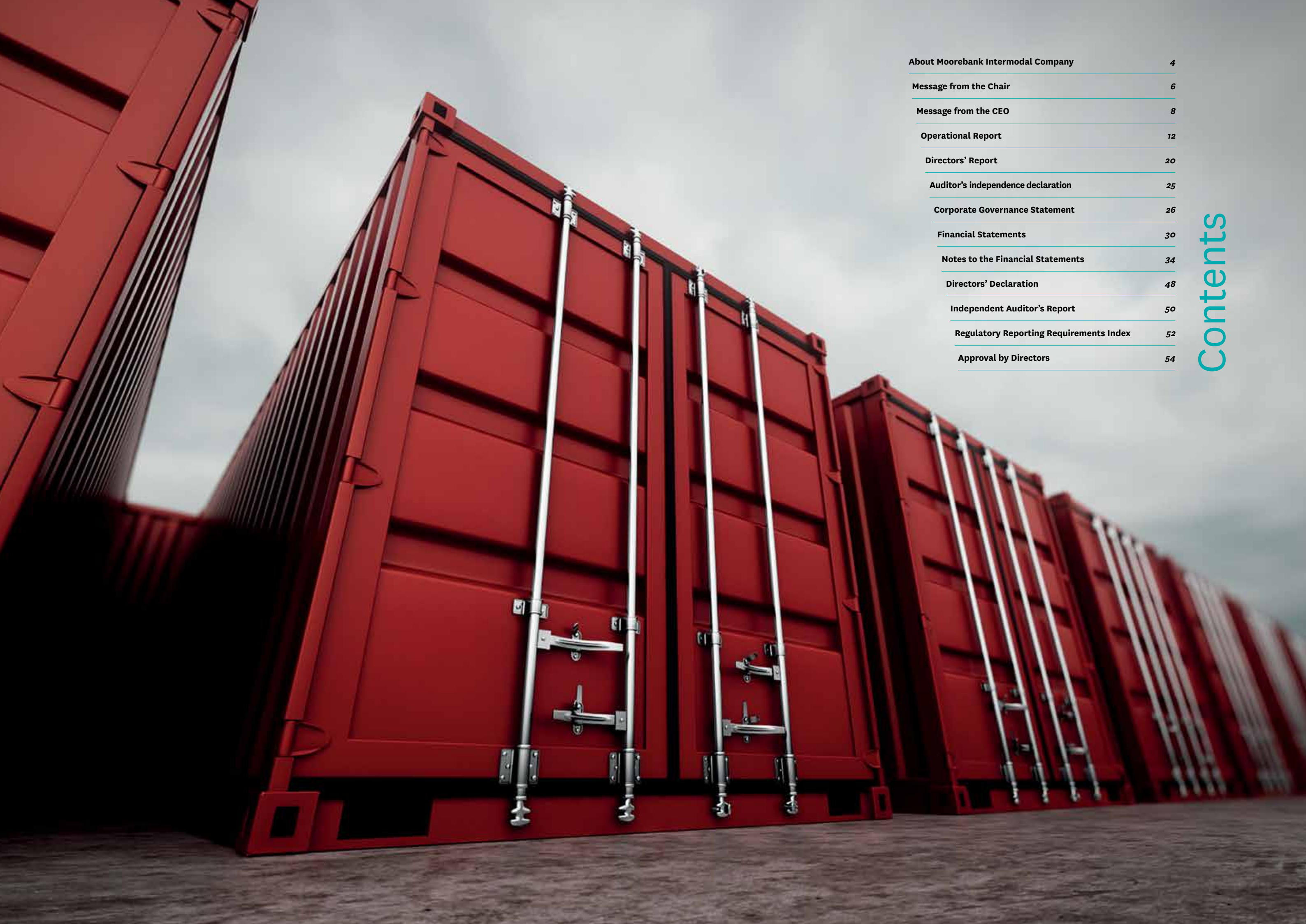




MOOREBANK  
INTERMODAL  
COMPANY

ANNUAL REPORT • 2013





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# Contents



(ACN 161 635 105)

# About Moorebank Intermodal Company

The Australian Government established Moorebank Intermodal Company (MIC) on 13 December 2012. Its purpose is to oversee the development and future operation of the Moorebank Intermodal Terminal (the Moorebank Terminal) in Sydney's south-west, a nationally significant infrastructure project that will boost Australia's productivity. A Board was appointed in December 2012 and MIC started operating in February 2013.

MIC is a Government Business Enterprise, incorporated under the Corporations Act 2001 and operating under the Commonwealth Authorities and Companies Act 1997. The organisation is a wholly owned Australian Government Company represented by two Shareholder Ministers:

the Minister for Infrastructure and Regional Development (being the Responsible Minister) and the Minister for Finance. MIC operates at arms-length from Government and with a commercial focus. This gives MIC the flexibility to work with potential operators, builders and other partners to maximise the opportunities for private sector involvement and innovation at the terminal.

The decision to deliver the Moorebank Terminal followed a feasibility study into urban freight solutions, combining the expertise of three Australian Government Departments and leading industry experts, as well as a cost-benefit analysis and market soundings that showed strong support for the project.

## About the Moorebank Intermodal Terminal

The Moorebank Terminal is an important part of the Australian Government's commitment to work with the New South Wales Government to increase national and state productivity by improving efficiency and freight throughput at Port Botany, and subsequently across Australia. It will enable more freight to be moved by rail, instead of road, both locally and nationally. The terminal will have an import-export facility with a direct rail link to Port Botany, bypassing Sydney's constrained road network. It will also have an interstate freight terminal, connecting with the national freight rail network.

The project complements Australian and State Government infrastructure plans, including:

- the Australian Government's investment in the Australian Rail Track Corporation's North-South Strategy, as well as its contributions to the Northern Sydney Freight Corridor Project and the Port Botany Freight Line;
- the NSW Government's target of doubling the proportion of containers moved by rail through NSW ports by 2019-20;
- the draft NSW Freight and Ports strategy, which recognises the role of the Moorebank Terminal in the overall freight network and the importance of Moorebank as a broader freight precinct; and
- Infrastructure Australia's draft National Land Freight Strategy and its National Ports Strategy, which both emphasise the importance of intermodal terminals and improved rail logistics to make port-related activities in the freight network more internationally competitive.

## MIC's Objectives

To implement the Australian Government's policy initiative, MIC's constitutional objectives are to:

- facilitate the development of an intermodal freight terminal at Moorebank. This will include an import/export facility, an interstate freight terminal (capable of catering for 1,800 metre trains) and ancillary facilities. Private sector investment and innovation in the development, construction and operation of the terminal is to be optimised;
- facilitate the operation of a flexible and commercially viable common user facility which shall be available on reasonably comparable terms to all rail operators and other terminal users;
- ensure the Moorebank Terminal operates with the aim of improving national productivity through an efficient supply chain, increased freight capacity and better rail utilisation; and
- operate on commercially sound principles having regard to the Australian Government's longer-term intention to sell its interest in the Company.

In achieving the above objectives, MIC will act in an environmentally and socially responsible manner with due regard to local communities' views.



# Message from the Chair

In its first five months of operation, MIC has mobilised to deliver the Moorebank Intermodal Terminal. All of MIC's major governance structures – including the Board and its committees – have been established, and a small but excellent management team assembled. In May, MIC's 2013-16 Corporate Plan was submitted to Shareholder Ministers and subsequently approved.

Following information sessions with the freight logistics industry, a call for Registrations of Interest was issued in May. A strong response has helped MIC refine its procurement strategy. The aim is to attract competitive proposals for the terminal and seek out innovative ideas and approaches from the private sector. MIC is working to create a commercial model that is both attractive to industry and delivers value for money.

During the year, MIC, together with the Commonwealth Department of Finance and Deregulation and advisers, has undertaken studies of the environmental and social impacts of the project. The studies were based on a preliminary concept design for the terminal and will assist MIC to engage with the community. The impacts on the community will be discussed and considered further when the detailed design of the terminal is developed. Where these impacts are negative, mitigation will be proposed. MIC will consider community views before seeking environmental and planning approvals for the project.

## A project of national significance

The Moorebank Terminal will address Sydney's poor intermodal freight capacity. The freight chain in Sydney is dampening both prosperity and national productivity.

The container supply chain in New South Wales is over-reliant on a crowded road network. With import-export freight growing at Port Botany, freight congestion is adding costs to the entire supply chain. Interstate freight transfers are also growing. Moving more import-export and interstate freight by rail relieves pressure on roads and takes advantage of investment in the freight rail network.

