

## APPENDIX V

### ANSWERS TO QUESTIONS ON NOTICE INDUSTRY, SCIENCE AND RESOURCES PORTFOLIO ADDITIONAL ESTIMATES 2000-2001, 21 FEBRUARY 2001

<i>INDEX OF RESPONSES TO QUESTIONS ON NOTICE</i>				
DEPARTMENT / AGENCY	SENATOR	ISSUES	HANSARD	PAGE
<b>[QUESTIONS ON NOTICE EXTRACTED FROM THE HANSARD TRANSCRIPTS]</b>				
ANSTO	Forshaw	Replacement Research Reactor - Expenditure	21/2/01, pp.51-54	<b>1</b>
ANSTO	Forshaw	Contract with Cogema	21/2/01, p.59	<b>4</b>

**AGENCY/DEPARTMENT:** AUSTRALIAN NUCLEAR SCIENCE AND TECHNOLOGY ORGANISATION

**OUTCOME/OUTPUT:** OUTCOME 1, Output Group 1.1

**TOPIC:** REPLACEMENT RESEARCH REACTOR - EXPENDITURE

**REFERENCE:** HANSARD 21/02/01, PAGES E51-54

#### **QUESTION:**

**Senator Forshaw** asked:

“...my questions relate to the proposed new reactor at Lucas Heights...We keep being told that the total project will cost around \$286 million in 1997 dollars and that that target is going to be met. You have given us those assurances. Therefore, I want to know how much has been spent on the project so far, and on what? If you can take that question on notice and provide that information, please do so.” (p.51)

#### **ANSWER:**

As at 31 January 2001, the following amounts had been spent, excluding GST:

Phases I & II: \$9.2 million. Those phases involved:

- Pre-qualification of reactor vendors;

- Development of tender documentation including the conduct of a Red Team Review;
- Reference site visit;
- Preparation and approval of tender evaluation procedures;
- Issue of tenders and communication with each tenderer during the tender preparation period;
- Tender evaluation, clarification and reporting;
- Conduct of pre-contract negotiations and contract award; and
- ANSTO Project Management costs.

Phase III (ongoing): \$25.5 million, consisting of \$24.7 million in INVAP contract payments and \$800,000 in ANSTO's project costs. Those project costs include the provision of services under the contract with INVAP (e.g. principal furnished material) and project management costs.

#### **QUESTION:**

**Senator Forshaw** asked:

“Could you also tell us how much has been paid to the main contractor, INVAP, to this point, and for what?” (p.51)

#### **ANSWER:**

As indicated in the answer to the previous question, as at 31 January 2001, payments to INVAP totalled \$24.7 million, excluding GST.

Payments were made in respect of:

- Detailed design activities;
- Preparation of documentation for the Preliminary Safety Analysis;
- Attendance at design reviews; and
- INVAP project management costs.

**QUESTION:**

**Senator Forshaw** asked about:

Can you provide a breakdown of the total cost of the replacement research reactor? (p.52)

**ANSWER:**

Funds are being expended on the following activity groups over the life of the project's implementation (expressed, consistently with the 2000-01 Portfolio Budget Statement, in 1999 dollars):

<b>Financial year</b>	<b>Expenditure (\$'000)</b>	<b>Principal Activities</b>
1999-2000	8,390	<ul style="list-style-type: none"> <li>• Tender preparation</li> <li>• Tender evaluation and clarification</li> <li>• Select the preferred tenderer</li> <li>• Pre-contract negotiations</li> </ul>
2000-01	46,074	<ul style="list-style-type: none"> <li>• Detailed design</li> <li>• Preparation of Preliminary Safety Analysis Report (PSAR) for ARPANSA</li> <li>• Detailed Engineering</li> <li>• Provision of services by ANSTO (PFM)</li> </ul>
2001-02	69,160	<ul style="list-style-type: none"> <li>• Detailed Engineering</li> <li>• PFM</li> <li>• Site construction (February 2002 scheduled start)</li> <li>• Manufacturing and procurement</li> </ul>
2002-03	86,526	<ul style="list-style-type: none"> <li>• Detailed engineering</li> <li>• Manufacturing and procurement</li> </ul>

