Part 6
Science and Industry Endowment Fund

TRUSTEE'S REPORT

As rapid global change disrupts, reshapes and creates new Australian industries, our Science and Industry Endowment Fund (SIEF) continues to strengthen the translation of world-class Australian research into cutting-edge industrial advantages, in line with national priorities. This year, SIEF expanded its role with two new endowments, broadened its portfolio with a new funding program, and grew its investments in breakthrough innovation, strengthened by co-investment. I'm so pleased to present this 2017–18 report of SIEF's important role in our national innovation system.

In June 2017, the NSW Government recognised SIEF's critical role and significant impact by making an endowment to create a science, technology, engineering and mathematics (STEM) initiative in New South Wales. Titled Generation STEM, the initiative is designed to increase the supply of STEM skilled labour to meet the current and future needs of the state.

CSIRO was enlisted to manage the activities under the fund, to be delivered under an agreed set of phases, and began the first Planning Phase on 1 July 2017. During this time, a Program Director, an Impact Evaluation Officer and a Consultative Council consisting of seven members were appointed to the initiative. Research and a current-state analysis have been conducted to understand the existing market and inform the strategic plan for the initiative and the first three-year operational plan.

In June 2018, CSIRO made a fourth gift to SIEF of $10 million, specifically to extend the Experimental Development Program (EDP) for up to eight more years, from 1 July 2018. We also made six new grants to usher research through to commercial impact under the EDP, aiming to increase Australian productivity and competitiveness. We secured additional funding by supplementing $9.4 million from SIEF with $10.5 million in co-investment, growing the sustainability of the Fund through an increased role for our partners. The projects include the optimisation of commercial influenza vaccine production and viable alternatives to the use of toxic cyanide for gold recovery. The EDP is now well established as an important funding option for researchers seeking to progress technology development to a stage suitable for attracting commercial investment and market uptake.

This year, we introduced the Medium Equipment Program (MEP) to the SIEF portfolio, addressing a funding gap for equipment in the range of $500,000 to $4 million. In addition to supporting capability and capacity for world-class science, the equipment must encourage collaboration nationally, internationally and with industry. So far, almost $10 million has been awarded for 13 pieces of research equipment across diverse areas of research, from agriculture and marine observation to biomedical science and cyber security.

Thank you to our advisory bodies and to the large number of reviewers who generously contribute their time and expertise to SIEF, particularly providing industry and commercialisation counsel to the EDP panels. The more voices we have in both SIEF and the wider STEM community, the stronger our innovation will be. From growing the future STEM workforce, to broadening the scope of our portfolio, to maintaining the rigour and integrity of our investments, SIEF continues to strengthen Australia's response to the rapidly changing world and playing a critical role in its future prosperity.

Experimental Development Program projects

Hovermap

In 2016, the Hovermap project led by CSIRO received twelve months of EDP funding to extend the application of drone technology. Most industries use drone technology that relies on Global Positioning System (GPS) technology and is therefore incapable of flying autonomously indoors or underground where GPS technology is inaccessible. The funding was granted to establish an early adopter program for testing the hardware and software components that enable omni-directional 3-D sensing and LiDAR based mapping without the need for GPS technology. The project accelerates the development of Hovermap technology, builds market awareness of the capability and paves the way for successful commercialisation.

The Hovermap drone payload can fly autonomously in GPS-denied environments to create 3-D maps.

Smart Windows

A SIEF-funded collaboration between CSIRO, Monash, Queensland University of Technology and Australian company iGlass is developing a new and improved 'smart glass' with automatically controlled optical properties, such as light transmission and visibility. This project looks to overcome known challenges associated with product life and durability to release the potential of such devices for application in automotive component manufacture (e.g. sunroofs) and building design (e.g. windows), with a projected potential global market value of approximately $300 million by 2025.

Medium Equipment Program

cGMP Protein Facility

SIEF funding will be used with co-investment from CSIRO, Monash University, two Australian firms, and one multinational company to build a flexible and multipurpose cGMP facility, in synergy within an ecosystem of established research facilities, to enable rapid and effective translation of biological discoveries into high-value clinical entities.

