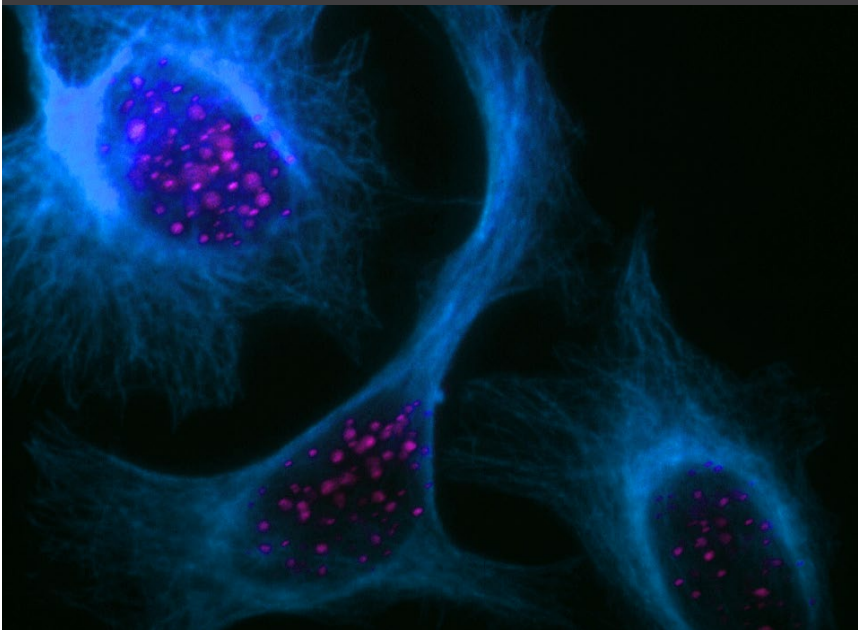




QIMR Berghofer
Medical Research Institute

Annual Report

2015-2016



Acknowledgement of country

QIMR Berghofer acknowledges the Turrbal and Yuggerah People as the traditional owners of the land where its buildings are located. The Institute also acknowledges the important role of Aboriginal and Torres Strait Islander people and their communities, where research work is conducted.

Communication objectives

The QIMR Berghofer 2015-2016 annual report provides a record of the Institute's performance in the 2015-2016 financial year and audited financial statements. All achievements are documented against the goals and corresponding key performance indicators of the Institute's Strategic Plan (2015–2019).

To provide your feedback or request copies of this annual report, contact the Department of External Relations, QIMR Berghofer, by telephoning +61 7 3362 0222 or by emailing enquiries@qimrberghofer.edu.au

The report is also available online at www.qimrberghofer.edu.au/about-us/annual-reports.

QIMR Berghofer is committed to providing accessible services to people from culturally and linguistically diverse backgrounds. If you have difficulty understanding the annual report, contact the Department of External Relations, QIMR Berghofer, by telephoning +61 7 3362 0222 to arrange an interpreter to effectively communicate the report to you.



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Compliance letter



30 August 2016

The Honourable Cameron Dick MP
Minister for Health and Minister for Ambulance Services
PO Box 15033
CITY EAST QLD 4002

Dear Minister

I am pleased to present the Annual Report 2015-16 and financial statements for the Council of the Queensland Institute of Medical Research (trading as QIMR Berghofer Medical Research Institute).

I certify that this Annual Report complies with:

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

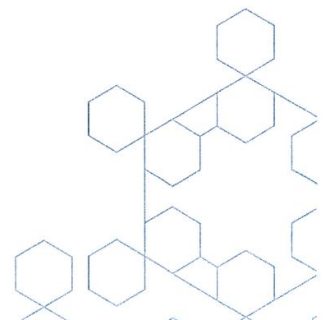
A checklist outlining the annual reporting requirements can be found on the final pages of this Annual Report or accessed at our website:

www.qimrberghofer.edu.au/annualreport

Yours sincerely

A handwritten signature in black ink, appearing to read "Douglas McTaggart".

Dr Douglas McTaggart
Chair
QIMR Berghofer Council



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Vision

To be a world renowned medical research institution that translates discoveries into clinical practice.

Values

In pursuit of its vision, the Institute is committed to:

- Translation—the ability to bring research discoveries from the laboratory bench to the hospital bedside
- Scientific quality—delivering high quality research aimed at preventing and curing disease throughout Queensland, Australia and the world
- Commercial consequence—connecting with industry to boost health outcomes and economic benefits
- Societal impacts—demonstrating the value in improving health and quality of life by addressing the major health needs of society
- International reputation—attracting researchers, funding and collaborators from around the world to cement international recognition
- Community engagement—working with the community to address health issues affecting their well-being through community education and fundraising programs

Highlights

WE ARE DELIVERING: Relevant Research

- 70 per cent of our teams have direct collaborations with clinicians
- Eight of our faculty have active clinical roles and our three research programs are coordinated by active clinicians
- 50 per cent of our research is in disease-oriented discovery and 50 per cent is further along the path to translation
- We are ranked seventh in the world for citations used in patent disclosures
- We collected the first brain images from the Herston Imaging Research Facility (established in collaboration with UQ, QUT and Metro North Hospital and Health Service)
- We presented a paper on ‘The economics of skin cancer prevention’ to the World Health Organisation
- We developed a mouse model to study Zika virus
- We provided the first description of the anti-metastatic (prevention of secondaries) potential of the cancer immunotherapy we have developed
- We developed and launched a personal skin cancer risk prediction tool for doctors and patients which can be delivered over the web
- We showed that melanoma rates in Australia are declining (a world first)
- We entered into an agreement to license technology that will help clinicians define the best treatment for pre-term babies who often have reduced oxygen levels in their blood
- Our Aboriginal and Torres Strait Islander Health Research Program delivered lectures in Cairns, Toowoomba and Rockhampton, introducing science and scientists from the Institute to more than 1 200 school students in regional Queensland

WE ARE DELIVERING: Competitive Research

- Papers by our researchers were cited more than 36 000 times in the past five years
- Three of our researchers are in the world's top 1% Cited Authors in 2015
- 27 of our researchers have had a research paper that has been cited more than 1000 times
- We received two Research Excellence Awards from the NHMRC
- We were ranked second of all institutes and universities in Queensland and second in Australia for research funds awarded to institutes by the NHMRC to medical research
- We provided four of the 10 named investigators from Queensland on the successful application by the Australian Genome Health Alliance

WE ARE DELIVERING: Translated Research

- Our laboratories are the basis of 27 ongoing clinical trials, and we are participants in a further 23 external trials
- We published an extensive series of papers that showed how lifestyle choices are responsible for 37 000 new cases of cancer in Australia every year
- We signed a significant agreement with Atara Biotherapeutics to deliver more immunotherapy solutions for a range of diseases. This follows an earlier major agreement with Bristol-Myers Squibb for the application of other forms of immunotherapy
- We launched a new immunotherapy trial for the treatment of glioblastomas (brain cancer)
- We are the partner of choice of the Bill & Melinda Gates Foundation to trial compounds for the elimination of malaria
- We established The SEED Box® (Scientific Exploitation and Entrepreneurial Development) to nurture and mature promising commercial projects
- CSL have joined us to identify, manage and support our Proof of Concept proposals

Message from our Patron



GOVERNMENT HOUSE
QUEENSLAND

Message from the Queensland Governor for the QIMR Berghofer Medical Research Institute's Annual Report

As Governor of Queensland and Patron of the QIMR Berghofer Medical Research Institute, and former Chair of the Council of the Queensland Institute of Medical Research, I commend QIMR Berghofer on another remarkable year of achievement.

It is a significant source of pride for our State that QIMR Berghofer commemorated during the reporting period its 70th anniversary, an achievement for which Kaye and I were delighted to afford vice-regal acknowledgement through our hosting of a reception at Government House in December 2015.

QIMR Berghofer continues in its mission of changing lives and saving lives, striving for better health for our State, nation and world through medical research. This is conspicuously shown by the Institute's more than 600 skilled scientists and support staff.

Their efforts extend to new discoveries and collaborations, which in turn translate to new clinical treatments and diagnoses for people suffering from a wide variety of illnesses – from cancer and infectious diseases, to mental health and chronic disorders.

The scientists and support staff are assisted by highly capable administration which ensures QIMR Berghofer continues to not only uphold, but build on, its reputation as a leading medical research hub of international repute.

I thank the QIMR Council, the CEO and QIMR Berghofer's research and support teams for their dedication and hard work over the past year.

I recognise also the generous support from governments, organisations and individuals, and I thank them all for their time, energy and philanthropy – they do so much to enhance the well-being of Queenslanders.

This report reveals a dynamic organisation, and an organisation of which all Queenslanders rightly should feel proud – as indeed is their Governor and Patron.

A handwritten signature in black ink, reading "Paul de Jersey".

His Excellency the Honourable Paul de Jersey AC
Governor of Queensland

Chair's review

It is with great pride that I reflect on the past year's achievements of QIMR Berghofer Medical Research Institute in its 70th anniversary year.

QIMR Berghofer Medical Research Institute was established in 1945 with the role of 'Number 1 Public Health Defender' – and that same role continues today. Seventy years on, QIMR Berghofer has become one of Australia's largest and most successful medical research institutes. The Institute is renowned worldwide for its scientific discoveries, and helps Queensland lead the way in immunotherapy, imaging, genomics and more.

QIMR Berghofer is committed to better health through medical research—better health not only for Queenslanders, but for everyone. The Institute addresses some of the major health needs of communities in Australia and around the world:

- Cancer continues to be the leading disease affecting Australians—and QIMR Berghofer scientists are training the immune system to fight cancer through a world-first immunotherapy treatment for a deadly form of brain cancer. There are also nasopharyngeal cancer immunotherapy trials being conducted in partnership with select Hong Kong institutions.
- Malaria affects millions of the world's poorest people, and the Institute is leading the world in developing and trialling more effective malaria detection, and drugs to treat it, supported by USD\$10 million from the Bill & Melinda Gates Foundation.
- With at least one in five Australians experiencing major depression at some time in their life, QIMR Berghofer is working on a diagnostic tool to more accurately categorise mental illness to lead to more targeted treatment, sooner. And in another example of early intervention diagnostics, QIMR Berghofer researchers and colleagues from Finland and Sweden developed new measures of electrical activity in newborn brains to enable faster treatment options after premature birth.
- In the field of chronic disorders, Queensland asthma patients are taking part in a world-first clinical trial led by QIMR Berghofer in partnership with the Princess Alexandra Hospital—the first time patients have had their asthma induced in Australia to identify new treatments.

QIMR Berghofer also contributes to Queensland's economic health. In 2015, QIMR Berghofer was ranked highest in Australia and seventh in the world in a new index measuring innovation and industry impact. The Institute's clinical trials facility, Q-Pharm, not only gives hope and possibility to patients desperately in need, but it also opens up opportunities for partnerships with biotech companies and multi-national pharmaceuticals. In addition to vaccine partnerships QIMR Berghofer also brings to Queensland the enviable advantage of Australia's first TGA-approved facility for manufacturing cellular therapies for human use in cancer treatments.

QIMR Berghofer is encouraging and helping train the next generation of Queensland medical research scientists, to ensure this state remains at the forefront of research. The Institute's dedicated education program is aligned with Queensland's objective of encouraging STEM in schools, and thousands of school students and community members come into contact with QIMR Berghofer scientists each year to learn about the latest exciting advances in medical research and what it means to embark on a career dedicated to defeating disease.

In demonstrating QIMR Berghofer's contributions to the community of Queensland with these select examples, it is possible to see the real effects of 'research with consequence'. These are but very recent examples to illustrate the type of impact this Great Queenslander has consistently made throughout its 70-year history as Queensland's institute for medical research.

And as a final word on great Queenslanders, the Institute recognises the passing of Professor Ralph Doherty in May—an accomplished scientist and third director of the Institute (1966-1978). His contributions will always be remembered.

Dr Douglas McTaggart

Chair, QIMR Berghofer Council

Director and CEO's review

2015-2016 has produced another year of impressive results for the Institute and progress toward achieving our strategic objectives.

Our research in both discovery and translational science saw some significant achievements. The first immunotherapy treatment in our world-leading glioblastoma multiforme clinical trial was marked by the attendance of the Queensland Minister for Health. Our first patient received cells activated with CMV antigens as a component of the treatment of glioblastoma. Many more research outcomes are noted in the *Review of performance*.

Despite an increasingly competitive funding environment, QIMR Berghofer continues to achieve enviable outcomes with the NHMRC compared with the national statistics. In terms of overall rates of funding, the Institute at 27.9 per cent is significantly higher than the average and higher than all of the other medical research institutes. With an award total of AUD\$35.9 million, we are ranked eighth of all institutes (including universities in Australia). A review of NHMRC data from 2014-2015 (released this reporting year) showed that QIMR Berghofer improved its rank from tenth to ninth place in terms of the administering institutions' funding levels. We are second of the medical research institutes (after WEHI).

For the past five years there have been three research programs at QIMR Berghofer: Infectious Diseases, Cancer, and Mental Health/Complex Disorders. Over this time, the Mental Health groups and Complex Disorders groups have grown in both capacity and capability, and it is now appropriate that they become programs in their own right. Complex Disorders has been renamed to Chronic Disorders, to better reflect the nature of the conditions researched. Council ratified the split of the Mental Health/Complex Disorders research program in March and the Institute now has a series of research programs that reflect the current and emerging major health needs in Queensland. Professor Michael Breakspear continues as the coordinator of the Mental Health research program, while the Chronic Disorders coordinator is Professor Greg Anderson.

The successful recruitment and retention of leading Australian and international scientists in Queensland and at QIMR Berghofer is a critical issue in a highly competitive sector. In the face of much external competition, the Institute is achieving this, with a continued period of growth, supported by external competitive grants. QIMR Berghofer is actively recruiting researchers in areas of high strategic importance to Queensland, including tropical diseases, immunotherapy, mental health, cancer and genetics to increase its capacity in due course to approximately 1000 staff, students, residents and visiting scientists. During its current expansion phase QIMR Berghofer has attracted 10 new research teams since 2012, in the departments of the institute (Biology; Immunology; Genetics and Computational Biology and Population Health) in the Cancer and Infectious Diseases programs. The matter of increased financial support to attract and retain researchers, formed part of the Institute's submission to the Medical Research Future Fund.

In discussing recognition of researchers, it is important to highlight the election of four QIMR Berghofer researchers as new members of The Australian Academy of Health and Medical Sciences: Georgia Chenevix-Trench, Nick Hayward, Don McManus, and David Whiteman. These join the other six members of the Academy from the Institute: Adele Green, Geoff Hill, Rajiv Khanna, Nick Martin, Mark Smyth and myself. Election to the academy is a significant honour and having such a strong representation confirms the Institute's strength and relevance to health and medical sciences. This is just one example of recognition for our outstanding people this year.

The past year was one where our focus on getting maximum commercial benefit from the excellent research at the institute began to pay benefit. We had two very significant announcements of commercial collaborations with major Pharmaceutical companies. Our strategy continues to identify projects of value and to bring them forward to a point where their value is recognised. We believe that the medical benefits of our work will normally come from a step where we work with a biotech industry and have defined and adopted the pathway of bench to business to bedside (B2B2B). In this way our discovery research will have added value and benefit for the community.

One of the biggest challenges for medical research is not the science, but rather the funding. Many of our programs and facilities simply would not exist without philanthropic contributions. As the pot of funding through research grants reduces and becomes extremely competitive, so our fundraising efforts must increase. We have been fortunate in this past year to have had the support of many community groups and individuals and a thanks must go to all our donors for their commitment - every contribution helps us to deliver on our commitment of better health through medical research.

Professor Frank Gannon

Director and CEO, QIMR Berghofer Medical Research Institute

Governance

Basis of authority

The Institute was established as a statutory body under the *Queensland Institute of Medical Research Act 1945*. Controlled entities have been established under the authority of the State Treasurer and Minister for Health in accordance with the *Statutory Bodies Financial Arrangements Act 1982*.

Institute Council (governing body)

The Council of the Queensland Institute of Medical Research

In accordance with Part 2, Section 4A of the *Queensland Institute of Medical Research Act 1945*, QIMR Berghofer is controlled and governed by The Council of the Queensland Institute of Medical Research (The Council). Under the *Statutory Bodies Financial Arrangements Act 1982*, the Council is a statutory body.