		<ul style="list-style-type: none"><li>• Installation</li><li>• Documentation</li></ul>
2003-04	73,636	<ul style="list-style-type: none"><li>• Site construction</li><li>• Manufacturing and procurement</li><li>• Installation</li><li>• Documentation</li></ul>
2004-05	25,800	<ul style="list-style-type: none"><li>• Manufacturing and procurement (completing fuel)</li><li>• Installation</li><li>• Documentation</li><li>• Pre-operational testing</li><li>• Commissioning</li></ul>
2005-06	16,380	<ul style="list-style-type: none"><li>• Commissioning</li><li>• Performance demonstration tests</li></ul>
<b>Total</b>	<b>325,966</b>	

**QUESTION:**

**Senator Forshaw** asked:

“...I turn now to the overseas visits by ANSTO staff—the group who visited the reactors...What was the total cost of the overseas visits to the eight reactors, I think, in six countries?...Can you provide itemised costings of the trip?...I am told the whole trip cost \$70,000. I would like to know how much was spent on air fares, how much was spent on accommodation and how much was spent on whatever else...” (pp.53-54)

**ANSWER:**

The discussion in the Committee proceeded on the basis that the total cost of the visit amounted to approximately \$70,000. In fact, that figure represented only the airfare costs. The total cost of the visit, itemised as requested, is as follows:

<u>ANSTO</u>	
Airfares	\$69,846
Accommodation	\$23,265
Incidentals	\$18,108
<b>Total</b>	<b>\$111,219</b>
<u>DISR</u>	
Airfares	\$12,937
Accommodation	\$3,557
Incidentals	\$2,927
<b>Total</b>	<b>\$19,421</b>

**AGENCY/DEPARTMENT:** AUSTRALIAN NUCLEAR SCIENCE AND TECHNOLOGY

ORGANISATION

**OUTCOME/OUTPUT:** OUTCOME 2, Output Group 2.1

**TOPIC:** CONTRACT WITH COGEMA

**REFERENCE:** HANSARD 21/02/01, PAGE E59

**QUESTION:**

**Senator Forshaw** asked:

“With respect to the reprocessing contract with Cogema, we have been told that this is not going to be provided. I think that has been said on a number of occasions...With a contract of that nature, why should the whole contract be kept secret?...Are there provisions in that contract that allow Cogema to terminate the contract and not continue to accept the spent fuel?” (p.59)

**ANSWER:**

As the Senator would be aware, all provisions of a commercial contract, including termination provisions, have cost implications for the parties. Cogema would be at a disadvantage with respect to negotiations with other customers if such details were revealed. As Minister Minchin has said on numerous occasions, the contract will not be tabled in the Senate as it is a commercial contract that is confidential to its signatories.

Regarding the provisions for termination of the contract, Senator Forshaw is referred to two responses Minister Minchin has previously given on this subject. On 17 February 1999, in response to a Question Without Notice from Senator Margetts, the Minister advised that if either side should decide to withdraw from the contract:

“As is normal in commercial contracts, penalty provisions do apply. The details are commercially confidential. Legal advice from Attorney General’s Department and from a French lawyer engaged to represent ANSTO in the negotiations confirmed that the terms of the contract are in accordance with accepted practice.”

On 30 November 1999, in answer to a Question Without Notice from Senator Stott Despoja, the Minister noted:

“In August of this year Australia exchanged diplomatic notes with the French government in respect of this matter. The note specifically states:

The Government of the French Republic assures the Government of Australia that it does not intend to take or support any legislative or regulatory initiative or any other action which would prevent or hinder execution of the contract relating to the delivery of the spent fuel to Cogema and its transport to the processing site in France.

... the French government has made it abundantly clear that the contract with Cogema will be honoured.

