

Annual Report

2020 – 2021



QIMR Berghofer
Medical Research Institute

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 is conducted.

Communication objectives

The QIMR Berghofer 2020–2021 annual report provides a record of the Institute's performance in the 2020–2021 financial year and audited financial statements. All achievements are documented against the goals and corresponding key performance indicators of the Institute's Strategic Plan (2020–2024).

To provide your feedback or request copies of this annual report, contact the External Relations Department at 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/

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ISSN 1839-1877 (print)
ISSN 2206-4915 (online)

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1 September 2021

The Honourable Yvette D'Ath MP
Minister for Health and Ambulance Services
GPO Box 48
BRISBANE QLD 4001

Dear Minister

I am pleased to submit for presentation to the Parliament the Annual Report 2020-2021 and financial statements for the Council of the Queensland Institute of Medical Research (trading as QIMR Berghofer Medical Research Institute).

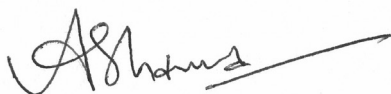
I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the Financial and Performance Management Standard 2019, and
- the detailed requirements set out in the *Annual Report requirements for Queensland Government agencies*.

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

www.qimrberghofer.edu.au/annualreport

Yours sincerely



PROFESSOR ARUN SHARMA AM
Chair
QIMR Berghofer Council

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Vision and values

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 wellbeing through community education and fundraising programs
- The State of Queensland — improving the health of all Queenslanders as the state's statutory medical research institute.

Highlights

Cancer

- Found that patients in a clinical trial who received a cellular immunotherapy for the deadly brain cancer glioblastoma multiforme on average survived longer than would have been expected without the treatment.
- Launched a clinical trial of a new cellular immunotherapy aimed at preventing dangerous side effects for sick children who have to undergo stem cell transplants.
- Uncovered the pivotal role played by an important immune system protein that, if harnessed through immunotherapy, has the potential to treat a wide range of cancers and inflammatory diseases.
- Discovered how lowering cholesterol can potentially prevent or help stop the spread of prostate cancer by controlling the release of hnRNPK protein from prostate cancer cells.
- Found that vitamin D levels do not influence a person's risk of developing most common cancers, suggesting that widespread use of vitamin D supplements is unlikely to prevent cancer.
- Developed a prototype test that can help identify whether patients with deadly metastasised melanoma are likely to benefit from immunotherapy.
- Found that each additional pregnancy a woman experiences, including those that result in miscarriage, can help reduce her risk of developing endometrial cancer.
- Found that almost a quarter of the Queensland population underestimates their risk of developing melanomas, with those at highest risk also the worst at predicting their chances of getting the skin cancer.
- Carried out the first detailed epidemiological study of liver cancer in a large group of Indigenous Australians and showed that rurality and a high burden of comorbidities were major contributing factors.
- Discovered a new cellular immunotherapy target for a deadly type of head and neck cancer caused by human papillomavirus.
- Signed an MOU with a medical technology company to begin developing a potential blood test to detect the most common form of oesophageal cancer in Australia.

Infectious diseases

- Developed two new drugs to both prevent SARS-CoV-2 infection, and also to treat people who have been exposed to the virus so they do not develop severe disease.
- Discovered some of the ways COVID-19 damages the heart and identified a drug that could potentially protect or reverse this cardiac injury, leading to the expansion of a clinical trial.
- Through a randomised controlled trial of vitamin D supplements, found they do not protect most people from developing colds, flus and other acute respiratory infections.
- Developed a way of testing whether or not COVID-19 patients' immune systems are gearing up to fight the virus that causes the deadly disease.
- Discovered that exposure to a common cold virus may help prepare the body's immune system to respond to SARS-CoV-2.

- Collaborated with The University of Queensland to develop a technology to manipulate viruses synthetically allowing rapid analysis and mapping of potential new virus variants.
- Led a randomised field trial of insecticide-treated plastic mesh devices that target the *Aedes aegypti* mosquito and found they are highly effective and suited to fast deployments during outbreaks of diseases like Zika virus and dengue fever.
- Received international funding to develop next-generation drugs and diagnostics for scabies, a neglected but significant health burden associated with overcrowding of people living in remoteness and poverty, including Australian Aboriginal and Torres Strait Islander people.
- Discovered a drug that can boost immune responses against malaria and that is currently being tested in QIMR Berghofer's controlled human malaria infection model.

Chronic disorders

- In collaboration with artificial intelligence company Max Kelsen, used automated AI labelling of 280 000 optic nerve images to dramatically improve risk gene discovery for eye diseases such as glaucoma.
- Led the world's largest genetic study of glaucoma, identifying dozens of genetic risk regions and showing that the majority of genes have consistent effect size across different ancestries.
- Demonstrated that a form of cell death known as necroptosis is a key mediator of pathogenesis in severe viral bronchiolitis.
- Generated a library of parasite-derived therapeutic proteins and associated peptides that are able to suppress inflammatory conditions such as asthma and colitis.
- Demonstrated that interactions between bile duct cancer cells and their supportive microenvironment represent a potential target to reduce tumour formation.

Mental health

- Identified 509 genes that influence both depression and anxiety, confirming a genetic relationship between the two mental health conditions.
- Launched the Australian arm of the world's largest ever genetic study of eating disorders.
- In collaboration with Swinburne University of Technology, launched a study to help shed light on how the COVID-19 pandemic has affected the mental health of young Australians.
- Identified 11 genes associated with people thinking about harming themselves or actually engaging in self-harm.
- Demonstrated that school anti-bullying programs that encourage bystanders to intervene may inadvertently harm some children they are aimed at protecting.
- Published the first trial of the food preservative sodium benzoate as a treatment for patients with early psychosis.
- Developed a new statistical method to conduct gene-based statistical analyses.
- Identified drugs that target genetic risk factors linked to Alzheimer's Disease.



GOVERNOR OF QUEENSLAND

Message from the Governor of Queensland

Since becoming QIMR Berghofer Patron in 2014, and including the brief period beforehand as Chairman of the Council, I have watched with increasing pride as the organisation's reach and stature has continued to grow.

This has been particularly evident these past 18 months, with the Institute's researchers and scientists – supported by their administrators – breaking new ground in the global effort to screen, prevent and treat the SARS CoV2 virus. We owe them all a great debt of gratitude.

Reassuringly, this year QIMR Berghofer has sustained its focus on its other lifesaving work, deepening scientific understanding in areas like cellular immunology, cancer prevention and care and mental health, all the while crafting new partnerships with other research institutes in Australia and globally.

On behalf of the Queensland people, I commend the QIMR Council, staff, researchers, supporters and donors for maintaining, despite the challenges of the year, the high level of achievement which denotes the Institute as exceptional.

I further congratulate everyone involved with this remarkable Queensland institute over the past 76 years. Kaye and I were immensely pleased our time at Government House embraced so many QIMR Berghofer milestones, including this year its promulgation as a 'Queensland Great' for outstanding medical research.

As QIMR Berghofer's path of excellence extends beyond this 26th Governorship, may you all look with great pride and satisfaction upon achievements past and present.

His Excellency the Honourable Paul de Jersey AC CVO
Governor of Queensland

Chair's review

Over the last year, the COVID-19 pandemic has continued its spread across the globe, claiming millions of lives, and leaving millions more with debilitating ongoing symptoms. Here in Australia, the vaccine rollout is gathering pace, protecting more of our population. But we know that even once we have high levels of vaccination across the community, some people will continue to become infected, as we see each year with influenza. That's why our scientists have spent the last year working around the clock to bring new drugs and treatments closer to reality. I am extremely proud to update you on their progress.

Professor Sudha Rao has developed two new drugs to both treat SARS-CoV-2 infection, and to stop the spread of the virus in already-infected cells. These peptide-based drugs have shown promising early results and are now being tested in hamsters in France. Professor Rao and her colleagues are also working with collaborators to test an existing, approved, anti-viral drug in the hope it could be repurposed to stop humans becoming infected with SARS-CoV-2. The team is working with international collaborators to move both drugs closer to clinical trials.

Associate Professor James Hudson and his group have discovered how COVID-19 damages the heart and have identified a class of drugs that can protect or reverse this cardiac injury. The team identified the drug Apabetalone as the most promising option to move into clinical trials. The Canadian company Resverlogix, which produces Apabetalone, has used Associate Professor Hudson's findings as the basis for expanding its clinical trial of the drug in COVID-19 patients. Apabetalone is now in phase II clinical trials in the United States. Our team continues to look for other therapeutics that might be even more effective.

Associate Professor Corey Smith and his team have already made great progress by developing a way of testing whether an individual has developed effective immunity against the virus. They are now using this test to study the immune responses in vaccinated people. The team has also shown how a small portion of the population may have a pre-existing killer T cell response to SARS-CoV-2 due to previous exposure to common cold coronaviruses. The fact that most people do not have this response is the likely reason why the COVID-19 pandemic has been so severe. The team is now developing a cellular immunotherapy, which they hope would reduce death rates in severe COVID-19 patients. They are also studying the longer-term impact of severe COVID-19 on the immune system.

Dr James Roberts and his team continue to develop a modelling tool to predict how best to control and prevent any potential future outbreaks of COVID-19 in Queensland. While we don't believe that large outbreaks are likely in Queensland – given the control measures in place in our state – QIMR Berghofer wants to help ensure the state is prepared for the worst-case scenario. Dr Roberts and his team are also using modelling to study the impact of vaccinating our population. Specifically, they are modelling vaccines with different rates of efficacy and duration of protection because this will be critical in managing our future response to this disease, including how we guard against more infectious variants.

Three of these projects were kick-started thanks to the generosity of our philanthropic supporters, who to date have provided more than \$2.5 million to fund our priority COVID-19 research. I would like to thank Mr Clive Berghofer AM, Mr Mike McLean, the Brazil Family Foundation, the William and Hilde Chenhall Research Trust and the many individuals who heeded the call to support this vital research. These projects – and several others – have only been able to continue thanks to an additional \$5 million in funding from the Queensland Government. We are grateful to the Palaszczuk Government, and all of our generous donors, for supporting our response to the pandemic. I look forward to reporting on our progress in another year's time.

The last financial year has been the first full year in the job for QIMR Berghofer's new Director and CEO, Professor Fabienne Mackay, who arrived at the Institute in May 2020 in the midst of Queensland's lockdown. Professor Mackay – with the support of the QIMR Berghofer Council – is making great progress in charting the Institute's new strategic direction. In doing so, she is delivering measured transformation that will improve the health of Queenslanders, and all Australians.



Distinguished Professor Arun Sharma AM
Chair, QIMR Berghofer Council

Director and CEO's review

It is my great pleasure to report on the activities of QIMR Berghofer Medical Research Institute for 2020–2021. In my first full year as the Institute's Director and CEO, I have been constantly impressed at the breadth and standard of QIMR Berghofer's research. For yet another year, we have continued to conduct globally significant research, while also translating our discoveries into new treatments and diagnostics for the community.

Cancer Australia estimates that nearly 1900 Australians were newly diagnosed with brain cancer in 2020, and more than 1500 Australians died from the disease. In the last year, QIMR Berghofer's research has given some hope that we could be on the verge of changing survival rates for this aggressive cancer. Professor Rajiv Khanna AO, and his team, developed a cellular immunotherapy for the most common malignant brain cancer in adults, glioblastoma multiforme (GBM). A phase I clinical trial found the patients who received the immunotherapy on average survived longer than would have been expected without the treatment. The 25 patients survived for an average of 21 months, which is longer than the current average survival time of 14–17 months after diagnosis. Given that brain cancer survival rates have barely changed in decades, this is a significant achievement that could mean the difference between a parent attending their child's wedding, and a grandparent meeting their new grandchild. I hope that as we refine the immunotherapy, patient survival times will continue to increase.

In the last year, we have also published the first results from the D-Health study, one of the world's largest studies of vitamin D supplementation. Professor Rachel Neale and her team started the trial in 2014 to discover whether there was any evidence to support widespread vitamin D supplementation and the claims made about vitamin D's benefits. The five-year randomised controlled trial found supplementation does not protect most people from developing colds, flus and other acute respiratory infections. However, the team found the supplements may shorten the length of infection slightly and help ease the severity of those illnesses. This is the largest study of its kind to investigate the relationship between vitamin D and respiratory infections. This is yet another example of QIMR Berghofer producing world-leading, evidence-based research to inform clinical practice.

We know the COVID-19 pandemic has affected people's mental health, both here in Australia and worldwide. Eating disorders have one of the highest mortality rates of any mental illness. In the last year, our mental health researchers – led by Professor Nick Martin – launched the Australian arm of the world's largest genetic study of eating disorders. By collaborating with researchers worldwide, the Eating Disorders Genetics Initiative (EDGI) aims to identify hundreds of genes that influence a person's risk of developing anorexia nervosa, bulimia nervosa and binge-eating disorder in the hope of eventually improving treatments.

And finally, an international study led by our Mosquito Control Laboratory has found that a new device that targets the *Aedes aegypti* mosquito could help to fight mosquito-borne diseases such as dengue and Zika virus. The insecticide-treated, plastic mesh devices called 'emanators' were trialed in homes in the state of Yucutan in Mexico. The team found the presence of the emanators consistently reduced the number of female mosquitoes in a house by 60 per cent, and the number of reported bites by 90 per cent. This is better than the results reported for other control measures, and adds to the body of scientific evidence around controlling devastating mosquito-borne diseases that affect some of the world's poorest nations and threaten Queensland.

In 2020–2021, our scientists have continued to move their research closer to the patient bedside by collaborating with biopharmaceutical companies. By upgrading our high biosecurity containment facility, we have been able to partner with companies and other research organisations to test new treatments and diagnostics for SARS-CoV-2, the virus that causes COVID-19. This includes the Australian start-up company MedAir, with whom we have partnered to test a novel air-sterilisation device that is designed to eliminate infectious SARS-CoV-2 virus aerosols from the air. This year, we have also licensed novel immunotherapeutic antibodies to leading science and technology company Merck, headquartered in Darmstadt, Germany. And two of our scientists will collaborate with leading global biotechnology company CSL on new immunological targets after being awarded Research Acceleration Initiative partnerships.

The research achievements outlined above – along with all of the Institute's successes over the last 76 years – this year saw QIMR Berghofer recognised with a Queensland Great award. It was the culmination of decades of work by thousands of scientists, support staff and students, and I was honoured to accept the award on their behalf. A number of individual scientists have also been honoured with awards and accolades this year. Professor Steven Lane received the prestigious Metcalf Prize, Professor Grant Ramm was awarded

the Gastroenterological Society of Australia's Distinguished Research Prize for 2020 and Professor Don McManus received a Peter Doherty Investigator Grant Award from the National Health and Medical Research Council.

Finally, I would like to pay tribute to QIMR Berghofer's Deputy Director for the past 5 years, Professor David Whiteman AM. Professor Whiteman decided to step down as Deputy Director on the 30th September 2021, to focus on his research. He has provided outstanding leadership to the Institute and immeasurable support to me over the last 12 months.

A handwritten signature in black ink, appearing to read 'Mackay', with a large, stylized loop at the end.

Professor Fabienne Mackay
Director and CEO

About QIMR Berghofer

QIMR Berghofer was established in 1945 as a statutory body under the *Queensland Institute of Medical Research Act 1945*. It had the very humblest beginnings, starting operations in a disused World War II army hut in Brisbane's Victoria Park. Since then, it has established itself as a world leader in scientific research while retaining its proud role as Queensland's own medical research institute.