The equipment will allow process development and large-scale production of biologicals (such as vaccines, monoclonal antibodies, antigens, growth factors and stem cells) under the most stringent regulatory (cGMP) standards, thus enabling their testing in pre-clinical and Phase-I trials worldwide. This unique new capability will provide a collaborative entry point for translating the research undertaken in Australian hospitals, universities, biomedical institutes and SMEs into clinical development.

Argo Floats

The international Argo program is revolutionising our ability to observe, understand and sustainably use the oceans, with over 4,000 Argo floats deployed throughout the world's oceans. Each Argo float is an autonomous instrument that collects vertical profiles of temperature, salinity and pressure over the top 2,000m of the ocean and transmits the data in real time. In collaboration with several Australian research entities, SIEF funding will enable a new fleet of at least 140 latest-generation Argo floats to be deployed to complement the existing Australian array of 500. The new floats will address substantial gaps in regions of crucial interest to Australia, including waters off the east, west and north-west coasts of Australia and the Southern Ocean, thus realising the vision of an integrated sensor network in the oceans around Australia.

CSIRO Recombinant Protein Production Facility (RPPF) staff using sterile microbiological medium under simulated manufacturing conditions, to validate aseptic procedures.

SIEF advisory bodies

CSIRO Gift Advisory Council Members

Prof Alan Robson (Chair)
Dr Peter Riddles (Chair, EDP Review Panels)
Mr Nigel Poole
Dr Ezio Rizzardo
Prof Margaret Sheil
Prof Tom Spurling

Generation STEM Consultative Council Members

Prof Brian Boyle (Chair)
Ms Maile Carnegie
Ms Tish Creenaune / Ms Jacki Hayes
Ms Gail Fulton
Mr Tom McGinness
Mr Graeme Plato

Dr Larry Marshall
SIEF Trustee

SIEF PERFORMANCE REPORT

The Science and Industry Endowment Fund (SIEF) is a separately constituted trust under the *Science and Industry Endowment Act 1926*. The Fund invests in science that addresses issues of national economic, industrial, environmental and cultural priority and contributes to Australia's sustainable future, by providing assistance:

- to persons engaged in scientific research
- in the training of students in scientific research
- CSIRO Chief Executive Dr Larry Marshall is Trustee of the SIEF, and awards funding to parties across the national innovation system. The Trustee seeks independent advice and recommendations on funding of proposals. CSIRO manages the Fund on behalf of the Trustee.

SIEF was rejuvenated by a gift from CSIRO of $150 million, resulting from the Fast WLAN patent litigation in 2009 (CSIRO Gift). In June 2018, CSIRO supplemented this with an additional $10 million, specifically to extend the Experimental Development Program for up to eight more years, from 1 July 2018. Under the CSIRO Gift, some of the programs operate on a competitive basis, others by invitation on the basis of identified needs – all applications are considered against rigorous merit criteria. The CSIRO Gift to SIEF funds the:

- Experimental Development Program (EDP)
- Joint CSIRO–Macquarie University Chair in Wireless Communications
- Promotion of Science Fellowships and Scholarships Program (competitive)
- Research Infrastructure Program, including the Medium Equipment Program
- Research Projects Program (competitive)
- SIEF–AAS Fellowships to the Lindau Nobel Laureate meeting and the Heidelberg Laureate Forum, facilitated by the Australian Academy of Science (competitive)
- SIEF STEM+ Business Fellowships, facilitated by CSIRO
- Special Research Program.

In 2017, the NSW Department of Industry endowed $25 million over 10 years to SIEF, with the aim of attracting, supporting, retaining and training NSW students in the areas of STEM – thus increasing the supply of STEM-engaged students for the future workforce. CSIRO Education and Outreach facilitates the development and implementation of programs for school students and those engaged in higher and vocational education.

The contribution of research to solving issues of national importance can only be measured long term, but SIEF has developed several key performance indicators for its programs. As the funds available for allocation under the CSIRO Gift diminish and fewer new projects are commenced, some performance results will not change from previous years. New performance measures for the NSW STEM Initiative will be added once the program is fully established and operational.

This year, the CSIRO Gift programs continued to perform well. Table 6.1 provides an overview of the evidence against each performance criterion as published in the Portfolio Budget Statements, followed by a more detailed analysis and evidence.