Under the *Queensland Institute of Medical Research Act 1945*, the functions of the Council of the Queensland Institute of Medical Research are to:

- control and manage the Institute
- raise and accept monies for the purposes of the Institute
- invest monies raised or accepted by the Council for the purposes of the Institute
- invest monies derived from any property or other invested monies of the Council for the purposes of the Institute.

The Council met eight times in the 2015-2016 reporting year.

Dr Douglas McTaggart BEc (Hons) (ANU) MA PhD (Chicago) Hon DUniv (QUT) FAICD SF Fin (Chair)

Dr Douglas (Doug) McTaggart was appointed Chair of Council on 27 November 2014.

Dr McTaggart brings strong leadership to the Council of QIMR Berghofer, having held various senior positions in the public and private sectors as well as on industry bodies and public interest groups.

He is a director of the Suncorp Group and Chairman of the Audit Committee, Chairman of Spark Infrastructure and of Suncentral Maroochydore, and is a member of both the Queensland Council, Australian Institute of Company Directors and the Australian National University Council. In March 2012 he was appointed to the Queensland Government Independent Commission of Audit and Chairman of the Public Service Commission, retiring in 2015. He was a member of the Prime Minister's Expert Advisory Panel for the White Paper on Reform of the Federation. He continues to serve in advisory roles to governments as well as having held positions on, including chairing, various industry representative bodies.

Dr McTaggart has broad experience in financial markets and funds management. He was Chief Executive of QIC Limited for 14 years until his retirement in June 2012. Prior to joining QIC, he was the Under Treasurer and Under Secretary of the Queensland Department of Treasury and had a distinguished academic career as Professor of Economics and Associate Dean at Bond University.

Dr McTaggart also chairs the QIMR Berghofer Investment Committee, the Executive Employment and Remuneration Committee and the Commercialisation Committee and is a member of the Finance and Audit Committee.

Christopher Coyne (Deputy Chair)

Christopher Coyne is a solicitor of the Supreme Court of Queensland and an accredited specialist in the field of Commercial Litigation, specialising in insurance law, health law, corporate governance and risk management. Following his admission as a solicitor in 1979 he practised law in Brisbane and was a partner in the national law firm Clayton Utz from 1984 to 2004.

Mr Coyne now practices on his own account. He is a member of the Council of the Queensland Law Society. Mr Coyne is a Director of Lexon Insurance Pty Ltd (Queensland Law Society, Singapore Captive Insurer), a Director of the Incorporated Council of Law Reporting for the State of Queensland, past president Medico-Legal Society of Queensland and Australian Insurance Law Association and former legal member Australian Health Ethics Committee.

Mr Coyne is a member of the QIMR Berghofer Executive Employment and Remuneration Committee and a Director of the Q-Pharm Pty Ltd Board (a wholly-owned subsidiary of QIMR Berghofer).

Emeritus Professor John de Jersey AM BSc (Hons 1) PhD

Emeritus Professor John de Jersey enjoyed a long career as an academic staff member of The University of Queensland, from 1971 until retirement in 2007. Before 1971, he gained his PhD from UQ and undertook research and teaching at The University of Sydney and Pennsylvania State University. As well as maintaining an active research program funded largely by the ARC and NHMRC, Professor de Jersey served as Head of the Department of Biochemistry, Head of the School of Molecular and Microbial Sciences and Deputy Dean of the Faculty of Biological and Chemical Sciences.

In addition, he served for several years as a member of the UQ Senate elected by the Academic Board. He was actively involved in the Australian Society for Biochemistry and Molecular Biology for many years, serving as President of the Society in 2001-2002, and was Secretary-General of the Federation of Asian and Oceanian Societies of Biochemistry and Molecular Biology from 2006-2011.

Professor de Jersey has undertaken various research projects in protein chemistry and enzymology and currently is part of a team seeking to develop biotechnological uses for components of Australian snake venoms. Professor de Jersey is a member of the QIMR Berghofer Appointments and Promotions Committee.

Ian Fraser BComm FCA FAICD

Ian Fraser is a Chartered Accountant practising as a non-executive company director with more than 45 years' experience as a business and accounting professional, including 10 years as a company director of listed and unlisted public companies, and 27 years as a partner with KPMG. He retired as an audit and corporate advisory partner in 2004. Mr Fraser is Chairman of Asia Pacific Data Centre Trust, a publicly listed Real Estate Investment Trust.

Mr Fraser is Chair of the QIMR Berghofer Finance and Audit Committee and a member of the QIMR Berghofer Investment Committee.

Associate Professor Paula Marlton MB BS (Hons I) FRACP FRCPA

Associate Professor Paula Marlton is the Head of Leukaemia and Lymphoma Services at the Princess Alexandra Hospital where she is also Deputy Director of Haematology. Her previous appointments include three years at the MD Anderson Cancer Centre in Houston, Texas. She has extensive experience in clinical research, including the role of principal investigator for national multi-centre trials and supervisor of molecular translational research associated with trials. She was the founding Chair of the Australasian Leukaemia and Lymphoma Group (ALLG) Laboratory Science Committee and has established and continues to direct the ALLG Tissue Bank. Her other professional roles include Medical Advisor and board member of the Leukaemia Foundation, member of Government and College advisory committees and several drug advisory boards, as well as a wide range of academic and clinical service roles.

Associate Professor Marlton is also a member of the QIMR Berghofer Appointments and Promotions Committee.

Professor Alan Pettigrew BSc (Hons) PhD FAICD

Professor Alan Pettigrew is a Fellow of the Australian Institute of Company Directors. He has held senior academic and executive appointments at the universities of Sydney, Queensland, and New South Wales. He was Vice-Chancellor and CEO of the University of New England from 2006 to 2009. From 2001 to 2005 Professor Pettigrew was the inaugural CEO of Australia's NHMRC.

Professor Pettigrew has served on many government and other committees, including an Advisory Committee for the Australian Law Reform Commission (2003-2004), the Board of the Australian Universities Quality Agency (AUQA) Ltd (2006-2010) and the Cooperative Research Centres Committee (2010-2015).

Professor Pettigrew is a Professorial Fellow of the L.H. Martin Institute at the University of Melbourne. He is Chair of the Board of the Western Australian Data Linkage Infrastructure Project, and Chair of the Board of the Illawarra Health and Medical Research Institute. Professor Pettigrew has served as a consultant on projects supported by the World Bank and the OECD, as well as advising on leadership, management and research at a range of Australian universities.

Professor Pettigrew is Chair of the QIMR Berghofer Appointments and Promotions Committee and a member of the Executive Employment and Remuneration Committee.

Professor John Shine AO BSc (Hons 1) PhD DSc (Honoris Causa) FAA

Professor John Shine was Executive Director of the Garvan Institute of Medical Research from 1990 until the end of 2011, and is Professor of Medicine and Professor of Molecular Biology at the University of New South Wales and current Chairman of CSL Limited. He is a past Chairman of the NHMRC, past president of the Australian Genome Research Facility, and a Fellow of the Australian Academy of Science. He is an Officer in the Order of Australia and until 2011 a member of the Prime Minister's Science, Engineering and Innovation Council. Until mid-2016 he was President of the Museum of Applied Arts and Science (Powerhouse Museum and Sydney Observatory).

Professor Shine obtained his PhD from the Australian National University in 1975. During 1975-1978 at the University of California, San Francisco, Professor Shine was instrumental in the development of many of the techniques of genetic engineering. He was a central figure in the cloning of the insulin and growth hormone genes and was the first to clone a human gene. He also determined the first sequence responsible for replication of a cancer-causing virus.

In early 1984, Professor Shine was appointed Director of Research of a newly formed biotech company, California Biotechnology Inc. He was appointed president of the company in 1986 and guided it from a staff of some 15 scientists in 1984 to over 200 in 1987. In 2010, Professor Shine was awarded the Prime Minister's Prize for Science, Australia's highest scientific award.

Professor Shine is a member of the QIMR Berghofer Appointments and Promotions Committee and the Commercialisation Committee.

Michael Sargent

Michael Sargent was a Brisbane-based stockbroker and financial planner with over 45 years' experience with some of the world's leading financial groups. He began his career with SGIO (now Suncorp), and continued with JB Were and Son, Hall Chadwick Chartered Accountants, the State Bank of South Australia and Wilson HTM, where he was responsible for setting up their money market and fixed interest operations.

Mr Sargent was the State Manager for ANZ Stockbroking and retired as Senior Client Advisor for Morgan Stanley Smith Barney where he oversaw investment in equities and fixed interest and other investment categories. His clients included superannuation funds, institutions and local and overseas private clients.

Mr Sargent was a Fellow of the Certified Practising Accountants FCPA and a Fellow of the Securities Institute of Australia FSIA – known as Finsia. He has been an active supporter of the community as a charter member of the Rotary Club of Brisbane-Mid City and Club President and Rotary District Treasurer, board member and former President of the Royal Automobile Club of Queensland, Chairman of RACQ Insurance LTD and former State President and Australian Vice-President of the Securities Institute of Australia.

Mr Sargent is a member of the QIMR Berghofer Finance and Audit Committee, a member of the QIMR Berghofer Investment Committee and also the QIMR Berghofer Commercialisation Committee.

Dr Jeannette Young PSM MBBS MBA FRACMA FFPH FCHSM (Hon)

Dr Jeannette Young has been the Chief Health Officer of Queensland since 2005. Previously she worked in a range of positions in hospitals in Queensland and Sydney. She has specialist qualifications as a Fellow of the Royal Australasian College of Medical Administrators and as a Fellow by Distinction of the Faculty of Public Health of the Royal College of Physicians of the United Kingdom. She is an Adjunct Professor in the Centre for Environment and Population Health at Griffith University and an Adjunct Professor in the School of Public Health and Social Work at QUT.

Her role includes responsibility for health disaster planning and response; aero-medical retrieval services; licensing of private hospitals and schools of anatomy; and policy regarding research; organ and tissue donation; blood, poisons and medicines; cancer screening; communicable diseases; environmental health; preventive health; and medical workforce planning and leadership.

Dr Young is a member of numerous state and national committees and boards including the NHMRC, the Australian Health Protection Principal Committee, the Jurisdictional Blood Committee, the Organ and Tissue Jurisdictional Advisory Committee, the National Screening Committee and the Queensland Clinical Senate.

Dr Young is a member of the QIMR Berghofer Commercialisation Committee and a Director of the Q-Pharm Pty Ltd Board (a wholly-owned subsidiary of QIMR Berghofer).

Donna Hancock, Chief Operating Officer (Council Secretary)

Council membership

The Council consists of at least seven members, but not more than 11 members, appointed by the Governor-in-Council. Under the *Queensland Institute of Medical Research Act 1945*, the Minister for Health is to recommend persons to be appointed as members of the Council. The Minister may have regard to the skills, experience and expertise of a person in any of the following areas:

- corporate governance
- public or academic administration
- health or clinical research
- health ethics
- financial management
- fundraising
- any other area the Minister considers to be relevant to the functions of the Council.

The Council membership, terms of appointment and meetings attended for the 2015-2016 reporting year was as follows:

POSITION	COUNCIL MEMBERS	TERM	MEETINGS ATTENDED
Chair	Dr Douglas McTaggart BEc (Hons) MA PhD Hon DUniv FAICD SF Fin	27/11/14- 26/11/18	8 of 8
Deputy Chair	Christopher Coyne	27/11/14- 26/11/17	7 of 8
Members	Emeritus Professor John de Jersey AM BSc (Hons 1) PhD	27/11/14- 26/11/18	8 of 8
	Ian Fraser BComm FCA FAICD	8/10/15- 26/11/17	8 of 8
	Associate Professor Paula Marlton BSc (Hons I) FRACP FRCPA	27/11/14- 26/11/18	7 of 8
	Professor Alan Pettigrew BSc (Hons) PhD FAICD	27/11/14- 26/11/18	8 of 8
	Michael Sargent	27/11/14- 26/11/18	6 of 8
	Emeritus Professor John Shine AO BSc (Hons 1) PhD DSc (Honoris Causa) FAA	27/11/14- 26/11/18	7 of 8
	Dr Jeannette Young PSM MBBS MBA FRACMA FFPH FCHSM (Hon)	27/11/14- 26/11/17	6 of 8
	Secretary	Donna Hancock BCom MBA MAICD	N/A

Council committees

Finance and Audit committee

The Finance and Audit Committee is appointed by, and accountable to Council for the exercise of its duties and responsibilities. The role of the committee is to provide independent assurance and assistance to the Council on:

- risk, control and compliance frameworks;
- QIMR Berghofer's external accountability responsibilities as prescribed in the relevant legislation; and
- the appointment of the internal audit function and communications with internal and external auditors.

The Committee meets quarterly to review business and financial risk, financial operating performance and audit performance. The committee reviews all issues and recommendations arising from internal audit and the Queensland Audit Office, along with agreed management actions implemented to address any issues found.

The Finance and Audit Committee follows its terms of reference and has due regard to Queensland Treasury's Audit Committee Guidelines. The membership of the Finance and Audit Committee in the reporting year comprised:

- Ian Fraser (Chair)
- Dr Douglas McTaggart
- Michael Sargent
- Rodney Wylie (external member to 6 November 2015)
- Mitchell Petrie (external member from 22 March 2016)

Appointments and Promotion Committee

The Appointments and Promotions Committee assists Council with the maintenance of academic standards at QIMR Berghofer. This is done by reviewing proposals for the appointment and promotion of Faculty staff. Its membership was comprised of:

- Professor Alan Pettigrew (Chair)
- Emeritus Professor John de Jersey
- Associate Professor Paula Marilton
- Professor John Shine
- Dr Tony Evans, Chairman, Cancer Therapeutics CRC Pty Ltd
- Professor Joe Trapani, Executive Director Cancer Research, Peter MacCallum Cancer Centre
- Dr Joanne Aitken, Head of Research and Director of Cancer Registries, Cancer Council Queensland
- Professor Alan Cowman, Walter and Eliza Hall Institute of Medical Research
- Professor Bob Graham, Executive Director, Victor Chang Cardiac Research Institute
- Professor Andrew Grulich, The Kirby Institute

Investment Committee

The Investment Committee is responsible for overseeing the investment of Council funds. Its membership was comprised of:

- Dr Doug McTaggart (Chair)
- Ian Fraser
- Michael Sargent
- John Allpass

Executive Employment and Remuneration Committee

The Executive Employment and Remuneration Committee is responsible for reviewing the terms and conditions relating to the appointment and remuneration of senior management. Its membership was comprised of:

- Dr Doug McTaggart (Chair)
- Christopher Coyne
- Professor Alan Pettigrew

Commercialisation Committee

The Commercialisation Committee advises Council and management on innovation and potential commercialisation opportunities. Its membership was comprised of:

- Dr Doug McTaggart (Chair)
- Michael Sargent
- Professor John Shine
- Dr Jeannette Young

Human Research Ethics Committee

The Human Research Ethics Committee, on behalf of Council, ensures the maintenance of ethical standards in human research and compliance with regulatory guidelines. The committee is comprised of 16 members.

Animal Ethics Committee

The Animal Ethics Committee, on behalf of Council, ensures the maintenance of ethical standards in animal research and compliance with regulatory guidelines in the use of animals in medical research. The committee is comprised of 11 members.

Organisation

Institute leadership

Director and CEO, Professor Frank Gannon

Professor Frank Gannon is QIMR Berghofer Medical Research Institute's seventh Director and CEO, joining the Institute in January 2011. Previously, he was Director-General at the Science Foundation Ireland (SFI) from 2007.

From 1994-2007, Professor Gannon was the Executive Director of the European Molecular Biology Organization (EMBO) and Senior Scientist at the European Molecular Biology Laboratory (EMBL), based in Germany. He was Director of the National Diagnostic Centre and Associate Professor in the Department of Microbiology at University College Galway, Ireland from 1981-1994.

He obtained a Bachelor of Science from the National University of Ireland, Galway in 1970; a PhD from the University of Leicester, England in 1973; was a post-doctoral fellow at the University of Madison Wisconsin, USA from 1973 to 1975; and Chargé de Recherche in INSERM at the University of Strasbourg, France from 1975 to 1981. He has been awarded honorary Doctorates by the University of Jozsef Attila, Szeged (Hungary), The University of Queensland (Australia) and Queens University Belfast (Northern Ireland).

His major research interest is the regulation of gene expression by the oestrogen receptor, which plays a major role in breast and endometrial cancer. These studies have provided leads to novel treatments or therapeutic approaches to these and other cancers.

Professor Gannon has authored more than 200 research articles published in international journals. In addition, from 2000-2008, he contributed to a monthly editorial on topics that connect science and society in EMBO Reports of which he was founding Senior Editor.

