



**Government
of South Australia**

TRS16D0688

Mr Brett Rowse
Chairperson
Essential Services Commission of South Australia
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Treasurer
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Dear Mr Rowse

A handwritten signature in cursive script that reads 'Brett, '1'.

Request for advice on the South Australian bulk grain supply chain costs

In my capacity as Treasurer I seek advice from the Essential Services Commission of South Australia (Commission) to assist the Government's pursuit of key objectives in relation to the costs associated with the South Australian bulk grain supply chain.

Background:

1. The Essential Services Commission is established under the *Essential Services Commission Act 2002* (ESC Act).
2. Section 5 of the ESC Act establishes the Commission's powers and functions.
3. Part 7 (s35) allows any industry Minister to refer a matter to the Commission for an inquiry, following consultation with the relevant Minister. The relevant 'Minister' for the purposes of the ESC Act is me, as Treasurer. The Act (s38) prescribes public notification processes involved for conducting an inquiry and the requirement to provide the report before both Houses of Parliament.
4. I seek an inquiry from the Commission which will assist the Government, pursuant to Part 7, on the reasonableness of the costs underpinning the South Australian bulk grain supply chain achieving the key objectives outlined below.

State's key objectives:

The State's key objectives in relation to bulk grain supply chain costs are to:

- a) provide transparency in regards to bulk grain export supply chain costs in South Australia;



- b) determine areas where future efficiencies may be achieved in the South Australian bulk grain export supply chain; and
- c) review the appropriateness of mechanisms used for funding road and rail components of the bulk grain export supply chain costs.

Referral:

I, Tom Koutsantonis, Treasurer, request the Commission undertake an inquiry pursuant to Part 7 (s35) of the ESC Act, on the matters set out below in relation to the bulk grain supply chain, subject to the terms of reference set out in this request for an inquiry.

Terms of Reference

The following are the terms of reference in 2 parts for this inquiry:

- a) In part 1 the Commission is to inquire into the South Australian bulk grain export supply chain (farm gate to export vessel) costs including vessel loading charges over the past 10 years, having regard to:
 - (i) the components of the bulk grain export supply chain costs (including vessel loading charges) and their efficiency
 - (ii) harvest trends in South Australia over the past 10 years
 - (iii) the basis upon which road and rail components of the bulk grain export supply chain costs are recovered.
- b) As part 2 of the Inquiry, should the Commission find areas where bulk grain supply chain costs are identified as inefficient, options should be provided for addressing those inefficiencies.

Requirements for this Inquiry

In undertaking the Inquiry, the Commission must:

- a) Work collaboratively with PIRSA, DPTI and DTF to obtain costs, harvest trend data and other information required.
- b) Investigate the potential to work with the Australian Export Grains Innovation Centre (AEGIC) as a consultant for the review as this organisation has already been involved in various publications on the grain supply chain and has the necessary analysts available.
- c) Conduct public consultation, in a manner considered appropriate by the Commission.
- d) Submit a draft report on part 1 of the Inquiry to me no later than 6 months from the commencement of the review.

- e) Provide a final report on part 1 and, if required, part 2 of the Inquiry to me no later than 9 months from the commencement of the review.

If the Commission requires further information in relation to this request for advice, it should contact Mr Mike Wilde, Planning and Transport Policy, Department of Planning and Infrastructure on 7109 7333.

Yours sincerely



Hon Tom Koutsantonis MP

Treasurer

Minister for Finance

16th March 2017