The current intermodal terminal network in Sydney cannot cope with the projected growth in container freight movements: the network itself is fragmented; its existing terminals are small and many are out of date. Furthermore, many terminals have to share rail paths with the passenger rail network and few terminals are close to the urban growth areas where imported goods are headed.

By contrast, the Moorebank Terminal will be serviced by a dedicated freight line and located near Sydney's south west growth sector. It will be directly linked by rail to Port Botany and to the interstate rail freight network, bypassing Sydney's congested roads and its passenger rail network.

MIC is working to ensure the Moorebank Terminal will provide cost efficiencies, and take advantage of improvements being made to rail reliability and transit times by the Australian Rail Track Corporation. Increased use of rail will also cut greenhouse gas emissions and fuel consumption, and reduce the noise, time delays and road accidents caused by traffic congestion.

Importantly, the Moorebank Terminal will be 'open access' – a common user facility which maximises the competition and efficiency benefits to the whole economy.

## A once in a lifetime opportunity

The site where the Moorebank Terminal will be built is well suited for an intermodal terminal, and of a sufficient size to handle both import-export trains and interstate freight trains, which can be up to 1.8 km long. The Board sees the availability of this site as an outstanding opportunity for three reasons.

First, the site is next to existing industrial areas, and close to major freight markets in western Sydney. This is where two thirds of the containerised freight received at Port Botany is headed.

Second, the site is close to vital transport links. The Moorebank Terminal is located just to the south of the M5 motorway and immediately to the east of the Southern Sydney Freight Line – the dedicated freight rail line that links Sydney to the interstate freight network and that, together with the Metropolitan Freight Network, links Moorebank to Port Botany. The M7 motorway is also nearby.

Third, the site is owned by the Australian Government, who wants to use the position and size of the site to deliver economic, environmental and social benefits for Sydney, NSW and Australia.

## MIC will be a good neighbour

The Board is aware that the change created by a new industrial precinct brings both benefits and costs to the local community. The Moorebank Terminal will create jobs and new economic activity in the Liverpool area by the terminal's construction and its eventual operations.

On the other hand, MIC knows that local residents are worried about the potential impact of traffic, air pollution, noise and light spill on their quality of life. The construction

of the terminal and its design will aim to keep these impacts to a minimum. Also recognising that demand for the terminal's services will build up over time, MIC intends to build the facilities using a staged approach. The Company will also continue to work closely with the local community, and local government, to ensure the project's development and operation are designed to minimise noise, light spill, traffic congestion and impacts on air quality.

## New Chief Executive Officer

On 9 July 2013, following a search process, Ian Hunt was announced as MIC's new Chief Executive Officer, effective from 2 September 2013. Ian brings 30 years of infrastructure experience to the project. He has previously worked on a range of projects, including public private partnerships to deliver a major urban motorway and rail rolling stock. His broad skills, across engineering, financing and management, will be invaluable to MIC. The Board and I look forward to working closely with him.

I acknowledge the important contribution of Lucio Di Bartolomeo, who served as our excellent interim CEO over the past six months, helping the Company to swiftly build momentum.

Finally, I thank my fellow Board directors, and all the staff, for their commitment to the Project. I look forward to seeing MIC achieve its ambitious targets and milestones.



**Kerry Schott**  
Chair





# Message from the CEO

Sydney is Australia's most important international gateway, with Port Botany alone receiving around a third of our nation's import-export (IMEX) container freight. However, a gateway is only as efficient as the land transport that connects it to its destinations. Right now, the vast majority of the 2 million containers arriving in Port Botany are put on trucks, which then drive on Sydney's roads. As anyone who drives on the M5 motorway knows, both local commuters and the environment suffer.

Many people believe something needs to be done about the current situation, but of more concern is the future. Container trade through Port Botany is forecast to more than double by 2030, and it will not be possible to move all these extra containers to and from the port on Sydney's congested road network.

The city has another, related problem. Interstate freight is expected to grow at 3.6% per year over the next 20 years and, again, Sydney does not have the capacity to handle this. The current terminals for interstate freight are small and out-dated – and do not connect easily with the rail freight network the Commonwealth Government has been investing in. This slows down deliveries and makes freight more expensive. As a country, it makes us less competitive.

Clearly, we need another facility to both ease the pressure at Port Botany and keep interstate freight moving: a facility that connects with the dedicated freight rail network, so it can take as many of the extra containers as possible off our local and national roads; a facility that makes the current freight logistics system more efficient, as opposed to adding another step to the process.

The Moorebank Terminal will be that new facility: an important, city-changing project – of local and national importance.

It will have a rail link to Port Botany via the Metropolitan Freight Network and the Southern Sydney Freight Line, and ultimately the capacity to handle up to 1.2 million TEU (twenty-foot equivalent units) per year of IMEX freight and 0.5 million TEU per year of interstate freight.

It is easy to underestimate the terminal's importance, because it will solve problems we cannot yet see. At face value, the terminal is not like the Eastern Distributor tunnel, which most Sydney-siders welcomed, because it solved problems they were aware of: it cut travel time to the airport and reduced the traffic congestion in eastern Sydney. Instead, this project will address problems we are not really aware of: future congestion, carbon emissions, productivity and the cost that high freight expenses adds to our imported goods.

The terminal will reduce the growth in congestion around the port and better distribute truck traffic around the Sydney road network. It offers the city a far better, less congested and less polluted future. For the local Moorebank community and beyond, the terminal will offer jobs, both off- and on-site, and other commercial opportunities.

Nationally, the terminal will change the way Australia moves its freight around the country: reducing the growth in the number of semi-trailers and B-doubles on our highways; controlling congestion; and, if MIC does its job right, making the whole process more affordable – for the companies importing and exporting goods, and for Australian consumers. It offers us a future where national productivity and prosperity can continue to grow.

I am therefore pleased to report that the organisation appointed to oversee this important facility is rapidly taking shape. Under the tenure of interim CEO, Lucio Di Bartolomeo, MIC has developed robust systems and a detailed corporate plan, and assembled a top quality, senior team. I will build on this team in the coming months as MIC's role is defined by its procurement strategy.

## Procurement strategy

Finalising this strategy will be MIC's main focus in the first quarter of 2013-14. MIC's primary responsibility is to conduct a competitive process to find a developer and operator for the Moorebank Terminal. The strategy we choose will set the scene for the Company's structure, resourcing needs, detailed performance measures, and even its lifespan.

In terms of developing the terminal, the Company is currently investigating a staged approach, which will be easier for the community and better match investment with demand for the terminal's services. The aim would be to limit the Australian Government support needed before the project becomes self-sufficient, and to also allow bidders greater freedom to propose innovative development solutions and risk-sharing options to better achieve the project's goals.

## The challenge

Certainly, industry involvement is essential to getting the project right. This is a decade-long project, requiring innovative and long-term thinking, because the facility will have to adapt to new demands as it develops, and be designed to meet the needs of future users.

In meeting these challenges, MIC's role will be to deliver on Australian Government policy whilst encouraging private sector involvement and meeting the needs of the community. In this case, delivering 'value' is about creating the Moorebank Terminal to best meet the commercial requirements of multiple users, while also being a responsible and environmentally concerned neighbour.

## The year ahead

Beyond defining its procurement strategy, MIC has four main areas of focus for the coming year:

### 1 Development

MIC will progress the project along several lines. The Company needs to sign a land lease with the Australian Government who will acquire additional land needed for the terminal.

To choose a developer and operator, MIC will undertake a competitive bid process to select a preferred tenderer and award contracts by mid-2014, aiming to commence construction in mid-2015.

### 2 Industry relationships

To prepare the container freight logistics industry for the coming change, MIC will participate in industry forums and work with companies in the supply chain to improve efficiencies and encourage greater use of rail to handle growing container volumes.

### 3 Community

Mindful of the impact the terminal will have on its local community, MIC will ensure residents are kept well informed and have their say throughout planning and development, and are always able to express their concerns and have their questions answered promptly. An important part of MIC's job is to make sure the community benefits from having the terminal on its doorstep.

### 4 Internal strength

In the coming year, MIC will develop a detailed long-term strategic business case. It will also continue to strengthen its governance framework and, once additional resourcing needs become clear, find the best people to join the existing team.

In closing, I would like to thank the Board and management team for their skilled and thoughtful work to date. I look forward to bringing all of our experience to bear on this important infrastructure project – offering Sydney and Australia a more prosperous and sustainable future.



**Ian Hunt**  
*Chief Executive Officer*



# Operational Report

## Corporate Plan

On 31 May 2013, MIC submitted its 2013-16 Corporate Plan to its Shareholder Ministers. This Corporate Plan was subsequently approved. The Corporate Plan sets out the objectives, initiatives, foreseeable challenges, risks and mitigation strategies and measures of success to deliver a successful and innovative project.