Professor Gannon has seven patent applications, four of which are active at present and was the founder of both Bimini Ltd (1990) and Elara Pharmaceuticals (2006). He was a member of the interim Board of Science Foundation Ireland from 2002 to 2004 and was elected as a Member EMBO in 1989, Academia Europea in 2004, of the Royal Irish Academy in 2007, the Mexican Academy of Medicine in 2008 and The European Academy of Cancer Sciences in 2009. In 2012, Professor Gannon was appointed as a Queensland Academy of Arts and Science Fellow.

He has served on a range of high-level scientific advisory boards at institutes throughout the world and was co-founder of the European Life Sciences Forum (ELSF) and the Initiative for Science Europe (ISE) that played significant roles in the establishment of the European Research Council (ERC). He was Vice President of the European Heads of Research Council and an advisor to the European Union Commissioner for Research and Innovation prior to his move to Brisbane. Currently, he is a board member of the Australian Association of Medical Research Institutes and member of the Advance Queensland Expert Panel.

Organisational structure

The structure of QIMR Berghofer is that of a matrix where each research group is a member of a program and a department. The departments are designed to cross over the different programs based on its members using a single scientific approach or interest.

The organisational structure of QIMR Berghofer changed late in the 2015-2016 reporting period, with the research programs increasing from three to four, and the Biology Department being absorbed into other research departments. The structure below is the organisational structure as at 30 June 2016.



Operating environment

The Council of the Queensland Institute of Medical Research, known as the QIMR Berghofer Medical Research Institute (“QIMR Berghofer”), is a world-leading translational research institute.

QIMR Berghofer’s research strategy focuses on the research areas of cancer, infectious diseases, mental health and chronic disorders.

QIMR Berghofer aims to improve health by developing prevention strategies, new diagnostics and better health treatments. Its strategic objectives for 2015–2019 are to:

- maintain a translational focus in research activities through clinical collaborations, clinical trials and commercial opportunities with the biotechnology and pharmaceutical sector
- increase knowledge and strengthen its reputation for scientific excellence
- attract and retain high quality researchers
- increase funding annually
- inform and involve the community in research activities at QIMR Berghofer
- play an active role in collaborative research initiatives.

QIMR Berghofer’s scientists perform world-class research with consequences and align with the Government’s election commitments and priorities that aim to strengthen health services and protect Queenslanders through a greater investment in preventative health programs. QIMR Berghofer is an international pace-setter in medical research and is committed to translational outcomes and regionally relevant research.

The Institute is very aware of its stimulatory role in areas of particular importance to Queenslanders. This is well illustrated by the focus on Tropical Health Research. When founded 70 years ago, the main driver was to have Queensland-based expertise to address the diseases that are typically found in this northern region of Australia. QIMR Berghofer remains faithful to this mission with a strong emphasis on parasitic and mosquito mediated diseases, and skin cancer.

The realisation of QIMR Berghofer’s strategic objectives is dependent on its success in securing funding from both government and non-government sources, including community and philanthropic donations and income from commercialisation activities. In 2015–16, QIMR Berghofer received AUD\$18.9 million from the Queensland Government, representing 18.5% of total revenue. This, together with competitive peer-reviewed medical research grants, is QIMR Berghofer’s most significant source of funding.

The State Government grant, and the support operations it finances, enables QIMR Berghofer to leverage this funding to secure competitive peer-reviewed medical research grants and other income in an increasingly competitive environment.

Government objectives for the community

QIMR Berghofer supports the Queensland Government's objectives for the community and makes significant contributions, in particular, to *creating jobs and a diverse economy* and *delivering quality frontline services*:

- stimulating economic growth and innovation through international partnerships and commercialisation of research in the high-value, high-growth health and medical sector
- achieving better education and training outcomes through STEM education programs with high schools and providing research placements for PhD students
- strengthening the public health system through translating medical research discoveries into improved clinical practice.

Strategic framework

The Institute's strategic plan provides the framework for operational activities over a five-year period. The strategic plan is available online at www.qimrberghofer.edu.au/about-us/strategic-plan and is updated on 1 July each year in accordance with Queensland Government requirements. Approved by The Council of the Queensland Institute of Medical Research, the revised Strategic Plan (2016-2020) will be implemented from 1 July 2016.

Annual review of operations

As a review of its operations each year, QIMR Berghofer measures its progress according to the objectives and performance indicators consistent with the Strategic Plan (2015–2019), and the service areas and service standards consistent with the Service Delivery Statement (2015-2016) State Budget documentation. The review of achievements is detailed on the following pages.

Review: Maintain a translational focus in research activities through clinical collaborations, clinical trials and commercial opportunities with the biotechnology and pharmaceutical sector
In 2015-2016, QIMR Berghofer:

- announced major research collaborations and licence agreements with US-based pharmaceutical company Bristol-Myers Squibb and US-based biopharmaceutical company Atara Biotherapeutics
- forged an agreement with global biotherapeutics company CSL to support the translation of research and accelerate their path towards commercialisation
- embarked on a world-first immunotherapy clinical trial targeting the deadly brain cancer, glioblastoma multiforme (GBM)
- initiated a collaboration with a major Indian company, including development of clinical trials
- continued to conduct multiple clinical trials as part of the Human Malaria Model Unit
- addressed the Asia Pacific Cities Summit, calling for more knowledge-based industry development in Brisbane
- was represented in the knowledge economy agenda with Professor Frank Gannon selected as a member of the Queensland Government's Advance Queensland expert panel

Advancing Queensland

'Advance Queensland includes investing AUD\$180 million over four years to create the knowledge-based jobs of the future.'

QIMR Berghofer's involvement in the Queensland Government's Advance Queensland Expert Panel places the Institute at the forefront of discussions around science, innovation, economic development and the growth of Queensland's knowledge economy. As an industry representative, Professor Frank Gannon will participate in the development of a 10-year roadmap for biomedical and life sciences.

Review: Increase knowledge and strengthen its reputation for scientific excellence

In 2015-2016, QIMR Berghofer:

- celebrated our 70th anniversary as Queensland's own medical research institute
- ranked first in Australia and seventh in the world for patent citations in a new index measuring innovation and industry impact
- led an Australian-first study that found about 37 000 Australian cancer cases—or one in three cancers—could be prevented each year through lifestyle change
- found an antibody that inhibits the spread of melanoma, lung, breast and prostate cancer cells by activating immune cells known as Natural Killer (NK) cells
- launched an online tool to allow people aged 40 and over to assess their risk of developing skin cancer
- led an international study that discovered five new gene regions which increase a person's risk of melanoma
- discovered five new gene regions that increase a woman's risk of developing endometrial cancer
- used brain imaging technology to identify distinct changes that occur in the brains of people with different sub-types of major depressive disorder (MDD)
- co-led a major international study which identified 26 genetic variants that predispose women to developing different subtypes of breast cancer
- worked with the Queensland Brain Institute to identify a protein which plays a key role in the development of brain cancer, opening the door to potential new treatments
- identified that a gene previously thought to have an anti-inflammatory effect, or no immune effect at all, is more likely to increase inflammation in people with asthma and allergies
- received NHMRC funding to participate in two separate European Union (EU) collaborative research projects on breast cancer and conduct disorder in children
- led an international study which discovered the genetic cause of a rare gastric condition that can lead to stomach cancer
- welcomed Queensland Premier Anastacia Palaszczuk to the Institute to open the Institute's new AUD\$2.6 million ACRF Centre for Comprehensive Biomedical Imaging
- performed the first imaging studies at the newly opened Herston Imaging Research Facility (HIRF)
- had a research team helping to develop a new drug to fight cancer recognised in the NHMRC's Ten of the Best Research Projects 2014
- had three scientists included in the Thomson Reuters list of 'most cited scientists in the world'
- hosted the inaugural Immunotherapy@Brisbane conference, attracting around 250 delegates from across Australia and overseas
- welcomed Professor Harald zur Hausen, Nobel Prize winner for his discovery that HPV caused cervical cancer, to the Institute to deliver the Derrick-Mackerras Memorial Lecture and participate in a Meet a Nobel Prize Winner session for staff
- 321 lectures were delivered by our scientists at a range of national and international conferences

QIMR Berghofer scientists identified in the 1 000 club and 500 club in 2015-2016:

1 000 club		500 club	
<i>Author</i>	<i>Number of publications cited more than 1 000 times</i>	<i>Author</i>	<i>Number of publications with 500 to 999 citations in first or last author position</i>
Grant Montgomery	5	Mark Smyth	10
Georgia Chenevix-Trench	4	Nick Martin	4
Nick Hayward	4	Frank Gannon	2
Nick Martin	4	Adele Green	2
Manuel Ferreira	3	Geoff Hill	2
Lisa Sims	3	Barbara Leggett	2
Frank Gannon	2	Don McManus	2
Graham Radford-Smith	2	Greg Anderson	1
Jeffrey Gorman	2	Nicole Cloonan	1
Jonathan Beesley	1	Denise Doolan	1
Xiaoqing Chen	1	Manuel Ferreira	1
Scott Gordon	1	Kum Kum Khanna	1
Adele Green	1	Kelli MacDonald	1
Ashraful Haque	1	Grant Ramm	1
Kum Kum Khanna	1	Lisa Simms	1
Barbara Leggett	1		
Michelle Lupton	1		
Stuart MacGregor	1		
Ann-Marie Patch	1		
Sanjoy Paul	1		
John Pearson	1		
Mark Smyth	1		
Amanda Spurdle	1		
Mitchell Stark	1		
Penny Webb	1		
David Whiteman	1		
John Whitfield	1		

Celebrating 70 years of scientific excellence

More than 300 people celebrated the Institute's 70th anniversary at a gala fundraising dinner in October. Among the attendees and speakers were philanthropist Clive Berghofer OAM and the Queensland Minister for Health, the Hon Cameron Dick MP, who affirmed the Institute's role in Queensland medical research: "In many ways, QIMR Berghofer stands as a glowing testament to what can be achieved when government, academia, the private sector and public philanthropy unite to tackle not just any ailment, but some of the most comprehensive and seemingly insurmountable health challenges facing Queensland, including cancer, infectious diseases, mental illness and other complex disorders. All Queenslanders have an interest in ensuring that research in our state not only flourishes, but thrives above and beyond today's realm of expectation to deliver for the Queensland of the future."

Review: Attract and retain high quality researchers

In 2015-2016, QIMR Berghofer:

- expanded its reach in research and clinical genomics by recruiting the analysis team responsible for the Australian International Cancer Genome Consortium (ICGC) project, which resulted in six papers in *Nature*, two in *Nature Methods* and two in *Nature Communications*
- recruited two senior researchers that enabled an expansion into the areas of neurogenomics and health economics
- introduced a new policy recognising the increasing importance of commercialisation of research that enables researchers to take up to one year away from QIMR Berghofer and spend it in a related biotechnology industry
- included in the budget for 2016-2017 provision that will be made available towards supporting mothers to remain active in research
- added an Early Career Researchers seminar series to the annual seminar program to provide opportunities for early-stage researchers to present their work to peers

Awards and accolades

Five QIMR Berghofer researchers were elected as new members of The Australian Academy of Health and Medical Sciences: Professors Georgia Chenevix-Trench, Nick Hayward, Don McManus, Grant Montgomery and David Whiteman. They joined six QIMR Berghofer scientists already elected to the Academy: Professors Mark Smyth, Rajiv Khanna, Geoff Hill, Frank Gannon, Nick Martin and Adele Green.

The Institute holds its annual Council Awards ceremony in December. The recipients of research awards were:

- Bancroft Medal – Dr Adrian Wiegman
- Ralph Doherty QIMR Berghofer Prize for Outstanding Achievement and Leadership in Research – Professor Mark Smyth
- Post-doctoral Prize – Dr Motoko Koyama
- Long Service Award – Simone Cross
- 27 researchers were identified in the 1 000 Club, meaning their papers have been cited more than 1000 times
- 18 researchers were identified in the 500 Club
- 16 researchers were acknowledged as Successful Inventors, meaning they have had an accepted disclosure in the past 12 months.

Vale Emeritus Professor Ralph Doherty

Vale Emeritus Professor Ralph Doherty, AO MD BS Qld., MPH Harv., FRACMA, FRACP, FRCPA

- Director, Queensland Institute of Medical Research 1966-1978
- Graduate, The University of Queensland and Harvard University
- Medical practitioner, virologist, virological epidemiologist
- Discovered Ross River virus

Medical researcher Dr Ralph Doherty joined the Queensland Institute of Medical Research in the early 1950s, after completing his medical studies and internship. He moved to the Institute's research station at Innisfail in 1953 to conduct research into arboviral diseases, and led the discovery of Ross River virus in 1963. He became director of the Institute in 1966, and formally established an Aboriginal health research unit in 1971, believing that understanding culture was as important to success as biomedical investigations. Doherty was the driving force behind QIMR being relocated from the Victoria Park ex-army huts to a new purpose-built research building. On leaving QIMR, Professor Doherty became Dean of the Medical School and then a Pro Vice-Chancellor at The University of Queensland. He continued his involvement with QIMR Berghofer over the subsequent decades, and the Ralph Doherty QIMR Berghofer Prize for Outstanding Achievement and Leadership in Medical Research is awarded annually in his honour.

Review: Increase funding annually

In 2015-2016, QIMR Berghofer:

- received USD\$10 million from the Bill and Melinda Gates Foundation via Medicines for Malaria Venture to develop more effective antimalarial drugs to combat a disease that kills about 600 000 people a year and causes suffering for millions more
- awarded AUD\$35.9 million in NHMRC funding, the second highest in Australian independent medical research institutes and the second overall in Queensland
- received AUD\$6.5 million from the NHMRC to lead a major five-year international study to look for new ways to prevent and treat breast cancer
- secured almost AUD\$6.5 million in NHMRC funding to lead a major collaborative investigation into the early detection of Alzheimer's disease
- launched a crowdfunding platform to raise funds in support of research projects
- launched Team Eureka – a chance for people to keep active and raise funds for the Institute by taking part in sporting challenges

QIMR Berghofer acknowledges its key supporters:

- Mr Kevin Bedford and Mrs Dallas Bedford
- Mr Clive Berghofer AM
- Biniris Aust Pty Ltd
- The OJ & BE Blau Memorial Trust
- The Estate of Mr Keith John Boden
- The Rebecca L Cooper Medical Research Foundation
- Buck Off Melanoma Community
- Mrs LB Burgess
- Calcino Corporation Pty Ltd
- Estate of Margaret Jill Droughton
- Mrs Lorraine Duckwitz
- Gordon & Jessie Gilmour Trust
- The GPT Group
- Mr Glenn Hentschel and Mrs Margaret Hentschel
- Ms Shirley Keenan
- Mr George Landers
- Mr Keith Maher
- Mr Bob Marshall and Mrs Evelyn Marshall
- Mrs Carolyn McLaughlin and Mr Ron McLaughlin
- Estate of Patricia Margaret Moffett
- Qld Community Foundation - Robert George Relf Trust Fund
- Mrs Jacqueline Pascual
- Mrs Rae L Peacock

- Ms Jean Redman
- Mr Tim Reid and Mrs Kym Reid
- The Reid Family
- JJ Richards & Sons Pty Ltd
- Estate of Pamela Duen Rowell
- Roycorp Pty Ltd
- Ms Christine Sadler
- Mrs Maureen Stevenson
- The Ian Potter Foundation
- Walking on Sunshine Foundation
- The Estate of LE Joe Wilkins
- Donald and Joan Wilson Foundation

Review: Inform and involve the community in research activities at QIMR Berghofer

In 2015-2016, QIMR Berghofer:

- established a Community Reference Group to enable community representatives to be involved in the research and public engagement activities of the Institute, and to facilitate feedback to the Institute of community points of view when making decisions
- delivered the QIMR Berghofer education program, offering more than 2 700 Queensland students from around 70 schools the opportunity to participate in the Institute's High School Lecture Series (both at the Institute and in regional Queensland centres), work experience program and hands-on laboratory experiences in the state-of-the-art education laboratory
- participated in the inaugural World Science Festival, hosting two sold-out Apprentice Programs for the Festival, providing expert panellists, and putting on a Mosquito Control Lab display in the Street Science! precinct
- hosted free public forums on the latest research in cancer, infectious diseases, mental health and chronic disorders
- delivered more than 90 tours and speaking engagements to almost 2 500 members of the public
- recognised community supporters of the Institute by awarding three Clive Berghofer Humanitarian Awards and three Fellowships of the Institute at the annual Council Awards ceremony (a full list of QIMR Berghofer fellows is available on the website)
- saw scientists from across the Institute contribute more than 830 hours in the reporting year to community engagement activities

Advocating for a healthy Queensland

QIMR Berghofer has a long-established dedicated research program examining health problems affecting Aboriginal and/or Torres Strait Islander peoples. The Aboriginal and Torres Strait Islander Health Research Program is supported by the Institute's Indigenous Health Research Advisory Group. This group's members meet biannually to provide feedback and support to the Institute's activities that serve to further the spirit of collaboration and partnership for the proposal, conduct and communication of research for Aboriginal and Torres Strait Islander health.

