

**Senate Standing Committee on Economics**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry, Innovation, Science, Research and Tertiary Education Portfolio  
Additional Estimates Hearing 2011-12  
15 February 2012

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**AGENCY/DEPARTMENT:** AUSTRALIAN NUCLEAR SCIENCE AND TECHNOLOGY ORGANISATION (ANSTO)

**TOPIC:** PETNET

**REFERENCE:** Question on Notice (Hansard, 15 February 2012, pages 29-30)

**QUESTION No.:** AI-21

**Senator COLBECK:** In May of last year, Dr Paterson, you stated that investment in PETNET was \$12.5 million; at the last hearing in October the investment was confirmed to be \$17.2 million. In May of last year PETNET was reported to be profitable in two years; in October that story became that it was cash-flow positive. In May of last year the return on investment was 10 years; in October it became 15 years. Can you bring us up to speed with the current forecast for PETNET?

**Dr Paterson:** The current forecast in terms of the 15 years remains unchanged. We review this as we come to the end of the financial year. The situation in the market is very dynamic at the moment, and we are seeking additional information about that. I would be in a position either to take on notice or to make a later presentation to this committee on some of the features of the marketplace which were not anticipated when we made the original investment.

**Senator COLBECK:** Would those issues go to the impairment that caused the write-down of \$3 million?

**Dr Paterson:** Those issues are at the heart of it.

**ANSWER**

As in the case of any commercial decision, at the time when the then ANSTO Board decided to re-commence production of fludeoxyglucose FDG (May 2007), it did so on the basis of a number of market assumptions. Some of those assumptions have not been realised at this stage. Chief among those assumptions was that the Australian market would mirror the US market development experience. It was also assumed that the cyclotron operated by the Royal Prince Alfred Hospital (which is not subject to commercial pressures, regulatory burden or competitive neutrality) would not expand operations. Additionally, it was assumed that a range of Positron Emission Tomography (PET) procedures, which were then not subject to reimbursement by Medicare (e.g. Multiple Myeloma, Lymphoma and dementia), would become reimbursable. None of these assumptions have as yet eventuated.

At the time of preparation of the initial business case for the decision to invest in the PETNET facility in 2007 a range of potential market prices were considered. The equivalent price quoted in responding to the NSW tender was within this range of prices however, it was at the lower end of the range considered.

The returns from the business have therefore not met expectations at this stage, resulting in the need to extend the period for return on investment.