In the coming year, the Corporate Plan will be amended to reflect changes in the structure, governance, plans and the project overall. MIC will also inform the Shareholder Ministers of immediate or significant changes as the procurement strategy is finalised and business case assumptions updated.

## Performance measures

According to MIC's Statement of Corporate Intent (SCI), as a Government Business Enterprise, the organisation's objective is to add to shareholder value by meeting financial targets agreed with the Shareholder Ministers in the Corporate Plan.

MIC's non-financial performance measures are also set out in the 2013-16 Corporate Plan. Given the start-up nature of the business, the 2013-14 non-financial performance measures revolve around establishing the organisation, the procurement process, and the planning approval process.

MIC will report on its performance against the financial and non-financial expectations outlined in its SCI in future annual reports.

## Procurement strategy

As part of the feasibility study for the terminal, the Department of Finance and Deregulation conducted initial market soundings to canvass industry interest in the project and to test assumptions in the project's business case. During the year, MIC built on this work by soliciting feedback from the market to gauge the commercial appetite for the project and views on the proposed procurement strategy. This included a formal Registration of Interest process in May 2013, which provided companies currently operating in the freight logistics industry with background information on the project and also sought their views on key principles, processes and timeframes for the project. The response received by MIC demonstrated strong private sector interest in developing the terminal.

MIC received responses from stevedores, integrated logistics companies, rail operators and industrial property developers and owners. The respondents included a broad range of participants in the Port Botany logistics supply chain. They helped MIC to understand their views and establish some guiding principles that will continue to be tested while refining the procurement strategy.

MIC will continue to test these principles in ongoing market interactions early in 2013-14.

## Commercial model

One of the project's main challenges is to develop a commercial model, and in particular the risk-reward allocation between MIC, the Australian Government and the Moorebank Terminal's eventual operators. During the year, MIC identified some options, with different amounts and types of Government involvement. At year end, MIC was working with industry and expert advisers to refine and finalise the option most likely to achieve the Commonwealth's objectives for the project, while encouraging optimal private sector involvement.

## Next steps

In the coming year, MIC will proceed with the procurement process as follows:

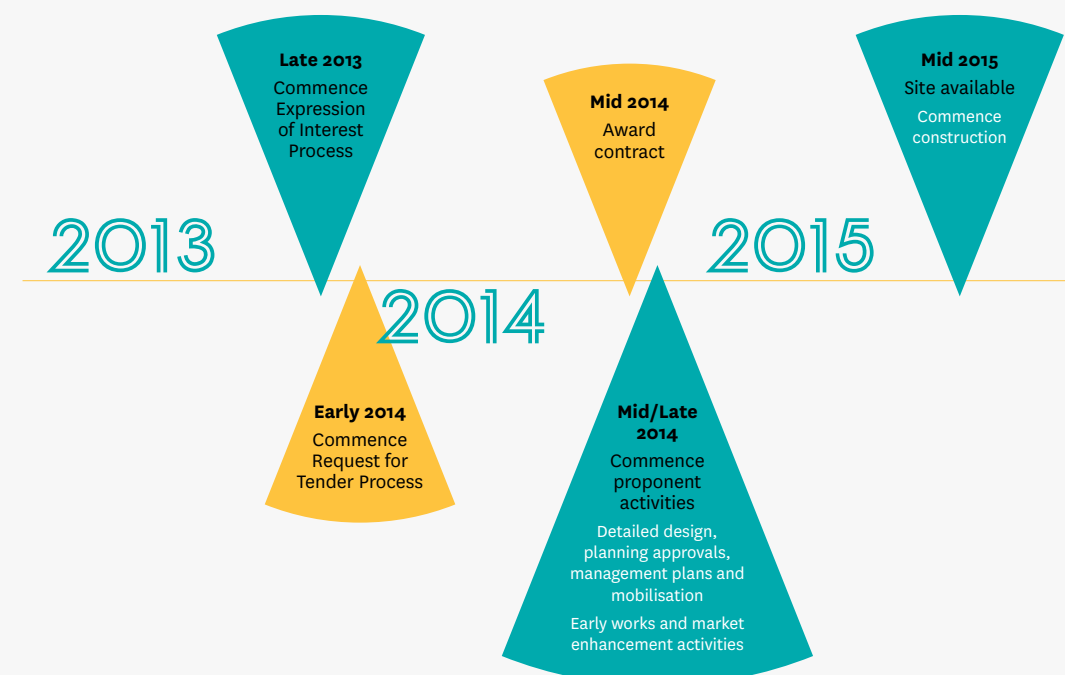
### ◦ Expression of Interest (EOI)

The EOI will be open to all interested parties and will ensure the most capable potential tenderers, with the required capabilities and capacity, are shortlisted to proceed to the next stage.

### ◦ Request for Tender (RFT)

Shortlisted tenderers will then be invited to participate in an RFT process to select the preferred tenderer, whose fully costed proposal best meets the objectives endorsed by MIC and the Commonwealth.

## Indicative project timetable





## Environmental approvals process

The following environmental and planning approvals will be sought for the Moorebank Terminal:

- 1 approval under the Commonwealth *Environmental Protection and Biodiversity Conservation Act 1999* (EPBC Act) as a ‘controlled action’; and
- 2 approval under the NSW Environmental Planning and Assessment Act 1979 (EP&A Act) as a State Significant Development.

During the year, MIC and the Commonwealth Department of Finance developed an initial assessment of the environmental and social impacts of the terminal based on a preliminary concept design. This assessment will be refined once the detailed designs for the terminal are available.

The detailed designs for the terminal will be prepared by the preferred tenderer selected as part of the procurement process for the terminal.

Once the detailed designs and the environmental and social impact assessment are complete, State Significant Development Approvals will be sought for each individual stage of development under the EP&A Act. Approvals will also be sought under the EPBC Act at the appropriate time.

## Concept design

A preliminary concept design was developed for the Moorebank Terminal, based on an extensive study of technical requirements, the physical constraints of the site, industry input and community consultation. Although the concept design was subject to a detailed optimisation process, MIC expects the successful tenderer will propose innovative, alternative ideas to achieve the Australian Government’s objectives for the project.

The concept design was prepared to demonstrate that the project is viable and to help begin an assessment of the environmental and social impacts of the terminal. Changes to the concept are expected as the procurement process for the terminal proceeds.

Important aspects of the preliminary concept design include:

- rail access to the terminal via a crossing of the Georges River;
- heavy vehicle access to the facility from Moorebank Avenue, which would be upgraded to enable safe and efficient access;
- warehousing along the eastern side of the site along Moorebank Avenue;
- support functions located at the southern end of the site so most of the activity at the terminal occurs away from residential areas;
- retention and enhancement of river-side vegetation next to the Georges River;
- rail track occupying the space between the warehousing and the conservation zone;
- landscaping that integrates the terminal and warehousing precincts, and provides visual relief for nearby residents and users of Moorebank Avenue; and
- a piped stormwater network and detention basins to treat runoff before it is discharged to the Georges River, through upgraded stormwater channels.

## Environmental and social impact assessment

MIC and the Commonwealth Department of Finance have assessed the impacts the Moorebank Terminal will have on a range of matters, including noise, air quality, traffic

and biodiversity, if developed according to the preliminary concept design. This will assist with identifying ways the terminal can be designed, and mitigation measures that may be adopted, to minimise impacts on the environment and the local community. The assessment will be refined when the detailed design of the terminal is developed.

The assessment is being undertaken for MIC by Parsons Brinckerhoff and its team of specialist sub-consultants. It has been a rigorous assessment, conducted in a complex urban environment, based on the results of 17 specialist studies:

- 1 Traffic, transport and access
- 2 Noise and vibration
- 3 Biodiversity
- 4 Hazards and risk
- 5 Contamination and soils
- 6 Hydrology, groundwater and water quality
- 7 Air quality (local)
- 8 Regional air quality
- 9 Greenhouse gas assessment
- 10 Aboriginal heritage
- 11 European heritage
- 12 Visual and urban design
- 13 Property and infrastructure
- 14 Social and economic impacts
- 15 Human health risks and impacts
- 16 Waste and resources management
- 17 Cumulative impacts

## Community engagement

MIC’s most important community stakeholders are the people who live and work in the area surrounding the planned Moorebank Terminal. During the past year, the Department of Finance worked with the local community, making sure residents are kept informed and feel their concerns are being heard and addressed. Community consultation conducted to date has involved two community information sessions, email updates and letter box drops, as well as the provision of information through a website and online and phone enquiry services. The information gathered via these channels was fed into the environmental and social impact assessment, so its studies covered issues raised by the community with the project team.