QIMR Berghofer focuses on the research areas of cancer, infectious diseases, mental health and chronic disorders. It also has a long-established Indigenous research program. The Institute's priority is to translate research from the laboratory bench to the hospital bedside and the broader community to improve human health. It does that by developing new and better prevention strategies, diagnostic tools and treatments. In conducting its research, the Institute supports different Queensland scientific and medical sectors, and promotes and develops links with industry.

Based next to the Royal Brisbane and Women's Hospital at Herston, QIMR Berghofer is home to approximately 1000 scientists, support staff and students. It is home to a facility, approved by the Therapeutic Goods Administration, for the manufacture of cellular immunotherapies. An early-phase clinical trial facility is also based on the premises.

Over its 76-year history, QIMR Berghofer has led global advances in understanding, preventing, diagnosing and treating some of the world's most deadly and debilitating diseases. The Institute is recognised as a world leader in research into the cutting-edge fields of immunotherapy and genomics. It also has an international reputation for its research into skin cancer, malaria and other mosquito-borne diseases, and the genetic risk factors associated with various cancers and mental health disorders.

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 and Ambulance Services in accordance with the *Statutory Bodies Financial Arrangements Act 1982*.

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 Council's role is 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.

Council membership

The Council must consist of at least seven, but not more than 11, members appointed by the Governor in Council. Under the *Queensland Institute of Medical Research Act 1945*, the Minister is to recommend people for appointment as members of the Council. The Minister may have regard to a person's skills, experience and expertise 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 met 10 times in the 2020–2021 reporting year.

Distinguished Professor Arun Sharma AM

Council Chair

Distinguished Professor Arun Sharma was appointed as Chair of the QIMR Berghofer Council on 4 July 2019.

He was formerly the Deputy Vice-Chancellor (Research and Innovation) at the Queensland University of Technology (QUT) (2004–2019), where he played an enabling role in founding the Translational Research Institute and served on its board from 2009 to 2017.

Professor Sharma has played a leading role in developing Australian ICT research capability. He was a co-founder of National ICT Australia Limited – now the CSIRO's Data61. At QUT, he assisted in the establishment of three Australian Research Council Centres of Excellence – Robotic Vision, Digital Child, and Creative Industries and Innovation. As Head of the School of Computer Science and Engineering at the University of New South Wales, he co-founded the Cooperative Research Centre for Smart Internet Technology and later played a critical part in establishing its successor, the Smart Services Cooperative Research Centre.

Professor Sharma has served as a member of the World Economic Forum Global Future Council on Innovation Ecosystems (2018–2019), was appointed to the inaugural Advisory Council of the Australian Research Council (2008–2009) and was a member of the Advance Queensland Expert Panel (2015–2019) and the Smart State Council (2004–2011).

He has fostered strong business links between Australia and India. As National Chair of the Australia India Business Council (AIBC), he led a governance reform of the organisation during 2010–2011 and served as the President of the AIBC's Queensland Chapter from 2011 to 2015. He is currently the Group Head for Sustainability and Climate Change for the Adani Group and an advisor to the Chairman.

Professor Sharma is a graduate of the Australian Institute of Company Directors. He received an undergraduate degree in Computer Science from the Birla Institute of Technology and Science, Pilani, a PhD in Computer Science from the State University of New York in Buffalo, and undertook post-doctoral training at the Department of Brain and Cognitive Sciences at the Massachusetts Institute of Technology.

Professor Sharma is the Chair of QIMR Berghofer's Executive Employment and Remuneration Committee and is also a member of the Finance and Audit Committee and the Commercialisation Committee.

Mr Michael Sargent

Deputy Chair

Mr Sargent has been a member of the QIMR Berghofer Council since November 2014.

He has more than 45 years' experience working with some of the world's leading financial groups. His experience includes stockbroking, merchant banking, financial planning and money market operations.

He was a Fellow of the Certified Practicing Accountants and a Fellow of the Securities Institute of Australia, now known as Finsia. He served as Finsia's Queensland President and Australian Vice-President.

Mr Sargent is an active supporter of the community. He was a charter member of the Rotary Club of Brisbane Mid-City. He has served as the club's President twice and has also been a Rotary District Treasurer. He is also a past President of the Royal Automobile Club of Queensland and a former Chairman of RACQ Insurance Ltd and its subsidiary companies.

Mr Sargent is the Chair of QIMR Berghofer's Commercialisation Committee and a member of the Finance and Audit Committee and the Investment Committee. He is also Chair of the Institute's subsidiary company, genomiQa Pty Ltd.

Dr Sonya Bennett

MBBS FRACGP MPHTM FAFPHM GAICD

Dr Bennett is a practicing public health physician and has Fellowships with both the Royal Australian College of General Practitioners and the Australasian Faculty of Public Health Medicine. During her career, she has worked in Queensland Health, the Australian Defence Force, and in the academic research sector acquiring a broad range of management, leadership and governance experience. This has complemented broad technical expertise in the fields of communicable diseases and general medicine.

Dr Bennett is currently the Executive Director of the Communicable Diseases Branch and Deputy Chief Health Officer at Queensland Health, where she is responsible for the state-wide strategic direction and policy for communicable diseases, and leading state-wide incidents of public health significance. She will commence in the role of Deputy Chief Medical Officer in the Commonwealth Department of Health in August 2021.

Dr Bennett's recent roles have included Research Manager and Chief of Operations at The Centre for Military and Veterans Health from 2004 until 2009, a member of the Australian Technical Advisory Group on Immunisation from 2015 until 2019, and Chair of the Communicable Disease Network of Australia from June 2019 until June 2021, during the Coronavirus pandemic.

She is a Commodore in the Royal Australian Navy and is the current Director-General of Navy Health Reserves.

Dr Bennett is a member of QIMR Berghofer's Appointments and Promotions Committee.

Dr Donna Callaghan

MBBS (Qld) Dip Anaes (UK) Dip Obs (RANZCOG) FRCA (UK) LLB (QUT) Hons Grad Dip Law (QUT)

Dr Callaghan had the honour of being appointed to the Council of QIMR Berghofer in 2019.

She was born and raised in Southeast Queensland. She obtained her medical degree from The University of Queensland and practised clinical medicine for more than 10 years, obtaining diplomas in both Obstetrics and Anaesthetics and her Fellowship of the Royal College of Anaesthetists in London.

Dr Callaghan was employed as State Claims Manager for Australia's largest medical indemnity company while studying law at the Queensland University of Technology. Having obtained her LLB Hons 2, she worked as a solicitor and then senior associate at a large national firm in the area of litigation and dispute resolution. Dr Callaghan was called to the Bar in 2009. Her principle interest is the broad field of health-related law.

Dr Callaghan has been a member of medical research ethics committees for The University of Queensland and BlueCare. She has written articles for, and has been on the editorial panel of, the Australian Health Law Bulletin for more than 10 years.

Dr Callaghan is a member of QIMR Berghofer's Executive Employment and Remuneration Committee and Philanthropy Committee.

Ms Celeste Neander

BComm Dip FP GAICD

Celeste Neander is a senior finance professional with 40 years' experience in the financial and investment markets.

Ms Neander has held senior management roles in several large Australian financial institutions and stockbroking firms. She brings to the QIMR Berghofer Council extensive experience in the areas of finance, investments, corporate governance and financial and regulatory compliance.

Ms Neander also has a strong sense of community. She was a charter member of the Zonta Club of Brisbane Metro Inc. for many years, serving as club President and Chair of the membership committee. She is an active volunteer patrol member with Surf Life Saving NSW, and, being the holder of a remote pilot's licence, operates a drone as part of the shark surveillance and beach safety program, as well as for search and rescue operations.

Ms Neander holds a Bachelor of Commerce from Griffith University, a Diploma of Financial Planning from Deakin University and is a graduate of the Australian Institute of Company Directors.

Ms Neander is the Chair of QIMR Berghofer's Investment Committee.

Mr Mitchell Petrie

Mr Petrie is a former partner of KPMG Australia and an experienced director. He was a partner with KPMG Australia for 16 years and retired from the partnership in December 2015.

He has significant experience in corporate governance and enterprise risk management, board advisory, internal controls, statutory financial reporting and governance, risk, and controls for major capital projects.

Mr Petrie is a member of the audit committees of Brisbane City Council, Bundaberg Regional Council, Redland City Council and the Sunshine Coast Council. He is a special advisor to the audit committees of LGIA Super and Gladstone Area Water Board. He is also a director of Hughenden Irrigation Project Company Pty Ltd.

He is the Chair of the QIMR Berghofer Finance and Audit Committee and a member of the Commercialisation Committee.

Emeritus Professor Alan Pettigrew

BSc (Hons) PhD Sydney, FAICD

Emeritus Professor Pettigrew has been a member of the QIMR Berghofer Council since September 2011.

He has held senior academic and executive appointments at the Universities of Sydney (Deputy Chair, Academic Board), Queensland (Pro Vice-Chancellor and Executive Dean), and New South Wales (Deputy Vice-Chancellor Academic). 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 the National Health and Medical Research Council (NHMRC) of Australia. He has been an adviser to the Chief Scientist of Australia (2010–2014), a Professorial Fellow of the L.H. Martin Institute at the University of Melbourne (2010–2018), a member of the Board of the Australian Universities Quality Agency Ltd (2006–2010) and a member of the Cooperative Research Centres Committee (2011–2015). Professor Pettigrew has been a consultant on leadership, management and research strategy for 11 Australian universities and several international projects. He was Chair of the Board of the Illawarra Health and Medical Research Institute from 2014 until 2019. He is currently a Fellow of Senate and Pro-Chancellor at the University of Sydney, a Vice-Chancellor's representative for research school reviews at the Australian National University and an Elected Councilor of the Hospitals Contribution Fund.

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

Ms Susan Rallings

MBA, FAICD

Ms Rallings has been a member of Council since July 2019. She is a former Senior Vice President of Morgan Stanley and was a senior financial advisor with Morgans for over 10 years. She is an accomplished director and has extensive experience in governance, ethics, financial management and risk, philanthropy and strategy.

For several years, she was the Regional Director of UK and Europe for Tourism Queensland, based in London. Prior to that, she established and ran a successful consulting, training and management bureau for 10 years. Her early career included leadership and managerial roles in nursing, medical centres, retail, sales and marketing.

Ms Rallings is an alumnus of Griffith University and is a graduate of their inaugural MBA program. She is a Fellow of the Australian Institute of Company Directors.

She has passion for philanthropy and her work in this area has been recognised with several awards, including Philanthropist of the Year 2015 for Queensland Community Foundation, and 2013 winner of Australia's CEO Challenge. She has also been acknowledged through awards such as Excellence in Advice and as a Telstra Business Woman of the Year finalist.

Ms Rallings is former Chair of the Griffith University Business School Strategic Advisory Board, a position she held from July 2016 to December 2020. She continues to be a member of the Board. Her previous board and committee roles include Queensland Heart Foundation, Tennis Queensland, Women's Legal Service, Australia's CEO Challenge, Financial Services Institute of Australia and the Yunus Centre at Griffith University.

She is co-founder and director of Making Good Alliance Pty Ltd, co-founder of the Centre for Regenerative Arts and a director of Intrinsic Business Solutions Pty Ltd.

Ms Rallings is the chair of the QIMR Berghofer Philanthropy Committee and a member of the Investment and

Associate Professor Clair Sullivan

MBBS (Hons) MD FRACP FACHI CHIA

Associate Professor Sullivan is an endocrinologist and a medical informatician. She leads the Queensland Digital Academy Research Group at the Centre for Health Services Research at The University of Queensland.

Associate Professor Sullivan obtained her medical degree with honours from The University of Queensland in 1996. She is a Fellow of the Royal Australasian College of Physicians, a Fellow of the Australian College of Health Informatics and a Fellow of the Australasia Institute of Digital Health.

She was a member of QIMR Berghofer's Appointments and Promotions Committee.

Emeritus Professor Janet Verbyla

BSc (Hons) GAICD IECL

Emeritus Professor Janet Verbyla is currently an Honorary Professor at the University of Southern Queensland where she was the Senior Deputy Vice-Chancellor heading the academic division from 2012 until early 2018. Commencing as an active teaching and research academic in software and information engineering, Professor Verbyla has progressed through a wide range of university academic, executive and management roles culminating in serving as interim Vice-Chancellor for much of 2017. She was for a number of years the President of the Australian Deans of ICT.

Professor Verbyla has led successful bids for external (non-research) funding totaling more than \$60 million. She has extensive experience chairing appointment, promotion, study leave and (internal) major equipment panels and being responsible for the associated policies and procedures. Professor Verbyla has a strong, sustained track record in internal coaching and development of academic and professional staff. Most recently, she became a certified executive and performance coach as well as a higher education consultant.

Professor Verbyla is a member of QIMR Berghofer's Finance and Audit Committee and the Appointments and Promotions Committee. She is also Chair of the Institute's subsidiary company, Endpoint IQ Pty Ltd.

Council meetings

Terms of appointment and meetings attended for the 2020–2021 reporting year were as follows:

Position	Council members	Term	Meetings attended
Chair	Distinguished Emeritus Professor Arun Sharma	04/07/19 – 03/07/23	10 of 10
Deputy Chair	Mr Michael Sargent	04/07/19 – 03/07/23	10 of 10
Members	Emeritus Professor Alan Pettigrew	04/07/19 – 03/07/23	8 of 10
	Dr Sonya Bennett	04/07/19 – 03/07/23	10 of 10
	Dr Donna Callaghan	04/07/19 – 03/07/23	10 of 10
	Ms Celeste Neander	04/07/19 – 03/07/23	10 of 10
	Mr Mitchell Petrie	04/07/19 – 03/07/23	10 of 10
	Ms Susan Rallings	04/07/19 – 03/07/23	9 of 10
	Emeritus Professor Janet Verbyla	04/07/19 – 03/07/23	9 of 10
	Associate Professor Clair Sullivan	04/07/19 – 18/08/20	0 of 10
Council Secretary	Ms Donna Hancock	01/07/20 – 20/10/20	1 of 10
Acting Council Secretary	Professor David Whiteman	20/10/20 – 22/06/21	9 of 10
Acting Council Secretary	Ms Simone Finch	22/06/21 – 30/09/21	4 of 10

Council committees

Finance and Audit Committee

The role of the Finance and Audit 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
- the appointment of the internal audit function and communications with internal and external auditors.

The committee met quarterly to review business and financial risk, financial operating performance and audit performance. The committee reviewed all issues and recommendations arising from internal audit and the Queensland Audit Office, as well as agreed management actions implemented to address any issues found.