The Aboriginal and Torres Strait Islander Health Research Program has a focus on regional engagement and dissemination of knowledge for impact in the health service and policy sector. A series of public and expert forums were convened across Queensland, bringing together people with expertise, opinion and experience in the priority area that is Australian Aboriginal and/or Torres Strait Islander health. A NAIDOC Week public forum, alongside a series of regional health service consultations, also supported the Institute's commitment to meaningful engagement and communication.

Regional research reach

QIMR Berghofer's community engagement program expanded its regional reach in 2015-2016. A new partnership was struck with the STEM Horizons for High Achievers program, bringing 32 students—including 10 residential students from Far North Queensland, to the Institute across two days for the *Day in the Life of a Scientist* program. The Institute's Aboriginal and Torres Strait Islander Health Research Program also expanded its Regional High School Lecture Series (running from June–August), delivering informative and motivational sessions to students from high schools in Cairns, Thursday Island, Rockhampton, Townsville and Toowoomba; with further expansion planned for Gladstone and Tannum Sands in 2017. While prioritised for students of Aboriginal and/or Torres Strait Islander descent, indigenous and non-indigenous students alike participated, with more than 1 200 students from 15 regional high schools speaking with and listening to scientists talking about exciting and rewarding careers in medical research.

Review: Play an active role in collaborative research initiatives

In 2015-2016, QIMR Berghofer:

- advanced the partnership with QUT's Institute of Health and Biomedical Innovation to see up to 80 QUT researchers in the fields of neuroscience imaging, skin health, wound healing, genomics and infectious diseases based at QIMR Berghofer in late 2016
- announced a collaboration with the Li Ka Shing Faculty of Medicine at the University of Hong Kong to provide patient access to ground-breaking T cell immunotherapies for head and neck cancers, and staff access to training in the production of these immunotherapies
- continued collaborating with partners RBWH, UQ, QUT and Siemens to launch the Herston Imaging Research Facility (HIRF)
- joined with UQ to establish the Australian Skin and Skin Cancer Centre as a concentration of expertise using diverse approaches, from epidemiology to the clinic, addressing skin cancers and melanoma
- provided expert advice to Brazilian authorities on Zika virus
- received a AUD\$50 000 grant from the Australian Infectious Diseases Research Centre, in partnership with The University of Queensland, to study Zika virus and develop diagnostic tests, antiviral drugs and vaccines
- contributed to the development plans of the Herston health precinct as a member of the Herston Precinct Governance Committee

Statutory obligations and compliance

Risk management

The review and management of risk at QIMR Berghofer is undertaken by QIMR Berghofer Council through the Finance and Audit Committee. QIMR Berghofer management maintains a register of potential risks applicable to functions of the Institute. A schedule of quarterly reviews incorporates the actions required to improve any identified gaps in controls. Refer to page 25 for details of the Finance and Audit Committee and page 28 for details of the audit function within the Institute.

Ethics, code of conduct and public service values

Based on the principles set out in the *Public Sector Ethics Act 1994*, QIMR Berghofer has a Code of Conduct for expected workplace conduct, relationships and behaviour of staff, in order to foster a safe and productive work environment at the Institute. The Code of Conduct was last reviewed by Council in December 2011, and was endorsed by the Minister for Health in February 2012.

The ethics principles in the Code of Conduct are:

1. Integrity and Impartiality
2. Promoting the Public Good
3. Commitment to the System of Government
4. Accountability and Transparency

Ethical procedures and practices are embedded into finance, procurement and human resources operations. Staff are given access to appropriate education and training about public sector ethics and the code of conduct, including their rights and obligations in relation to contraventions, as part of the staff induction program and at regular intervals during their employment. In addition to online training modules, Human Resources also schedule workshops and team training sessions on request.

In addition to the Code of Conduct, the Institute also operates in consideration of the Queensland Public Service Values: customers first; ideas into action; unleash potential; be courageous; and empower people.

Audit

Internal audit is a fundamental part of corporate governance to ensure QIMR Berghofer operates effectively, efficiently and economically. The role of internal audit is to provide independent, objective assurance and advice designed to assist QIMR Berghofer in accomplishing its objectives by bringing a systematic, disciplined approach to evaluating and improving the appropriateness and effectiveness of risk management and internal control.

The Finance and Audit Committee oversees the planning, performance and reporting of the internal auditor under the guidance of an annual internal audit plan. The internal audit contractor (KPMG) met with the Finance and Audit Committee at each quarterly committee meeting. The internal audit function has observed the terms of its charter and has due regard to Queensland Treasury's Audit Committee Guidelines.

Identifying areas of significant risk combines a focus on both cyclical reviews of core business processes as well as reviews of key risk areas. KPMG’s integrated governance, risk and controls framework builds on a traditional internal audit model to take a holistic view of QIMR Berghofer’s key objectives, risks, controls and supporting structure across the organisation.

The internal audit plan is presented to the Finance and Audit Committee for approval prior to the commencement of the financial year, with consideration given to past internal audit findings, recent and forthcoming changes in systems and processes, key business risks and the period since the last internal audit of each core business process.

Workplace health and safety

QIMR Berghofer operates in compliance with Queensland’s *Work Health and Safety Act 2011*. The Institute has a Safety Committee and a Safety Team.

Staffing

At 30 June 2016, QIMR Berghofer had:

- 509 full-time equivalent staff (fixed term and permanent staff, including part-time, and excluding casuals)
- 56 members of faculty, including the Director, nine Senior Scientists, 26 Group Leaders and 20 Team Heads
- 161 students
- 90 casual staff

QIMR Berghofer staffing	Notes	2015–2016 Estimate	2015–2016 Actual
Full-time equivalent (FTE)	1, 2	535	509
Notes:			
1. The 2015–16 Estimate reflects the forecast Full-Time Equivalent (FTEs) as at 30 June 2016, the 2015–16 Actual reflects the FTEs as at 30 June 2016.			
2. The staffing figures do not include visiting scientists/affiliates, students, external collaborators on site or casual staff.			

Workforce planning and performance

The majority of QIMR Berghofer staff are employed under the QIMR Enterprise Agreement 2014. Seventy per cent of the Institute’s employees are employed on fixed-term contracts as research funding relies on short-term grants. Historically, QIMR Berghofer has maintained a low rate of voluntary staff turnover; for 2015-2016 from a staff FTE of 509 the voluntary separation rate was 11.64 per cent.

QIMR Berghofer’s workforce planning and performance is supported by a range of policies, procedures and initiatives designed to foster a high performance culture. This includes a formalised induction program for new staff, annual online induction refresher training, annual performance reviews, an extensive annual program of scientific seminars for staff (including dedicated seminar series for PhD students and early career researchers), and conference attendance/participation, and opportunities for staff development and career progression.

Equal opportunities

QIMR Berghofer has strong representation of women, with 61 per cent of the total workforce, 66 per cent of research staff and 59 per cent of students being female. Women hold senior management roles at the Institute, including 43 per cent of the Support Management Team and one of the eight key scientific leadership positions.

QIMR Berghofer operates in consideration of the guidelines endorsed by the Council of the Australian Academy of Science to ensure both women and men have equal opportunities to pursue a successful career in science. The Institute has a Gender Equity Committee, flexible work hours, job-share and part-time employment options to help staff balance their personal and professional lives. Women account for the majority of staff with part-time and job-share arrangements. QIMR Berghofer caters for parents returning to work after parental leave: places are reserved with a local childcare provider for children aged under two years; and there is a room at the Institute designed specifically to cater for nursing mothers. During the year, researchers taking maternity leave were encouraged to apply for additional financial support from the Advance Queensland Women's Academic Fund, resulting in a number of successful applications.

Information systems and recordkeeping

QIMR Berghofer's recordkeeping is in accordance with the *Public Records Act 2002*, Information Standard 40 and Information Standard 31. The Institute keeps physical and electronic documents as full and accurate records of its activities, and uses the Total Records and Information Management (TRIM) document management system. This single, standardised system promotes file sharing and secures access to the Institute's records, and improves accessibility, reduces duplication and promotes information sharing across the organisation.

Records are not disposed of, or archived, unless duly authorised under the *Public Records Act 2002* or by reference to the Retention and Disposal Schedule (RDS) approved by Queensland State Archives (QSA). All QIMR Berghofer records are registered into TRIM before transfer to the off-site storage provider or QSA. All QIMR Berghofer hardcopy records stored off-site are managed under legislatively appropriate risk management standards and guidelines. Work continues on ensuring that all record types are identified, and are managed under the Retention and Disposal Schedule, and that all other legislative and funding body requirements for records management are satisfied.

Records management is undertaken by suitably skilled staff, and all new staff to QIMR Berghofer receive an overview from Records Management as part of the formal induction process.

Open data

For information on overseas travel for QIMR Berghofer, visit the Queensland Government Open Data website: <https://data.qld.gov.au>.

Financial review

Total comprehensive income in 2015-16 was AUD\$0.5 million, including a AUD\$6.9 million non-cash gain from building revaluation mandated by accounting standards. The operating result was a loss of AUD\$6.4 million, which includes depreciation and amortisation of AUD\$12.0 million. Despite competitive grant funding falling, the increase in commercial activities has brought in alternative funds. The result has also been impacted by an unfavourable investment climate during the year.

The Council's financial structure is mainly based on the management of operating and grant funds. Competitive research grant funding spent in the 2015-16 financial year was AUD\$42.3 million (2014-15: AUD\$40.6 million), representing 43% of total income from continuing operations, excluding capital grants. A majority of the Council's core funding is provided as an operating grant from Queensland Health (2015-16: AUD\$18.9 million; 2014-15: AUD\$18.9 million).

The Council's total funding resources, including amounts under management at 30 June 2016, totalled AUD\$144.7 million (2014-15: AUD\$136.3 million). The increase in funds held during the year was mainly due to the increased commercial funding and higher unspent grant funds held (2015-16: AUD\$23.5 million; 2014-15: AUD\$19.0 million).

The Council of the Queensland Institute of Medical Research

Financial Statements 2015-2016

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The Council of The Queensland Institute of Medical Research

**Statement of comprehensive income
For the year ended 30 June 2016**

	Notes	2016 \$'000	2015 \$'000
Income from continuing operations			
Grants and other contributions	2	72,985	75,950
User charges and fees	3	19,746	4,195
Other revenue	4	8,062	7,018
Interest		973	1,221
Total Revenue		<u>101,766</u>	<u>88,384</u>
Gains/(Losses) on sale/revaluation of assets	5	(2,419)	5,181
Total income from continuing operations		<u>99,347</u>	<u>93,565</u>
 Expenses from continuing operations			
Employee expenses	6	55,950	52,548
Supplies and services	7	25,803	26,731
Depreciation and amortisation	12,13	12,048	11,291
Other expenses	8	11,341	6,811
Finance costs		582	674
Total expenses from continuing operations		<u>105,724</u>	<u>98,055</u>
Operating result from continuing operations		<u>(6,377)</u>	<u>(4,490)</u>
 Other comprehensive income			
<i>Items that will not be reclassified subsequently to operating result</i>			
Increase in asset revaluation surplus	17	6,911	17,410
Total other comprehensive income		<u>6,911</u>	<u>17,410</u>
Total comprehensive income		<u>534</u>	<u>12,920</u>

The accompanying notes form part of these statements.

The Council of The Queensland Institute of Medical Research

Statement of financial position
As at 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Current assets			
Cash and cash equivalents	9	29,020	32,388
Receivables	10	4,674	5,246
Inventories		272	253
Prepayments		561	808
Total current assets		34,527	38,695
Non-current assets			
Other financial assets	11	115,634	103,932
Intangible assets	12	459	379
Property, plant and equipment	13	296,450	296,265
Controlled entities	20	23	23
Total non-current assets		412,566	400,599
Total assets		447,093	439,294
Current liabilities			
Payables	14	6,685	3,476
Accrued employee benefits	15	3,860	4,303
Unearned revenue	16	23,505	18,957
Total current liabilities		34,050	26,736
Non-current liabilities			
Accrued employee benefits	15	835	884
Total non-current liabilities		835	884
Total liabilities		34,885	27,620
Net assets		412,208	411,674
Equity			
Accumulated surplus		340,068	346,445
Asset revaluation surplus	17	72,140	65,229
Total equity		412,208	411,674

The accompanying notes form part of these statements.

The Council of The Queensland Institute of Medical Research

**Statement of changes in equity
For the year ended 30 June 2016**

	Accumulated surplus	Asset revaluation surplus (note 17)	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2015	346,445	65,229	411,674
Operating result from continuing operations	(6,377)	-	(6,377)
Other comprehensive income			
Increase in asset revaluation surplus	-	6,911	6,911
Balance as at 30 June 2016	340,068	72,140	412,208
Balance as at 1 July 2014	350,935	47,819	398,754
Operating result from continuing operations	(4,490)	-	(4,490)
Other comprehensive income			
Increase in asset revaluation surplus	-	17,410	17,410
Balance as at 30 June 2015	346,445	65,229	411,674

The accompanying notes form part of these statements.

The Council of The Queensland Institute of Medical Research

Statement of cash flows
For the year ended 30 June 2016

	Notes	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Inflows:			
Grants and other contributions		77,534	77,715
User charges and fees		19,696	6,227
Other income		3,650	1,763
Interest income		973	1,221
GST input tax credits from ATO		2,603	2,437
GST collected from customers		2,111	1,839
Outflows:			
Employee expenses		(56,572)	(51,937)
Supplies and services		(24,411)	(27,348)
Finance costs		(582)	(674)
GST paid to suppliers		(2,797)	(2,893)
GST remitted to ATO		(1,933)	(1,353)
Other		(9,296)	(6,808)
Net cash provided by operating activities		10,976	189
Cash flows from investing activities			
Inflows:			
Redemptions of other financial assets		-	3,036
Sale of property, plant and equipment		92	60
Outflows:			
Investments in other financial assets		(8,914)	(2,300)
Acquisition of property, plant and equipment		(5,522)	(6,352)
Net cash used in investing activities		(14,344)	(5,556)
Cash flows from financing activities			
Outflows:			
Non-interest bearing loan redemption		-	(1,324)
Net cash used in financing activities		-	(1,324)
Net decrease in cash and cash equivalents		(3,368)	(6,691)
Cash and cash equivalents at beginning of financial year		32,388	39,079
Cash and cash equivalents at end of financial year	9	29,020	32,388

The accompanying notes form part of these statements.

The Council of The Queensland Institute of Medical Research

Notes to the statement of cash flows
For the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
Reconciliation of operating result to net cash from operating activities		
Operating deficit	(6,377)	(4,490)
Depreciation and amortisation expense	12,048	11,291
Investment distributions other financial assets	(5,179)	(4,416)
Loss on sale of property, plant and equipment	28	254
Net loss/(gain) on market value of other financial assets	2,391	(5,432)
Net gain on sale of shares	-	(3)
Change in assets and liabilities:		
(Increase)/decrease in receivables	572	3,358
(Increase)/decrease in inventories	(19)	15
(Increase)/decrease in prepayments	247	(423)
Increase/(decrease) in accounts payable	3,209	(209)
Increase/(decrease) in accrued employee benefits	(492)	450
Increase/(decrease) in unearned revenue	4,548	(206)
Net cash from operating activities	10,976	189

The Council of The Queensland Institute of Medical Research

Basis of financial statements preparation For the year ended 30 June 2016

General information

These financial statements are the financial statements of The Council of the Queensland Institute of Medical Research (the Council).

The Council of the Queensland Institute of Medical Research is a Queensland statutory body established under the *Queensland Institute of Medical Research Act 1945* and is controlled by the State of Queensland which is the ultimate parent.

The head office and principal place of business of the statutory body is:
300 Herston Road
Herston QLD 4006

A description of the nature of the Council's operations and its principal activities is included in the notes to the financial statements.