In the coming year, MIC will engage closely with the local community to share information and solve problems as the terminal develops. Some of MIC’s objectives in this regard are to:

- improve understanding about the project, its rationale and its benefits;
- obtain additional information on community concerns and useful community input on how the project’s impacts can be managed;
- demonstrate the impacts of the project can be kept at manageable levels; and
- provide accessible information and demonstrate a commitment to being a good neighbour.



## Industry engagement

MIC's industry stakeholders include prospective partners for developing and operating the Moorebank Terminal, future customers of the services provided by it and industry groups, particularly those representing the freight logistics industry and the broader infrastructure sector.

MIC's industry partners include possible operators and builders of the terminal, as well the owners and operators of connected infrastructure such as the Australian Rail Track Corporation, which operates the railway line from the terminal to Port Botany and the interstate freight rail network, and NSW Ports, which leases the land at Port Botany and operates the port. Future customers of the terminal might include freight forwarders and warehousing developers and managers.

During the year, through informal briefings and a formal Registration of Interest process, MIC provided key stakeholders with the information necessary to build knowledge, support and commercial interest in developing the terminal.

As the procurement process progresses, industry consultation will continue to be a hallmark of MIC's approach, as it seeks to secure innovative solutions to achieve the project's objectives. MIC will also work with companies in the supply chain to ensure all the links in the chain are as efficient as possible. This will include the

process of getting containers from ships to freight trains at the port, dealing with containers at the terminal and getting container contents to customers, via on site and linked warehousing.

## Work Health and Safety

The health and safety of MIC's employees is of the utmost importance. MIC is committed to providing a safe and healthy working environment for its staff, contractors and any visitors to MIC's workplace.

During its first five months of operation, MIC had excellent health and safety outcomes, with no lost time injuries or notifiable incidents. The Company has started to plan training for staff in the legislative requirements for work health and safety. This training will be conducted during 2013-14. MIC also began a risk assessment process, which included identifying health and safety risks and developing mitigation measures for those risks.

MIC's systems for managing health and safety risks will evolve as MIC moves from the procurement phase to the construction and operations phases of the project.

## Ecologically sustainable development

MIC is committed to the principles of ecologically sustainable development, as demonstrated by:

- The business case for the terminal, which balances long-term and short-term economic, environmental, social and equitable considerations (the "integration principle"). This was achieved through a cost benefit analysis that considered and valued the various economic and non-economic costs and benefits of the terminal. The analysis considered costs and benefits at different times, including at the start and after ten years of operations.
- The preliminary concept design for the terminal, which includes measures that may improve some environmental outcomes. For example, the concept design includes water sensitive urban design features that would prevent degradation and may improve the water quality in the Georges River. This supports the principle of inter-generational equity: that the present generation should maintain or enhance the health, diversity and productivity of the environment for the benefit of future generations.

- The preliminary concept design, which minimises vegetation clearing on the terminal site and establishes a conservation zone. Under the concept design, some vegetation along the Georges River would be restored and a package of biodiversity offsets would be identified to compensate for onsite clearing. Some animal crossings would be installed and other measures implemented to support native fauna habitats. This approach is consistent with the principle that conserving biological diversity and ecological integrity is a fundamental consideration in decision making.

During 2012-13, MIC's activities were office-based and did not have a significant effect on the environment. Work is underway to minimise the impact of MIC's future activities on the environment. In particular, an environmental and social impact assessment will assist to determine how the Moorebank Terminal could be developed to minimise impacts on matters such as air quality, human health, traffic congestion, biodiversity, water quality, noise and visual amenity. As this assessment has been developed, data on current conditions (e.g. air quality, water quality and noise) has been collected. This data may be used to monitor future impacts and the effectiveness of mitigation measures implemented.

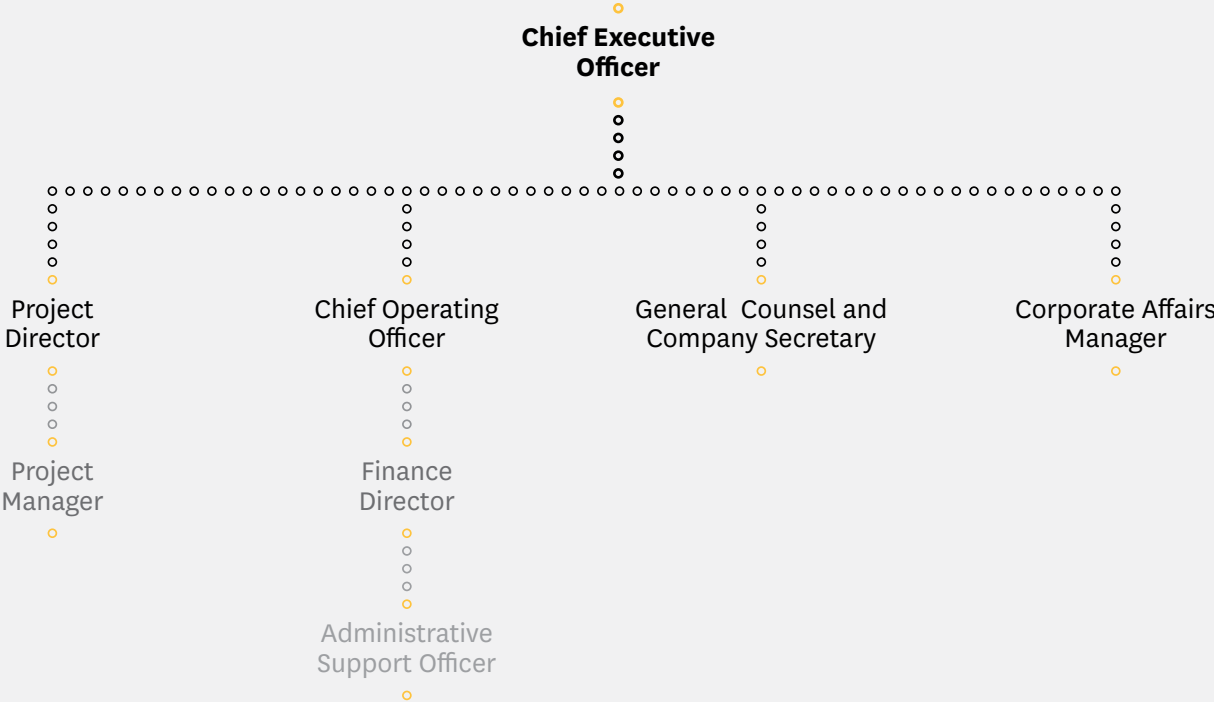






## Provisional organisational structure

MIC's ultimate organisational structure will depend on its procurement strategy and commercial model, which will be finalised in late 2013. This organisational structure is currently under review and will change during 2013-14, once the procurement strategy and MIC's resourcing requirements are better understood. MIC will also rely on specialist advisors, including technical adviser, Parsons Brinckerhoff, commercial adviser, Macquarie Capital, and legal adviser, Herbert Smith Freehills.





# Directors' Report

## Board of Directors

The following persons served as Directors of Moorebank Intermodal Company Limited during the financial year ended 30 June 2013.

All Directors were appointed on three year terms.



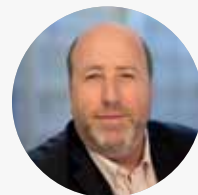
**Dr Kerry Schott – Chair**  
BA (Hons), MA, DPhil

Dr Schott was previously CEO at Sydney Water. She has 15 years' investment banking experience, including as Managing Director of Deutsche Bank and Executive Vice President of Bankers Trust Australia. Dr Schott is currently a: Director of NBN Co Limited; Director of NSW Treasury Corporation (TCorp); and a member of the Advisory Board at Infrastructure Australia, Deutsche Asset Management (Australia), the Whitlam Institute and Infrastructure Partnerships Australia. She is also a member of Macquarie University Council.



**Mr Paul Binsted** BEc, LLB

Mr Binsted has over thirty years' investment banking experience. During that time, he held senior positions at Lloyds Corporate Advisory Services, Schroders, Salomon Smith Barney (now Citigroup). In addition, he was the Managing Director and Joint CEO of Lazard. Mr Binsted was Chairman of Sydney Ports Corporation from 2006 to December 2009 and the State Rail Authority of NSW from 1998 to 2002. He was a Director of Donaldson Coal Holdings Limited from 2008, including being Deputy Chairman for 2009, until Noble Group acquired the minority shareholdings. He is also a Member of the Financial Sector Advisory Council, the Implementation Taskforce for the Australian Financial Centre Forum and the Shipping Reform Task Force.



