

Senate Standing Committee on Economics
ANSWERS TO QUESTIONS ON NOTICE
Innovation, Industry, Science and Research Portfolio
Supplementary Budget Estimates Hearing 2010-11
20 October 2010

AGENCY/DEPARTMENT: AUSTRALIAN NUCLEAR SCIENCE AND TECHNOLOGY ORGANISATION

TOPIC: PETNET

REFERENCE: Written Question – Senator Heffernan

QUESTION No.: SI-29

Who is responsible for the financial management and funding of PETNET?

PETNET is continually referred to as operating at arms length. As a wholly owned subsidiary financially answerable to ANSTO, how is this accomplished?

The cost to establish PETNET is over budget by 25%. Given the significant overruns, what is the current expected payback period and how does this compare to the original projections?

In answer to Question BI-37 (Written Question-Senator Heffernan), “commercial confidentiality” has been used as an excuse not to answer. Any public company is required to provide its shareholders with financial transparency. PETNET is the most public of all commercial operations in that it uses public money to bankroll it. Please provide the following information:

- a. Including cost of capital, how much is PETNET losing per month?
- b. Excluding the cost of capital, how much is PETNET losing per month?
- c. How many doses per day will it take to be profitable?
- d. When will PETNET achieve a cash positive position?
- e. When will PETNET achieve profitability?

In answer to Question BI-37 (Written Question-Senator Heffernan), the relationship to Siemens is described as a franchise, yet in the same answer it is stated that Siemens does not receive any profits from PETNET. What does Siemens receive in lieu of profits from PETNET?

ANSWER

The PETNET Pty Limited (PETNET) Board is directly responsible for the financial oversight of PETNET. The Chief Executive Officer of PETNET undertakes the day to day financial management of the operation. Information regarding the equity in and loan funding for PETNET can be found in ANSTO’s Annual Report.

PETNET has an independent chairperson and Board who provide governance and oversight. PETNET are charged services, such as electricity, water and rent at full cost. PETNET was established on the basis that it would operate within the government’s competitive neutrality policies.

The establishment budgets for PETNET, as with many start-up companies had scope changes relating to among other things, construction costs, regulatory compliance and commissioning. Information regarding expected payback periods is commercial in confidence. Disclosure would impact on the competitiveness of the business and therefore cannot be disclosed. The current PETNET Board and Chief Executive Officer regularly monitor the financial affairs and operations of PETNET.

PETNET is transparent with its shareholder regarding financial matters of the company. Further, in accordance with Section 12 of the Commonwealth Authorities and Companies Act 1997, PETNET has its financial statements audited by the Australian National Audit Office on an annual basis and the audit is provided to the Minister for Innovation, Industry Science and Research and the Minister for Finance and Deregulation. PETNET is a start up company that operates in a competitive market. Disclosure of the detail requested would jeopardise PETNET's position in the market and could prejudice the ongoing and future operations of the business. Therefore, ANSTO is not in a position to provide a detailed answer in relation to these questions.

PETNET provides royalties to Siemens.