For information in relation to the Council's financial statements please call +61 7 3362 0222, email enquiries@qimrberghofer.edu.au or visit the internet site www.qimrberghofer.edu.au.

Measurement

The historical cost convention is used unless fair value is stated as the measurement basis. New accounting standards early adopted and/or applied for the first time in these financial statements are outlined in note 1(aa).

Presentation matters

Currency and rounding

Amounts included in the financial statements are in Australian dollars and have been rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

Comparatives

Comparative information reflects the audited 2014-15 financial statements and has been restated where necessary to be consistent with disclosures in the current reporting period.

Current/non-current classification

Assets and liabilities are classified as either 'current' or 'non-current' in the Statement of Financial Position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the Council does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

The Council of The Queensland Institute of Medical Research

Basis of financial statements preparation For the year ended 30 June 2016

Accounting estimates and judgements

The preparation of financial statements necessarily requires the determination and use of certain critical accounting estimates, assumptions, and management judgements that have the potential to cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Such estimates, judgements and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods as relevant.

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

- Useful lives of property, plant and equipment - note1(q)
- Valuation of property, plant and equipment - notes 1(n) and 13

Authorisation of financial statements for issue

The financial statements are authorised for issue by the Chair of Council, Director & Chief Executive Officer and Secretary at the date of signing the Management Certificate.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements

For the year ended 30 June 2016

Objective and principal activities of the Council

The objective of the Council is to control and manage the operations of the Queensland Institute of Medical Research (the Institute) in accordance with the *Queensland Institute of Medical Research Act 1945*. The Council has been established to conduct research into all branches of medical science. It operates predominantly in one geographical area, being Queensland, Australia, although it has research collaborations across Australia and overseas.

The majority of the Council's funding is generated from competitive, peer reviewed research grants, commercial and other earned revenue. The Council also receives an annual operational grant from the Department of Health, Queensland (Queensland Health). Further funding is generated from donations, fundraising and investment activities performed under the guidance of the Council. Refer note 25.

1. Summary of significant accounting policies

(a) Statement of compliance

The Council has prepared this financial report in compliance with section 43 of the *Financial and Performance Management Standard 2009*.

These financial statements are general purpose financial statements, and have been prepared on an accrual basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury Minimum Reporting Requirements, and other authoritative pronouncements.

With respect to compliance with Australian Accounting Standards and Interpretations, the Council has applied those requirements applicable to not-for-profit entities, as the Council is a not-for-profit statutory body.

(b) The reporting entity

The financial statements include the value of all revenues, expenses, assets, liabilities and equity of the Council and the entities it controls where these entities are material (refer note 1 (c)).

(c) Controlled entities

Controlled entities are entities over which the Council has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. Any controlled entities that are not considered as material are not consolidated with the Council's financial statements and the amount of the investment is recorded at cost.

As at 30 June 2016 the Council holds 100% (2015: 100%) each of directly controlled entities Q-Pharm Pty Ltd and Vaccine Solutions Pty Ltd. As the amount of the investments and the transactions of both entities are not considered material, they are not consolidated within the Council's financial statements. Refer note 20.

(d) Trust transactions and balances

The Council undertakes certain trustee transactions on behalf of the Cooperative Research Centre Vaccine Technology (CRCVT) and its employees' research activities.

As the Council acts only in a custodial role in respect of these transactions and balances, they are not recognised in the financial statements, but are disclosed in note 21.

(e) Grants and other contributions

Grants, contributions, donations, bequests, gifts and fundraising that are non-reciprocal in nature are recognised as revenue in the year in which the Council obtains control over them (control is generally obtained at time of receipt). Where grants are received that are reciprocal in nature, revenue is progressively recognised as it is earned according to the terms of the funding agreements.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

Contributed assets are recognised at their fair value. Contributions of services are recognised only when a fair value can be determined reliably and the services would be purchased if they had not been donated. Refer note 1(y).

(f) User charges and fees

User charges and fees from commercial services and recoveries of expenditure incurred by associated bodies which use the Council's laboratory consumables and services are recognised as revenue when the revenue has been earned and can be measured reliably with a sufficient degree of certainty. This involves either invoicing for related goods/services and/or the recognition of accrued revenue. User charges and fees are controlled by the Council where they can be deployed for the achievement of Council objectives.

(g) Interest, dividends and distributions

Revenue for interest on cash and cash equivalents is recognised on an accrual basis. Revenue for dividends and distributions from managed funds classified as financial instruments held at fair value through profit or loss are recognised when the Council's right to receive payment is established.

(h) Imputation credits

As an endorsed income tax exempt charity, imputation credits attached to franked dividends received by the Council are refundable and may be claimed retrospectively after the end of the financial year. Imputation credits are brought to account when the right to receive the credits is established.

(i) Cash and cash equivalents

For the purposes of the Statement of Financial Position and the Statement of Cash Flows, cash assets include all cash and cheques received but not banked at 30 June as well as deposits at call with financial institutions.

(j) Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Trade debtors are recognised at the amounts due at the time of sale or service delivery i.e. the agreed purchase/contract price. Settlement of these amounts is required within 14 days from invoice date.

The collectability of receivables is assessed periodically with provision being made for impairment. Any known bad debts are written-off as at 30 June.

All receivables within terms and expected to be fully collectible are considered of good credit quality based on recent collection history. Credit risk management strategies are detailed in Note 23.

Other debtors generally arise from transactions outside the usual operating activities of the Council and are recognised at their assessed values. Terms are a maximum of 30 days, no interest is charged and no security is obtained.

(k) Inventories

Inventories are represented by consumable laboratory supplies valued at the lower of cost and net realisable value.

Cost is assigned on a weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition, except for training costs which are expensed as incurred.

Net realisable value is determined by estimating the selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

No inventory assets have been classified as inventories held for distribution.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

(l) Acquisitions of assets

Actual cost is used for the initial recording of all non-current physical and intangible asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use. However, any training costs are expensed as incurred.

Where assets are received free of charge from another Queensland Government entity, the acquisition cost is recognised as the gross carrying amount in the books of the transferor immediately prior to the transfer together with any accumulated depreciation.

Assets acquired at no cost or for nominal consideration, other than from an involuntary transfer from another Queensland Government entity, are recognised at their fair value at date of acquisition in accordance with AASB 116 *Property, Plant and Equipment*.

(m) Property, plant and equipment

Items of property, plant and equipment with a cost or other value equal to or in excess of the following thresholds are recognised for financial reporting purposes in the year of acquisition:

Class	Threshold
Buildings	\$10,000
Plant and equipment	\$5,000
Other (including heritage & cultural)	\$5,000

Items with a lesser value are expensed in the year of acquisition.

Expenditure is only capitalised if it increases the service potential or useful life of the existing asset. Maintenance expenditure that merely restores original service potential (arising from ordinary wear and tear) is expensed.

The Council occupies three buildings situated on Crown land reserved and set apart for hospital purposes. The land is under the control of Metro North Hospital & Health Services (Metro North) on behalf of The State of Queensland.

Leases for the land and buildings known as the Bancroft Centre and the Clive Berghofer Cancer Research Centre (CBCRC) exist between the Council and The State of Queensland (represented by Queensland Health), at a nominal rental, terminating on 27 June 2066.

A new lease for the land occupied by the Council is expected to be entered into between the Council and Metro North at nominal rental, terminating on 27 June 2066. Upon commencement of the new lease, the existing leases will be surrendered.

As the buildings are controlled by the Council, these assets are recognised in its financial statements, not in the financial statements of Queensland Health. Any revaluation surpluses or decrements associated with these assets are recognised by the Council. Refer notes 1(n) and 13.

(n) Valuations and revaluations of non-current physical and intangible assets

Measurement of property plant and equipment using fair value

Buildings and heritage & cultural assets are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury *Non-Current Asset Policies for the Queensland Public Sector*. These assets are reported at their revalued amounts, being the fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

In respect of these asset classes, the cost of items acquired during the financial year has been judged by management of the Council to materially represent their fair value at the end of the reporting period.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements continued

For the year ended 30 June 2016

Measurement of property plant and equipment using cost

Plant and equipment is measured at cost in accordance with Queensland Treasury *Non-Current Asset Policies*. The carrying amounts for plant and equipment at cost should not materially differ from their fair value.

Separately identified components of assets are measured on the same basis as the assets to which they relate.

Revaluation of property plant and equipment measured at fair value

Property is measured at fair value (refer above) and independently re-valued by an external registered valuer at least once every five years. Interim valuations, using appropriate indices, are being otherwise performed by management on an annual basis, where there has been a material variation in the index. Where indices are used in the revaluation process the Council ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date. Refer note 13 for details.

The fair values reported by the Council are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs. Refer note 1(o).

Any revaluation increment arising on the revaluation of an asset is credited to the asset revaluation surplus of the appropriate class, except to the extent it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

On revaluation, accumulated depreciation is restated proportionately with the change in the carrying amount of the asset and any change in the estimate of remaining useful life.

Heritage & cultural assets include research library monographs, Australiana and scarce items. They are measured at current replacement costs and are independently re-valued by an external registered valuer at least once every five years.

Materiality concepts (according to the *Framework for the Preparation and Presentation of Financial Statements*) are considered in determining whether the difference between carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

The Council reviewed all fair value methodologies in light of the new principles in AASB 13 and no adjustments were required on the values for property, plant and equipment classes.

(o) Fair value measurement

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

Observable inputs are publicly available data that are relevant to the characteristics of the assets/liabilities being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Council include, but are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Council's assets/liabilities, internal records of recent construction costs (and or estimates of such costs) for assets' characteristics/functionality, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

Fair value measurement hierarchy

All assets of the Council for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

Level 1 represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets;

Level 2 represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and

Level 3 represents fair value measurements that are substantially derived from unobservable inputs.

There were no transfers of assets between fair value hierarchy levels during the current or prior years.

(p) Intangibles

Recognition and measurement of intangibles

Intangible assets with a cost or other acquisition value equal to or greater than \$100,000 are recognised in the Statement of Financial Position; items with a lesser value are expensed. Each intangible asset, less any anticipated residual value, is amortised over its estimated useful life to the Council. The residual value is zero for all the Council's intangible assets.

It has been determined that there is not an active market for any of the Council's intangible assets. As such, the assets are recognised and carried at cost less accumulated amortisation and accumulated impairment losses.

No intangible assets have been classified as held for sale or form part of a disposal group held for sale.

Purchased software

The acquisition cost of externally purchased software has been capitalised and is being amortised on a straight-line basis over the period of the expected benefit to the Council, namely 10 years.

Internally generated software

Costs associated with the development of computer software have been capitalised and are amortised on a straight line basis over the period of expected benefit to the Council, namely 10 years.

Intangible assets not recognised

Key Judgement: Council also controls a number of significant software assets that are not recognised as assets because they fail to meet the AASB 138 recognition criteria.

(q) Depreciation of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis so as to allocate the net cost or re-valued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Council.

Assets under construction (work-in-progress) are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Key Judgement: Where assets have separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate and are depreciated accordingly.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

Key Judgement: Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Council.

Heritage & cultural assets include research library monographs, Australiana and scarce items. The service potential of these assets is not expected to diminish with time or use and therefore, they are not depreciated.

Key Estimate: For each class of depreciable assets the following depreciation rates are used:

Class	Rate
Buildings	2%
Plant and Equipment	5% - 33.3%

(r) Impairment of non-current assets

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

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and depreciated replacement cost.

An impairment loss is recognised immediately in the Statement of Comprehensive Income, unless the asset is carried at a re-valued amount. When the asset is measured at a re-valued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a re-valued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Refer note 1(n).

(s) Leases

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred.

(t) Other financial assets

Other financial assets held at fair value through profit or loss represent investments in managed funds and shares in listed companies. The investments are stated at current market value at the reporting date. Changes in the market value of these instruments, whether realised or unrealised, are recognised in the Statement of Comprehensive Income. These investments were originally classified at fair value through profit or loss upon initial recognition and the Council manages these investments and makes purchases and sales decisions based on their fair value in accordance with the Council's documented investment strategy.

(u) Payables

Trade creditors are recognised upon receipt of the goods or services ordered and are measured at the nominal amount i.e. agreed purchase/contract price, net of applicable trade and other discounts. Amounts owing are unsecured and are generally settled on 30 to 60 day terms.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

(v) Financial instruments

Recognition

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Council becomes party to the contractual provisions of the financial instrument.

Classification

Financial instruments are classified and measured as follows:

- i. Cash and cash equivalents - held at fair value through profit or loss
- ii. Receivables - held at amortised cost
- iii. Other financial assets - held at fair value through profit or loss
- iv. Payables - held at amortised cost

The Council does not enter into transactions for speculative purposes, or for hedging.

All other disclosures relating to the measurement and financial risk management of financial instruments held by the Council are included in note 23.

(w) Employee benefits

Employer superannuation contributions, annual leave expense and long service leave levies are regarded as employee benefits.

Workers' compensation insurance is a consequence of employing employees, 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.

Wages, salaries, annual leave and sick leave

Accruals for wages, salaries and annual leave expense due but unpaid at reporting dates are recognised in the Statement of Financial Position at the current salary rates.

For unpaid entitlements expected to be paid within 12 months, the liabilities are recognised at their undiscounted values. Entitlements not expected to be paid within 12 months are classified as non-current liabilities and recognised also at their undiscounted values.

As sick leave is non-vesting, an expense is recognised for this leave as it is taken. Prior history indicates that on average, sick leave taken each reporting period is less than the existing accumulated entitlements and thus no liability for unused sick leave entitlements is recognised. This is expected to continue in future periods.

Long service leave

Under the Queensland Government's long service leave scheme, a levy is made on the statutory body to cover the cost of employees' long service leave. The levies are expensed in the period in which they are payable. Amounts paid to employees for long service leave are claimed from the scheme quarterly in arrears.

No provision for long service leave is recognised in the Council's financial statements, the liability being held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Council's obligation is limited to its contribution to QSuper.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements continued

For the year ended 30 June 2016

The QSuper scheme has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

Key management personnel and remuneration

Key management personnel and remuneration disclosures are made in accordance with section 3C of the Financial Reporting Requirements for Queensland Government Agencies issued by Queensland Treasury. Refer note 22 for the disclosures on key management personnel and remuneration.

(x) Insurance

The Council's non-current physical assets and other risks are insured through the Queensland Government Insurance Fund (QGIF), premiums being paid on a risk assessment basis. In addition, the Council has policies with private insurance companies to cover risks not included by QGIF.

The Council also pays premiums to WorkCover Queensland and inter-state QBE in respect of its obligations for employee compensation. These costs are reported in note 6.

(y) Services received free of charge or for nominal value

Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. Where this is the case, an equal amount is recognised as revenue and an expense.

(z) Taxation

The Council is a State body as defined under the Income Tax Assessment Act 1936 and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax (FBT) and Goods and Services Tax (GST). FBT and GST are the only taxes accounted for by the Council. GST credits receivable from, and GST payable to the ATO, are recognised. Refer note 10.

(aa) First year application of new accounting standards

The Council resolved not to change any of its accounting policies during 2015-16.

Accounting standards early adopted for 2015-16

Two Australian Accounting Standards have been early adopted for the 2015-16 year as required by Queensland Treasury. These are:

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]

The amendments arising from this standard seek to improve financial reporting by providing flexibility as to the ordering of notes, the identification and location of significant accounting policies and the presentation of sub-totals, and provides clarity on aggregating line items. It also emphasises only including material disclosures in the notes.

AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities [AASB 13]

This standard amends AASB 13 *Fair Value Measurement* and provides relief to not-for-profit public sector entities from certain disclosures about property, plant and equipment that is primarily held for its current service potential rather than to generate future net cash inflows. The relief applies to assets under AASB 116 *Property, Plant and Equipment* which are measured at fair value and categorised within Level 3 of the fair value hierarchy (refer to note 1(o)).

As a result, the following disclosures are no longer required for those assets. In early adopting the amendments, the following disclosures have been removed from the 2015-16 financial statements:

The Council of The Queensland Institute of Medical Research

Notes to the financial statements continued

For the year ended 30 June 2016

- disaggregation of certain gains/losses on assets reflected in the operating result;
- quantitative information about the significant unobservable inputs used in the fair value measurement ;and
- a description of the sensitivity of the fair value measurement to changes in the unobservable inputs .

Accounting standards applied for the first time in 2015-16

No new Australian Accounting Standards effective for the first time in 2015-16 had any material impact on this financial report.