**Mr Christopher Brown** FAICD

Mr Brown has a strong infrastructure background and an active public policy role in Western Sydney. Between 2005 and 2011, Mr Brown was Founder and Executive Deputy Chair of Infrastructure Partnerships Australia. He was also a member of the Ministerial PPP Forum and the Commonwealth's Infrastructure Security Panel. From 1992-2011, he was Managing Director of the peak industry group, Tourism & Transport Forum, and Convenor of the Australian Cities Roundtable. He was recently a member of the Steering Committee for the Joint Study on Aviation Capacity in the Sydney Region. Mr Brown was a founding director of the Greater Sydney Partnership, a strategic adviser to the Committee for Sydney and an Adjunct Professor in the UTS Business School. He currently sits on the boards of: Moss Capital, University of Western Sydney, Tourism Victoria, LUCRF Superannuation and ANZ Stadium, and chairs the Parramatta Partnership Forum.



**Ms Zorana Bull** BA, MA, GAICD

Ms Bull has over 20 years' experience advising businesses in delivering transformational outcomes across both public sector (transport, water, electricity/gas, healthcare and telecoms) and private sector (engineering, construction, insurance, and telecommunications). Her experience also includes managing the complex expectations and inter-relationships between public and private sector and has advised on many major partnerships, alliances and joint ventures dealing with infrastructure investment opportunities. Ms Bull is an engineer by training and currently a director of not for profit entities the Australian Centre for Eye Health and Guide Dogs NSW/ACT.



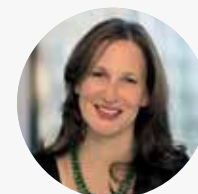
**Ms Claire Filson** LLB, MBA

Ms Filson has experience in construction law and financial services in both regulatory and private sector settings. She has previously worked with public private partnerships (PPPs). Ms Filson has strong commercial, financial and governance skills, with extensive experience working with audit and risk committees. Ms Filson's current affiliations include Director of Port of Hastings Development Authority and Director of Linking Melbourne Authority.



**The Hon Andrew Fraser**  
LLB, BCom

Mr Fraser has extensive experience in overseeing private investment in public infrastructure, including export facilities and other major transport projects. As Treasurer of Queensland he oversaw the successful reform and divestment of major government business enterprises, including QR National, which stands as the second largest IPO in Australian corporate history. Mr Fraser also serves on the Board of the Australian Sports Commission.



**Ms Louise Thurgood**  
BA, MBA, GAICD

Ms Thurgood has over 15 years' investment banking experience in commodities, energy and project finance. She also has strong credentials in risk management, with exposure across a wide range of industries, including: infrastructure, agriculture, construction, renewable energy and mining. Ms Thurgood is currently a director of Clearview Life Nominees and Vet Share, where she is also Chair of the risk and audit committee.



**Mr Stephen Williams** MBA

Mr Williams has a strong project finance background and has led deal teams from both a borrower and lender perspective. He has skills and experience in investment appraisal, strong commercial and risk sharing appreciation and a thorough understanding of private sector finance and investment, gained from both an industry and finance sector perspective. Mr Williams' experience includes CEO, Country Executive and Head of Banking, Royal Bank of Scotland (RBS) Australia (1999 - 2012).



**Mr Ray Wilson** ACA

Mr Wilson has a strong background in accounting, investment banking and large scale infrastructure development. Mr Wilson is a Founding Principal and Director of Plenary Group – an international infrastructure business. Mr Wilson's experience also includes Head of Infrastructure and Head of Debt Markets and Securitisation at Barclays Bank/ABN AMRO. Prior to his investment banking career, Mr Wilson was a chartered accountant at Price Waterhouse and KPMG.

## Meetings of Directors

The number of meetings of the Company’s Board of Directors and of each Board Committee held during the year ended 30 June 2013, and the numbers of meetings attended by each Director were:

Director	Appointed	Full meetings of Directors		Audit and Risk	
		A	B	A	B
K Schott	13 December 2012	8	8	1	1
P Binsted	8 May 2013	1	2		
C Brown	8 May 2013	1	2		
Z Bull	8 May 2013	2	2		
C Filson	13 December 2012	8	8	1	1
A Fraser	13 December 2012	7	8		
L Thurgood	8 May 2013	2	2		
S Williams	13 December 2012	8	8	1	1
R Wilson	13 December 2012	8	8		

A = Number of meetings attended

B = Number of meetings held during the time the Director held office or was a member of the committee during the year

## Committees of the Board

### Audit and Risk Committee

Due to the start-up nature of MIC, the only active Committee of the Board during 2012-13 was the Audit and Risk Committee. The Audit and Risk Committee comprises the following Directors:

- Mr Stephen Williams (chair)
- Dr Kerry Schott
- Ms Claire Filson
- Ms Louise Thurgood

### Implementation Committee

The Implementation Committee was established on 21 June 2013 and held its first meeting on 17 July 2013. The Implementation Committee comprises the following Directors:

- Mr Ray Wilson (chair)
- Dr Kerry Schott
- Mr Paul Binsted
- Ms Zorana Bull

## Company secretary

Ms Anna Lowe held the position of Company Secretary at the end of the financial year. Ms Lowe was appointed as Company Secretary of MIC on an interim basis, while MIC conducted a search for General Counsel/Company Secretary. Ms Lowe has a Bachelor of Commerce and a Master of Business Administration and has completed the Advanced Management Program at Harvard Business School.

Ms Lowe has over 20 years’ experience, having held senior corporate services positions in companies including CGU, Suncorp, Vero Australia and American Express. More recently, Ms Lowe was employed by the Commonwealth Department of Finance and Deregulation.

Subsequent to the end of the financial year, the Company appointed Mr Andrew Lonsdale as General Counsel and Company Secretary. Mr Lonsdale has more than 20 years’ experience as a legal practitioner in corporate and commercial law, principally construction law, initially in private practice and then with Abigroup, Bilfinger Berger and Lend Lease. He has a Bachelor of Laws (Hons) from the University of Queensland and is a Fellow of the Chartered Institute of Arbitrators.

## Principal activities

The principal activity of the Company is to facilitate the development of an intermodal freight terminal at Moorebank, Sydney, NSW.

## Operating results

The loss of the Company after income tax was \$1.84 million.

## Review of operations

The review of operations of the Company is contained in the reports from the Chief Executive Officer and Chair and the Operational Report.

## Significant changes in the state of affairs

Moorebank Intermodal Company Limited was incorporated on 13 December 2012.

During the period from incorporation until 30 June 2013, the Company received capital injections totalling \$5 million from the Australian Government.

## Significant events after the balance sheet date

Mr Ian Hunt was appointed CEO of Moorebank Intermodal Company Limited, effective from 2 September 2013.

No other matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Likely developments and expected results of operation

Likely developments and the expected results of operations of the Company are contained in the reports from the Chief Executive Officer and Chair.

## Dividends

There was no dividend declared or paid in the current year by the Company.

## Rounding of amounts

The financial report is presented in Australian dollars. All values are rounded to the nearest thousand dollars (\$’000) unless otherwise stated, under the option available to the Company under ASIC Class order 98/100.



## Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year, and there were no options outstanding as at the date of this report. No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

## Indemnification of officers

The Company's Constitution includes indemnities in favour of persons who are or have been a director or secretary of the Company. To the maximum extent permitted by law, the Company will indemnify every current or former director or secretary against-

- any liability incurred by the person in that capacity (except a liability for legal costs);
- legal costs incurred by the person in connection with legal proceedings in which the person becomes involved in that capacity or in obtaining certain legal advice relevant to the performance of their functions and discharge of their duties as an officer of the Company.

In accordance with the Company's Constitution, the Company has entered into a deed with directors of the Company (Director's Deed). These Director's Deeds formalise the arrangements between the Company and directors as to indemnities, insurance and access to Board records. Under each Director's Deed the Company indemnifies the director to the full extent permitted by law against all losses or liabilities incurred as an officer of the Company.

## Insurance

During the reporting period the Company has paid or agreed to pay premiums for contracts insuring directors and officers of the Company against liabilities incurred in that capacity. The directors have not included the details of the nature of the liabilities covered or the amount of the premiums paid in respect of these insurance contracts as such disclosure is prohibited under the terms of the contract.

Under the Director's Deeds the Company has undertaken to insure the director against certain liabilities incurred as a director and officer of the Company.

## Proceedings on behalf of Company

No person has applied for leave of the court to bring proceedings on behalf of the Company, or intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

## Non-audit services


No non-audit services have been provided by the Australia National Audit Office.