TABLE 6.1: SUMMARY OF PERFORMANCE

PERFORMANCE CRITERION	TARGET	RESULT	
Evidence of outcomes and impacts of funded projects as demonstrated by case study impact assessment, independent reviews and evaluations	Minimum 1 case study	G	An independent case study of the *Distal Footprints of Giant Ore Systems: UNCOVER Australia Project* has found that the Project has developed an innovative approach that could allow resource discovery rates to increase significantly, even in areas where the cover over the top of the potential source is relatively deep. It has also supported the further development of a research concentration in Perth that is leading to additional investment in Western Australia's geological research community.
Proportion of research projects involving more than one organisation	>93% projects involve more than one organisation	G	SIEF has reached its target of 93% of projects involving more than one organisation. Since 2009, SIEF has successfully facilitated collaboration among 105 different organisations formally involved in SIEF-supported research. Notably, the STEM+ Business program is highly cooperative, with collaborators representing a mix of Australian universities, governments, industry and SMEs.
Utilisation of the research infrastructure as measured through time allocations	>60% operational time used, 20% usage in collaborative projects	G	Overall utilisation of scheduled operating time has reached 60% for SIEF-funded Research Infrastructure equipment that has been fully commissioned. Usage in collaborative projects is limited at this stage, but will increase as equipment is progressively installed and commissioned.

Green shading indicates positive progress for the year and the target has been achieved.

Evidence of outcomes and impacts of funded projects

In early 2018, ACIL Allen Consulting updated an earlier case study of the economic, environmental and social benefits of the SIEF-funded Research Project *The Distal Footprints of Giant Ore Systems: UNCOVER Australia Project (RP04- 063)*, a collaboration among CSIRO, the University of Western Australia, Curtin University and the Geological Survey of Western Australia. The case study[30] found that the project has developed an innovative approach that could allow resource discovery rates to increase significantly, even in areas where the cover over the top of the potential source is relatively deep. Direct economic benefits will flow from the potentially increased economic activity generated by new mineral exploration opportunities in previously unexplored areas. The project has also encouraged a research concentration in Perth that is leading to additional investment in Western Australia's geological research community, facilitated by the information and techniques emerging from the project. While the results of the project will initially be applied in Western Australia, the information and techniques emerging from it may promote investment opportunities for explorers in other mining regions.

A cost-benefit analysis is illustrative of the potential impact of this project. From early 2012 to late 2014, on average approximately 1,411 million metres of mineral exploration holes were drilled in Western Australia every year. The average cost of this drilling was $382 per metre. It is assumed that the SIEF-funded research results in miners having access to information that allows them to more accurately target their drilling activities, and that this results in a 1 per cent reduction in the distance drilled per year from 2021 to 2022 onwards, and that 50 per cent of these benefits are attributable to SIEF. Using conservative net present value calculation, the benefit cost ratio of the project is 4.14, increasing to 20.71 if the SIEF-funded research enables a 5 per cent reduction in drilling distance per year in Western Australia.

Proportion of projects involving more than one organisation

Studies of innovation have shown that collaboration is critical for improving the effectiveness of translating research outputs into business innovation that delivers economic, environmental and social benefits. Collaboration helps Australian industry gain marketplace advantage by fostering creativity, developing new skills, transferring knowledge, managing risk and attracting aspiring investors and partners. One of SIEFs primary objectives is to improve collaboration across the Australian Innovation System.

Ninety-three per cent of SIEF-supported activities involve more than one organisation and these research relationships foster communication, interaction and collaboration. Since 2009, 105 different organisations have been formally involved in one or more SIEF-funded projects, representing Australian universities, governments, industry, SMEs and overseas organisations. SIEF-funded activities support collaboration and innovation through a range of activities including the commercial-focused Experimental Development Program and by providing access to the latest-generation research technology via investments in the Research Infrastructure and Medium Equipment Program.

Co-authorship of publications reinforces collaboration and demonstrates that all contributing parties recognise the value of the research activity and its outputs. The number of publications emerging directly from SIEF-funded activity has been increasing over the life of SIEF-funded programs. From 2016–17 to 2017–18, publications output increased by 37 per cent, reflecting the maturity of the research projects and the strength of the collaborative relationships they established.