The Finance and Audit Committee has due regard to Queensland Treasury's Audit Committee Guidelines. Its members were:

- Mr Mitchell Petrie (Chair)
- Mr Michael Sargent
- Emeritus Professor Arun Sharma
- Emeritus Professor Janet Verbyla

Appointments and Promotion Committee

The Appointments and Promotions Committee helps Council to maintain academic standards at QIMR Berghofer. This involves reviewing proposals for the appointment and promotion of Faculty (senior research staff). The members of the committee were:

- Emeritus Professor Alan Pettigrew (Chair)
- Dr Sonya Bennett
- Associate Professor Clair Sullivan (to 18 August 2020)
- Emeritus Professor Janet Verbyla
- Professor Joanne Aitken, General Manager of Research, Cancer Council Queensland
- Professor Susan Charman, Centre for Drug Candidate Optimisation, Monash Institute of Pharmaceutical Sciences
- Professor Alan Cowman, Walter and Eliza Hall Institute of Medical Research
- Professor Andrew Grulich, The Kirby Institute
- Professor Michelle Haber, Children's Cancer Institute
- Professor Glenda Halliday, The University of Sydney

Investment Committee

The Investment Committee is responsible for overseeing the investment of Council funds. The members of the committee were:

- Ms Celeste Neander (Chair)
- Mr Michael Sargent
- Ms Susan Rallings
- Mr John Allpass
- Mr David Lane

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. The members of the committee were:

- Emeritus Professor Arun Sharma (Chair)
- Dr Donna Callaghan
- Emeritus Professor Alan Pettigrew
- Mr Michael Sargent

Commercialisation Committee

The Commercialisation Committee advises Council and management on innovation and potential

commercialisation opportunities. The members of the committee were:

- Mr Michael Sargent (Chair)
- Emeritus Professor Arun Sharma
- Mr Mitchell Petrie
- Ms Susan Rallings

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 12 non-council 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 18 non-council members.

Organisation

Institute leadership

Director and CEO, Professor Fabienne Mackay

Professor Fabienne Mackay is the eighth Director and CEO of QIMR Berghofer Medical Research Institute. Before joining the Institute in May 2020, she enjoyed a highly successful career spanning both the academic and biotech sectors. Professor Mackay studied Medicine and Biomedical Engineering before obtaining her PhD in Molecular Biology and Immunology from Louis Pasteur University in Strasbourg, France. She started her research career in the biotech industry at Biogen Inc. in Boston. In 1999, she joined the Garvan Institute in Sydney as Director of the Autoimmunity Research Unit. In 2009, she was recruited as Head of the Department of Immunology at Monash University. In 2015, Professor Mackay became the inaugural Head of the School of Biomedical Sciences and Head of the Department of Pathology in the Faculty of Medicine, Dentistry and Health Sciences at the University of Melbourne.

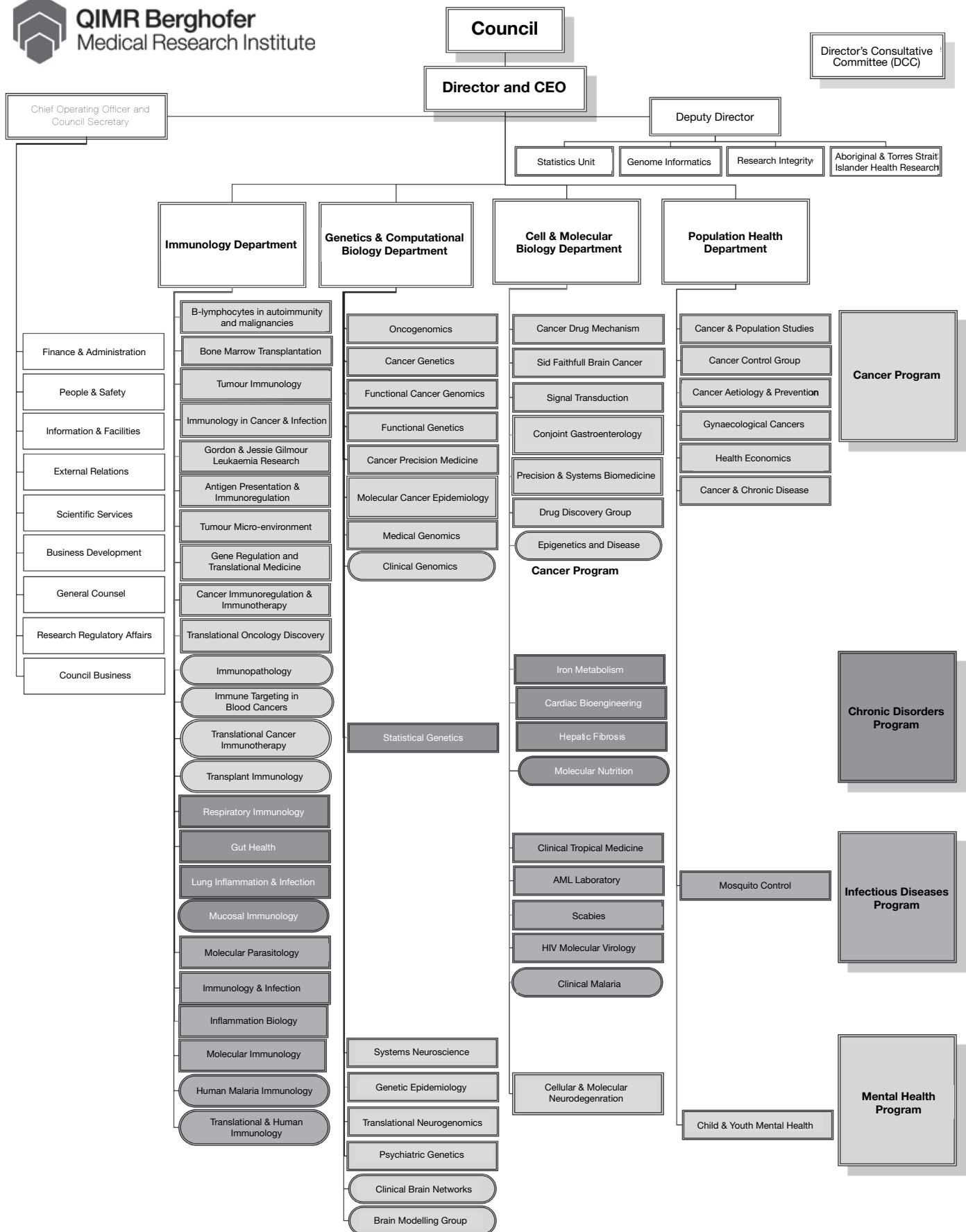
Her laboratory discovered the role of an important protein, known as BAFF, in health and autoimmune diseases. These findings provided the foundation for the development of a new therapy, belimumab (Benlysta™), for the treatment of systemic lupus erythematosus (SLE) and the first new treatment for SLE in over 50 years. Professor Mackay has published more than 180 articles, which have been cited 18 000 times. She has published the world's most highly cited work on BAFF. Her landmark study on the role of BAFF in SLE has been cited more than 1000 times. Professor Mackay's h-index is 65.

She has received a number of prestigious national and international awards. These include the Thomson Reuters Australia Citation and Innovation award and a trophy from the French Ministry of Foreign Affairs for outstanding contribution in education and research as an expatriate. She also received the Martin Lackmann award for translational research and the William A. Paul Distinguished Innovator award from the Lupus Research Alliance in the United States. Professor Mackay is an elected council member of the International Cytokine and Interferon Society, a member on the medical board of the Gairdner Foundation in Canada and an elected fellow of the Australian Academy of Health and Medical Sciences.

Organisational structure

QIMR Berghofer has a matrix structure where each research group falls into one of four research programs and one of four departments. The departments are divided according to scientific approaches, while the programs are based on different types of diseases.

QIMR Berghofer's organisational structure as at 30 June 2021 is on page 22.



Operating environment

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

- foster scientific excellence
- build scientific, institutional and international connectivity
- undertake research with economic, clinical and community consequences
- strengthen enabling mechanisms.

The realisation of QIMR Berghofer's strategic objectives depends on the Institute's success in securing funding from government and non-government sources. In 2020–2021, QIMR Berghofer received \$18 million from the Queensland Government to assist with the Institute's operational costs, representing approximately 12 per cent of total revenue. The Queensland Government also provided \$4.6 million in funding for research into COVID-19. The Queensland Government grant – together with competitive, peer-reviewed medical research grants – is QIMR Berghofer's most significant source of funding.

QIMR Berghofer leverages the Queensland Government grant, and the support operations it finances, to secure competitive, peer-reviewed medical research grants. However, competition for research grants has increased and national success rates have continued to fall in recent years, meaning that QIMR Berghofer is now funding a greater proportion of its research. For that reason, a high priority for the Institute is securing new and ongoing sources of income, particularly from research commercialisation and philanthropic sources.

Government objectives for the community

Safeguarding our health

QIMR Berghofer is highly attuned to the health needs of Queenslanders and directly contributes to the Government's objective of safeguarding our health. The Institute does this by translating the discoveries and knowledge it produces into improved clinical practice, thereby strengthening the public health system. Specifically, QIMR Berghofer researches and creates new and improved prevention strategies, diagnostics and treatments for a range of diseases and disorders. Each of QIMR Berghofer's four research programs – Cancer, Infectious Diseases, Mental Health and Chronic Disorders – has been selected to align with the needs of Queensland. By focusing on diseases and conditions affecting Queenslanders, QIMR Berghofer will help address pressures facing the public health care sector by lessening rates of disease and improving quality of life and health care practices.

QIMR Berghofer's research program also responds to changes in demographics, lifestyles and the environment. The Institute is directly responding to the Government's specific objective of keeping Queensland pandemic-ready. As of 30 June 2021, QIMR Berghofer had 17 COVID-19-related research projects underway. Several of these have already generated promising findings, and are either in clinical trials, or are expected to lead to clinical trials. In particular, Dr James Roberts and his team continue to develop a modelling tool to predict how best to control and prevent any potential future outbreaks of COVID-19 in Queensland. While large outbreaks are not likely in Queensland, given the control measures in place, QIMR Berghofer is helping to ensure the state is prepared for the worst-case scenario. Dr Roberts and his team are also using modelling to study the impact of vaccinating our population. They are modelling vaccines with different rates of efficacy and duration of protection because this will be critical in managing our future response to this disease, including against more infectious variants. QIMR Berghofer's researchers are also investigating the mental health impacts of the pandemic in Queensland.

The Institute's research into cancer is particularly important given Queensland's ageing population. QIMR Berghofer also has a strong focus on cancer prevention, and has examined in detail the number of cancer cases and deaths that could be prevented through lifestyle changes. The Institute is also conducting several programs of research relevant to the health impacts of climate change. For example, research into infectious diseases, especially tropical diseases, is vital given the increasing numbers of people living in the tropics

and the migration of species due to climate change bringing tropical diseases closer to major population centres. QIMR Berghofer also has research capability in a number of other aspects of physical and mental health that will be affected by climate change. The Institute's research into mental health disorders and neurodegeneration – including depression, dementia and Alzheimer's disease – addresses rises in the incidence of these diseases due to demographic and social changes. Work in the Chronic Disorders program – including into liver disease, asthma and inflammatory bowel disease – also addresses many of the health impacts associated with changes in our demographics and lifestyles.

Supporting jobs

QIMR Berghofer contributes to the Queensland Government's objective of supporting jobs by leveraging the Government's support five-fold annually. QIMR Berghofer has spun off the company EndpointIQ, which develops specialist IT systems for medical research institutes. The Institute has also developed another key commercial opportunity with the precision analytics start-up genomiQa. These two companies, which were established with QIMR Berghofer intellectual property, are expected to grow and create new job opportunities in the coming years. It is anticipated that more start-up opportunities will come from the Institute's pipeline of research. QIMR Berghofer is also expanding its commercial and licensing agreements and promoting its scientific services to clients globally. In 2020–2021, the Institute entered into commercial agreements with companies Proteomics International Laboratories Ltd and Dynomics Australia. This work is supporting jobs in the high-value biomedical sector and is generating investment into Queensland.

Making it for Queensland

The Institute's TGA-licensed, advanced cell therapy manufacturing facility, Q-Gen Cell Therapeutics, is one of the largest facilities of its kind in Australia. Q-Gen is leading the drive for the cell therapy manufacturing industry within Queensland and Australia. The facility is fully integrated and allows QIMR Berghofer to manufacture its cellular immunotherapies for clinical trials. Q-Gen also supports the development of cell therapies from other Australian research institutions and biotechnology companies, as well as attracting international companies to undertake their manufacturing and clinical trials in Queensland.

The Q-Gen Quality Improvement Plan delivered a \$4 million upgrade and expansion of the facility in 2019, \$1.4 million of which was funded by the Queensland Government. Since that time, Q-Gen has been successful in implementing a growth strategy. In the last 5 years, Q-Gen has delivered \$22 million in manufacturing services, adding 20 new jobs to the advanced medical manufacturing sector. QIMR Berghofer has supplied life-saving therapies for seven critically ill patients in the last year through the special access scheme, all manufactured at Q-Gen.

Demand for Q-Gen's manufacturing continues to grow and the facility has forward contracts exceeding \$5 million. QIMR Berghofer is actively seeking opportunities for the development of expanded cell therapy manufacturing capacity in Queensland.

Investing in skills

QIMR Berghofer is educating and training the scientists of tomorrow by hosting 136 post-graduate students at the Institute and running a comprehensive high school education program.

Backing our frontline services

Finally, QIMR Berghofer is supporting the delivery of world-class frontline health services by being involved in 17 active clinical trials in 2020–2021. These include the use of transcranial magnetic stimulation to potentially improve symptoms of patients with obsessive-compulsive disorder and early psychosis, as well as a phase 2 clinical trial of a cellular immunotherapy for metastatic nasopharyngeal carcinoma.

Strategic framework

The Institute's strategic plan sets the priorities for its operational activities over the next 5 years. The strategic plan is available online at www.qimrberghofer.edu.au/wp-content/uploads/2021/06/QIMR-Berghofer-2021-2025-Strategic-plan-Final.pdf 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 (2020–2024) was implemented from 1 July 2020.

Responding to emerging issues

COVID-19

In 2020–2021, QIMR Berghofer continued to respond to the COVID-19 pandemic with vigilance, progressing a broad program of research into the disease and the virus that causes it. In the last year, QIMR Berghofer has continued a range of safety measures to protect staff – and other occupants of its premises – to minimise the chances of personnel being exposed to the virus. These include a QR check-in code for visitors, COVID-safe plans for visiting schools and community groups, increased cleaning, and measures to allow staff to work from home where possible if a lockdown makes that necessary. QIMR Berghofer's COVID-19 response committee has continued to quickly convene when needed. The committee – which includes experts in public health, infection control, safety, human resources, scientific services, ICT and other critical support areas – coordinates all decisions about health and staff welfare policies relating to COVID-19 and keeps staff updated. The safety measures outlined above have continued to be critical in ensuring QIMR Berghofer can remain open so vital research and critical operations can continue, including the program of research into COVID-19.

Annual review of operations

Each year, QIMR Berghofer reviews its operations and measures its success against the objectives and performance indicators set out in the Strategic Plan (2020–2024) and against the service areas and service standards set out in the Service Delivery Statement in the State Budget documentation. A review of QIMR Berghofer's achievements in 2020–2021 follows.

Review of performance

Review: Foster scientific excellence

In 2021, QIMR Berghofer was the highest-ranked Australian institution included in the Nature index of the world's top 100 not-for-profit science institutions, coming in at 37. This ranking is based on the Institute's share of articles published in 82 prestigious scientific journals selected by an independent panel of experts. Only 2 other Australian institutions were included in the list.