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 25.

No officer of the Company is or has been a partner/director of any auditor of the Company.

# Auditor's independence declaration




Dr Kerry Schott  
Chair, Board of Directors  
Moorebank Intermodal Company Limited  
Level 11, 1 O'Connell Street  
SYDNEY NSW 2000

**MOOREBANK INTERMODAL COMPANY LIMITED  
FINANCIAL REPORT 2012-13  
AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the Moorebank Intermodal Company Limited for the year ended 30 June 2013, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contravention of any applicable code of professional conduct.

Australian National Audit Office



Peter Kerr  
Executive Director  
Delegate of the Auditor-General  
Canberra  
25 September 2013

GPO Box 707 CANBERRA ACT 2601  
19 National Circuit BARTON ACT 2600  
Phone (02) 6203 7300 Fax (02) 6203 7777

# Corporate Governance Statement

The Board of Directors of the Company is responsible for the governance practices of the Company. A description of the Company's main corporate governance practices is set out below.

## Our Shareholder

### Ownership

Moorebank Intermodal Company Limited (MIC) is wholly owned by the Commonwealth of Australia.

### Shareholder Ministers

The Shareholder Ministers are the Minister for Finance and the Minister for Infrastructure and Regional Development.

### Shareholder communication

In compliance with the *Commonwealth Authorities and Companies Act 1997* and the *Commonwealth Government Business Enterprise Governance and Oversight Guidelines*, MIC regularly reports to its Shareholder Ministers.

Under the *Commonwealth Government Business Enterprise Governance and Oversight Guidelines*, MIC submitted its first three year Corporate Plan to its Shareholder Ministers in May 2013. MIC will continue to provide an updated Corporate Plan to its Shareholder Ministers on an annual basis.

MIC's Annual Report is submitted to the responsible Minister in accordance with section 36 of the *Commonwealth Authorities and Companies Act 1997*.

The Auditor-General is required by the *Commonwealth Authorities and Companies Act 1997* to audit the financial report of MIC. The Australian National Audit Office (ANAO) assists the Auditor-General in performing his functions.

## Board of Directors

### Role and responsibilities

The Board has ultimate responsibility for the performance of MIC and is fully accountable for this to the Shareholder Ministers.

The Board is responsible for the Company meeting its accountability obligations to the Australian Government by submitting corporate plans and annual reports, monitoring compliance with Australian Government policies and for the development, implementation and monitoring of an effective governance framework.

### Board composition

Under rule 3.1 of the MIC constitution, the Board is to consist of not less than three and not more than nine Directors. The Chair is appointed by the Minister in accordance with rule 5.5 of the MIC constitution.

Directors are appointed by the Minister under rule 3.3 of the MIC constitution. The term of office of a director is determined by the Commonwealth at the time of appointment: normally for a term of three years.

The current Board comprises nine non-executive directors as at signing date. Details of the current directors, including names and appointment dates, are included in the Directors' Report.

The composition of the Board will be assessed by the Board and recommendations made to the Shareholder minister at least once a year.

### Chair

The Chair of the Board is responsible for the leadership of the Board and for the efficient and proper functioning of the Board.

### Board performance

The Board has agreed to annually review the performance of: the Board as a whole; each Board Committee; each Director, including the Chair; and Board processes.

The Chair will provide the Shareholder Ministers with written confirmation that this review process has been followed and raise any areas of concern.

### Board diversity

In accordance with its obligations under the *Commonwealth Government Business Enterprise Governance and Oversight Guidelines*, the Board must have regard to government policy on fostering a governance culture that embraces diversity in the composition of Boards with the objective of achieving the Government's target of 40% representation of women on Government Boards by 2015. At signing date, the representation of women on the MIC Board was 44%.

### Director induction and education

MIC has an induction program for new Directors which will be reviewed periodically by the Company Secretary. Ms Zorana Bull, Ms Louise Thurgood, Mr Christopher Brown and Mr Paul Binsted were appointed to the Board on 8 May 2013 and received the MIC induction pack.

Ongoing education for Directors was provided through workshops, presentations, individual briefings and tours of MIC's proposed operational site and related facilities.

### Conflict of interest

Directors have an obligation to disclose, in a timely manner, any material personal interests that may conflict with MIC or their role as a Director of MIC, unless a Director is permitted to avoid doing so by the Corporations Act. They will also ensure that no material personal interests conflict with the interest of MIC during their term as a Director.

### Independent professional advice

Directors may seek independent professional advice, at MIC's expense, in carrying out their duties.

Each Director has the right to access all MIC information they consider necessary to fulfil their responsibilities.

## Board Committees

To assist in the performance of its responsibilities, the Board has established two Board committees, being the:

- 1 Audit and Risk Committee established on 15 March 2013
- 2 Implementation Committee established on 21 June 2013

Each Committee is required to review its charter annually. Any proposed changes to a Committee charter must be approved by the Board. Any Board Director may attend any Board Committee.



## Audit and Risk Committee

The role of the Committee is to assist the Board in discharging its corporate governance responsibilities.

The Committee provides assurance to the Directors that MIC is complying with its financial management and reporting obligations imposed by the *Commonwealth Authorities and Companies Act 1997* and the *Corporations Act 2001* and provides a forum for communication between the Board, MIC senior managers, and MIC's internal and external auditors.

The Committee monitors and reviews the effective management of financial risks, the application of up-to-date accounting policies, development and maintenance of effective and efficient internal and external audit processes, maintenance of auditor independence and performance and compliance with applicable laws and regulations.

The Committee itself must comply with the GBE Guidelines.

The Committee consists of at least three members, the majority being independent non-executive directors. The Chair of the Committee must be an independent non-executive director and is to be appointed by the Board, but is not to be Chairman of the Board.

The membership of the committee, the number of meetings during the period 13 December 2012 to 30 June 2013 and the number of meetings attended by Directors is set out in the Directors' Report.

## Implementation Committee

The Committee assists the Board in fulfilling its governance responsibilities by monitoring and supporting management of MIC in the areas of procurement, construction, activation, maintenance and all matters relating to health, safety and environmental risks or issues.

Consistent with the Implementation Committee charter, the Committee consists of at least three members,

two of whom are non-executive directors and one with major construction, engineering and/or procurement experience.

The membership of the committee is set out in the Directors' Report.

## Accountability and audit

### External audit

Under section 35 of the *Commonwealth Authorities and Companies Act 1997*, the Auditor-General is responsible for auditing the financial report of MIC.

The Audit and Risk Committee meets with the external auditor during the year to:

- discuss the external audit plans, identify any significant changes in operations, internal controls or accounting policies likely to impact the financial report;
- review the results and findings of the auditor, the adequacy of internal controls and monitor the implementation of any recommendations made; and
- finalise annual reporting, review the preliminary financial report prior to sign-off and any significant adjustments required as a result of the external auditor's findings.

### Internal control framework

The Board is responsible for the overall internal control framework and for reviewing its effectiveness.

MIC's internal control framework is intended to meet the objectives of:

- safeguarding the Company's assets;
- complying with applicable laws and regulations;
- ensuring effectiveness and efficiency of operations;
- maintaining proper accounting records;
- preventing, detecting and correcting irregularities; and
- identification and mitigation of business risks

A number of internal controls have been implemented to provide for the accuracy of the financial statements and integrity of business systems.

These internal controls include the form of appropriate financial delegations, a risk management framework, financial planning and reporting, strategic planning and operational policies and practices.

### Risk management

MIC continues to build a Risk Management Framework and has developed a comprehensive risk register that captures the material business risks facing the Company.

It is the role of the Audit and Risk Committee to oversee the Risk Management Framework. In particular, the Committee oversees:

- the adequacy of policies and procedures for the oversight and management of material business risks;
- the design and implementation of effective risk management and internal control systems for identifying, assessing, monitoring and managing MIC's material business risk; and
- reporting to the Board on whether those risks are being managed effectively

### Internal audit

Following a tender process, the Audit and Risk Committee, on 9 August 2013, approved the appointment of Ernst & Young as internal auditors of MIC for a period of three years. The Committee also approved an Internal Audit Charter at the 9 August 2013 meeting.

Ernst & Young will be working to develop an annual internal audit plan which will be considered by the Audit and Risk committee in November.

Ernst & Young has the opportunity to meet with Committee member to discuss matters *in camera*.

## Ethical standards

### Code of conduct

MIC is committed to and promotes the highest standards of integrity and ethical behaviour. MIC aims to carry out its business in an open and honest manner, while complying with all applicable legislation and laws.

MIC has put in place a Code of Conduct, which outlines expected standards of workplace behaviour.