30 The ACIL Allen case study is available at http://www.sief.org.au/Documents/RP/SIEF%20Impact%20Evaluation%20-%20Distal%20Footprints%20-%20May%202018.pdf.

Utilisation of the research infrastructure as measured through time allocations

Since 2013, SIEF has invested $40.4 million in three major Research Infrastructure projects with the aim of developing and maintaining leading-edge research infrastructure and fostering collaboration across the national innovation system. These projects are the Advanced Resource Characterisation Facility in Perth, Monash MedTech (formerly, the Biomedical Translation Facility) in Melbourne and the National Agricultural and Environmental Sciences Precinct in Canberra. The sophisticated and complex sets of equipment funded under the Research Infrastructure projects represent major infrastructure investments and have progressively been installed, tested and commissioned, with several now online. Initial results suggest that utilisation of scheduled operating time is accelerating and is on track to reach targets set for two years post-commissioning. Notable highlights include 100 per cent utilisation of the Perth nanoSIMs and 70 per cent utilisation of the AtomProbe within months of commissioning. Mass spectrometry equipment in Canberra has also been in constant use with over 90 per cent utilisation. For the MR-PET and Hot Lab at Clayton, several clinician-researcher and industry-researcher projects are underway. Other collaborative projects are pending outcomes of joint grant applications and/or the full commissioning of equipment.

An independent external assessment of the performance of SIEF[31] published in 2017 noted that SIEF Research Infrastructure investment has helped catalyse a further investment of close to $174 million from six other organisations (four universities, CSIRO and the Pawsey Centre). In effect, SIEF's investment in these activities encouraged four-and-a-half times more investment by other parties.

The SIEF Medium Equipment Program (MEP) was launched in 2017 and is designed to address a gap in funding for equipment priced in the approximate range of $50,000 to $4 million. Projects funded under this Program are in early stages of procurement and installation in various research sites across Australia, and include cutting-edge equipment in acoustics, geosciences, digital agriculture research, genomics, oceanography, signal processing and industrial chemistry.

31 The review is available at http://www.sief.org.au/Documents/Impact%20Review/3.%20SIR%20-%20Appendix%202%20An%20Evaluation%20of%20SIEFs%20Performance__PUBLISHED.pdf

INDEPENDENT AUDITOR'S REPORT

To the Trustee of the Science and Industry Endowment Fund

Opinion

In my opinion, the financial report of the Science and Industry Endowment Fund for the year ended 30 June 2018 gives a true and fair view of the financial position of the Science and Industry Endowment Fund as at 30 June 2018 and its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards.

The financial report of the Science and Industry Endowment Fund, which I have audited, comprise the following statements as at 30 June 2018 and for the year then ended:

- Statement by Trustee and Chief Finance Officer of Commonwealth Scientific and Industrial Research Organisation (CSIRO) as Service Provider to the Science and Industry Endowment Fund;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to and forming part of the financial report, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office 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 Science and Industry Endowment Fund in accordance with the relevant ethical requirements for financial report audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Trustees's Responsibility for the Financial Report

The Trustee of the Science and Industry Endowment Fund is responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards. The Trustee is also responsible for such internal control as they determine is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Trustee is responsible for assessing the Science and Industry Endowment Fund's ability to continue as a going concern, disclosing matters related to going concern, as applicable and using the going concern basis of accounting unless the Trustee either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objective is 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 National Audit Office 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 the aggregate, they could reasonably be expected to

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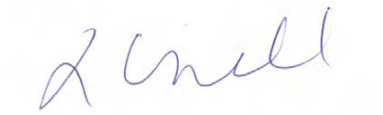
influence the economic decisions of users taken on the basis of the financial report.