Two of the best indicators of scientific excellence are the number of papers an institute publishes and the number of times those papers are cited by other researchers worldwide. In 2020, QIMR Berghofer published 826 scientific papers, which far exceeds the number of papers published by comparable Australian medical research institutes. According to Web of Science, these papers have already been cited more than 3500 times. All QIMR Berghofer papers published between 1985 and 2020 were cited 61 726 times in 2020. This is nearly 67 per cent higher than the number of citations in 2020 for all papers published between 1980 and 2015. This far exceeds QIMR Berghofer's target of 15 per cent growth in citations over 5 years.

As well as success in publications and citations, QIMR Berghofer and its researchers received a number of prestigious accolades in 2020–2021. These include:

- The Institute was recognised as a Queensland Great for outstanding medical research.
- Professor Nick Martin was ranked 90th in a list of the world's most highly cited researchers. The list is part of the Webometrics Ranking of World Universities and is based primarily on h-index, according to the scientists' public profiles in the Google Scholar Citations database.
- Professor Steven Lane received the prestigious Metcalf Prize for Stem Cell Research.
- Professor Don McManus was awarded a Peter Doherty Investigator Grant Award (Leadership) from the National Health and Medical Research Council.
- Professor Christian Engwerda and Associate Professor Michelle Wykes were awarded CSL Research Acceleration Initiative partnerships.
- Associate Professor Michele Teng received a Jacques Miller Medal from the Australian Academy of Science.
- Professor Grant Gramm was awarded the Gastroenterological Society of Australia's Distinguished Research Prize for 2020.
- Dr Katja Fischer received the Bancroft-Mackerras Medal for Excellence from the Australian Society for Parasitology.
- Professor Adele Green AC was named by *The Australian* as Australia's field leader in dermatology research.

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

- Bancroft Medal – Professor Georgia Chenevix-Trench and Mr Paul Collins
- Ralph Doherty QIMR Berghofer Prize for Outstanding Achievement and Leadership in Medical Research – Professor Sarah Medland
- Post-doctoral Prize – Dr Katrina Grasby and Dr Richard Mills
- Long Service Awards – Mr Robert Tyrrell
- Australian Cancer Research Foundation Prize for Cancer Research Excellence – Associate Professors Stacey Edwards and Juliet French

- Researcher Recognition Awards – Dr Megan Bywater, Mr Michael Parsons, Mr Deshapriya Karunaratne and Mr Ji Liu.
- Support Staff Recognition Awards – Ms Madeleine Headlam, Dr Zoran Klipic and Ms Heather Miller.

Review: Build scientific, institutional and international connectivity

In 2020–2021, QIMR Berghofer:

- Collaborated with external researchers on 95 per cent of the Institute’s publications in 2020, according to Web of Science. Sixty-three per cent of QIMR Berghofer publications involved international collaborators in 2020.
- Hosted 137 visiting scientists, affiliates, honorary/emeritus appointees and clinical fellows, and 136 higher degree students who were placed at the Institute by collaborating universities.
- Handled the event planning for the 20th Brisbane Immunology Group retreat, scheduled for August 2021, which has attracted registrants from across southeast Queensland and interstate.
- Continued to contribute to planning for the redevelopment of the Herston health precinct as members of the Herston Precinct Integration Committee, and actively contributed to the Herston-Kelvin Grove Stakeholder Group.

QIMR Berghofer collaborations

QIMR Berghofer has a long track record of successful and enduring research collaborations with our partner institutions locally, nationally and internationally. Together with UQ, QIMR Berghofer co-founded and co-manages the Australian Skin and Skin Cancer Research Centre, the Australian Infectious Disease Research Centre, the Queensland Mental Health Alliance and the Queensland Emory Development Alliance. Together with the Princess Alexandra Hospital and the Translational Research Institute, QIMR Berghofer established the Queensland Head and Neck Cancer Centre of Excellence. The Institute is a partner in the Herston Imaging Research Facility. QIMR Berghofer is also a key member of the Queensland Genomics Health Alliance (QGHA), and an active member and founder of the Brisbane Diamantina Health Partners (an accredited Advanced Health Research and Translation Centre).

Review: Undertake research with economic, clinical and community consequences

In 2020–2021, QIMR Berghofer:

- Entered into a collaborative research and development agreement with Australian start-up company MedAir Australia to test a new air-sterilisation device that is designed to eliminate infectious SARS-CoV-2 virus aerosols from the air.
- Signed a Memorandum of Understanding with Perth-based medical technology company Proteomics International Laboratories Ltd to begin developing a potential blood test for the most common form of oesophageal cancer in Australia.
- Was awarded \$1 million to collaborate with leading global biotechnology company CSL on new immunological targets through CSL’s Research Acceleration Initiative Partnerships.
- Found that the routine use of genomic testing in infection control in Queensland would save more than \$4 million per year.

In 2020–2021, QIMR Berghofer undertook the following research with clinical and community consequences:

- Continued a broad program of priority research into COVID-19 and the virus that causes it.
- Found that patients who received a cellular immunotherapy for the deadly brain cancer glioblastoma multiforme in a clinical trial on average survived longer than would have been expected without the treatment.
- Started a clinical trial of a new cellular immunotherapy aimed at preventing dangerous side effects in children who have to undergo stem cell transplants.
- Launched a validation study of a whole-genome analysis platform, CapeDX, in partnership with Icon Group, giving Brisbane cancer patients access to the latest in personalised cancer diagnoses.
- Found from a randomised controlled trial of vitamin D supplements that they do not protect most people from developing colds, flus and other acute respiratory infections.
- Co-led a study that reached a consensus on the genes that are clinically important for hereditary cancer, making the interpretation of genetic test results in Australia easier and more consistent.
- In collaboration with The University of Queensland, found that lowering cholesterol could potentially prevent or help stop the spread of prostate cancer.
- Discovered the pivotal role played by the immune system protein NKG7, which, if harnessed through immunotherapy, has the potential to treat a wide range of cancers and inflammatory diseases.
- Found that each additional pregnancy a woman experiences, including those that result in miscarriage, can help reduce her risk of developing endometrial cancer.
- Developed a prototype test that can help identify if patients with metastasised melanoma are likely to benefit from immunotherapy.
- Found that certain lifestyle changes could help Queenslanders avoid developing the common skin tumour keratoacanthoma.
- Found that some school anti-bullying programs that encourage bystanders to intervene may inadvertently harm the children they aim to protect.
- Led a randomised field trial in Mexico of an insecticide-treated plastic mesh device and found that it could be extremely useful in the fight against mosquito-borne diseases such as dengue and Zika.
- In collaboration with Swinburne University of Technology, launched a study to understand the impacts of COVID-19 on the mental health of young people.

Clinical trials

In 2020–2021, QIMR Berghofer was involved in 17 active clinical trials.

Review: Strengthen enabling mechanisms

In 2020–2021, QIMR Berghofer:

- Was awarded \$7.2 million in new funding from the National Health and Medical Research Council.
- Established an external, expert panel to conduct a strategic review of the Institute's scientific research and priorities.
- Held an off-site scientific strategy day.
- Provided financial support for 20 women scientists as part of the Institute's policy to help women researchers with young children to stay in research.

- Secured two CSL Research Acceleration Initiative Partnerships worth \$1 million over two years.
- Purchased an Incucyte SX5 Live Cell Imaging System to study immune-tumour cell interactions and metabolism in cancer cells.
- Purchased a Quantstudio 5 Invitro Diagnosis Real Time-PCR System for Q-Gen Cell Therapeutics.

Community engagement

As Queensland's own medical research institute, QIMR Berghofer is passionate about sharing its research with the community.

The Institute's community engagement activities have continued to be significantly impacted by the COVID-19 pandemic, with many events and activities scheduled for 2020–2021 either cancelled or limited due to social distancing requirements.

In 2020–2021, the Institute's researchers spent a combined total of 180 hours on community engagement and school education activities.

Sharing our research

In 2020–2021, QIMR Berghofer:

- Hosted 9 public tours of the Institute and attended 37 public speaking engagements involving about 2,180 members of the public. Tours of the Institute and public speaking engagements were suspended in July and August 2020 and resumed in September 2020.
- Shared the Institute's research with the community via the media. Forty-six media releases were published.

High school education program

The COVID-19 pandemic has again disrupted the Institute's high school education program, with school visits to the Institute cancelled in July and August 2020, and resuming with strict size limits and COVID-safe measures in September 2020. Since then, some scheduled activities have been cancelled due to COVID-19 outbreaks and lockdowns. In spite of the disruptions, in 2020–2021, QIMR Berghofer:

- Gave approximately 648 students and 73 teachers from 65 different high schools the opportunity to attend the Institute to participate in the High School Education Program.
- Hosted approximately 497 students and 50 teachers from 21 schools for the Day in the Life of a Scientist program, which involves hands-on experiments in the Institute's purpose-built education laboratory.
- Hosted approximately 87 students and 5 teachers for the High School Lecture Series, where students come to the Institute to be inspired by talks from world-leading scientists. Due to COVID-19, the 2020 Lecture Series was delivered online.
- Hosted approximately 25 students from 15 different schools for an intensive three-day work experience program. A further 39 students from 25 different schools participated in the one-day holiday science experience program.
- Welcomed 18 teachers from 9 different schools for 3 Teacher Professional Development workshops.
- Additionally, in 2020–2021 for the first time, the program trialed incursions into schools. This was a way of increasing engagement with schools given the challenges posed by the pandemic. These incursions involved 154 students and 28 teachers across 10 classes at 3 different schools.

Community feedback

In 2020–2021, QIMR Berghofer:

- Hosted two community reference groups, giving community representatives the opportunity to provide input into the Institute's research priorities.

Support from the community

QIMR Berghofer relies on philanthropic support from individual and corporate donors and third-party fundraisers. The Institute thanks its key supporters for 2020–2021:

- Agilent Technologies, Inc
- Barbara McKay
- Biniris Pty Ltd
- BioTools
- Breast Friends Ltd
- Brendan F Carroll
- Brian Needham
- BT Managed Accounts
- Centenary Foundation – The Nancy May McKenzie Bequest
- Clive Berghofer AM
- David and Elisabeth Stanton
- DELL Australia Pty Ltd
- Donald McDonald
- Dr Fiona Roberts
- Dr John and Mrs Ellen Squires
- Elizabeth White
- Faithfull Investment Group Trust
- Gladys M Dalton
- Hare Family Philanthropy
- Heather Karger
- Henry Cyril & Stella May Robjohns Memorial Trust
- In Memory of Faye Shadlow
- Jacqueline Pascual
- Jan Brown - Buck Off Melanoma
- JJ Richards & Sons Pty Ltd
- John and Georgina Story
- John Goodell
- Jonathan and Kathleen Perrins
- Keith Maher
- Kevin E Bedford
- Kleed Management Pty Ltd
- Laurie's Love Foundation
- Let's Find A Cure Foundation
- Lorraine Duckwitz
- Margaret Pemberton Foundation
- Mark Allardyce
- Maureen Stevenson
- Neil and Glenda Herron
- Perpetual Foundation – E M Squires Charitable Endowment
- Perpetual Foundation – The John Thomas Wilson Endowment
- QIMR Berghofer Workplace Giving
- Queensland Community Foundation
- Rae L Peacock
- Ray Barton
- Robert George Relf Trust Fund
- Robert W Marshall
- Roycorp Pty Ltd
- Snow Medical Foundation
- Soiree for a Cure
- The Estate of Jack Oliver
- The Estate of Joyce Grant
- The Estate of June Ethel Laughton
- The Estate of Lyndall Board
- The Estate of Margo Parry
- The Estate of Paul and Lucy Michael
- The Estate of Phyllis Aileen Trim
- The Estate of Ralph Phillips
- The Garry Whyte Sea Angel Private Ancillary Fund
- The King Family Foundation
- The late Pamela Webb
- The Michael McLean Trust
- The Patricia Bosso Memorial Fellowship
- The Patricia Guest Foundation
- The Sneyd Family
- William and Hilde Chenhall Research Trust

At the annual Council Awards ceremony, QIMR Berghofer awarded Clive Berghofer Humanitarian Awards to supporters Pamela Webb and Brian Needham in recognition of their invaluable support of the Institute.

Statutory obligations and compliance

Risk management

The review and management of risk at QIMR Berghofer is undertaken by the QIMR Berghofer Council through the Finance and Audit Committee. The Institute's management maintains a register of potential risks applicable to functions of 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 for all employees. The Code of Conduct was last reviewed by Council in October 2019.

The ethics principles enshrined in the Code of Conduct are:

- Integrity and impartiality
- Promoting the public good
- Commitment to the system of government
- Accountability and transparency

Ethical procedures and practices are embedded into QIMR Berghofer's finance, procurement, fundraising and human resources operations. As part of the induction program, employees and students complete mandatory education and training in the Code of Conduct (which includes public sector ethics), including their rights and obligations in relation to contraventions. During 2020–2021, the Institute also introduced mandatory research integrity training for all staff. This education and training must be undertaken at regular intervals throughout a staff member's employment. In addition to making available online training modules, the Institute's Human Resources department also schedules 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.

Internal audit

Internal audit is a fundamental part of QIMR Berghofer's corporate governance, ensuring the Institute operates effectively, efficiently and economically. The role of internal audit is to provide independent, objective assurance and advice and to bring 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 (Crowe) 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. Crowe'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 2021, QIMR Berghofer had:

- 526.6 full-time equivalent staff (including fixed-term, permanent, part-time and full-time staff, but not including visiting scientists/affiliates, casuals, students or external collaborators on site)
- 65 members of Faculty, including the Director and CEO, 12 Senior Scientists, 38 Group Leaders and 14 Team Heads
- 136 higher-degree students, who are placed at the Institute by collaborating universities
- 85 casual staff.

Workforce planning and performance

The majority of QIMR Berghofer staff are employed under the QIMR Berghofer Medical Research Institute Enterprise Agreement. Seventy-four 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 staff turnover. In 2020–2021, the permanent separation rate was 8 per cent. Due to the nature of research funding and the fact that most scientists are employed on fixed-term arrangements, this figure does not include scientists. It also does not include other staff employed on fixed-term contracts. In 2020–2021, the voluntary separation rate across the Institute, from a staff of 585 (as at 30 June 2021), was 17.9 per cent.

The variation between the FTE staff figure of 526.6 reported above and the budgeted figure of 504, reported in the Service Delivery Statement, is due to the variable nature of research funding, contract research and staff funded through commercial agreements.

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 set induction program for new staff, annual online refresher training, annual performance reviews, an extensive annual program of scientific seminars for staff (including dedicated seminar series for PhD students, early-career researchers and support staff), conference attendance/participation, and opportunities for staff development and career progression.

Equal opportunities

Women are strongly represented at QIMR Berghofer, accounting for 59.7 per cent of the total workforce, 61.9 per cent of research staff and 58.1 per cent of students. Women hold senior management roles at the Institute, including as Director and CEO, as acting Chief Operating Officer, as Coordinators of two of the four research Departments, as Deputy Coordinators of three of the four research Departments, and as the Institute's General Counsel. Nearly 44 per cent of lead research positions (Faculty) are held by women.

To encourage even more women into lead research positions, QIMR Berghofer has a financial assistance scheme. Women scientists employed at the level of senior research officer and higher, who have at least one child below high-school age, can apply for up to \$10 000 in financial assistance in addition to their salaries. These funds can be used at the scientist's discretion. Under the policy, women scientists employed at the slightly lower level of research officer, who have at least one child below high-school age, can apply for financial assistance for particular expenses. This could include covering the cost of childcare while the

scientist attends a conference. The Institute also has several other measures in place to make it easier for mothers to return to work, including reserved places for children under two at a local childcare centre, and having a designated room for nursing mothers. QIMR Berghofer also offers parking on premises for pregnant women in their final month before the birth of their baby.

