Note 27: Acquittal of Australian Government Financial Assistance (cont'd)

OS-Help

| | 2022 | 2021 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Cash received during the reporting period | 1,497 | - |
| Cash spent during the reporting period | (524) | (8) |
| Net cash received | 973 | (8) |
| Cash surplus / (deficit) from the previous period | 3,647 | 3,655 |
| Cash surplus / (deficit) for the reporting period | 4,620 | 3,647 |

Student Services and Amenities Fee

| | 2022 | 2021 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Unspent / (overspent) revenue from previous period | 1,255 | 1,004 |
| SA-HELP revenue earned | 1,470 | 1,626 |
| Student Services Fees direct from students | 1,573 | 1,486 |
| Total revenue expendable in period | 4,298 | 4,116 |
| Student Services expenses in period | 2,503 | 2,861 |
| Unspent / (overspent) Student Services revenue | 1,795 | 1,255 |

Note 28: Disaggregated Information

| | Revenue | | Results | | Assets | |
|---|----------------|---------------|-----------------|---------------|------------------|---------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Geographical - Consolidated Entity | | | | | | |
| Australia | 448,066 | 495,177 | (49,136) | 16,739 | 1,595,288 | 1,466,805 |
| Singapore | 81,130 | 68,370 | 4,261 | 7,140 | 137,667 | 118,851 |
| | 529,196 | 563,547 | (44,875) | 23,879 | 1,732,955 | 1,585,656 |

The University reports revenue, results and assets by geographical regions in accordance with the Financial Statement Guidelines for Australian Higher Education Providers for the 2022 reporting period issued by the Department of Education, Skills and Employment.

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 and Performance Management Standard 2019* (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 2022 to 31 December 2022, and the financial position as at 31 December 2022 in accordance with prescribed accounting standards and conform with the Financial Statement Guidelines for Australian Higher Education Providers for the 2022 reporting period issued by the Australian Government Department of Education;
 - (iii) at the time of this Certificate there are reasonable grounds to believe that the Group 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; and
 - (vii) the financial statements and notes satisfy the requirements of the *Australian Charities and Not-for-Profits Commission Act 2012* (Cth).

W.T.R. Tweddell
Chancellor
Date 23 February 2023

S. R. Biggs
Vice Chancellor
Date 23 February, 2023

D. M. Forster
Chief Financial Officer
Date 23 February, 2023

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 2022, and their financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, 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 statements of financial position as at 31 December 2022, the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the management certificate given by the Chancellor, Vice-Chancellor and Chief Financial Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General 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 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.

Valuation of specialised buildings (\$896 million as at 31 December 2022)

Refer Note 14 in the financial report

| Key audit matter | How my audit addressed the 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 2022.</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>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> Assessing the competence, capability and objectivity of the valuation specialist. Assessing the adequacy of management's review of the valuation process. Obtaining an understanding of the methodology used and assessing the design, integrity and appropriateness using common industry practices. On a sample basis, evaluating the relevance, completeness, and accuracy of source data used to derive unit rates for the: <ul style="list-style-type: none"> modern substitute adjustment for excess quality or obsolescence. Assessing the ongoing reasonableness of the asset 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 lives reviewing assets with an inconsistent relationship between condition and remaining life. <p>Evaluating the movement in the valuation from the date of the comprehensive valuation to balance date.</p> <ul style="list-style-type: none"> Performing reasonableness tests to confirm depreciation is calculated in accordance with the University's accounting policies and industry standards. |

Responsibilities of the entity for the financial report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, 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 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. This is not done for the purpose of expressing an opinion on the effectiveness of the entity's internal controls, but allows me to express an opinion on compliance with prescribed requirements.
- 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.

Reports on other legal and regulatory requirements

Statement

In accordance with s. 40 of the *Auditor-General Act 2009*, for the year ended 31 December 2022:

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

Prescribed requirements scope

The prescribed requirements for the establishment and keeping of accounts are contained in the *Financial Accountability Act 2009*, any other Act and the Financial and Performance Management Standard 2019. The applicable requirements include those for keeping financial records that correctly record and explain the entity's transactions and account balances to enable the preparation of a true and fair financial report.