(ab) Future impact of accounting standards not yet effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future commencement dates are set out below:

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These Standards will become effective from reporting periods beginning on or after 1 January 2018. The main impacts of these standards on the Council are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Council's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Council has commenced reviewing the measurement of its financial assets against the new AASB 9 classification and measurement requirements. However, as the classification of financial assets at the date of initial application of AASB 9 will depend on the facts and circumstances existing at that date, the Council's conclusions will not be confirmed until closer to that time. At this stage, and assuming no change in the types of transactions the Council enters into, all of the Council's financial assets are expected to be required to be measured at fair value (instead of the measurement classifications presently used in note 1(v)). In the case of the Council's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value. Changes in the fair value of those assets will be reflected in the Council's operating result.

Another impact of AASB 9 relates to calculating impairment losses for the Council's receivables. Assuming no substantial change in the nature of the Council's receivables, as they don't include a significant financing component, impairment losses will be determined according to the amount of lifetime expected credit losses. On initial adoption of AASB 9, the Council will need to determine the expected credit losses for its receivables by comparing the credit risk at that time to the credit risk that existed when those receivables were initially recognised.

The Council will not need to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. However, changed disclosure requirements will apply from that time. A number of one-off disclosures will be required in the 2018-19 financial statements to explain the impact of adopting AASB 9. Assuming no change in the types of financial instruments that the Council enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment of these items.

AASB 15 Revenue from Contracts with Customers

This Standard will become effective from reporting periods beginning on or after 1 January 2018 and contains much more detailed requirements for the accounting for certain types of revenue from customers. Depending on the specific contractual terms, the new requirements may potentially result in a change to the timing of revenue from sales of the Council's goods and services, such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received cash but has not met its associated obligations (such amounts would be reported as a liability (unearned revenue) in the meantime). The Council is yet to complete its analysis of current arrangements for sale of its goods and services, but at this stage does not expect a significant impact on its present accounting practices.

AASB 124 Related Party Disclosures

From reporting periods beginning on or after 1 July 2016, the Council will need to comply with the requirements of AASB 124 *Related Party Disclosures*. This accounting standard requires a range of disclosures about the remuneration of key management personnel, transactions with related parties/entities, and relationships between parent and controlled entities. The Council already discloses information about the remuneration expenses for key management personnel (refer note 22) in compliance with requirements from Queensland Treasury. Therefore, the most significant implications of AASB 124 for the Council's financial

**The Council of The Queensland Institute of Medical Research
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statements will be the disclosures to be made about transactions with related parties, including transactions with key management personnel or close members of their families.

AASB 16 Leases

Was issued in February 2016 and applies to annual reporting beginning on or after 1 January 2019. This standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases (both operating and finance) with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. Lessors continue to classify leases as operating or finance. Presently the Council has minimal non-cancellable operating leases with a term exceeding 12 months and as such it is not anticipated that the impact of changes to the accounting standards for leases will have a material impact.

All other Australian accounting standards and interpretations with future commencement dates are either not applicable to the Council's activities, or have no material impact on the Council.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

	2016	2015
	\$'000	\$'000
2. Grants and other contributions		
Grants - National Health & Medical Research Council	24,502	24,859
Grants - Queensland Health	18,864	18,864
Grants - Other	10,520	12,902
Grants - NHMRC overheads support funding (IRIISS)	4,185	4,211
Grants - Australian Cancer Research Foundation (ACRF)	-	1,850
Grants - Australian Research Council	1,419	1,734
Grants - Bioplatforms Australia	835	1,161
Grants - Cancer Council Queensland	1,515	1,342
Grants - Medicines for Malaria Venture (MMV)	2,344	-
Donations and bequests	8,801	9,027
Total	72,985	75,950
3. User charges and fees		
Commercial and contract research	18,872	3,459
Sundry tenants recoveries	434	420
Rent	440	316
Total	19,746	4,195
4. Other revenue		
Reimbursements	2,334	2,323
Investment distributions	5,179	4,416
Other	549	279
Total	8,062	7,018
5. Gains/(losses) on sale/revaluation of assets		
Net gain/(loss) on market value of other financial assets	(2,391)	5,432
Net gain on sale of shares - US listed entities	-	3
Net loss on disposal of property, plant and equipment	(28)	(254)
Total	(2,419)	5,181

The Council holds financial assets including managed funds and listed shares. Refer notes 11 and 23.

The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
6. Employee expenses		
Employee benefits		
Wages and salaries	43,258	41,063
Employer superannuation contributions *	6,514	6,056
Annual leave expense *	4,179	3,887
Long service leave levy *	976	890
Other employee benefits	531	334
	<u>55,458</u>	<u>52,229</u>
Employee related expenses		
Fringe benefits tax expense	228	151
Workers' compensation premium *	97	94
Other employee related expenses	167	74
	<u>492</u>	<u>319</u>
Total	<u>55,950</u>	<u>52,548</u>
* Refer note 1 (w)		
The number of employees including full-time, part-time and casual employees measured on a full-time equivalent basis is:	521	502
7. Supplies and services		
Supplies and consumables	19,384	19,455
Consultants and contractors	3,651	4,657
Travel	1,570	1,592
Minor equipment and software purchases	1,171	980
Rent	27	47
Total	<u>25,803</u>	<u>26,731</u>
8. Other expenses		
Scientific collaboration distributions	10,384	5,912
Insurance	508	449
Audit fees - external *	68	130
Audit & other fees - internal	146	110
Legal expenses	140	201
Net (gain)/loss on foreign exchange transactions	(36)	8
Other	131	1
Total	<u>11,341</u>	<u>6,811</u>

* Total external audit fees to be paid to the Queensland Audit Office relating to the 2015-16 financial year are expected to be \$67,500 (2015: \$65,000). There are no non-audit services included in this amount.

The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016

	2016	2015
	\$'000	\$'000
9. Cash and cash equivalents		
Imprest accounts	1	1
Cash at bank	362	5,503
Term deposits and cash on call	28,657	26,884
Total	29,020	32,388

The Council's cash and cash equivalents include \$23.7m (2015: \$18.9m) in research grant funding and nil (2015: \$1.2m) capital grant funding received but not yet spent.

10. Receivables

Trade debtors	3,307	3,257
Accrued interest	138	288
GST receivable	98	82
Long service leave reimbursements	249	120
Other	882	1,499
Total	4,674	5,246

The method for calculating any provision for impairment is based on past experience, current and expected changes in economic conditions and changes in client credit ratings. These economic and geographic changes form part of the Council's documented risk analysis assessment in conjunction with historic experience and associated industry data. This analysis has identified that none of the Council's financial assets are impaired and subsequently provisions for impairment have not been raised.

No financial assets have had their terms renegotiated so as to prevent them from being past due or impaired, and are stated at the carrying amounts as indicated.

Ageing of past due but not impaired financial assets is disclosed in the following tables. No financial assets were assessed as being impaired as at 30 June 2016.

2016 Financial assets past due but not impaired

	Not Due		Overdue			Not due and overdue
	<30 days \$'000	30-60 days \$'000	61-90 days \$'000	>90 days \$'000	Total \$'000	Total \$'000
Financial assets						
Receivables	3,684	323	575	92	990	4,674
Total	3,684	323	575	92	990	4,674

2015 Financial assets past due but not impaired

	Not Due		Overdue			Not due and overdue
	<30 days \$'000	30-60 days \$'000	61-90 days \$'000	>90 days \$'000	Total \$'000	Total \$'000
Financial assets						
Receivables	4,200	536	69	441	1,046	5,246
Total	4,200	536	69	441	1,046	5,246

**The Council of The Queensland Institute of Medical Research
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	2016	2015
	\$'000	\$'000
11. Other financial assets		
Other financial assets at fair value through profit or loss:		
Managed fund investments	115,634	103,932
Total	115,634	103,932

All managed fund investments are categorised as level 1 investments in accordance with the fair value hierarchy - refer note 1(o)

12. Intangible assets

Software purchased: At cost

Gross	679	679
Less: Accumulated amortisation	(450)	(382)
	229	297

Software internally generated: At cost

Gross	172	172
Less: Accumulated amortisation	(107)	(90)
	65	82

Work in progress: At cost

	165	-
	165	-

Total	459	379
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The Council also controls a number of significant software assets that are not recognised as assets because they do not meet AASB 138 recognition criteria.

Intangible assets– balances and reconciliations of carrying amount

Intangibles reconciliation of carrying amount	Software internally generated	Software purchased	Software work in progress	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Carrying amount at 1 July 2015	82	297	-	379
Acquisitions	-	-	165	165
Disposals	-	-	-	-
Transfers between classes	-	-	-	-
Amortisation	(17)	(68)	-	(85)
Carrying amount at 30 June	65	229	165	459

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

12. Intangible assets (cont'd)

	Software internally generated	Software purchased	Software work in progress	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Carrying amount at 1 July 2014	100	365	-	465
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Transfers between classes	-	-	-	-
Amortisation	(18)	(68)	-	(86)
Carrying amount at 30 June	82	297	-	379

**2016
\$'000** **2015
\$'000**

13. Property, plant and equipment

Buildings: At fair value

Gross	336,978	327,880
Less: Accumulated depreciation	(66,450)	(58,189)
	270,528	269,691

Heritage & cultural assets: At fair value

Gross	104	104
	104	104

Plant & equipment: At cost

Gross	55,448	54,190
Less: Accumulated depreciation	(31,005)	(28,856)
	24,443	25,334

Work in progress: At cost *

	1,375	1,136
	1,375	1,136

Total	296,450	296,265
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* A number of building works have been undertaken some of which are still in progress as at 30 June 2016.

The Council's three buildings have been revalued at 30 June 2016 to reflect a 2.6% increase in the Queensland Government's 'Asset revaluation index - non-residential construction' resulting in a net revaluation increment of \$6.911m. This index is published by the Australian Bureau of Statistics and measures changes over time in the prices of new construction outputs for the eight Australian capital cities. The increment has been included in the Statement of Comprehensive Income and transferred to the asset revaluation surplus.

(i) Replacement cost

The methodology applied by the valuer is a financial simulation in lieu of market value as these assets cannot be bought and sold on the open market. A replacement cost is estimated by creating a cost plan (cost estimate) of the asset through the measurement of key quantities such as: Gross Floor Area (GFA), number of floors/lifts/staircases and girth/height of the building.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

13. Property, plant and equipment (cont'd)

The model developed by the valuer creates an elemental cost plan using these quantities and the model includes multiple building types and is based on the valuer's experience of the cost of managing construction contracts.

The cost model is updated each year and tests are done to compare the model outputs on actual recent projects to ensure it produces a true representation of the cost of replacement. The costs are at Brisbane prices and published location indices are used to adjust the pricing to suit local market conditions. Live project costs from across the State are also assessed to inform current market changes that may influence the published factors.

The valuer's key assumption on the replacement cost is that their estimate is based on replacing the current function of the building with a building of the same form. This assumption has a significant impact if an asset's function changes.

(ii) Cost to bring to current standards

The 'cost to bring to current standards' is the estimated cost of refurbishing the asset to bring it to current standards. For each of the five condition ratings the estimate is based on professional opinion as well as having regard to historical project costs.

In assessing the cost to bring to current standard a condition rating is applied based upon the following information:

- Visual inspection of the asset
- Asset condition data provided by the Institute's Building Services Manager
- Verbal guidance from the Building Services Manager
- Previous reports and inspection photographs if available (to show the change in condition over time).

Category	Condition	Criteria
1	Very good condition	Only normal maintenance required
2	Minor defects only	Minor maintenance required
3	Maintenance required to return to accepted level of service	Significant maintenance required (up to 50% of capital replacement cost)
4	Requires renewal	Complete renewal of the internal fit out and engineering services required (up to 70% of capital replacement cost)
5	Asset unserviceable	Complete asset replacement required

These condition ratings are linked to the cost to bring to current standards.

The standard life of a mixed laboratory/office building is generally 50 years. Estimates of remaining life are based on the assumption that the asset remains in its current function and will be maintained.

Buildings have been valued on the basis that there is no residual value.

Buildings - Bancroft Centre and the Clive Berghofer Cancer Research Centre (CBCRC)

Key Judgement: The purpose-built research facilities operated by the Council known as the Bancroft Centre and the Clive Berghofer Cancer Research Centre (CBCRC) situated in Herston were valued at 30 June 2013 by the independent valuer Damien Hirst BSc (QS) (Hons) AAIQS from the firm Davis Langdon. As there is no active market for research facilities, the basis of the valuation is the depreciated replacement cost (DRC) (level 3 categorisation used), calculated as replacement cost less cost to bring asset to current standards less accumulated depreciation of the expired useful life of the building. The depreciated replacement cost was based on a combination of internal records of the original cost of the specialised fit outs, adjusted for more contemporary design/construction approaches, and published construction rates for various standard components of buildings.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements continued

For the year ended 30 June 2016

13. Property, plant and equipment (cont'd)

Significant judgement is also used to assess the remaining service potential of the facilities, given local climatic and environmental conditions and records of the current condition of the facilities.

At 30 June 2016 the change in the index since the last valuation using indexation was material (2.6%) and consequently the carrying values of these buildings were adjusted to reflect current fair value. The revaluation of the Bancroft Centre and the CBCRC resulted in an increment net of accumulated depreciation of \$3.496m.

These buildings will be independently valued in 2016-17.

Buildings - QIMR Berghofer Central

Key Judgement: The recently constructed purpose-built research facility operated by the Council known as QIMR Berghofer Central situated in Herston was stated at cost at 30 June 2012. Due to there not being an active market for such facilities fair value is measured based on a level 3 categorisation. Since 2012 annual internal valuations have been carried out using internal expert opinions and the Queensland Treasury approved 'Asset revaluation index for non-residential construction in QLD' as outlined above.

At 30 June 2016 the change in the index since the last valuation using indexation was material (2.6%) and consequently the carrying value of this building was adjusted to reflect current fair value. The revaluation of QIMR Berghofer Central resulted in an increment net of accumulated depreciation of \$3.415m.

This building will be independently valued in 2016-17.

Heritage & cultural assets

Heritage & cultural assets consisting of research library monographs, Australiana and scarce items have been included at current replacement cost as assessed by the Approved Commonwealth Valuer (Books) Jörn Harbeck as at 18 April 2012. As there is no active market for the Council's heritage assets, their fair value is determined by estimating the cost to reproduce the items with the features and materials of the original items, with substantial adjustments made to take into account the items' heritage restrictions and characteristics. Council has no indication that there has been a significant change in the fair value since the last valuation.

The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016

13. Property, plant and equipment (cont'd)

Property plant and equipment – balances and reconciliations of carrying amount (including fair value level. Refer note 1 (o)).