### Fraud and Corruption reporting

As a Government Business Enterprise, MIC is committed to applying and adhering to the standards outlined in the *Commonwealth Fraud Control Guidelines 2011*.

MIC's Fraud and Corruption Prevention Policy details the requirements and responsibilities for the prevention, detection and reporting of fraud and corruption. The Policy encourages all staff to be vigilant in ensuring those standards are met, and provides guidance for action if it is suspected that those standards are being breached. The policy also sets out expected behaviour that is consistent with the Code of Conduct.

In developing the policy, MIC has adopted a methodology consistent with the relevant recognised standards of AS 8001-2008: The Australia Standard on Fraud and Corruption control.

MIC will also be developing a whistleblowing and privacy policy shortly.

## Gender diversity

As at 30 June 2013, diversity metrics showed that within MIC's workforce, women comprised 62% of all employees.

# Financial Statements

Moorebank Intermodal Company Limited (ACN 161 635 105)

Balance sheet

As at 30 June 2013

	30 June 2013	
	Notes	\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	6	3,145
Trade and other receivables	7	171
Other current assets	8	142
<b>Total current assets</b>		<b>3,458</b>
<b>Non-current assets</b>		
Property, plant and equipment	9	141
Intangible assets	10	13
Deferred tax assets	11	788
<b>Total non-current assets</b>		<b>942</b>
<b>Total assets</b>		<b>4,400</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	12	1,222
Provisions	15	8
<b>Total current liabilities</b>		<b>1,230</b>
<b>Non-current liabilities</b>		
Provisions	15	10
<b>Total non-current liabilities</b>		<b>10</b>
<b>Total liabilities</b>		<b>1,240</b>
<b>Net assets</b>		<b>3,160</b>
<b>EQUITY</b>		
Contributed equity	16	5,000
Retained earnings	17	(1,840)
<b>Total equity</b>		<b>3,160</b>

Moorebank Intermodal Company Limited (ACN 161 635 105)

Statement of Profit or Loss and Other Comprehensive Income

For the period 13 December 2012 to 30 June 2013

	Notes	\$'000
<b>Revenue</b>		
Interest income		21
<b>Total revenue</b>	3	<b>21</b>
<b>Expenditure</b>		
Employee benefits expense	4	733
Occupancy costs		42
Advisor costs		814
Contractor costs		505
Recruitment		220
Insurance		77
IT expenses		41
Travel costs		45
Depreciation and amortisation	4	6
Other expenses		166
<b>Total expenditure</b>		<b>2,649</b>
<b>(Loss) before income tax</b>		<b>(2,628)</b>
Income tax benefit	5	788
<b>(Loss) for the year</b>		<b>(1,840)</b>
Other comprehensive income		-
<b>Total comprehensive income</b>	17	<b>(1,840)</b>



Moorebank Intermodal Company Limited (ACN 161 635 105)

Statement of Changes in Equity

For the period 13 December 2012 to 30 June 2013

	Retained Earnings	Contributed equity	Total equity
	\$'000	\$'000	\$'000
Balance at 30 June 2012	-	-	-
Comprehensive income			
Loss for the year	(1,840)	-	(1,840)
Other comprehensive income	-	-	-
Total comprehensive income	(1,840)	-	(1,840)
Transactions with owners, in their capacity as owners			
Contributions of equity	-	5,000	5,000
Balance at 30 June 2013	(1,840)	5,000	3,160

Moorebank Intermodal Company Limited (ACN 161 635 105)

Statement of Cash Flows

For the period 13 December 2012 to 30 June 2013

	For the period 13 Dec 2012 to 30 June 2013
	\$'000
Cash flows from operating activities	
Payments to suppliers and employees	(1,750)
Net GST received	34
Interest received	21
Net cash (outflow) from operating activities	18 (1,695)
Cash flows from investing activities	
Payments for property, plant and equipment	(146)
Payments for intangible assets	(14)
Net cash (outflow) from investing activities	(160)
Cash flows from financing activities	
Proceeds from equity funding	5,000
Net cash inflow from financing activities	5,000
Net increase in cash and cash equivalents	3,145
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	6 3,145

# Notes to the Financial Statements

1	Summary of significant accounting policies	13	Operating leases
2	Significant accounting judgements, estimates and assumptions	14	Contingent assets and liabilities
3	Revenue	15	Provisions
4	Expenses	16	Contributed equity
5	Income tax expense/ (benefit)	17	Retained earnings
6	Current assets – Cash and cash equivalents	18	Reconciliation of profit after income tax to net cash inflow from operating activities
7	Current assets – Trade and other receivables	19	Financial risk management
8	Current assets – Other current assets	20	Related party transactions
9	Non-current assets – Property, plant and equipment	21	Directors and Key Management Personnel disclosures
10	Non-current assets – Intangible assets	22	Remuneration of auditors
11	Non-current assets – Deferred tax assets	23	Events after reporting period
12	Current liabilities – Trade and other payables		

## 1 Summary of significant accounting policies

Moorebank Intermodal Company Limited (MIC) is an unlisted public company incorporated and domiciled in Australia. It is a company limited by shares and is wholly owned by the Government of the Commonwealth of Australia. MIC is a Government Business Enterprise, incorporated under the *Corporations Act 2001* and operating under the *Commonwealth Authorities and Companies Act 1997*. MIC was incorporated on 13 December 2012.

### a) Basis of preparation of financial report for the period 13 December 2012 to 30 June 2013

The financial report has been prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board, the requirements of the Corporations Act 2001 and other authoritative pronouncements of the Australian Accounting Standards Board.

MIC is a for profit entity for the purpose of preparing the financial report.

The financial report is presented in Australian dollars. Values are rounded to the nearest thousand dollars unless otherwise stated.

The financial report has been prepared on a going concern basis and in accordance with the historical cost convention, except for certain classes of non-current assets, financial assets and financial liabilities.

### (i) Compliance with IFRS

The financial report complies with International Financial Report Standards (IFRS) as issued by the International Accounting Standards Board.

### (ii) New and amended standards adopted by the Company

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2012.

- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income* (effective from 1 July 2012)

The adoption of this amendment does not have any material impact on the current period and is not likely to affect future periods.

### (iii) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods and have not been early adopted by the Company. The Company's assessment of the impacts of these new standards and interpretations which may be relevant to the Company are set out below.

- Revised AASB 119 *Employee Benefits* and, AASB 2012-10 *Amendments to Australian Accounting Standards arising from AASB 119* (September 2012)

AASB 119 changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. The Company does not intend to adopt the new standard before its operative date being 1 July 2013.

There are no other standards that are not yet effective and that are expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

### b) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, to the extent it is probable the economic benefit will flow to the Company and the revenue can be reliably measured.

### c) Cash and cash equivalents

Cash and cash equivalents includes: cash on hand; deposits held at call with financial institutions; and other short-term, highly liquid investments with original maturities of three months or less, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

### d) Trade and other receivables

Trade and other receivables are initially recorded at fair value and subsequently measured at amortised cost using the effective interest method.

Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Any impairment allowance for doubtful debts raised to reduce the carrying amount of receivables is based on a review of outstanding balances at balance sheet date.



**e) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Depreciation on assets is calculated using the straight line method to allocate their cost, net of their residual value, over their estimated useful lives as follows:

Useful Life

- Computer equipment 3 years
- Leasehold Improvements 3 years

**f) Intangible assets**

The Company's intangible assets comprise purchased software for internal use. These assets are carried at cost less accumulated amortisation and accumulated impairment losses. Software is amortised on a straight line basis over its anticipated useful life. The useful life of the Company's software is three years.

**g) Impairment of assets**

All tangible and intangible assets (excluding assets arising from current and deferred tax assets and financial assets) are measured using the cost basis and are written down to recoverable amounts where their carrying amount exceeds recoverable amount.

Assets that are subject to depreciation and amortisation are reviewed for impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The recoverable amount of an asset is the higher of its fair value less costs to sell or its value in use.

**h) Leases**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases (note 13). Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the period of the lease.

**i) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid and measured at cost. The amounts are unsecured and are usually paid within 30 days of recognition.

**j) Provisions**

Provisions for legal claims and make good obligations are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**k) Employee benefits**

*Short-term obligations*

Liabilities for wages and salaries, including annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

**l) Share capital**

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

**m) Taxation**

**(i) Income tax**

The income tax expense or benefit for the period is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

**(ii) Goods and Services (Tax)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivable and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivable and payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.



2 Significant accounting judgements, estimates and assumptions

a) Make good provisions

Assumptions have been made in calculating the best estimate of the likely costs to “make good” premises that are currently occupied.

b) Deferred tax

The recognition of the deferred tax asset of \$788k is considered appropriate following an assessment of the overall forecast profit and taxation position over the next five years.

