

**Economics Legislation Committee**  
**ANSWERS TO QUESTIONS ON NOTICE**  
Industry, Innovation, Science, Research and Tertiary Education Portfolio  
Budget Estimates Hearing 2012-13  
28 and 29 May 2012

---

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

**TOPIC:** PETNET – Target Rate of Return

**REFERENCE:** Question on Notice (Hansard, Monday 28 May 2012, page 9)

**QUESTION No.:** BI-2

**Senator SINODINOS:** What is the total investment that ANSTO has made in PETNET to date?

**Dr Paterson:** The total quantum of the investment is in the order of \$17 million. It has previously been provided.

**Senator SINODINOS:** Does that include the written down component?

**Dr Paterson:** The written down component was about \$3.7 million.

**Senator SINODINOS:** When was the written down component?

**Dr Paterson:** It was written down in last year's books, and that is on the investment, not on the asset.

**Senator SINODINOS:** Yes. How long do you think the ANSTO board or the government should give you to get to a commercially acceptable rate of return? I mean, this is the dilemma that we always face with quasi-government organisations in the marketplace.

**Dr Paterson:** Yes. Certainly my view is that we need to understand what this ex ante breach means and determine whether it will, with reasonable modelling across a range of scenarios, lead to a breach. I think that it would also be important to complete this year, which is the year in which we took the impairment, and to see what the operating results are like and get those independently audited. Then I think we will be in a good position to have that conversation both with the relevant authorities and with this committee—and, indeed, our board.

**Senator SINODINOS:** Ultimately, what is your target rate of return?

**Dr Paterson:** The target rate of return is adjusted every year. I believe that the target rate of return in last year's books was in the order of 13 per cent. We will provide that on notice so that you have the exact and precise detail.

**ANSWER**

PETNET's target rate of return for the 2012-13 financial year is 14.16 per cent. Although PETNET is still in its first five years of operation and is therefore still in a start-up phase, a 14.16 per cent return on investment constitutes a commercially viable rate of return.