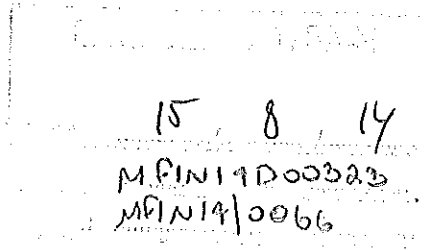




15 August 2014

The Hon Tom Koutsantonis MP
Minister for Finance
State Administration Centre
200 Victoria Square
Adelaide SA 5000



State Administration Centre
200 Victoria Square
Adelaide SA 5000

GPO Box 1045
Adelaide SA 5001

DX56205

Tel 08 8226 0190
Fax 08 8226 9458

ABN 36 746 507 575

Dear Mr Koutsantonis

REFORM OF GOVERNMENT BOARDS AND COMMITTEES

On 8 July 2014, the Premier announced that every Government board and committee will be abolished by 30 October 2014, unless it can be demonstrated that it has an essential purpose that cannot be fulfilled in an alternative way.

This reform will apply to all kinds of boards and committees, including statutory, advisory, commercial, regulatory and decision-making boards and committees. The Distribution Lessor Corporation Board is affected by this decision.

Ministers are responsible for providing advice to Cabinet on which boards and committees within their portfolios they believe should be exempt from abolition, with the final decision to change, merge, retain or abolish a board or committee resting with Cabinet.

The following five criteria are to be used to assess whether an exemption from abolition is justified:

1. Is the operation of the entity truly commercial in nature? – has there been a full delegation of powers or does the entity meet the standard definition of a public non-financial corporation or a public financial corporation?
2. Is there a case for direct community or sectoral representation through a board?
3. Will the abolition of a board have a negative impact on business or community confidence?
4. Is there a significant legal or financial advantage in retaining the board?
5. Is there some other compelling risk identified by the minister associated with the abolition of a board?

Distribution Lessor Corporation (DLC) was established as a body corporate on 29 July 1999 as a subsidiary of the Treasurer of South Australia under Regulations made pursuant to the *Public Corporations Act 1993*. On 1 January 2012, ministerial responsibility for DLC was transferred from the Treasurer to the Minister for Finance.

The DLC Board is established pursuant to section 6 (1) of the *Public Corporations (Distribution Lessor Corporation) Regulations 2010* and comprises three members appointed by the Minister for Finance.

DLC's primary function is as lessor of certain prescribed electricity assets consisting of the State's electricity distribution network and the land on which it is located.

The role of the DLC Board is to ensure that the Corporation is efficiently managed and to monitor events that may affect the State's ownership, rights and interests in the electricity distribution network and land. The leasing arrangements are in place until January 2200.

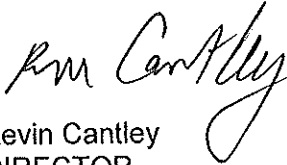
A review of whether the DLC Board should be exempt from abolition has been undertaken. A review of other options including abolishing the Corporation has also been undertaken.

The leases can be terminated and the electricity distribution assets transferred outright to the lessee with amendments to legislation, namely the *Electricity Corporations (Restructuring & Disposal) Act, 1999*.

Unless the leases are terminated, it is necessary for DLC to continue in existence. Current legislation does not permit DLC to be constituted as a corporation sole and requires DLC to have a board of directors.

After considering the above matters including a review against the specified criteria, the DLC Board is of the view that it should not be abolished. The criteria relied upon in supporting the Board's exemption is (1) and (5) – namely that DLC meets the standard definition of a public non-financial corporation and there are compelling reasons why the DLC Board should be retained.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Cantley', written in a cursive style.

Kevin Cantley
DIRECTOR