Jacqueline Thornley
as delegate of the Auditor-General

28 February 2023

Queensland Audit Office
Brisbane

Financial information for the year ended

The following pages contain the underlying operating results

JAMES COOK UNIVERSITY

FINANCIAL INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2022

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) 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 | | | |
|---|--------------------------|-------------------------------|--------------------------|-------------------------------|
| | 2022 \$'000 Income | 2022 \$'000 Expenditure | 2021 \$'000 Income | 2021 \$'000 Expenditure |
| Australian Government Capital Grants | | | | |
| Dept. of Infrastructure, Regional Development & Cities | - | 16 | 64 | - |
| Dept. of Health | 1,434 | 14 | 10,403 | 201 |
| | 1,434 | 30 | 10,467 | 201 |
| Other Australian and State Government Capital Grants | | | | |
| Queensland Treasury | - | - | 64 | - |
| | - | - | 64 | - |
| | 1,434 | 30 | 10,531 | 201 |
| Capital grant income less expenses (net) | | 1,404 | | 10,330 |

(b) Non Recurring Employee Expenditure

Non-recurring employment expenditure has been incurred which is outside the University's normal operations.

| | Parent Entity \$'000 | |
|------------------------------------|-------------------------|------|
| | 2022 | 2021 |
| Non-recurring employee expenditure | 4,227 | 552 |

(c) Abnormal items - Unexpected Weather Event and University Halls of Residence Building Fire

During 2019, the University experienced two events which were abnormal to the ordinary operations of the University and in nature. As a result the University incurred considerable expenditure which it would otherwise not incur but for the events. In addition, the University received insurance proceeds which is income outside its normal operations. Income which is not available for normal operations. The University anticipated that both these matters would take time to settle which has resulted in expenditure not matching the income when received. The results for 2022 reveal that the expenditure now exceeds the insurance proceeds.

| | Parent Entity | | | |
|---|--------------------------|-------------------------------|--------------------------|-------------------------------|
| | 2022 \$'000 Income | 2022 \$'000 Expenditure | 2021 \$'000 Income | 2021 \$'000 Expenditure |
| Unexpected Weather Event - Townsville Floods | 4 | - | 6,755 | 26 |
| University Halls of Residence Building Fire | 48 | 1,481 | 8,540 | 564 |
| | 52 | 1,481 | 15,295 | 590 |
| Insurance proceeds income less expenses (net) | | (1,429) | | 14,705 |

UNDERLYING OPERATING RESULTS (cont'd)**(d) Unrealised investment gains / (losses)**

The University's managed funds investment have been reclassified as debt instruments at fair value through profit and loss. Previously, the managed funds investment were classified as equity instruments designated at fair value through Other Comprehensive Income. This meant any unrealised gains and losses went through Other Reserves in the Statement of Changes in Equity. This treatment aligned with the University's practice of holding onto its investments with a long term view regarding gains. Following the reclassification all unrealised gains and losses now go through the Statement of Comprehensive Income. The result for 2022 as been adjusted to remove any short term unrealised gains or losses from financial assets at fair value through the Statement of Comprehensive Income.

| | Parent Entity \$'000 | |
|--|-------------------------|-------|
| | 2022 | 2021 |
| Unrealised investment gains / (losses) | (9,358) | 6,793 |

**Operating result adjusted for capital grant income
and associated expenses and other income expenses**

| | Parent Entity \$'000 | |
|---|-------------------------|-----------------|
| | 2022 | 2021 |
| Net operating result as per Statement of Comprehensive Income | (48,953) | 18,609 |
| Adjusted for: | | |
| Non-recurring employee expenditure | 4,227 | 552 |
| Insurance proceeds income less expenses (net) | 1,429 | (14,705) |
| Capital grant income less expenses (net) | (1,404) | (10,330) |
| Net operating result as per Statement of Comprehensive Income | (48,953) | 18,609 |
| Unrealised investment (gains) / losses | 9,358 | (6,793) |
| Adjusted net underlying operating result | (35,343) | (12,667) |