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; and job-share, part-time and work-from-home 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.

Human rights

QIMR Berghofer has complied with its obligations under the *Human Rights Act 2019* and has not received any complaints under the Act during the reporting period. New policies and procedures implemented throughout the reporting period were reviewed for compliance with the Act.

Information systems and recordkeeping

QIMR Berghofer's recordkeeping complies with the *Public Records Act 2002* and Financial and Performance Management Standard 2019. 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 and information sharing across the organisation, secures access to the Institute's records, improves accessibility and reduces duplication.

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 being transferred 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 other requirements for records management are satisfied.

Records management is undertaken by trained staff and all new Institute employees receive a training session in records management as part of their formal induction process.

Open data

During 202-2021, QIMR Berghofer reports nil expenditure on overseas travel and Queensland Language Services.

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

Financial Review 2020-2021

Total comprehensive income in 2020–21 was a surplus of \$32.2 million. This includes a net gain of \$36.1 million on investment returns and distributions. While income from commercialization has increased, competitive grant funding and donation income has decreased compared to the prior year.

The Council's financial structure is mainly based on the management of operating, commercial and grant funds. Funding from competitive grants and commercial contracts spent on research in the 2020–21 financial year was \$38.4 million (2019–20: \$45.6 million), representing 25 percent (2019–20: 42 percent) of total income from continuing operations. A portion of the Council's operating funding is provided by a grant from Queensland Health of \$18.0 million (2019–20: \$18.9 million).

The Council's total funding resources, including amounts under management at 30 June 2021, totalled \$243.5 million (2019–20: \$180.7 million). The increase in funds held during the year was mainly due to the reinvestment of the returns on the funds under management and a higher balance of unspent grant funds.

Financial Statements

The Council of The Queensland Institute of Medical Research

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The Council of The Queensland Institute of Medical Research

Statement of comprehensive income For the year ended 30 June 2021

		2021 \$'000	2020 \$'000
OPERATING RESULT	Notes		
Income from continuing operations			
Grants and other contributions	3	71,750	76,296
User charges and fees	4	36,745	28,916
Other revenue	5	22,972	14,866
Interest		356	482
Total Revenue		131,823	120,560
Gains/(loss) on disposal/revaluation of assets	6	19,247	(12,361)
Total income from continuing operations		151,070	108,199
Expenses from continuing operations			
Employee expenses	7	65,664	66,373
Supplies and services	8	30,411	31,161
Depreciation and amortisation	17,18	10,970	12,185
Other expenses	9	9,445	7,222
Impairment losses	15,32(b)	1,614	-
Finance costs		776	825
Total expenses from continuing operations		118,880	117,766
Operating result from continuing operations		32,190	(9,567)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to operating result</i>			
Increase in asset revaluation surplus	22	-	-
Total other comprehensive income		-	-
Total comprehensive income/(loss)		32,190	(9,567)

The accompanying notes form part of these financial statements.

The Council of The Queensland Institute of Medical Research

Statement of financial position
As at 30 June 2021

		2021	2020
	Notes	\$'000	\$'000
Current assets			
Cash and cash equivalents	11	35,898	19,256
Receivables	12	8,029	7,766
Other financial assets	14	30,672	17,714
Inventories	13	1,041	693
Other current assets	15	1,104	7,331
Total current assets		76,744	52,760
Non-current assets			
Other financial assets	14	176,979	143,771
Property, plant and equipment	18	260,836	268,533
Intangible assets	17	179	209
Controlled and jointly controlled entities	32(b)	100	500
Other non-current assets	15	2,116	1,841
Total non-current assets		440,210	414,854
Total assets		516,954	467,614
Current liabilities			
Payables	19	11,492	6,215
Accrued employee benefits	20	7,360	6,359
Contract liabilities	21	54,968	44,096
Total current liabilities		73,820	56,670
Total liabilities		73,820	56,670
Net assets		443,134	410,944
Equity			
Accumulated surplus		370,635	338,445
Asset revaluation surplus	22	72,499	72,499
Total equity		443,134	410,944

The accompanying notes form part of these financial statements.

The Council of The Queensland Institute of Medical Research

Statement of changes in equity For the year ended 30 June 2021

	Accumulated surplus	Asset revaluation surplus (note 22)	Total
	\$'000	\$'000	\$'000
Balance as at 1 July 2020	338,445	72,499	410,944
Operating result from continuing operations	32,190	-	32,190
Balance as at 30 June 2021	370,635	72,499	443,134
Balance as at 1 July 2019	348,743	72,499	421,242
Net effect of changes in accounting policies	(731)	-	(731)
Operating result from continuing operations	(9,567)	-	(9,567)
Balance as at 30 June 2020	338,445	72,499	410,944

The accompanying notes form part of these financial statements.

The Council of The Queensland Institute of Medical Research

Statement of cash flows For the year ended 30 June 2021

	Notes	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Inflows:			
Grants and other contributions		81,028	82,596
User charges and fees		35,569	31,001
Other income		10,073	4,599
Interest income		309	511
GST input tax credits from ATO		3,137	3,135
GST collected from customers		2,384	2,044
Outflows:			
Employee expenses		(68,032)	(66,850)
Supplies and services		(31,104)	(36,355)
Finance costs		(776)	(825)
GST paid to suppliers		(3,102)	(3,069)
GST remitted to ATO		(2,350)	(2,021)
Other		(1,952)	(1,536)
Net cash generated by operating activities	CF1	25,184	13,230
Cash flows from investing activities			
Inflows:			
Redemptions of other financial assets		7,600	44
Final proceeds from sale of subsidiary		5,500	-
Sales of property, plant and equipment		-	549
Outflows:			
Investments in other financial assets		(18,108)	(5,865)
Acquisition of property, plant and equipment		(3,224)	(3,975)
Investment in related entity		-	(225)
Net cash used in investing activities		(8,232)	(9,472)
Cash flows from financing activities			
Inflows:			
Final instalment from sale of subsidiary		-	-
Outflows:			
Loans and advances made to related entity		(310)	(250)
Net cash used in financing activities		(310)	(250)
Net increase in cash and cash equivalents		16,642	3,508
Cash and cash equivalents at beginning of financial year		19,256	15,748
Cash and cash equivalents at end of financial year	11	35,898	19,256

The accompanying notes form part of these financial statements.

The Council of The Queensland Institute of Medical Research

Notes to the statement of cash flows For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
CF1 Reconciliation of operating result to net cash from operating activities		
Operating surplus/(deficit)	32,190	(9,567)
Depreciation and amortisation expense	10,970	12,185
Investment distributions in other financial assets	(16,854)	(9,654)
(Loss)/gain on sale of property, plant and equipment	18	(41)
Net gain on sale of subsidiary	-	(79)
Net gain/(loss) on market value of other financial assets	(19,257)	12,481
Impairment losses	1,614	-
Change in assets and liabilities:		
(Increase)/decrease in receivables	(113)	(178)
(Increase)/decrease in inventories	(342)	(435)
(Increase)/decrease in prepayments	(191)	(122)
Increase/(decrease) in payables	5,277	(2,317)
Increase/(decrease) in accrued employee benefits	1,001	512
Increase/(decrease) in contract liabilities	10,871	10,445
Net cash generated by operating activities	25,184	13,230

The accompanying notes form part of these financial statements.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

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The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

ABOUT COUNCIL AND THIS FINANCIAL REPORT

1. Basis of financial statement preparation

General information

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 Council trades as QIMR Berghofer Medical Research Institute.

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

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.

Compliance with prescribed requirements

The Council has prepared these financial statements in compliance with the requirements of the *Financial and Performance Management Standard 2019 section 38*, *Financial Accountability Act 2009*, and the *Australian Charities and Not-for-profits Commission Act 2012*.

These financial statements are general purpose financial statements and have been prepared on an accrual basis, except for the statement of cash flows which is prepared on a cash basis in accordance with Australian Accounting Standards and Interpretations. In addition, the financial statements comply with Queensland Treasury's Minimum Reporting Requirements for periods beginning on or after 1 July 2020 and other authoritative pronouncements including the Australian Charities and Not-for-profits Commission (ACNC).

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.

No new accounting standards or interpretations apply to the Council for the first time nor have any been early adopted for 2020-21.

At the date of authorisation of the financial report, all Australian accounting standards and interpretations with future effective dates are either not applicable to the Council's activities or have no material impact on its activities.

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. 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.

Presentation details

Currency and rounding

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

1. Basis of financial statement preparation (cont'd)

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 2019-20 financial statements.

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.

Basis of measurement

Historical cost is used as the measurement basis in this financial report except for the following:

- Buildings, which are measured at fair value; and
- Inventories, which are measured at the lower of cost and net realisable value.

Historical cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

Fair value

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. Fair value is determined using the following approaches:

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities, such as a business.
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.

Where fair value is used, the fair value approach is disclosed.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

1. Basis of financial statement preparation (cont'd)

Net realisable value

Net realisable value represents the amount of cash or cash equivalents that could currently be obtained by selling an asset in an orderly disposal.

Accounting estimates and judgements

Judgement has been exercised in considering the impacts that the COVID-19 pandemic has had, or may have, on the Council based on known information. This consideration extends to the recognition of receivables and payables, valuation of assets and impacts on investments. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Council unfavourably as at reporting date or subsequently as a result of the COVID-19 pandemic.

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.

2. 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 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 28.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

NOTES ABOUT OUR FINANCIAL PERFORMANCE

	2021 \$'000	2020 \$'000
3. Grants and other contributions		
Revenue from contracts with customers		
Grants - National Health & Medical Research Council	21,795	27,645
Grants - Medical Research Future Fund	1,363	72
Grants - Bill and Melinda Gates Foundation	1,358	335
Grants - Queensland Health	1,306	39
Grants - Children's Hospital Foundation	776	483
Grants - National Breast Cancer Foundation	678	474
Grants - Queensland Genomics Health Alliance	632	578
Grants - Snow Medical Research Fund	583	-
Grants - Cancer Council Queensland	544	664
Grants - Melanoma Research Alliance	396	573
Grants - US Department of Defence	183	468
Grants - Australian Research Council	104	362
Grants - Brisbane Diamantina Health Partners	-	602
Grants - Other	4,925	4,409
Other grants and contributions		
Grants - Queensland Health (operating)	18,023	18,926
Grants - NHMRC infrastructure support funding (IRIISS)	4,959	4,776
Grants - Queensland Government^	621	716
Grants - Therapeutic Innovation Australia Limited	435	425
Capital Grants - Queensland Government	140	140
Grants - Other	105	475
Donations and bequests	12,824	14,134
Total	71,750	76,296

^ Department of Tourism, Innovation and Sport (DTIS), Department of Science, Information Technology and Innovation (DSITI) and Department of Environment and Science (DES).

Accounting policy - Grants and other contributions

Grants, contributions and donations are non-exchange transactions where Council does not directly give approximately equal value to the grantor.

Where the grant agreement is enforceable and contains sufficiently specific performance obligations for the Council to transfer goods or services to a third party on the grantor's behalf, the transaction is accounted for under AASB 15 *Revenue from Contracts with Customers*. In this case, revenue is initially deferred (as a contract liability) and recognised as or when the performance obligations are satisfied. Otherwise, the grant is accounted for under AASB 1058 *Income of Not-for-Profit Entities*, whereby revenue is recognised upon receipt of the grant funding.

Notes to the financial statements

For the year ended 30 June 2021

3. Grants and other contributions (cont'd)

Accounting policy - 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.

Disclosure – Revenue from contracts with customers

Grants - research grants, including NHMRC

The Council's obligation under competitive research grant funding agreements is to perform research activities in accordance with the grant proposal. Funding is received over the life of the grant, and revenue is recognised over time as the research activities are performed as measured by expenditure of the grant funds. The contract liability recognised at reporting date equates to the unspent balance.

Disclosure – Other grants and contributions

Grants - Queensland Health operating grant

The Council receives funding from the State Government via Queensland Health to contribute to overhead costs for the Institute and to support the Institute in achieving its strategic objectives. Funding is received in two instalments each year, the first in July and the second on passing of the Budget Appropriation Bill. Revenue is recognised as and when Council has a contractual right to receive the funds as there are no sufficiently specific performance obligations.

Grants - IRIISS infrastructure support grant

NHMRC provides annual funding to contribute to the infrastructure and overhead costs of funded research. Funding is received as a one-off payment annually. The revenue is recognised on receipt as there are no specific performance obligations.

Capital grants

The funding for capital grants was received as a reimbursement of costs previously expended. As such, the revenue is recognised on receipt.

Donations and bequests

Council receives donations and bequests that are either given for a specific purpose (where the researcher and disease is specified) or un-tied. In both cases, the revenue is recognised immediately on receipt as there is no enforceable contract.

	2021 \$'000	2020 \$'000
4. User charges and fees		
Revenue from contracts with customers		
Commercial and contract research	31,385	23,938
Rent and licence fees	4,977	4,604
User charges and fees		
Sundry tenants recoveries	383	374
Total	36,745	28,916

Accounting policy - Revenue from contracts with customers

Revenue from contracts with customers is recognised when the Council transfers control over a good or service provided to the customer.

Notes to the financial statements

For the year ended 30 June 2021

4. User charges and fees (cont'd)

Commercial and contract research

This collectively consists of three revenue streams:

Contract research

Research services are provided for specific time periods under each contract, and revenue is matched to those periods. Progress payments are generally invoiced in advance.

Commercialisation

Where a contract provides for a commercialisation payment on achievement of certain milestones, such as first dose in a clinical trial resulting from Council Intellectual Property (IP), revenue is recognised when Council has a contractual right to receive funds.

Contract manufacturing

Council undertakes commercial manufacturing services at the Q-Gen Cell Therapeutics facility. Contracts are structured with a fixed charge, invoiced in advance, and a variable component invoiced according to contract terms. Revenue for the fixed charge is recognised in the period to which it relates.

Rent and licence of premises fees

Council licences part of their buildings to tenants. Licence of premises fees are recognised periodically as per the contract terms.

Where licence fees are received upfront this is recognised over the life of the agreement.

Refer to notes 15 and 21 for disclosures about contract assets and liabilities outstanding at year end.

	2021 \$'000	2020 \$'000
5. Other revenue		
Investment distributions	16,854	9,654
JobKeeper subsidy	5,522	4,845
Reimbursements	393	207
Other	203	160
Total	22,972	14,866

Accounting policy - 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.

Accounting policy - JobKeeper subsidy

The JobKeeper payment scheme is a temporary subsidy received by Council as a result of the impact of coronavirus (COVID-19). Revenue is recognised on an accrual basis with payment being made in arrears from payroll fortnights commencing after 30 March 2020 and terminating in September 2020.

Notes to the financial statements
For the year ended 30 June 2021

5. Other revenue (cont'd)

Accounting policy - Reimbursements

Reimbursement from third parties for commercial and/or collaboration arrangements 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.

Accounting policy - 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 (refer note 34). Imputation credits are brought to account when the right to receive the credits is established.

