
C Competitive neutrality complaints

The Productivity Commission Act and the Australian Government's Competitive Neutrality Policy Statement require the Commission to report annually on the number of complaints it receives about the practices of government businesses and business activities and the outcomes of its investigations into those complaints. The Australian Government Competitive Neutrality Complaints Office (AGCNCO) received one formal complaint in 2013-14. Details of the investigation and action taken in relation to this complaint is summarised in this appendix.

The AGCNCO received one formal written complaint in 2013-14. The complaint was in relation to PETNET Australia, a wholly owned subsidiary of the Australian Nuclear Science and Technology Organisation (ANSTO). The complaint was not formally investigated.

PETNET Australia

A complaint was received from Cyclopharm on 4 September 2013 alleging that PETNET Australia was not charging prices that reflected its true cost of production and therefore was not meeting its requirements to earn a commercial rate of return. The complaint followed a previous complaint and subsequent investigation in 2011 which found that PETNET, then a start-up company, was unlikely to meet its competitive neutrality requirements under its then business model unless changes were made.

Cyclopharm Limited, through its wholly owned subsidiary, CycloPet Pty Limited, manufactures positron emission tomography (PET) radiopharmaceuticals. The radiopharmaceuticals are used to detect and determine the location, extent and stage of cancer, neurological disorders and cardiac disease. PETNET Australia manufactures and sells the most common PET radiopharmaceutical, fluoro-deoxy glucose (FDG). PETNET Australia (trading as PETNET Solutions) began its operations in August 2009. It operates two medical cyclotrons for radiopharmaceutical production at Lucus Heights.

Preliminary investigations into the 2013 complaint sought information on the past and likely future performance of PETNET Australia. This enabled an update of information that was provided during the 2011 investigation, including PETNET Australia's revised business plan.

ANSTO advised that the changes which resulted from the Office's past investigation report were likely to mean PETNET would earn a commercial rate of return in the longer term, thus allowing it to comply with Competitive Neutrality Policy. However, as the information supplied rested on a number of assumptions regarding future market conditions, the Office requested ANSTO provide it with audited copies of PETNET's financial accounts for 2013-14 and upcoming years to demonstrate PETNET is operating in compliance with Competitive Neutrality Policy.

With regard to all circumstances and the past investigation report, the Office considered that sufficient time had not passed to assess PETNET Australia's actual longer term commercial performance. Given this, the Office's previous findings and recommendations still stand as the most current assessment of PETNET Australia's compliance or otherwise with Competitive Neutrality Policy. On this basis, the Office did not undertake a second formal investigation of PETNET Australia.