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>ACRA Accounting and Corporate Regulatory Authority</p> <p>AEC Animal Ethics Committee</p> <p>AIMS Australian Institute of Marine Science</p> <p>AIHIM 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>ASEAN The Association of Southeast Asian Nations</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>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>CIC Cairns Innovation Centre</p> <p>CoPL 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>CRM Customer Relations Management</p> <p>CRN Collaborative Research Networks</p> <p>CSIRO Commonwealth Scientific and Industrial Research Organisation</p> <p>CTS Cyclone Testing Station</p> <p>DR Division of Research</p> <p>DRO Daintree Rainforest Observatory</p> <p>DSR Division of Services and Resources</p> <p>DVC Deputy Vice Chancellor</p> <p>EAP Employee Assistance Program</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>ESG Environmental, Social and Governance</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>FoR Fields of Research</p> <p>FTE Full-time equivalent</p> <p>GIS Geospatial information system</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>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>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>IHCAP Indigenous Health Careers Access Program</p> <p>IML Institute of Modern Languages</p> <p>IoT Internet of Things</p> <p>IP Intellectual property</p> <p>IRU Innovative Research Universities</p> <p>IT Information technology</p> <p>JCU James Cook University</p> <p>JCUA James Cook University Australian tropical campuses</p> <p>JCUS James Cook University Singapore</p> <p>JRG Job-ready Graduates</p> <p>JRGP Job-ready Graduates Package</p> <p>KPI Key performance indicator</p> <p>kL Kilolitre</p> <p>kWh Kilowatt hours</p> <p>LGBTIQ+ Lesbian, gay, bisexual, trans/transgender, intersex, queer, and other sexuality, gender, and bodily diverse people and communities</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> <p>MTSRF Marine and Tropical Sciences Research Facility</p> <p>MTB Marine and Tropical Biology</p> <p>NAIDOC National Aboriginal and Islander Day of Celebration</p> <p>NERP National Environmental Research Program</p> <p>NGO Non-government agency</p> <p>NHMRC National Health and Medical Research Council</p> |
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| <p>NQAA National Quality Assurance Authority</p> <p>NIRAP National and International Research Alliances Program</p> <p>NQCC North Queensland Commercialisation Company Pty Ltd</p> <p>NZ New Zealand</p> <p>OAM Medal of the Order of Australia</p> <p>OBE Order of the British Empire</p> <p>OER Open educational resource</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>PET Positron emission tomography</p> <p>PNG Papua New Guinea</p> <p>PSC Professional Services Change program</p> <p>QAAFI Queensland Alliance for Agriculture and Food Innovation</p> <p>QAO Queensland Audit Office</p> <p>QCAT Queensland Civil and Administrative Tribunal</p> <p>QHRC Queensland Human Rights Commission</p> <p>QILT Quality Indicators for Learning and Teaching</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>RTO Registered training organisation</p> <p>RTS Research training scheme grant</p> <p>SAMP Strategic Asset Management Plan</p> <p>SDG Sustainable Development Goals</p> <p>SES Socioeconomic status, student employment survey</p> <p>SFS Student feedback survey</p> <p>SSAF Student Services and Amenities Fee</p> <p>SSRFF Smart State Research Facilities Fund</p> <p>SRIP Strategic Recordkeeping Implementation Plan</p> <p>TAFE Technical and Further Education</p> <p>TCC Townsville City Council</p> <p>TERN Terrestrial Ecosystem Research Network</p> <p>TEQSA Tertiary Education Quality Standards Agency</p> <p>TESOL Teaching English to speakers of other languages</p> <p>TEVALS Teaching evaluations</p> <p>TF Teaching focused</p> <p>TFI Tropical Futures Institute</p> <p>THHS Townsville Hospital and Health Service</p> <p>TIC Townsville Innovation centre</p> <p>TRI Translational Research Institute Queensland</p> <p>TRIM Tower Records Information Management</p> <p>TSXPO annual tertiary studies exhibition</p> <p>TUH Townsville University Hospital</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>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>WHS Workplace Health and Safety</p> <p>WHSQ Workplace Health & Safety Queensland</p> |
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James Cook University

Townsville QLD 4811
Ph: 07 47814165

PO Box 6811
Cairns QLD 4870
Ph: 07 4042 1111

<https://www.jcu.edu.au/>
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