	2021	2020
	\$'000	\$'000
6. Gains/(losses) on sale/revaluation of assets		
Net gain/(loss) on market value of other financial assets	19,257	(12,481)
Net gain on sale of subsidiary	8	79
Net (loss)/gain on disposal of property, plant and equipment	(18)	41
Total	19,247	(12,361)

The Council holds financial assets in managed funds. Refer notes 14 and 24.

Accounting Policy – Gains/(losses) on revaluation of other financial assets

Gains/(losses) arising from changes in the fair value of managed funds are included in the operating result for the period in which they arise.

7. Employee expenses

Employee benefits

Wages and salaries	50,630	51,380
Employer superannuation contributions	8,148	8,010
Annual leave expense	5,073	5,098
Long service leave levy	1,382	1,388
Other employee benefits	293	321
	65,526	66,197

Employee-related expenses

Workers' compensation premium	69	69
Fringe benefits tax expense	39	12
Other employee related expenses	30	95
	138	176
Total	65,664	66,373

The number of employees including full-time, part-time and casual employees measured on a full-time equivalent basis is:

551	562
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The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

7. Employee expenses (cont'd)

Employee benefits

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

Accounting policy – Wages & salaries

Accruals for wages, salaries and annual leave expense due but unpaid at reporting dates are recognised at current salary rates. Annual leave entitlements are recognised at their undiscounted values and are classified as current liabilities as Council does not have the unconditional right to defer settlement for the next 12 months.

Accounting policy – Sick leave

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.

Accounting policy - 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.

Accounting policy – Superannuation

Employer superannuation contributions are paid to QSuper, the superannuation scheme for Queensland Government employees, at rates specified under the Enterprise Agreement and Council's Superannuation Policy. Contributions are expensed in the period in which they are payable. The Council's obligation is limited to its contribution to QSuper. 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*.

Accounting policy – Workers' compensation premiums

The Council pays premiums to WorkCover Queensland and inter-state QBE in respect of its obligations for employee compensation. 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.

	2021	2020
	\$'000	\$'000
8. Supplies and services		
Supplies and consumables	14,050	13,537
Scientific collaborations	6,316	7,288
Consultants and contractors	3,005	3,866
Service contracts	3,366	2,452
Utilities	2,098	1,989
Minor equipment and software purchases	1,286	1,013
Travel	213	942
Operating lease rentals	63	61
Other	14	13
Total	30,411	31,161

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

8. Supplies and services (cont'd)

Accounting policy - Scientific collaboration distributions

Council has a number of research collaboration agreements in place with various granting bodies and universities. Distributions are made in terms of these collaboration agreements and are recognised as an expense in the period in which they are incurred.

Accounting policy – Lease expense

Lease expenses include lease rentals for short-term leases, leases of low value assets and variable lease payments. Refer to note 16 for a breakdown of lease expenses and other lease disclosures.

	2021 \$'000	2020 \$'000
9. Other expenses		
Commercial and contract research distributions	8,072	6,313
Insurance	661	662
Legal expenses	629	93
Audit & other fees - internal	102	79
Audit fees - external *	72	72
Net (gain) on foreign exchange transactions	(91)	-
Other	-	3
Total	9,445	7,222

* Total external audit fees to be paid to the Queensland Audit Office relating to the 2020-21 financial year are \$72,000 (2020: \$72,000). There are no non-audit services included in this amount.

Accounting policy - Commercial and contract research distributions

The Council has a number of commercial and licence arrangements in place. Under the Council's contract research policy, distributions to researchers may be made to Employee Research Services accounts (refer note 30) from the proceeds of industry-sponsored contracts. These distributions are recognised as an expense at the time of invoicing under the contract. Additionally, under the Council's intellectual property policy, distributions to inventors or contributors are recognised as an expense at the time of milestone invoicing under these contractual arrangements. Payments to inventors or contributors may be made in the subsequent financial year following their recognition.

Accounting policy - 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.

10. Impairment losses

Loans to subsidiaries	1,214	-
Equity investment – at cost	400	-
Total	1,614	-

**Notes to the financial statements
For the year ended 30 June 2021**

10. Impairment losses (cont'd)

Impairment losses may arise on assets held by the Council from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in the following notes:

Loans to subsidiaries – note 15

Controlled entities – note 32(b)

Notes to the financial statements

For the year ended 30 June 2021

NOTES ABOUT OUR FINANCIAL POSITION

	2021	2020
	\$'000	\$'000
11. Cash and cash equivalents		
Term deposits	24,224	19,564
Cash at bank and on call	21,128	9,218
Employee Research Services (ERS)	(9,455)	(9,527)
Imprest accounts	1	1
Total	35,898	19,256

The Council's term deposits consist entirely of unspent research grant funds (contract liabilities), refer note 21. For Employee Research Services (ERS) funds held in cash and cash equivalents, refer to note 30.

Accounting policy - 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 receipted but not banked at 30 June as well as deposits at call with financial institutions.

12. Receivables

Trade receivables	7,034	5,259
Less: Loss allowance	-	-
	<u>7,034</u>	<u>5,259</u>
Long service leave reimbursements	178	102
Accrued interest	24	90
GST receivable	75	65
Other receivables	718	2,250
Total	8,029	7,766

Accounting policy - Receivables

Receivables are measured at amortised cost, which approximates their fair value at the 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 30 days of the invoice date.

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.

Disclosure – Receivables

The closing balance of receivables arising from contracts with customers at 30 June 2021 is \$5.9m (30 June 2020: \$4.2m).

Disclosure - Credit risk exposure of receivables

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets. No collateral is held as security and no credit enhancements relate to receivables held by the Council.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

12. Receivables (cont'd)

Impairment of receivables

Following a review of Council trade and other debtors over the past 10 years, no loss allowance has been made in 2020-21 given the historical immaterial quantum of bad debts involved over this review period.

Accounting policy – Impairment of receivables

Where Council has no reasonable expectation of recovering an amount owed by a debtor, the debt would be written off by directly reducing the receivable against the loss allowance. This occurs when the debt is over 120 days past due and Council has ceased enforcement activity. If the amount of debt written off exceeds the loss allowance, the excess would be recognised as an impairment loss. No receivables were assessed as being impaired as at 30 June 2021.

	2021 \$'000	2020 \$'000
13. Inventories		
Supplies and consumables – at cost	1,041	693
Total	1,041	693

Accounting policy - 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.

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.

All inventories on hand at 30 June are expected to be utilised within 12 months.

14. Other financial assets

Current

Managed fund investments	19,500	12,500
Budgeted drawdowns	11,172	5,214
Grant funds		
Total	30,672	17,714

Non current

Managed fund investments	176,979	143,771
Total	176,979	143,771

Notes to the financial statements
For the year ended 30 June 2021

14. Other financial assets (cont'd)

Accounting policy - Other financial assets

Other financial assets held at fair value through profit or loss represent investments in managed funds. 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. All managed fund investments are categorised as level 1 investments in accordance with the fair value hierarchy, which reflects the unadjusted quoted market price. Refer to note 24 for liquidity risk management. The current portion of managed funds is made up of unspent grant funds invested (refer to note 21) plus drawdowns approved by Council in the 2021-22 budget which can be used for operational cash requirements if needed.

	2021 \$'000	2020 \$'000
15. Other assets		
Current assets		
NPV of final instalment from sale of subsidiary	-	5,492
Advances to subsidiaries (refer note 33)	-	924
Lease receivable - current portion	150	150
Other	954	765
Total	1,104	7,331
Non-current assets		
Loans to subsidiaries (refer note 33)	2,342	703
Less: impairment loss (refer note 32(b))	(1,214)	-
Lease receivable	988	1,138
Total	2,116	1,841

Accounting Policy – Other assets

Other assets generally arise from transactions outside the usual operating activities of the Council and are recognised at their contract values.

Disclosures – lease receivable

A one-year rental holiday granted at the start of a 10-year licence agreement is being amortised over the period of this agreement.

Disclosures – loans to subsidiaries

Council has entered a loan agreement on 9 March 2020 with subsidiary Endpoint IQ Pty Ltd to advance funds of up to \$1.0m (excluding interest), at an interest rate of 8% p.a. Council has agreed to capitalise the interest. The initial loan term is 3 years, with an option to extend for a further 3 years at Council's discretion. Refer note 32(d). The balance of the loan at 30 June 2021 is \$1.078m (including capitalised interest).

Council has entered a loan agreement on 7 December 2020 with subsidiary genomiQa Pty Ltd to advance funds of up to \$1.22m (excluding interest), at an interest rate of 8% p.a. The loan has a 6 year term. The balance of the loan at 30 June 2021 is \$1.264m. Council has assessed the principle portion of the loan, being \$1,214m, as impaired at 30 June 2021. Refer note 10 and note 32(b).

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

16. Leases

Leases as Lessee

Accounting policy – leases as lessee

The Council measures right-of-use assets from concessionary leases at cost on initial recognition, and measures all right-of-use assets at cost subsequent to initial recognition.

The Council has elected not to recognise right-of-use assets and lease liabilities arising from short-term leases and leases of low value assets. The lease payments are recognised as expenses on a straight-line basis over the lease term. An asset is considered low value where it is expected to cost less than \$10,000 when new.

Disclosures – leases as lessee

(i) Details of leasing arrangements as lessee

Concessionary land lease

The Council's buildings are built on land owned by Metro North Hospital & Health Services (MNHHS). It is anticipated that Council will enter into a peppercorn lease for land occupied by the three buildings, for a 40-year term, with MNHHS in the reporting period ending 30 June 2022. Leases currently in place for the land occupied by Bancroft and CBCRC buildings (refer to note 18) are to be terminated at this time.

As the lease to be entered with MNHHS is a peppercorn lease there will be no recognition of the lease liability on the statement of financial position as Council has applied the temporary option for not-for-profit entities to elect to measure right-of-use assets arising under concessionary leases.

	2021 \$'000	2020 \$'000
<i>(ii) Amounts recognised in profit or loss</i>		
Operating lease rentals included in note 8:		
- expenses relating to short-term leases and low-value assets	9	9
- expenses relating to low-value assets	53	52
<i>(iii) Total cash outflow for leases</i>	63	61

Lease expenses 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.

Leases as lessor

Accounting policy – Leases as lessor

Council recognises lease payments from operating leases as income on a straight-line basis over the lease term.

Disclosure - Leases as lessor

(i) Details of leasing arrangements as lessor

Sublease of research facility

Lease receivables comprises two separate licences of premises, each with a lease term of 10 years from commencement date (1 January 2016 and 1 February 2019). These amounts do not include lease fees which may become receivable

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

16. Leases (cont'd)

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.

The sublease agreements include make-good clauses that requires the lessees to restore the facilities to a satisfactory condition at the end of the lease term. No amounts were recognised in respect of variable lease payments other than CPI-based or market rent reviews. Council does not have any finance leases.

(ii) Maturity analysis

The following table sets out a maturity analysis of future undiscounted lease receivable for licences of the premises under the Council's operating leases:

	2021 \$'000	2020 \$'000
Receivable:		
Less than 1 year	4,547	4,397
1 to 2 years	4,285	5,105
2 to 3 years	3,572	3,555
3 to 4 years	3,572	3,556
4 to 5 years	2,573	3,557
More than 5 years	4,389	6,906
Total	22,938	27,076

17. Intangible assets

Software internally generated: At cost

Gross	474	474
Less: Accumulated amortisation	(295)	(265)
	179	209
Total	179	209

Accounting policy - 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.

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.

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

Notes to the financial statements

For the year ended 30 June 2021

17. Intangible assets (cont'd)

Accounting policy - Amortisation expense

All intangible assets of the Council have finite useful lives and are amortised on a straight line basis over their estimated useful life to the Council. Straight line amortisation is used reflecting the expected consumption of economic benefits on a progressive basis over the intangible's useful life. The residual value of all Council's intangible assets is zero.

Useful life

Key estimate: For each class of intangible asset the following amortisation rates are used:

Intangible Asset	Useful life
Purchased software	10 years
Internally generated software	10 years

Accounting policy – Impairment

All 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.

Intangible assets are principally assessed for impairment by reference to the actual and expected continuing use of the asset by the Council, including discontinuing the use of software. The recoverable amount is determined as the higher of the asset's fair value less costs to sell and its value-in-use.

Intangible assets– balances and reconciliations of carrying amount

Intangibles reconciliation of carrying amount	Software internally generated	Software purchased	Software work in progress	Total
	2021	2021	2021	2021
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2020	209	-	-	209
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Transfers between classes	-	-	-	-
Amortisation	(30)	-	-	(30)
Carrying amount at 30 June 2021	179	-	-	179

	Software internally generated	Software purchased	Software work in progress	Total
	2020	2020	2020	2020
	\$'000	\$'000	\$'000	\$'000
Carrying amount at 1 July 2019	254	26	-	280
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Transfers between classes	-	-	-	-
Amortisation	(45)	(26)	-	(71)
Carrying amount at 30 June 2020	209	-	-	209

Notes to the financial statements
For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
18. Property, plant and equipment		
Buildings: At fair value		
Gross	345,808	345,202
Less: Accumulated depreciation	(98,584)	(92,189)
	<u>247,224</u>	<u>253,013</u>
Plant & equipment: At cost		
Gross	64,069	63,689
Less: Accumulated depreciation	(50,917)	(48,169)
	<u>13,152</u>	<u>15,520</u>
Work in progress: At cost *	460	-
	<u>460</u>	<u>-</u>
Total	<u><u>260,836</u></u>	<u><u>268,533</u></u>

* Work in progress includes various building improvement and renewal projects, which were ongoing as at 30 June.

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

	Buildings (Research Facilities) Level 3	Plant & equipment	Work in progress	Total
	2021 \$'000	2021 \$'000	2021 \$'000	2021 \$'000
Carrying amount at 1 July 2020	253,013	15,520	-	268,533
Acquisitions	-	2,143	1,118	3,261
Disposals	-	(18)	-	(18)
Transfers between classes	606	52	(658)	-
Revaluation increments	-	-	-	-
Depreciation	(6,395)	(4,545)	-	(10,940)
Carrying amount at 30 June 2021	<u><u>247,224</u></u>	<u><u>13,152</u></u>	<u><u>460</u></u>	<u><u>260,836</u></u>

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

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

	Buildings (Research Facilities) Level 3	Plant & equipment	Work in progress	Total
	2020 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Carrying amount at 1 July 2019	257,633	18,011	1,622	277,266
Acquisitions	-	3,303	167	3,470
Disposals	-	(89)	-	(89)
Transfers between classes	1,768	21	(1,789)	-
Revaluation increments	-	-	-	-
Depreciation	(6,388)	(5,726)	-	(12,114)
Carrying amount at 30 June 2020	253,013	15,520	-	268,533

Accounting policy – Recognition

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

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

Expenditure on property, plant and equipment 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 Service (MNHHS) on behalf of The State of Queensland.

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.

Leases for the land and buildings known as the Bancroft Centre and the Clive Berghofer Cancer Research Centre 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 all three buildings is expected to be entered into in 2021/22 between Council and MNHHS at nominal rental. Upon commencement of the new lease, the existing leases will be surrendered. Refer to note 33.

Notes to the financial statements

For the year ended 30 June 2021

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

Accounting policy – Cost of acquisition

Historical cost is used for the initial recording of all non-current physical asset acquisitions. Cost is determined as the value given as consideration plus costs incidental to the acquisition and those incurred in getting the assets ready for use.

