

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

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

**TOPIC:** PETNET – Internal rate of return

**REFERENCE:** Question on Notice (Hansard, 17 October 2012, page 20)

**QUESTION No.:** SI-15

**Senator BUSHBY** – I have a couple of questions on this before I move on to the molybdenum manufacturing plant. In the report of the AGCNCO, based on PETNET's own numbers, PETNET was expected to make an internal rate of return of 5.3 per cent in 10 years and 9.2 per cent in 15 years. Are those targets still accurate and, if not, have they changed?

**Dr Paterson:** I will take that on notice. Basically, those rates of return change every year because of conditions that are outside of the direct control of people in the market, and they relate to interest rates, long-term government bond rates and so on. It is quite a complicated modelling exercise. We will provide you with the updated rates of return that are anticipated. As indicated, every year this thing is going to move about, and we will be happy to keep people updated.

**ANSWER**

The AGCNCO report was based on data prepared for the 2010-11 financial year end. The data was preliminary in nature and, included a number of conservative assumptions which is standard procedure for any start-up operation. The financial forecast at that time, which was confirmed as prudent by Deloitte as external auditor, resulted in the recording of a significant impairment against the PETNET investment.

In June 2012, PETNET revisited its business model and the financial forecasts, in accordance with normal practice, and again subjected them to external audit by Deloitte. The internal rate of return for 10 years is approximately 12.49 per cent and the internal rate of return for 14 years is approximately 15.43 per cent, though these figures are expected to change over the life of the investment because of the external market forces identified in the Hansard above.