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee;
- conclude on the appropriateness of the Trustee'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 statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based 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; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Australian National Audit Office



Lesa Craswell
Executive Director

Delegate of the Auditor-General

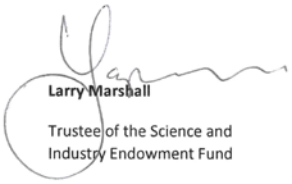
Canberra
26 July 2018

SCIENCE AND INDUSTRY ENDOWMENT FUND

STATEMENT BY TRUSTEE AND CHIEF FINANCE OFFICER OF COMMONWEALTH SCIENTIFIC AND INDUSTRIAL RESEARCH ORGANISATION (CSIRO) AS SERVICE PROVIDER TO THE SCIENCE AND INDUSTRY ENDOWMENT FUND

In our opinion, the attached financial report for the year ended 30 June 2018 has been prepared based on properly maintained financial records and in accordance with Australian Accounting Standards and other mandatory financial reporting requirements in Australia, and give a true and fair view of the financial position of the Science and Industry Endowment Fund as at 30 June 2018 and of its performance for the year then ended.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Science and Industry Endowment Fund will be able to pay its debts as and when they become due and payable.



Larry Marshall

Trustee of the Science and Industry Endowment Fund

26 July 2018

Tom Munyard

Chief Finance Officer of CSIRO as service provider to the Science and Industry Endowment Fund

26 July 2018

STATEMENT OF COMPREHENSIVE INCOME

For the period ended as at 30 June 2018

	Notes	2018	2017
		$	$
EXPENSES			
Scientific research grants	1	**18,632,420**	17,672,851
Service fee under Services Agreement with CSIRO		**352,072**	525,718
Consulting fees		**-**	178,891
Audit fees		**15,500**	15,000
Other fees		**450**	6
Total expenses		**19,000,442**	18,392,466
LESS:			
REVENUE			
NSW Government Endowment contribution	2	**-**	25,000,000
CSIRO Gift	2	**10,000,000**	-
Scientific grant program refunds		**-**	71,352
Interest	3	**1,697,666**	1,723,749
Total revenue		**11,697,666**	26,795,101
Net profit/ (deficit)		**(7,302,776)**	8,402,635
Other comprehensive income		-	-
Total comprehensive loss		**(7,302,776)**	8,402,635

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

SCIENCE AND INDUSTRY ENDOWMENT FUND

STATEMENT OF FINANCIAL POSITION

For the period ended as at 30 June 2018

	Notes	2018	2017
		$	$
ASSETS			
Current assets			
Cash	4	**68,181,236**	75,804,536
Interest receivable		**702,647**	439,736
GST receivable		**199,054**	152,119
Other receivables		**-**	14,223
Total assets		**69,082,937**	76,410,614
LIABILITIES			
Payables			
Shared service fee payable		**87,819**	113,220
Accrued audit fee		**15,500**	15,000
Total payables		**103,319**	128,220
Total liabilities		**103,319**	128,220
Net assets		**68,979,618**	76,282,394
EQUITY			
Contributed equity		**200,000**	200,000
Retained surplus		**68,779,618**	76,082,394
Total equity		**68,979,618**	76,282,394

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

STATEMENT OF CHANGES IN EQUITY

For the period ended as at 30 June 2018

	Retained Surplus		Contributed Equity		Total Equity	
	2018	2017	**2018**	2017	**2018**	2017
	$	$	**$**	$	**$**	$
Opening Balance	**76,082,394**	67,679,759	**200,000**	200,000	**76,282,394**	67,879,759
Net profit/(deficit)	**(7,302,776)**	8,402,635	**-**	-	**(7,302,776)**	8,402,635
Closing Balance	**68,779,618**	76,082,394	**200,000**	200,000	**68,979,618**	76,282,394

The above statement should be read in conjunction with the accompanying notes

SCIENCE AND INDUSTRY ENDOWMENT FUND

CASH FLOW STATEMENT

For the period ended as at 30 June 2018

	Notes	2018	2017
		$	$
OPERATING ACTIVITIES			
Cash received			
NSW Government Endowment contribution		-	25,000,000
CSIRO GIFT		**10,000,000**	-
Scientific research grant refunds		-	111,832
Interest received		**1,434,755**	1,734,764
Net GST received		**1,850,933**	2,072,115
Total cash received		**13,285,688**	28,918,711
Cash used			
Payments to grantees		**20,516,065**	19,590,962
Other payments		**392,473**	658,529
Bank fees paid		**450**	4
Total cash used		**20,908,988**	20,249,495
Net cash provided/(used) by operating activities	5	**(7,623,300)**	8,669,216
Net increase/(decrease) in cash held		**(7,623,300)**	8,669,216
Cash at the beginning of the reporting period		**75,804,536**	67,135,320
Cash at the end of the reporting period		**68,181,236**	75,804,536