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 another Queensland Government entity, are recognised at their fair value at the date of acquisition.

Accounting policy – Measurement using historical 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 does not materially differ from their fair value.

Accounting policy – Measurement using fair value

Buildings 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 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 Council to materially represent their fair value at the end of the reporting period.

Buildings measured at fair value are revalued on an annual basis either by appraisals undertaken by an independent professional valuer, or by the use of appropriate and relevant indices, where the movement in fair value is material.

Use of independent valuation

Revaluations using an independent professional valuer are undertaken at least once every five years, the most recent being as at 30 June 2017 by the firm AECOM.

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. As there is no active market for research facilities as the majority of building floor space is specialist research laboratories, the basis of the valuation is on a cost approach, which involves estimating the amount that would currently be required to replace the service capacity of an asset (referred to as Current Replacement Cost). This is a level 3 categorisation, as referenced in note 22.

The Replacement Cost is the total construction cost (including design fees and typical levels of contingency) if the asset was replaced on the valuation date with a modern day equivalent applying the 'highest and best use' principles.

For the valuation as at 30 June 2017, the Council elected to retain management's accumulated depreciation, which is based on the estimated standard life of a mixed laboratory/office building of 50 years.

Use of Indices

Where buildings have not been independently valued in the reporting period, their previous valuations are materially kept up to date via the application of relevant indices, ensuring the resulting value is a valid estimation of the buildings'

Notes to the financial statements

For the year ended 30 June 2021

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

fair values at reporting the date. The Council uses the *Asset revaluation index: non-residential construction, Queensland (Asset revaluation index)* published by the Queensland Government Statistician's Office (QGSO) in Queensland Treasury.

As at 30 June 2021 the change in the index since the last valuation is not considered material (a change of 2.3%), so consequently the carrying values of the three buildings have not been adjusted in the reporting period.

Accounting for changes in Fair Value

Any increment arising on the revaluation of buildings is credited to the asset revaluation surplus, except to the extent it reverses a revaluation decrement 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.

Accounting policy – 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 revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Council, consistent with the even consumption of service potential.

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.

Buildings including structure and components are treated for accounting depreciation purposes as a single asset and depreciated over 50 years. 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.

For the Council's depreciable assets, the estimated amount to be received on disposal at the end of their useful life (residual value) is determined to be zero.

Useful life

Key estimate: For each class of depreciable assets the following useful lives are used:

Property, Plant and Equipment Asset	Useful life
Buildings	50 years
Plant and Equipment	3-20 years

Accounting policy – Impairment of non-current assets

All non-current physical assets are assessed for indicators of impairment on an annual basis, or, where the asset is measured at fair value, for indicators of a change in fair value/service potential since the last valuation was completed.

Where indicators of a material change in fair value or service potential since the last valuation arise, the asset is revalued at the reporting date under AASB 13 *Fair Value Measurement*. If an indicator of possible impairment exists, the Council determines the asset's recoverable amount under AASB 136 *Impairment of Assets*. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Notes to the financial statements
For the year ended 30 June 2021

	2021 \$'000	2020 \$'000
19. Payables		
Accrued Inventor payments	5,963	84
Trade creditors	2,529	1,849
Accrued expenses	2,301	2,085
Accrued wages	319	1,820
Other	380	377
Total	11,492	6,215

Accounting Policy – Accrued inventor payments

Where Council receives income from the commercialisation of research outcomes, a portion is payable under policy to the inventor scientists. Amounts are payable in the year following receipt of income and subject to Remuneration Committee review and Council approval.

Accounting Policy – 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, gross of applicable trade and other discounts. Standard payment terms are end of month following month of invoice. Amounts owing are unsecured.

	2021 \$'000	2020 \$'000
20. Accrued employee benefits		
Current		
Annual leave entitlements payable	5,993	5,799
Long service leave levy payable	354	308
Other	1,013	252
Total	7,360	6,359

Accounting policy – Accrued employee benefits

For relevant accounting policies pertaining to accrued employee benefits refer to note 7.

21. Contract liabilities

	Balance b/f 1 July 2020 \$'000	Funds received \$'000	Funds recognised as revenue \$'000	Balance c/f 30 June 2021 \$'000
Granting bodies	24,778	46,025	(35,406)	35,397
Commercial partners	16,373	3,617	(3,034)	16,956
Other licence/rental fees	195	5,147	(4,977)	365
Queensland University of Technology	2,750	-	(500)	2,250
Total	44,096	54,789	(43,917)	54,968

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

21. Contract liabilities (cont'd)

	Balance b/f 1 July 2019 \$'000	Funds received \$'000	Funds recognised as revenue \$'000	Balance c/f 30 June 2020. \$'000
Granting bodies	19,081	45,774	(40,077)	24,778
Commercial partners	11,321	10,577	(5,525)	16,373
Other licence/rental fees	-	4,799	(4,604)	195
Queensland University of Technology	3,250	-	(500)	2,750
Total	33,652	61,150	(50,706)	44,096

Unspent grant funds of \$24.22m (2020:\$ 19.56m) are held in, term deposits (refer to note 11) and \$11.17m (2020: \$5.21m) in other financial assets (refer note 14). Where the grantors funding rules require unspent funds to be held in a bank account, those funds are in term deposits.

Accounting policy – Contract liabilities

Where grants and commercial contract proceeds are received with sufficiently specific performance obligations, a contract liability is recognised and revenue is recognised as those performance obligations are met.

Disclosure – Contract liabilities

All contract liabilities arise from contracts with customers.

22. Asset revaluation surplus by class

	Buildings \$'000	Total \$'000
Balance as at 1 July 2020	72,499	72,499
Revaluation increments/(decrements)	-	-
Balance as at 30 June 2021	72,499	72,499

	Buildings \$'000	Total \$'000
Balance as at 1 July 2019	72,499	72,499
Revaluation increments/(decrements)	-	-
Balance as at 30 June 2020	72,499	72,499

Accounting policy - Asset revaluation surplus

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

Notes to the financial statements For the year ended 30 June 2021

NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

23. Fair value measurement

Accounting policy – Inputs for fair values

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.

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.

Basis for fair values of assets

For details of the basis for fair value measurement of buildings (refer to note 18) and financial assets (refer to note 14) held by QIMR Berghofer.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

24. Financial risk disclosures

(a) Financial instrument categories

Accounting policy – Financial instruments

Recognition

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:

	Notes	2021 \$'000	2020 \$'000
Financial assets			
Financial assets held at fair value through profit or loss:			
Cash and cash equivalents	11	35,898	19,256
Other financial assets	14	207,651	161,485
Other assets - current	15	1,104	7,331
Financial assets held at amortised cost:			
Receivables	12	8,029	7,766
Other assets - non-current (discounted)	15	2,116	1,841
		254,798	197,679
Financial liabilities (payable within one year)			
Financial liabilities measured at amortised cost:			
Payables	19	11,492	6,215
		11,492	6,215

No financial assets and financial liabilities have been offset and presented net in the statement of financial position.

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

(b) Financial risk management

Risk exposure

Financial risk management is implemented pursuant to Queensland 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:

Notes to the financial statements
For the year ended 30 June 2021

24. Financial risk disclosures (cont'd)

Risk Exposure	Definition	Exposure
Credit risk	The risk that 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 12) and other non-current assets (note 15).
Liquidity risk	The risk that 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 19).
Market risk	<p>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.</p> <p>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.</p>	<p>The Council is exposed to market risk on its managed funds (note 14).</p> <p>The Council is exposed to currency risk in respect of its commercial contracts entered into denominated in US dollars. It maintained a bank account in Hong Kong with an immaterial cash balance denominated in HK dollars used to fund the operations of a local study. The account was closed during the financial year 2019-20.</p> <p>The Council is exposed to interest-rate risk through its cash deposited in interest bearing accounts (note 11).</p>

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.
Market risk	Interest rate sensitivity analysis	<p>The Council does not undertake any hedging in relation to:</p> <ul style="list-style-type: none"> -interest risk – risk is managed as per the Council's liquidity risk management strategy articulated in the Council's policies; and -foreign currency risk - managed through conservative exchange rate estimates when pricing commercial contracts. <p>The Council places managed funds with three separate fund managers. The Investment Committee (a committee of Council) oversees the performance of these funds.</p>

Notes to the financial statements
For the year ended 30 June 2021

24. Financial risk disclosures (cont'd)

Risk Exposure	Measurement Method	Risk Management Strategies
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> <p>Managed funds held under 'Other Financial Assets' represent investments that are the Institutes' long term endowment type funds, as well as funds invested in excess of short-term operational requirements. These funds can, if required, be redeemed by Council within a relatively short period of time to meet operational cash requirements (note 14).</p>

Credit risk disclosures

Credit risk management practice

The Council considers financial assets that are over 30 days past due to have significantly increased credit risk, and measures the loss allowance of such assets at lifetime expected credit losses instead of 12-month expected credit losses. The exception is trade receivables (refer to note 12), for which the loss allowance is always measured at lifetime expected credit losses.

The Council typically considers a financial asset to be in default when it becomes 90 days past due. However, a financial asset can be in default before this point if information indicates that the Council is unlikely to receive the outstanding amounts in full. The Council assessment of default does not take into account any collateral or other credit enhancements.

The Council write-off policy is disclosed in note 12.

25. Contingencies

(a) Contingent assets

Contributions to Queensland Community Foundation

The QIMR Trust established a fund with the Queensland Community Foundation (QCF) for the purpose of generating future income and donations. This fund was transferred to Council upon abolition of the QIMR Trust on 1 February 2011. All contributions made to this named fund within QCF are held in a charitable trust (with The Public Trustee of Queensland as Trustee) 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. Council may, from time to time, become eligible to receive a distribution from the Foundation, but does not have a proprietary or legal interest in the Foundation nor does the Foundation hold property for Council's benefit. Based on previous distributions, Council expects any future income from the Fund to be immaterial.

Notes to the financial statements

For the year ended 30 June 2021

25. Contingencies (cont'd)

(b) Contingent liabilities

Following an assessment as to eligibility, Council applied for the JobKeeper Scheme from the Federal Government in response to the COVID-19 pandemic, was accepted and has recognised to 30 June 2021 a total of \$5.5m (2020: \$4.8m). As the eligibility criteria involved a self-assessment, there is a risk that the Australian Taxation Office (ATO) will determine the Council is not eligible and may require repayment of the funds. A contingent liability is recognised on that basis. The JobKeeper payment scheme finished on 28 March 2021.

A number of legal matters are currently being considered but none are at a stage where it is possible to determine if there is a contingent liability.

Apart from the Letters of Comfort issued to each of genomiQa Pty Ltd (refer to note 32(b)) and Endpoint IQ Pty Ltd (refer to note 32(d)), the Council does not have any other contingent liabilities at 30 June 2021.

	2021 \$'000	2020 \$'000
26. Commitments		
(a) Capital expenditure commitments		
Building works	338	17
Other capital commitments	208	179
	546	196
Payable:		
Not later than one year	546	196
Total	546	196

27. Events occurring after balance date

Apart from the uncertainty associated with the COVID-19 pandemic, there are no events occurring after balance date that will have a material impact on the figures reported in these financial statements.

28. 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, Council had no indication that operational and research funding would not be provided as per the funding agreements, however Council acknowledges that there are uncertainties around the funding commitments from the Commonwealth and State Governments, and key donors, due to the COVID-19 pandemic. Should unforeseen fluctuations in the amount of available grant funding occur, the Council would use its cash assets (refer to note 11) and managed fund investments (refer to note 14) to cover short-term operational cash requirements.

Notes to the financial statements
For the year ended 30 June 2021

NOTES ON OUR PERFORMANCE COMPARED TO BUDGET

29. Budgetary reporting disclosures and significant financial impacts from COVID-19

Budget to actual comparison - Statement of comprehensive income

		Actual	Original	Budget
		2021	2021	Variance
	Notes	\$'000	\$'000	2021
				\$'000
Income from continuing operations				
Grants and other contributions	a	71,750	77,310	(5,560)
User charges and fees	b	36,745	26,880	9,865
Other revenue	c	22,972	7,863	15,109
Interest		356	534	(178)
Total Revenue		131,823	112,587	19,236
Gains/(Loss) on disposal/revaluation of assets	d	19,247	7,019	12,228
Total income from continuing operations		151,070	119,606	31,464
Expenses from continuing operations				
Employee expenses		65,664	65,089	(575)
Supplies and services	e	30,411	34,503	4,092
Depreciation and amortisation		10,970	11,712	742
Other expenses	f	9,445	7,454	1,991
Impairment losses	g	1,614	-	(1,614)
Finance costs		776	848	72
Total expenses from continuing operations		118,880	119,606	726
Operating result from continuing operations		32,190	-	32,190
Other comprehensive income				
<i>Items that will not be reclassified subsequently to operating result</i>				
Increase in asset revaluation surplus		-	-	-
Total other comprehensive income		-	-	-
Total comprehensive income		32,190	-	32,190

**Notes to the financial statements
For the year ended 30 June 2021**

29. Budgetary reporting disclosures and significant financial impacts from COVID-19 (cont'd)

Explanation of major variances

Statement of comprehensive income

- a. Income from the donations, bequests and philanthropic funds was below budget by \$5.3m.
- b. Income from the commercialisation of research outcomes was above budget by \$11.2m due to the signing of new licence agreements, offset by below budget contract research activity (\$2.7m). Income from building tenants was above budget by \$0.9m.
- c. JobKeeper funding received from the Federal Government in response to COVID-19 provided \$5.2m in unbudgeted income. Investment returns from fund earnings and distributions were 9.6% against a budget return of 4.0% resulting in a favourable \$9.6m against budget.
- d. Investment returns from market movements were above budget by \$12.0m, with actual returns of 10.9% against a budget return of 4%.
- e. Supplies and services in 2020/21 were lower than budget due to savings in the Institute administration and research support areas.
- f. Other expenses are above budget in 2020/21 due to higher distributions to inventors as a result of the extra income from commercialisation of research outcomes (\$3.7m) offset by lower payments of commercial funds to project collaborators (\$1.8m).
- g. Impairment losses were unbudgeted. Refer note10.

Significant financial impacts – COVID-19 pandemic

The Council financial results for 2020-21 have not been significantly impacted by the COVID-19 pandemic, however a number of impacts are noted below:

Income from the Federal Government's JobKeeper program provided \$5.5m in unbudgeted income.

Council expects to experience ongoing impacts on research as a result of the pandemic as some research projects have been delayed. As a result of this delay on projects, some expenditure has been deferred resulting in an increase in the balance of unspent grant funds in contract liabilities.

Research projects may subsequently extend beyond their original grant timeline creating a possible future grant funding shortfall. Any shortfall in grant funding due to COVID-19 impacts on projects have been offset from the receipt of Jobkeeper funds received.

Council does not consider there to be a material impact on the valuation of buildings as a result of the pandemic, due to the specialised nature of these building assets.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

WHAT WE LOOK AFTER ON BEHALF OF WHOLE-OF-GOVERNMENT AND THIRD PARTIES

30. Trust transactions and balances

Employee Research Services

The Council undertakes a custodial role in respect of transactions and balances relating to Employee Research Services (ERS). Transactions for ERS are not recognised in the financial statements but are disclosed in this note for the information of users. The balance of cash and cash equivalents excludes the balance of the ERS funds held in trust (refer to note 11).