	Buildings (Research Facilities) Level 3	Heritage & cultural Level 3	Plant & equipment	Work in progress	Total
	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000	2016 \$'000
Carrying amount at 1 July 2015	269,691	104	25,334	1,136	296,265
Acquisitions	-	-	4,628	728	5,357
Disposals	-	-	(120)	-	(120)
Transfers between classes	489	-	-	(489)	-
Revaluation increments	8,609	-	-	-	8,609
Accumulated depreciation revaluation adjustment	(1,698)	-	-	-	(1,698)
Depreciation	(6,563)	-	(5,400)	-	(11,963)
Carrying amount at 30 June 2016	270,528	104	24,442	1,375	296,450

	Buildings (Research Facilities) Level 3	Heritage & cultural Level 3	Plant & equipment	Work in progress	Total
	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000	2015 \$'000
Carrying amount at 1 July 2014	211,282	104	25,979	46,693	284,058
Acquisitions	-	-	5,124	1,998	7,122
Disposals	-	-	(1,120)	-	(1,120)
Transfers between classes	47,555	-	-	(47,555)	-
Revaluation increments	21,138	-	-	-	21,138
Accumulated depreciation revaluation adjustment	(3,728)	-	-	-	(3,728)
Depreciation	(6,556)	-	(4,649)	-	(11,205)
Carrying amount at 30 June 2015	269,691	104	25,334	1,136	296,265

The Council of The Queensland Institute of Medical Research
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For the year ended 30 June 2016

	2016 \$'000	2015 \$'000
14. Payables		
Trade creditors	1,581	1,586
Accrued expenses	2,092	1,480
Accrued wages	850	410
Other	2,162	-
Total	6,685	3,476
15. Accrued employee benefits		
Current		
Long service leave levy payable	269	231
Annual leave entitlements payable	3,461	3,370
Other	130	702
Total	3,860	4,303
Non current		
Annual leave entitlements payable	835	884
Total	835	884
16. Unearned Revenue	23,505	18,957
Unearned revenue	23,505	18,957

	Grants b/f 1 July 2015	Grants received	Grant expenditure	Grants c/f 30 June 2016
National Health & Medical Research Council	7,340	28,221	(24,502)	11,059
Australian Research Council	718	1,393	(1,419)	692
Bioplatforms Australia	332	500	(835)	(3)
Cancer Council Qld	191	1,422	(1,515)	98
Medicines for Malaria Venture (MMV)	-	2,561	(2,344)	217
Other granting bodies	10,031	12,785	(11,701)	11,115
Other commercial funding bodies	345	-	(18)	327
	18,957	46,882	(42,334)	23,505

	Grants b/f 1 July 2014	Grants received	Grant expenditure	Grants c/f 30 June 2015
National Health & Medical Research Council	7,333	24,865	(24,858)	7,340
Australian Research Council	934	1,518	(1,734)	718
Bioplatforms Australia	900	593	(1,161)	332
Cancer Council Qld	195	1,338	(1,342)	191
Other granting bodies	9,444	12,050	(11,463)	10,031
Other commercial funding bodies	358	-	(13)	345
	19,164	40,364	(40,571)	18,957

The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016

17. Asset revaluation surplus by class

	Buildings	Heritage & Cultural	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2015	65,225	4	65,229
Revaluation increments	6,911	-	6,911
Balance as at 30 June 2016	72,136	4	72,140

	Buildings	Heritage & Cultural	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2014	47,815	4	47,819
Revaluation increments	17,410	-	17,410
Balance as at 30 June 2015	65,225	4	65,229

*Further details are presented in notes 1(n) and 13

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

	2016	2015
	\$'000	\$'000
18. Commitments		
(a) Non-cancellable operating leases		
Commitments under operating leases at reporting date are inclusive of anticipated GST and are payable as follows:		
Payable:		
Not later than one year	16	11
Later than one year and not later than five years	46	3
Later than five years	79	-
Total	141	14

Operating leases have renewal options; however, no leases have escalation clauses other than in the event of payment default.

No lease arrangements create restrictions on other financing transactions.

(b) Capital expenditure commitments

Bancroft centre building works	21	305
Other capital commitments	18	1,243
	39	1,548

The finalisation of the Bancroft Centre building works represents 53% of capital expenditure commitments (2015 finalisation of Bancroft Centre refurbishment: 20%). The values shown are based on the committed contract value inclusive of anticipated GST.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

18. Commitments (cont'd)

	2016	2015
	\$'000	\$'000
Payable:		
Not later than one year	39	1,548
Later than one year and not later than five years	-	-
Later than five years	-	-
Total	39	1,548

(c) Operating lease receivable

Licence fees receivable for use of the premises, predominately level 11 of the Bancroft Building, are as follows:

Payable:		
Not later than one year	500	-
Later than one year and not later than five years	6,500	-
Later than five years	10,000	-
Total	17,000	-

The lease term is for 10 years from commencement date (1 January 2016). These amounts do not include licence fees which may become receivable under the lease on the basis of registered associates on the premises in excess of stipulated minimums and do not include any recovery of expenses such as scientific services, electricity and water costs.

19. Contingencies

(a) Contingent assets

Contributions to Queensland Community Foundation

The QIMR Trust established a fund with the Queensland Community Foundation (QCF) for the purpose to generate future income and donations. This fund was transferred to Council upon abolition of the Trust on 1 February 2011. All contributions made to this named fund within QCF are held in trust and invested in perpetuity with net income distributed to the Council at the discretion of the Trustee in accordance with the Queensland Community Fund Declaration of Trust. The available balance of this fund was \$1.645m at 30 June 2016 comprising total assets of \$1.650m and total liabilities of \$0.005m (net assets 2015: \$2.064m) of which \$0.01m was contributed by the former QIMR Trust. The Council expects that earnings from the 2015-16 financial year will be brought to account during the financial year ending 30 June 2017.

(b) Contingent liabilities

There were no known contingent liabilities at 30 June 2016.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
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	2016 \$'000	2015 \$'000
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20. Controlled entities

(a) Q-Pharm Pty Ltd

Q-Pharm Pty Ltd is a clinical trial company. As at 30 June 2016 the Council holds 100% of the shares of Q-Pharm Pty Ltd (2015: 100%).

Q-Pharm Pty Ltd

Investment –at cost	23	23
	<u>23</u>	<u>23</u>

This is a summary of the financial transactions and balances for Q-Pharm Pty Ltd:

Income	6,848	5,146
Expenses	(6,391)	(4,955)
Net surplus	<u>457</u>	<u>191</u>
Current assets	1,877	1,231
Non-current assets	137	163
Current liabilities	(1,188)	(1,036)
Non-current liabilities	(90)	(79)
Net assets	<u><u>736</u></u>	<u><u>279</u></u>

Q-Pharm Pty Ltd did not have any material contingent liabilities or commitments as at 30 June 2016.

Q-Pharm Pty Ltd's financial statements for the year ended 30 June 2016 were audited by the Auditor-General of Queensland (2015: Auditor-General of Queensland audited Q-Pharm Pty Ltd). Total external audit fees relating to the 2015-16 financial year are expected to be \$16,000 (2015: \$15,500) and have been accrued. There are no non-audit services included in this amount.

(b) Vaccine Solutions Pty Ltd

Vaccine Solutions Pty Ltd was established in 1998 to provide clinical trial sponsorship, intellectual property management and commercialisation services to the Cooperative Research Centre for Vaccine Technology (CRCVT). Following the winding up of the CRCVT, Vaccine Solutions manages a number of licensing arrangements for the benefit of the members of CRCVT Trust II.

Vaccine Solutions does not own any physical or intellectual property assets on its own and is required to return 97% of all commercial income received from licensing activities to the CRCVT Trust II for distribution to members of that trust.

As at 30 June 2016 the Council holds 100% of the shares of Vaccine Solutions Pty Ltd (2015: 100%).

This is a summary of the financial transactions and balances for Vaccine Solutions Pty Ltd:

Income	-	5
Expenses	(3)	(1)
Net (deficit)/surplus	<u>(3)</u>	<u>4</u>
Current assets	26	29
Current liabilities	(10)	(10)
Net assets	<u><u>16</u></u>	<u><u>19</u></u>

Vaccine Solutions Pty Ltd did not pay a dividend in 2015-16 (2014-15: \$203,000).

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20. Controlled entities (cont'd)

Vaccine Solutions Pty Ltd was not required to prepare financial statements for the years 30 June 2016 and 30 June 2015, however, the transactions disclosed above have been audited. They did not have any material contingent liabilities or commitments as at 30 June 2016 (similar as at 30 June 2015).

(c) Q-Gen Pty Ltd

During the 2004-05 financial year, the Institute incorporated a wholly owned subsidiary, Q-Gen Pty Ltd. The operations of Q-Gen Pty Ltd were wound up as at 30 June 2009 with activities of the entity being taken over by the Institute. The entity still exists as a shelf company but is dormant.

21. Trust transactions and balances

(a) Trust II for the CRC for Vaccine Technology (CRCVT Trust II)

The Council is the Trustee of the CRC for Vaccine Technology Trust II (CRCVT Trust II), a trust responsible for managing patent families and licensing arrangements on behalf of the participants in the CRCVT since winding up in June 2006. Income received from licensing arrangements is distributed to the members in the trust according to their participating share in the CRCVT as of June 2006. The members of the CRCVT Trust II are: The Council of the Queensland Institute of Medical Research, CSIRO, CSL Limited, The University of Melbourne, Walter and Eliza Hall Institute of Medical Research, Monash University, Australian Red Cross Blood Service and La Trobe University.

As the Council performs only a custodial role in respect of these transactions and balances, they are not recognised in the financial statements but are disclosed in this note for the information of users.

	2016	2015
	\$'000	\$'000
This is a summary of the financial transactions and balances for CRC for Vaccine Technology Trust II:		
Income	3	7
Expenses	(46)	(69)
Net surplus/(deficit)	(43)	(62)
Cash	78	227
Receivables	2	-
Net assets	80	227
Payables	1	28
Beneficiaries entitlements payable	79	199
Total liabilities	80	227
Trust net assets	-	-

CRCVT Trust II's financial statements for the year ended 30 June 2016 were audited by PKF (2015: PKF). Total external audit fees relating to the 2015-16 financial year are expected to be \$1,500 (2015: \$5,000) and have been accrued. There are no non-audit services included in this amount.

(b) Employee Research Services

The Council undertakes a custodial role in respect of transactions and balances relating to Employee Research Services (ERS). They are not recognised in the financial statements but are disclosed in this note for the information of users.

This is a summary of the financial transactions and balances for Employee Research Services:

**The Council of The Queensland Institute of Medical Research
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21. Trust transactions and balances (cont'd)

	2016	2015
	\$'000	\$'000
Income	2,236	2,463
Expenses	(1,632)	(2,015)
Increase/(decrease) in net balance	604	448
Cash held in short term deposits	3,842	3,238
Total trust assets	3,842	3,238

No fees are received by Council for providing custodial services for trust transactions and balances.

22. Key management personnel disclosures

(a) Key management personnel

The following details for key management personnel include those positions that had authority and responsibility for planning, directing and controlling the activities of the Institute during 2014-15 and 2015-16. Appointment is made by the Governor in Council under s5 & s10 of the *Queensland Institute of Medical Research Act 1945*.

The functions of the Council are to: (a) control and manage the Institute; (b) raise and accept moneys for the purposes of the Institute; (c) invest moneys raised and accepted by the Council for the purposes of the Institute; and (d) invest moneys derived from any property or other invested moneys of the Council for the purposes of the Institute.

The Director is responsible for the work and efficient and effective administration of the Council operations.

Position	Incumbents term		2015-16	2014-15
	Date of initial appointment	Date of cessation		
Council members				
Dr Douglas McTaggart - Chair	27 Nov 2014		√	√
Mr Christopher Coyne - Deputy Chair	2 Jun 2005		√	√
Emeritus Prof John de Jersey	27 Nov 2014		√	√
Mr Ian Fraser	9 Aug 2012		√	√
Assoc Prof Paula Marlton	16 Feb 2006		√	√
Prof Alan Pettigrew	9 Sep 2011		√	√
Mr Michael Sargent	27 Nov 2014		√	√
Prof John Shine	27 Nov 2014		√	√
Dr Jeannette Young [^]	20 Sep 2005		√	√
Emeritus Prof Bryan Campbell	12 May 1985	26 Nov 2014		√
Dist Prof Judith Clements	10 May 2002	26 Nov 2014		√
Prof Nicholas Fisk	9 Sep 2011	26 Nov 2014		√
Dr John Herron	27 Nov 2014	15 Apr 2015		√
Mr Rod Wylie	9 Sep 2011	26 Nov 2014		√
Director/ CEO				
Prof Frank Gannon	4 Jan 2011		√	√

[^] Officer of the public service

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

**22. Key management personnel disclosures (cont'd)
(b) Remuneration policies**

The Chairperson and members of Council receive sitting fees in line with the 'Remuneration of part-time Chairs and Members of Government Boards, Committees and Statutory Authorities' guideline issued by the Queensland Government. Any member of the Council who is an officer of the public service does not receive fees or allowances for attendance at a meeting of the Council.

The remuneration policy for the Director/CEO is set by Council and approved by the Governor in Council as provided for under the *Queensland Institute of Medical Research Act 1945*. The remuneration and other terms of employment for the Director/CEO are specified in the employment contract. The contract provides for the provision of other benefits including motor vehicles.

The remuneration package for the Director/CEO comprises the following components:

- i. Short term employee expenses which include:
 - Base – consisting of base salary, allowances and leave entitlements paid and provided for the entire year or for that part of the year during which the Director/CEO occupied the specified position. Amounts disclosed equal the amount expended in the Statement of Comprehensive Income; and
 - Non-monetary benefits – consisting of provision of living-away-from-home-allowance, travel, vehicle and other minor benefits together with fringe benefits tax applicable to these benefits.
- ii. Long term employee expenses include amounts expended in respect of long service leave entitlements earned.
- iii. Post-employment expenses include amounts expended in respect of employer superannuation obligations.
- iv. Termination benefits are not provided for within the Director/CEO's contract of employment. The contract of employment provides only for notice periods or payment in lieu of notice on termination, regardless of the reason for termination.
- v. There are no performance bonuses paid or payable to the Director/CEO.

Key management personnel remuneration expense

The following disclosures focus on the expenses incurred by Council that is attributable to key management positions during the respective reporting periods. Therefore, the amounts disclosed reflect expenses recognised in the Statement of Comprehensive Income.

Total remuneration is calculated on a 'total cost' basis and includes the base and non-monetary benefits, long term employee benefits and post employment benefits. No termination benefits have been paid during either financial years.

1 July 2015 - 30 June 2016

Position	Short term employee expenses		Long term employee expenses	Post-employment expenses	Total expenses
	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000
Chair of Council (1)	-	-	-	-	-
Council Members (6)	25	-	-	-	25
Director/CEO	627	196	16	35	874
Total	652	196	16	35	899

The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016

22. Key management personnel disclosures (cont'd)

1 July 2014 - 30 June 2015

Position	Short term employee expenses		Long term employee expenses	Post-employment expenses	Total expenses
	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000
Chair of Council (1)	-	-	-	-	-
Council Members (11)	21	-	-	-	21
Director/CEO	601	154	15	35	805
Total	622	154	15	35	826

The table above includes \$127,000 in fringe benefits tax paid by Council in 2015-16 in relation to key management remuneration (2015: \$102,000).

23. Financial Risk Disclosures

(a) Financial instrument categories

Financial assets and financial liabilities are recognised in the Statement of Financial Position when Council becomes party to the contractual provisions of the financial instrument.

The Council has the following categories of financial assets and financial liabilities:

	2016	2015
	\$'000	\$'000
Financial assets		
Cash and cash equivalents	29,020	32,388
Receivables	4,674	5,246
Managed funds investments and US listed shares	115,634	103,932
	<u>149,328</u>	<u>141,566</u>
Financial liabilities		
Financial liabilities measured at amortised cost:		
Payables	6,685	3,476
	<u>6,685</u>	<u>3,476</u>

No financial assets and financial liabilities have been offset and presented net in the Statement of Financial Position.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

23. Financial Risk Disclosures (cont'd)

(b) Financial risk management

Risk exposure

Financial risk management is implemented pursuant to Government and Council policy. These policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the financial performance of the Council.

All financial risk is managed by the Institute under policies approved by the Council. The Council provides written principles for overall risk management, as well as policies covering specific areas.

Council's activities expose it to a variety of financial risks as set out in the following table:

Risk Exposure	Definition	Exposure
Credit risk	Credit risk exposure refers to the situation where the Council may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation.	The Council is exposed to credit risk in respect of its receivables (note 10).
Liquidity risk	Liquidity risk refers to the situation where the Council may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.	The Council is exposed to liquidity risk in respect of its payables (note 14).
Market risk	The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The Council is exposed to currency risk in respect of its commercial contracts entered into denominated in US\$, however, no material invoices were outstanding at balance date. It maintains a bank account in Hong Kong with an immaterial cash balance denominated in HK\$ used to fund the operations of a local study. The Council is exposed to interest rate risk through its cash deposited in interest bearing accounts (note 9).

Risk measurement and management strategies

Council measures risk exposure using a variety of methods as follows:

Risk Exposure	Measurement Method	Risk Management Strategies
Credit risk	Ageing analysis, earnings at risk	The Council manages credit risk through the use of a credit management strategy. This strategy aims to reduce the exposure to credit default by ensuring that the Council invests in secure assets and monitors all funds owed on a timely basis. Exposure to credit risk is monitored on an ongoing basis.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

Liquidity risk	Sensitivity analysis	<p>The Council manages liquidity risk through the use of a liquidity management strategy. This strategy aims to reduce the exposure to liquidity risk by ensuring the Council has sufficient funds available to meet employee and supplier obligations as they fall due.</p> <p>This is achieved by ensuring that minimum levels of cash are held within the various bank accounts so as to match the expected duration of the various employee and supplier liabilities.</p>
Market risk	Interest rate sensitivity analysis	<p>The Council does not undertake any hedging in relation to interest risk and manages its risk as per the Council's liquidity risk management strategy articulated in the Council's policies. The Council is exposed to movements in interest rate risk through its investment in externally managed funds and its holdings in cash and cash equivalents.</p>
	Currency risk	<p>The Council does not undertake any hedging in relation to foreign currency risk and manages this through conservative exchange rate estimates when pricing commercial contracts.</p>

24. Events occurring after balance date

There are no events occurring after balance date having a material impact on the figures reported in these financial statements.