The above statement should be read in conjunction with the accompanying notes

SCIENCE AND INDUSTRY ENDOWMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the period ended as at 30 June 2018

Overview

The Science and Industry Endowment Fund (referred to as "the Fund") was established under the *Science and Industry Endowment Act 1926* with the Trustee of the Fund being the CSIRO Chief Executive and it is a not-for-profit entity. An appropriation of 100 000 pounds was received at the time the Fund was established. The principal activity of the Fund is to provide assistance to persons engaged in scientific research and in the training of students in scientific research.

In October 2009 the then Minister for Innovation, Industry, Science and Research announced a gift of $150 million to be donated by CSIRO to the Fund. The gift is intended to be used for scientific research for the purposes of assisting Australian industry, furthering the interests of the Australian community or contributing to the achievement of Australian national objectives. The gift was made subject to the terms of a Deed of Gift between the Trustee and CSIRO dated 15 October 2009. The total cash payments made in 2017-18 under the Deed of Gift was $18,354,389 (GST exclusive).

In June 2017, the NSW Government acting through the NSW Department of Industry provided a $25m endowment to SIEF to create the NSW Generation STEM Program. The program will implement activities including research, to increase the supply of STEM (science, technology, engineering and mathematics) skilled labour to meet the current and future needs of New South Wales. The total cash payments made in 2017-18 under the NSW Endowment was $656,283 (GST exclusive).

In June 2018, the CSIRO made a gift of $10m to the Fund. The gift is intended to be used for scientific research for the purposes of assisting Australian industry, furthering the interests of the Australian community or contributing to the achievement of Australian national objectives. The gift was made subject to the terms of the Deed of Gift between the Trustee and CSIRO dated 15 October 2009.

In any one financial year a maximum amount of $25 million exclusive of Goods and Services Tax (GST) can be disbursed from the Fund for the CSIRO GIFT and the NSW Generation STEM Program. The total payments made were $19,011,121. Note that this is payments exclusive of GST, per the terms of the deed.

Basis of Preparation of the Financial Statements

The financial statements for the Fund are general purpose financial statements and are required by section 10 of the *Science and Industry Endowment Act 1926.* They have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial statements have been prepared on an accrual basis and are in accordance with the historical cost convention. No allowance is made for the effect of changing prices on the results or the financial position.

Assets and liabilities are recognised in the Statement of Financial Position when, and only when, it is probable that future economic benefits will flow and the amounts of the assets or liabilities can be reliably measured.

Revenues and expenses are recognised in the Statement of Comprehensive Income when, and only when, the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

The financial report is presented in Australian Dollars and values are rounded to the nearest dollar unless otherwise specified.

Significant Accounting Judgements and Estimates and New Accounting Standards

No accounting assumptions or estimates have been identified that have a significant impact on the amounts recorded in the financial statements.

The Fund has reviewed new standards, revised standards and interpretations/amending standards issued prior to the signing of the financial statements.

Events after the Reporting Period

SIEF is in discussions with National ICT Australia Limited (NICTA) to establish a program to fund scientific research in ICT technologies. At the time of signing the financial statements no deed of gift has been signed. The timing and amount of the gift from NICTA is not yet confirmed.

The Trustee is not aware of any other significant events occurring after the reporting date that could impact on the financial report.

Taxation

The Fund is exempt from all forms of taxation except GST.

SCIENCE AND INDUSTRY ENDOWMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the period ended as at 30 June 2018

Note 1 Scientific Research Grants

	2018	2017
	$	$
Macquarie University Joint Chair In Wireless Communication	**299,881**	288,347
Scholarships and Fellowships	**2,167,022**	6,068,600
Research Infrastructure Investment	**10,357,000**	5,706,000
Research Project Grants	**888,224**	3,755,107
Experimental Development Program	**4,270,293**	1,854,797
NSW Endowment Grant	**650,000**	-
Total	**18,632,420**	17,672,851

The Fund is a subsidiary entity of the Commonwealth Scientific and Industrial Research Organisation (CSIRO). For the 2017-18 financial year, the Fund has recognised $16m in grant expenses as transferred directly to CSIRO to support scientific research and infrastructure projects within CSIRO and/or collaborative projects with external organisations (2016-17: $12m).