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

	2021	2020
	\$'000	\$'000
Income	2,390	4,262
Expenses	(2,462)	(3,105)
(Decrease)/Increase in net balance	(72)	1,157
Cash held in short term deposits	9,455	9,527
Total trust assets	9,455	9,527

The Council undertakes certain trustee transactions on behalf of employees' research activities, for which no fees are received by Council.

Notes to the financial statements

For the year ended 30 June 2021

OTHER INFORMATION

31. Key management personnel (KMP) 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 2019-20 and 2020-21. 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.

Position	Incumbents term		2020-21	2019-20
	Date of initial appointment	Date of cessation		
Council members				
Prof Arun Sharma – Chair	4 Jul 2019		√	√
Dr Sonya Bennett^	4 Jul 2019		√	√
Dr Madonna Callaghan	4 Jul 2019		√	√
Ms Celeste Neander	4 Jul 2019		√	√
Prof Alan Pettigrew	9 Sep 2011		√	√
Mr Mitchell Petrie	4 Jul 2019		√	√
Ms Susan Rallings	4 Jul 2019		√	√
Mr Michael Sargent*	27 Nov 2014		√	√
Emeritus Prof John Shine	27 Nov 2014	9 Mar 2020		√
Dr Clair Sullivan^	4 Jul 2019	18 Aug 2020	√	√
Emeritus Prof Janet Verbyla**	4 Jul 2019		√	√
Director/CEO				
Prof Fabienne Mackay	18 May 2020		√	√
Prof David Whiteman (Acting)	4 Jan 2020	17 May 2020		√
Prof Frank Gannon^^	4 Jan 2011	3 Jan 2020		√

[^] Officer of the public service

^{*} Also a Director of genomiQa Pty Ltd which is a controlled entity of Council (refer to note 32)

^{**} Also a Director of Endpoint IQ Pty Ltd which is a controlled entity of Council (refer to note 32)

^{^^} Until time of retirement on 3 Jan 2020, also a Director of genomiQa Pty Ltd and Endpoint IQ Pty Ltd, which are controlled entities of Council (refer note 32)

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

31. Key management personnel (KMP) disclosures (cont'd)

Position	Position responsibility
Council member	Overall authority and responsibility for overseeing, directing and controlling the activities of the Institute
Director/ CEO	Overall efficient and effective administration of the Council operations

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

- i. Short-term employee expenses that include 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 expensed in the statement of comprehensive income.
- ii. Long-term employee expenses include amounts expensed in respect of long service leave entitlements earned.
- iii. Post-employment expenses include amounts expensed 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 are 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.

Notes to the financial statements
For the year ended 30 June 2021

31. Key management personnel (KMP) disclosures (cont'd)

1 July 2020 - 30 June 2021

Position	Short term employee expenses		Long term employee	Post-employment expenses	Total expenses
	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000
Chair of Council (1)	7	-	-	-	7
Council Members (6)	33	-	-	-	33
Director/CEO	583	-	14	73	670
Total	623	-	14	73	710

1 July 2019 - 30 June 2020

Position	Short term employee expenses		Long term employee	Post-employment expenses	Total expenses
	Monetary expenses \$'000	Non-monetary benefits \$'000	\$'000	\$'000	\$'000
Chair of Council (1)	7	-	-	-	7
Council Members (10)	23	-	-	-	23
Director/CEO (from 18 May 2020)	53	-	1	7	61
Director/CEO (to 3 Jan 2020)	477	25	8	47	557
Acting Director / CEO (4 Jan 2020 to 17 May 2020)	153	-	4	14	171
Total	713	25	13	68	819

The table above includes \$0 in fringe benefits tax paid by Council in 2020-21 in relation to key management remuneration (2020: \$9,000).

32. Controlled entities

(a) Vaccine Solutions Pty Ltd

Vaccine Solutions Pty Ltd was established in 1998, for-profit in nature, 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 Pty Ltd managed a number of licensing arrangements for the benefit of the members of CRCVT Trust II until its termination during the 2018-19 financial year. Vaccine Solutions Pty Ltd currently does not own any physical or intellectual property assets on its own.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

32. Controlled entities (cont'd)

In July 2015 Council acquired full ownership of Vaccine Solutions Pty Ltd. As at 30 June 2021 the Council holds 100% of the shares of Vaccine Solutions Pty Ltd (2020: 100%). Vaccine Solutions Pty Ltd's registered office is in Brisbane, Queensland, with its activities also being conducted there.

Vaccine Solutions Pty Ltd did not pay a dividend in 2020-21 (2019-20: \$15,873).

Vaccine Solutions Pty Ltd was not required to prepare financial statements for the years 30 June 2021 and 30 June 2020. The net results and position of Vaccine Solutions Pty Ltd were not considered material and are therefore not consolidated in the Council's financial statements.

The company did not have any material contingent liabilities or commitments as at 30 June 2021 (similar as at 30 June 2020).

(b) genomiQa Pty Ltd

The Minister for Health approved the formation of genomiQa Pty Ltd in May 2017.

genomiQa Pty Ltd is for-profit in nature, offering high-quality precision analysis of data from whole genome sequencing. As at 30 June 2021, the Council holds 66% of the shares in genomiQa Pty Ltd (2020: 66%). genomiQa Pty Ltd's registered office is in Brisbane, Queensland, with its activities also being conducted there.

	2021 \$'000	2020 \$'000
genomiQa Pty Ltd		
Investment – at cost	500	500
Less: impairment loss	(400)	-
	<u>100</u>	<u>500</u>

Council provides support to genomiQa Pty Ltd through a Letter of Comfort, duly authorised by a resolution of the Council, which represents a contingent liability for the Council. This Letter of Comfort is in accordance with sections 60A and 61A (1) of the *Statutory Bodies Financial Arrangements Act 1982*. Council will provide financial support to ensure business continuity of genomiQa Pty Ltd until 31 December 2021, unless the Council ceases to be a majority shareholder.

The net results and position of genomiQa Pty Ltd were not considered material and are therefore not consolidated in the Council's financial statements.

The company did not have any material contingent liabilities or commitments as at 30 June 2021 (similar as at 30 June 2020).

As at 30 June 2021, Council assessed that technical and commercial risks existed as barriers to commercialising genomiQa's technologies, and consequently impaired the current balance of the loan of \$1.21m in full (refer note 15) and the equity investment by \$0.4m to \$0.1m. Refer Note 10.

Notes to the financial statements
For the year ended 30 June 2021

32. Controlled entities (cont'd)

(c) Q-Gen Pty Ltd

During the 2004-05 financial year, the Council 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 Council. The entity still exists as a shelf company but is dormant. A letter confirming current dormancy has been issued by the sole director of Q-Gen Pty Ltd.

(d) Endpoint IQ Pty Ltd

The Minister for Health approved the formation of Endpoint IQ Pty Ltd in September 2018.

Endpoint IQ Pty Ltd is for-profit in nature offering bespoke research management systems to the health and research community. As at 30 June 2021, the Council holds 80% of the shares in Endpoint IQ Pty Ltd (2020: 80%). Endpoint IQ Pty Ltd registered office is in Brisbane, Queensland, with its activities also being conducted there.

Council provides support to Endpoint IQ Pty Ltd through a Letter of Comfort, duly authorised by a resolution of the Council, which represents a contingent liability for the Council. This Letter of Comfort is in accordance with sections 60A and 61A (1) of the *Statutory Bodies Financial Arrangements Act 1982*. Council will provide financial support to ensure business continuity of Endpoint IQ Pty Ltd until 31 December 2021, unless the Council ceases to be a majority shareholder.

The net results and position of Endpoint IQ Pty Ltd were not considered material and are therefore not consolidated in the Council's financial statements.

Accounting policy – 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.

The auditor for all controlled entities is the Auditor-General of Queensland.

33. Related party transactions

	2021	2020
	\$'000	\$'000
Transactions with other related party		
genomiQa Pty Ltd		
The following transactions occurred with related party genomiQa Pty Ltd:		
Sales and purchases of goods and services		
Provision of staff and related on-costs to genomiQa Pty Ltd	124	130
Licence of premises	8	9
Advance	-	517

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

33. Related party transactions (cont'd)	2021 \$'000	2020 \$'000
Other transactions		
Equity investments	-	225
Loan – principal plus capitalised interest	340	-

Outstanding balances arising from sales/purchases of services and reimbursements

The following balance is outstanding at the end of the reporting period 2020-21:

Current receivables	20	12
Advance (refer to Note 15)	-	924
Loan – principal plus capitalised interest	1,264	-

The Institute also provided administrative support services for genomiQa Pty Ltd. These services were not charged and weren't considered material.

Endpoint IQ Pty Ltd

The following transactions occurred with related party Endpoint IQ Pty Ltd:

Other transactions		
Loan – principal plus capitalised interest	374	533
Purchase of software support and maintenance services	134	132
Employee entitlements payout	-	52
Royalty revenue received from Endpoint IQ Pty Ltd	(12)	(8)

Outstanding balances arising from sales/purchases of services and reimbursements

The following balances are outstanding at the end of the reporting period 2020-21:

Loan – principal plus capitalised interest	1,078	704
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The Institute also provided administrative support services for Endpoint IQ Pty Ltd. These services were not charged and weren't considered material.

Transactions with people/entities related to Key Management Personnel (KMP)

During the 2020-21 financial year Council's KMP did not enter into any transaction/arrangements with any related parties including close family members and entities controlled or jointly controlled by the KMP or a close family member. The 'Declarations of Related Party Information by non-Ministerial KMP' at 30 June 2021 support this disclosure.

Transactions with other Queensland Government-controlled entities

The Council receives an annual operational grant and a number of research grants from the Department of Health, Queensland (Queensland Health). Refer to notes 3 & 28.

The Council leases land and buildings from the State of Queensland (represented by Queensland Health) for two buildings at nominal rental. In addition, the Central Building, completed on 1 June 2012, occupies MNHHS land without a current lease in place. Refer to note 18.

The Council of The Queensland Institute of Medical Research

Notes to the financial statements For the year ended 30 June 2021

33. Related party transactions (cont'd)

The Council undertakes a number of transactions, such as employer superannuation contributions, WorkCover premiums and insurance payments to a range of Queensland Government controlled entities on normal terms and conditions.

The Council has short-term cash on call funds invested in Queensland Treasury Corporation (Queensland Treasury Corporation). Included in cash on call is \$20.27m (2020: \$6.1m) as at 30 June 2021. Refer to note 11.

The Council has long-term research funds invested in managed funds with QIC Limited (Queensland Investment Corporation). Refer to note 14.

34. 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 to note 12. The operation of the Institute's commercial activities and commercial business entities does not impact on the Institute's charitable status with the Australian Charities and Not-for-profits Commission (ACNC).

35. Climate risk disclosure

Climate Risk Assessment

The Council addresses the financial impacts of climate-related risks by identifying and monitoring the accounting judgements and estimates that will potentially be affected, including asset useful lives, fair value of assets, provisions or contingent liabilities and changes to future expenses and revenue.

The Council has not identified any material climate-related risks relevant to the financial report at the reporting date; however Council, constantly monitors the emergence of such risks under the Queensland Government's Climate Transition Strategy.

The Council of The Queensland Institute of Medical Research

Management Certificate For the year ended 30 June 2021

Certificate of The Council of the Queensland Institute of Medical Research

These general purpose financial statements have been prepared pursuant to:

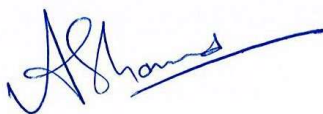
- section 62(1) of the *Financial Accountability Act 2009* (the Act),
- section 39 of the *Financial and Performance Management Standard 2019*;
- *Australian Charities and Not-for-profits Commission Act 2012*; and
- other prescribed requirements.

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 2021 and of the financial position of the Council at the end of that year; and
- c. there are reasonable grounds to believe that the Council of the Queensland Institute of Medical Research will be able to pay its debts as and when they become due and payable.

The Council acknowledges responsibility under s 7 and s 11 of the *Financial and Performance Management Standard 2019* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.

Dated at Brisbane this 24th day of August 2021



Professor Arun Sharma

Chair of Council



Professor Fabienne Mackay

Director and Chief Executive Officer



Simone Finch

Secretary

To The Council of the Queensland Institute of Medical Research

Report on the audit of the financial report Opinion

I have audited the financial report of The Council of the Queensland Institute of Medical Research.

In my opinion, the financial report:

- a) gives a true and fair view of the entity's financial position as at 30 June 2021, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

Basis for opinion

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

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

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

Responsibilities of the entity for the financial report

The Council is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2019, the *Australian Charities and Not-for-profits Commission Act 2012*, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards, and for such internal control as the Council determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an

auditor's report that includes my opinion. Reasonable assurance is a high level of

assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

Report on other legal and regulatory requirements

Statement

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2021:

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

Prescribed requirements scope

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



Michael Claydon
as delegate of the Auditor-General

26 August 2021

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 7	3
Accessibility	<ul style="list-style-type: none"> Table of contents 	ARRs – section 9.1	4
	<ul style="list-style-type: none"> Glossary 		n/a
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	2
	<ul style="list-style-type: none"> Interpreter service statement 	<i>Queensland Government Language Services Policy</i> ARRs – section 9.3	2
	<ul style="list-style-type: none"> Copyright notice 	<i>Copyright Act 1968</i> ARRs – section 9.4	2
	<ul style="list-style-type: none"> Information Licensing 	<i>QGEA – Information Licensing</i> ARRs – section 9.5	n/a
General information	<ul style="list-style-type: none"> Introductory Information 	ARRs – section 10	2
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community and whole-of-government plans/specific initiatives 	ARRs – section 11.1	30
	<ul style="list-style-type: none"> Agency objectives and performance indicators 	ARRs – section 11.2	26
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.3	n/a
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	36
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	21
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	13
	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	13
	<ul style="list-style-type: none"> Public Sector Ethics 	<i>Public Sector Ethics Act 1994</i> ARRs – section 13.4	32
	<ul style="list-style-type: none"> Human Rights 	<i>Human Rights Act 2019</i> ARRs – section 13.5	34
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.6	32
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 14.1	
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 14.2	32
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 14.3	32
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 14.4	n/a
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs – section 14.5	34
	<ul style="list-style-type: none"> Information Security attestation 	ARRs – section 14.6	n/a

Summary of requirement		Basis for requirement	Annual report reference
Governance – human resources	• Strategic workforce planning and performance	ARRs – section 15.1	25
	• Early retirement, redundancy and retrenchment	Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i>	n/a
		ARRs – section 15.2	
Open Data	• Statement advising publication of information	ARRs – section 16	34
	• Consultancies	ARRs – section 33.1	https://data.qld.gov.au
	• Overseas travel	ARRs – section 33.2	https://data.qld.gov.au
	• Queensland Language Services Policy	ARRs – section 33.3	https://data.qld.gov.au
Financial statements	• Certification of financial statements	FAA – section 62	80
		FPMS – sections 38, 39 and 46	
		ARRs – section 17.1	
	• Independent Auditor's Report	FAA – section 62	81
		FPMS – section 46	
		ARRs – section 17.2	

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2019*

ARRs *Annual report requirements for Queensland Government agencies*



QIMR Berghofer Medical Research Institute

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ISSN 1839 – 1877

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