25. Economic dependency

The Council's activities are predominantly funded by grants received from a range of funding agencies, the majority of which are Commonwealth and State Government bodies. The ability of the Council to source sufficient grant funding is dependent upon those entities continuing to have the ability to fund research activities and for the Institute to be successful in its funding applications. At balance date the Council had no indication that operational and research funding would not be provided as per the funding agreements. Should unforeseen fluctuations in the amount of available grant funding occur the Council would use its cash assets (refer note 9) and managed funds investments (refer note 11) to cover short term operational cash requirements.

The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016

26. Budgetary reporting disclosures

This section discloses Council's original published budgeted figures for 2015-16 compared to actual results, with explanations of major variances, in respect of the Council's Statement of comprehensive income, Statement of financial position and Statement of cash flows.

Budget to actual comparison – Statement of comprehensive income

		Original Budget	Actual	Variance	%Variance of budget
	Variance Notes	2016 \$'000	2016 \$'000	2016 \$'000	
Income from continuing operations					
Grants and other contributions	a	90,307	72,985	(17,322)	(19)
User charges and fees	b	6,659	19,746	13,087	197
Other revenue		5,809	8,062	2,253	39
Interest		846	973	127	15
Total Revenue		103,621	101,766	(1,855)	(2)
Gains/(losses) on sale/revaluation of assets		4,110	(2,419)	(6,529)	(159)
Total income from continuing operations		107,731	99,347	(8,384)	(8)
Expenses from continuing operations					
Employee expenses		54,940	55,950	1,010	2
Supplies and services	c	33,085	25,803	(7,282)	(22)
Depreciation and amortisation		11,628	12,048	420	4
Other expenses	d	7,524	11,341	3,817	51
Finance costs		554	582	28	5
Total expenses from continuing operations		107,731	105,724	(2,007)	(2)
Operating result from continuing operations		-	(6,377)	(6,377)	-
Other comprehensive income					
Items that will not be reclassified subsequently to operating result					
Increase in asset revaluation surplus	e	-	6,911	6,911	-
Total other comprehensive income		-	6,911	6,911	-
Total comprehensive income		-	534	534	-

The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016

26. Budgetary reporting disclosures (cont'd)

Budget to actual comparison – Statement of financial position

		Original Budget	Actual	Variance	%Variance of budget
	Variance Notes	2016 \$'000	2016 \$'000	2016 \$'000	\$'000
Current assets					
Cash and cash equivalents		31,691	29,020	(2,671)	(8)
Receivables	f	8,859	4,674	(4,185)	(47)
Inventories		268	272	8	1
Prepayments		385	561	176	46
Total current assets		41,203	34,527	(6,672)	(16)
Non-current assets					
Other financial assets	g	110,561	115,634	5,073	5
Intangible assets		293	459	166	57
Property, plant and equipment	h	274,333	296,450	22,117	8
Controlled and jointly controlled entities		23	23	-	-
Total non-current assets		385,210	412,566	27,356	7
Total assets		426,413	447,093	20,680	5
Current liabilities					
Payables	i	4,531	6,685	2,154	48
Accrued employee benefits		3,083	3,860	777	25
Unearned revenue	j	19,164	23,505	4,341	23
Total current liabilities		26,778	34,050	7,272	27
Non-current liabilities					
Accrued employee benefits		881	835	(46)	(5)
Total non-current liabilities		881	835	(46)	(5)
Total liabilities		27,659	34,885	7,226	26
Net assets		398,754	412,208	13,454	3
Equity					
Accumulated surplus		350,935	340,068	(10,867)	(3)
Asset revaluation surplus		47,819	72,140	24,321	51
Total equity		398,754	412,208	13,454	3

The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016

26. Budgetary reporting disclosures (cont'd)
Budget to actual comparison – Statement of cash flow

		Original Budget 2016 \$'000	Actual 2016 \$'000	Variance 2016 \$'000	%Variance of budget \$'000
Cash flows from operating activities					
Inflows:					
Grants and other contributions	k	90,307	77,534	(12,773)	(14)
User charges and fees	l	6,659	19,696	13,037	196
Other income		1,698	3,650	1,952	115
Interest income		846	973	127	15
GST input tax credits from ATO		-	2,603	2,603	-
GST collected from customers		-	2,111	2,111	-
Outflows:					
Employee expenses		(54,940)	(56,572)	(1,632)	(3)
Supplies and services	m	(32,562)	(24,411)	8,151	25
Finance costs		(554)	(582)	(28)	(5)
GST paid to suppliers		-	(2,797)	(2,788)	-
GST remitted to ATO		-	(1,933)	(1,933)	-
Other		(7,524)	(9,296)	(1,772)	(24)
Net cash provided by operating activities		3,930	10,976	7,109	181
Cash flows from investing activities					
Inflows:					
Redemptions of other financial assets	n	13,000	-	(13,000)	(100)
Sale of property, plant and equipment		-	92	92	-
Outflows:					
Investments in other financial assets	n	(7,555)	(8,914)	(1,359)	(18)
Acquisition of property, plant and equipment		(5,498)	(5,522)	(24)	-
Net cash used in investing activities		(53)	(14,344)	(14,354)	(27,083)
Net decrease in cash and cash equivalents		3,877	(3,368)	(7,245)	(187)
Cash and cash equivalents at beginning of financial year		27,814	32,388	4,574	16
Cash and cash equivalents at end of financial year		31,691	29,020	(2,671)	8

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

26. Budgetary reporting disclosures (cont'd)

Explanation of major variances

The following explanations are in relation to the 2015-16 budget which was approved by the Council on 24 March 2015.

Statement of comprehensive income

- a. Competitive research grant funding received by the Institute from the National Health and Medical Research Council and other funding agencies has been lower than expected by \$5.7m. As the administering institute, QIMR Berghofer's income from grant administration fees has also been impacted.

Donation income was below budget reflecting a change in the fundraising operations which saw a cessation of the major ride and walk events. In addition, bequest and major gift income were below usual levels, and increased competition for donations further reduced income. Total donations were \$11.2m below budget.

- b. Additional income for the Institute has been earned from an increased focus on commercial activities in order for research outcomes to be delivered to the clinic (\$10.2m). Collaborations with other organisations has maximised utilisation of laboratory space and generated additional income.
- c. Lower than budgeted competitive research grant funding has contributed to the lower expenditure on supplies and services in 2015-16.
- d. Increased commercial activity resulted in higher scientific collaboration distributions (\$2.8m above budget).
- e. The Institute recorded an increase in the fair value of Council's buildings of \$6.9m, which was not budgeted. Also refer note h below.

Statement of financial position

- f. Receivables have reduced due to prompt payment of outstanding invoices. In addition, the National Health & Medical Research Council brought its monthly payments forward from one month in arrears to payment within the month the grant funds are due, having a \$2m favourable impact.
- g. The budget allowed for drawdowns from investments to fund research activities directly. Higher than budgeted commercial income cash flow combined with reductions in working capital resulted in no requirement to drawdown from investment funds, as was budgeted.
- h. This variance relates predominantly to the unbudgeted increase in the fair value of Council's buildings as a result of revaluation increases. The amount of this variance includes both the current year revaluation of \$6.9m and the prior year's valuation of \$17.4m, which was not known when the budget was being prepared.
- i. Payables balance is higher than budget as it is inclusive of payments for scientific collaboration distributions (\$2.0m).
- j. The value of unearned revenue has increased across both grants and contract research services due to timing differences between the receipt of grant income and expenditure being incurred (\$4.3m). This generally arises where projects incur lower costs at the start of a grant period and ramp up expenditure over time.

**The Council of The Queensland Institute of Medical Research
Notes to the financial statements continued
For the year ended 30 June 2016**

Statement of cash flows

- k. Amounts of donation and bequest income received by the Institute in 2015-16 were below the level budgeted by \$11.2m, coupled with lower than budget grant funds received of \$1.1m.
- l. Increased commercial income (\$10.2m) have provided above budget income for the Institute.
- m. Supplies and services paid were lower than budgeted mainly caused by the lower expenditure resulting from the timing of the receipts of competitive grants (\$7.3m).
- n. The budget allowed for drawdowns from investments of \$13.0m to fund research directly. Higher than budgeted commercial income cash flow combined with reductions in working capital resulted in no need to redeem funds for this.

Management certificate

Certificate of The Council of the Queensland Institute of Medical Research

These general purpose financial statements have been prepared pursuant to:

- section 62(1) of the *Financial Accountability Act 2009* (the Act),
- section 42 of the *Financial and Performance Management Standard 2009*; and
- other prescribed requirements.

In accordance with section 62(1)(b) of the Act we certify that in our opinion:

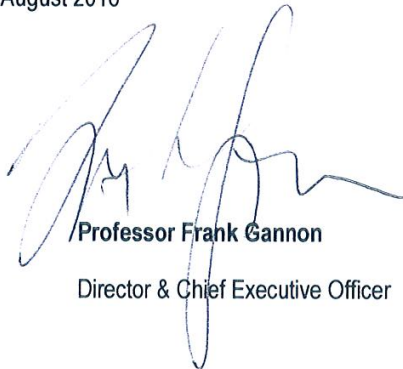
- a. the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and
- b. the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of The Council of the Queensland Institute of Medical Research for the financial year ended 30 June 2016 and of the financial position of the Council at the end of that year; and
- c. these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material aspects, with respect to the financial reporting throughout the reporting period.

Dated at Brisbane this 30th day of August 2016



Dr Douglas McTaggart

Chair of Council



Professor Frank Gannon

Director & Chief Executive Officer



Donna Hancock

Secretary

INDEPENDENT AUDITOR'S REPORT

To The Council of the Queensland Institute of Medical Research

Report on the Financial Report

I have audited the accompanying financial report of The Council of the Queensland Institute of Medical Research, which comprises the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including significant accounting policies and other explanatory information, and certificates given by the Chair, Director and Chief Executive Officer and Secretary.

The Council's Responsibility 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 prescribed accounting requirements identified in the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, including compliance with Australian Accounting Standards. The Council's responsibility also includes such internal control as the Council determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on the audit. The audit was conducted in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit is planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control, other than in expressing an opinion on compliance with prescribed requirements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall presentation of the financial report including any mandatory financial reporting requirements approved by the Treasurer for application in Queensland.

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

Independence

The *Auditor-General Act 2009* promotes the independence of the Auditor-General and all authorised auditors. The Auditor-General is the auditor of all Queensland public sector entities and can be removed only by Parliament.

The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

Opinion

In accordance with s.40 of the *Auditor-General Act 2009* –

- (a) I have received all the information and explanations which I have required; and
- (b) in my opinion –
 - (i) the prescribed requirements in relation to the establishment and keeping of accounts have been complied with in all material respects; and
 - (ii) the financial report presents a true and fair view, in accordance with the prescribed accounting standards, of the transactions of The Council of the Queensland Institute of Medical Research for the financial year 1 July 2015 to 30 June 2016 and of the financial position as at the end of that year.

Other Matters - Electronic Presentation of the Audited Financial Report

Those viewing an electronic presentation of these financial statements should note that audit does not provide assurance on the integrity of the information presented electronically and does not provide an opinion on any information which may be hyperlinked to or from the financial statements. If users of the financial statements are concerned with the inherent risks arising from electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.



D J OLIVE FCPA
(as Delegate of the Auditor-General of Queensland)

Queensland Audit Office
Brisbane

COMPLIANCE CHECKLIST

Summary of requirement		Basis for requirement	Annual report reference
Letter of compliance	<ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s 	ARRs – section 8	1
Accessibility	<ul style="list-style-type: none"> Table of contents Glossary 	ARRs – section 10.1	2 83
	<ul style="list-style-type: none"> Public availability 	ARRs – section 10.2	inside front cover
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 10.3	inside front cover
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 10.4	inside front cover
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 10.5	n/a for agencies
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 11.1	3-9
	<ul style="list-style-type: none"> Agency role and main functions 	ARRs – section 11.2	3,10, 21-22
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 11.3	21
Non-financial performance	<ul style="list-style-type: none"> Government’s objectives for the community 	ARRs – section 12.1	22
	<ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives 	ARRs – section 12.2	n/a for QIMR Berghofer
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 12.3	23-32
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 12.4	34
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 13.1	36
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 14.1	19-20
	<ul style="list-style-type: none"> Executive management 	ARRs – section 14.2	10-18
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 14.3	n/a for QIMR Berghofer
	<ul style="list-style-type: none"> <i>Public Sector Ethics Act 1994</i> 	<i>Public Sector Ethics Act 1994</i> ARRs – section 14.4	33
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 14.5	33

Summary of requirement	Basis for requirement	Annual report reference	
Governance – risk management and accountability	<ul style="list-style-type: none"> • Risk management 	ARRs – section 15.1	33
	<ul style="list-style-type: none"> • Audit committee 	ARRs – section 15.2	15-16
	<ul style="list-style-type: none"> • Internal audit 	ARRs – section 15.3	33-34
	<ul style="list-style-type: none"> • External scrutiny 	ARRs – section 15.4	n/a
	<ul style="list-style-type: none"> • Information systems and recordkeeping 	ARRs – section 15.5	35
Governance – human resources	<ul style="list-style-type: none"> • Workforce planning and performance 	ARRs – section 16.1	34
	<ul style="list-style-type: none"> • Early retirement, redundancy and retrenchment 	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 16.2	n/a for agencies
Open Data	<ul style="list-style-type: none"> • Consultancies 	ARRs – section 17 ARRs – section 34.1	n/a
	<ul style="list-style-type: none"> • Overseas travel 	ARRs – section 17 ARRs – section 34.2	35
	<ul style="list-style-type: none"> • Queensland Language Services Policy 	ARRs – section 17 ARRs – section 34.3	n/a for agencies
Financial statements	<ul style="list-style-type: none"> • Certification of financial statements 	FAA – section 62 FPMS – sections 42, 43 and 50 ARRs – section 18.1	78
	<ul style="list-style-type: none"> • Independent Auditor's Report 	FAA – section 62 FPMS – section 50 ARRs – section 18.2	79-80

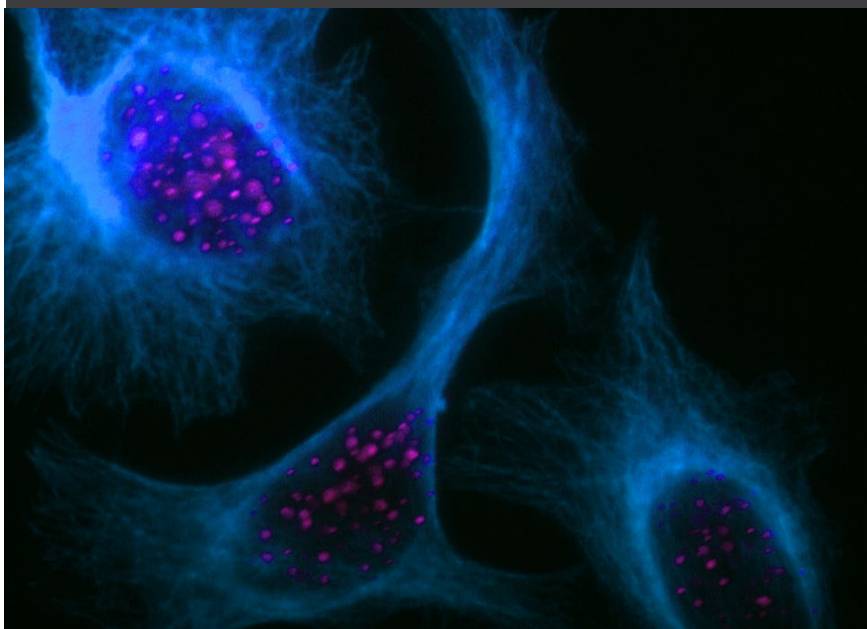
FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

Glossary

HIRF	Herston Imaging Research Facility
MNHHS	Metro North Hospital and Health Service
NHMRC	National Health and Medical Research Council
RBWH	Royal Brisbane and Women's Hospital
QIMR	Queensland Institute of Medical Research
QUT	Queensland University of Technology
TRI	Translational Research Institute
UQ	The University of Queensland



QIMR Berghofer
Medical Research Institute

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