Note 2 Contributions Revenue

Contributions are recognised as revenue when the Fund obtains control of the contribution and the amount of the contribution can be measured reliably. Contributions are recognised at fair value of the contributions received or receivable. In 2016-17, the Fund received $25m in contributions revenue from the NSW Department of Industry. In 2017-18, the Fund received $10m in contributions from the CSIRO. Further details about these contributions have been disclosed in the overview.

Note 3 Interest Revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement.*

Note 4 Cash

Cash at bank	**11,302,841**	25,578,861
Term deposits	**56,878,395**	50,225,675
Total	**68,181,236**	75,804,536

Cash and cash equivalents includes cash on hand and demand deposits in bank accounts with an original maturity of twelve months or less that are readily convertible to known amounts of cash and subject to insignificant risk of change in value. Cash is recognised at its nominal amount.

Note 5 Cash Flow Reconciliation

Reconciliation of operating surplus to net cash from/(used by) operating activities:

Operating surplus/(deficit)	**(7,302,776)**	8,402,635
Changes in assets and liabilities	-	-
(Increase)/decrease in receivables	**(295,623)**	297,743
Increase/(decrease) in payables	**(24,901)**	(31,162)
Net cash from/(used by) operating activities	**(7,623,300)**	8,669,216

SCIENCE AND INDUSTRY ENDOWMENT FUND

NOTES TO AND FORMING PART OF THE FINANCIAL REPORT

For the period ended as at 30 June 2018

Note 6 Schedule of Commitments

The below table shows the monies SIEF is committed to pay on its executed grant funding agreements as at 30 June 2018, subject to grantees meeting funding milestones.

	2018	2017
	$	$
BY TYPE		
Grants commitments payable	**14,111,011**	16,531,775
GST receivable on grants payable	**(1,282,819)**	(1,500,707)
Total net commitments by type	**12,828,192**	15,031,068
BY MATURITY		
Grant commitments payable		
One year or less	**10,191,852**	14,223,434
From one to five years	**3,259,159**	2,308,341
More than five years	**660,000**	-
Total grants payable	**14,111,011**	16,531,775
GST commitments receivable		
One year or less	**(926,532)**	(1,290,858)
From one to five years	**(296,287)**	(209,849)
More than five years	**(60,000)**	-
Total commitments receivable	**(1,282,819)**	(1,500,707)
Net commitments by maturity	**12,828,192**	15,031,068

Note 7 Contingent Assets and Liabilities

No contingent assets or liabilities existed as at 30 June 2018 (2017: nil).

Note 8 Financial Instruments

The Fund's financial assets are cash and interest receivable on cash. Financial assets are held at amortised cost. They are assessed for impairment at the end of the financial year. Financial liabilities are classified as other financial liabilities and consists of suppliers and grants payable. Due to the nature of SIEFs operations and its large cash holdings it is not exposed to credit risk, liquidity risk or market risk.

Interest rate risk
The Fund maintains an operating bank account and short term deposits which are subject to short term interest rates. Funds are maintained in term deposits for short periods. In 2017-18 the average return on cash and short term deposits was 2.52% (2017: 2.90%).

Note 9 Related Party Disclosures

The fund is a wholly controlled subsidiary of CSIRO. The trustee is the Chief Executive Officer of CSIRO who is remunerated through CSIRO and not paid an additional salary for his role as trustee of the fund. There were no transactions during the reporting period between the trustee and the fund. Related parties to this entity other than the trustee are other Australian Government entities.

Significant transactions with related parties can include the payment of grants, the purchase of goods and services. Given consideration to relationships with related entities, and transactions entered into during the reporting period by the entity, it has been determined that there are no related party transactions to be separately disclosed. Grants are awarded based on assessment against a set of established selection criteria prior to approval. All eligible applications are assessed equally.