3 Revenue

	For the period 13 Dec 2012 to 30 June 2013
	\$'000
Interest income	21
<b>Total Income</b>	<b>21</b>

4 Expenses

	For the period 13 Dec 2012 to 30 June 2013
	\$'000
<b>Depreciation</b>	
Computer equipment	3
Leasehold improvements	2
<b>Total Depreciation</b>	<b>5</b>
<b>Amortisation</b>	
Computer software	1
<b>Total Amortisation</b>	<b>1</b>
<b>Employee benefits</b>	
Wages and salaries	686
Defined contribution superannuation expense	47
<b>Total employee benefits expense</b>	<b>733</b>
<b>Minimum lease payments</b>	
Minimum payments under operating leases	33
<b>Total</b>	<b>33</b>

5 Income tax (benefit)

	For the period 13 Dec 2012 to 30 June 2013
	\$'000
<b>a) Income tax (benefit)</b>	
Current tax – in respect of the current year	(786)
Deferred tax – in respect of the current year	(2)
<b>Total Income tax (benefit)</b>	<b>(788)</b>

b) Numerical reconciliation of income tax expense to prima facie tax payable

<b>Loss from continuing operations before income tax benefit</b>	(2,628)
Tax at the Australian tax rate of 30%	(788)
<b>Income tax (benefit)</b>	<b>(788)</b>

6 Current assets – Cash and cash equivalents

	30 June 2013
	\$'000
Cash at bank	3,145
<b>Total</b>	<b>3,145</b>

The Company’s exposure to interest rate risk is discussed in note 19.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

The carrying value of cash and cash equivalents equals the fair value.

7 Current assets – Trade and other receivables

	30 June 2013
	\$'000
GST receivable	171
<b>Total</b>	<b>171</b>



## 8 Current assets – Other current assets

	30 June 2013
	\$'000
Prepayments	142
<b>Total</b>	<b>142</b>

## 9 Non-current assets – Property, plant and equipment

	Leasehold improvements	Computer equipment	Total
	\$'000	\$'000	\$'000
<b>As at 13 December 2012</b>			
Cost	-	-	-
Accumulated depreciation	-	-	-
Net book value	-	-	-
<b>Period ended 30 June 2013</b>			
Opening net book value	-	-	-
Additions	57	89	146
Depreciation charge	(2)	(3)	(5)
Net book value	55	86	141
<b>As at 30 June 2013</b>			
Cost	57	89	146
Accumulated depreciation	(2)	(3)	(5)
<b>Net book value</b>	<b>55</b>	<b>86</b>	<b>141</b>

## 10 Non-current assets – Intangible assets

	Computer software
	\$'000
<b>As at 13 December 2012</b>	
Cost	-
Accumulated amortisation	-
Net book value	-
<b>Period ended 30 June 2013</b>	
Opening net book value	-
Additions	14
Amortisation charge	(1)
<b>Net book value</b>	<b>13</b>
<b>As at 30 June 2013</b>	
Cost	14
Accumulated amortisation	(1)
<b>Net book value</b>	<b>13</b>

The Company does not anticipate any significant disposals of property, plant & equipment or intangibles in the next 12 months. There were no indicators of impairment of property, plant & equipment or intangibles as at 30 June 2013.

## 11 Non-current assets – Deferred tax assets

	30 June 2013
	\$'000
<b>Temporary differences</b>	
Provisions	2
	2
<b>Unused tax losses and credits</b>	
Unused tax losses	786
	786
<b>Total</b>	<b>788</b>
<b>Movements:</b>	
Opening balance at 13 December 2012	-
Credited to the Statement of Profit or Loss and Other Comprehensive Income related to tax losses	788
<b>Closing balance at 30 June 2013</b>	<b>788</b>

## 12 Current liabilities – Trade and other payable

	30 June 2013
	\$'000
Trade payables	1,080
Accruals	49
Other payables	93
<b>Total</b>	<b>1,222</b>

Due to the short-term nature of these payable, their carrying value is assumed to approximate their fair value.

Information about the Company's exposure to interest rates and liquidity risk is set out in note 19.

## 13 Operating leases

	30 June 2013
	\$'000
<b>Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:</b>	
Within one year	99
Later than one year but not later than five years	169
Later than five years	-
<b>Total</b>	<b>268</b>

The Company has entered into a non-cancellable property lease with a term of three years. Fixed rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4.25% per annum.

The Company has entered into a non-cancellable parking lease with a term of three years, which is subject to market review increases.

## 14 Contingent assets and liabilities

As at 30 June 2013, the Company does not believe that it has any outstanding contingent assets and liabilities.

## 15 Provisions

	30 June 2013
	\$'000
<b>Current</b>	
Employee benefits	8
Other provisions	-
<b>Total</b>	<b>8</b>
<b>Non- Current</b>	
Employee benefits	-
Other provisions	10
<b>Total</b>	<b>10</b>

Provision for employee benefits represents amounts accrued for annual leave.

Other provisions represent a make good provision for the Company's property lease, which runs until February 2016.

## 16 Contributed equity

Contributed equity

	30 June 2013		
	\$'000		
a) <i>Share capital</i>			
Fully paid	5,000		
	5,000		
Number of ordinary shares	5,000,000		
b) <i>Movements in ordinary share capital</i>			
Date	Details	Number of shares	\$'000
13 December 2012	Opening balance	-	-
7 March 2013	Equity injection	2,500,000	2,500
7 June 2013	Equity injection	2,500,000	2,500
30 June 2013	Closing balance	5,000,000	5,000



17 Retained earnings

Movements in retained earnings were as follows:

	For the period 13 Dec 2012 to 30 June 2013
	\$'000
Opening balance	-
(Loss) / profit for the year	(1,840)
<b>Balance 30 June</b>	<b>(1,840)</b>

18 Reconciliation of loss for the period to net cash outflow from operating activities

	For the period 13 Dec 2012 to 30 June 2013
	\$'000
<b>(Loss) for the period (13 December 12 to 30 June 2013)</b>	<b>(1,840)</b>
<b>Adjustments for non-cash items:</b>	
Depreciation and amortisation	6
Non cash taxation benefit	(788)
<b>Operating profit before changes in working capital and provisions</b>	<b>(2,622)</b>
Changes in trade debtors and other receivables	(171)
Changes in other current assets	(142)
Changes in trade and other payables	1,222
Changes in provisions	18
<b>Net cash (outflow) from operating activities</b>	<b>(1,695)</b>

19 Financial Risk Management

The Company’s principal financial instruments comprise cash and payables. The carrying amount equates to the fair value of the financial instruments. These activities expose the Company to interest rate risk, credit risk and liquidity risk.

As at 30 June 2013, the Company held the following financial instruments:

	30 June 2013
	\$'000
<b>Financial assets</b>	
Cash and cash equivalents	3,145
<b>Total financial assets</b>	<b>3,145</b>
<b>Financial liabilities</b>	
Trade and other payables	1,222
<b>Total financial liabilities</b>	<b>1,222</b>

Financial Risk Management Policies

The Board’s overall risk management strategy seeks to assist the Company in meeting its financial targets. Risk management policies are approved and reviewed by the Board.

a) Credit risk

All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

b) Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company is not currently exposed to any significant liquidity risk on the basis that the realisable value of financial assets is significantly greater than the financial liabilities due for settlement.

c) Market risk

Exposure to interest rate risks arises on interest-bearing financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect either the future cash flows or the fair value financial instruments.

At 30 June 2013, the Company had no interest-bearing financial liabilities.

Fair Values

The carrying amount equates to the fair value of the financial instruments.

20 Related party transactions

The Company’s main related parties are as follows:

a) Directors

A Director related entity includes any legal, administrative or fiduciary arrangement, organisational structure or other party, including a person, having the capacity to deploy equity instruments in order to achieve objectives. The entity must be under joint or overall control or significant influence of a Director or his/her related parties.

There were no related party transactions with Directors during the year.

There were no loans to Directors during the year.

21 Directors and Key Management Personnel disclosures

a) Directors

The following persons were Directors of Moorebank Intermodal Company Limited during the financial year:

(i) Chair

K Schott (commenced 13 December 2012)

(ii) Non-executive Director

P Binsted (commenced 8 May 2013)

C Brown (commenced 8 May 2013)

Z Bull (commenced 8 May 2013)

C Filson (commenced 13 December 2012)

A Fraser (commenced 13 December 2012)

L Thurgood (commenced 8 May 2013)

S Williams (commenced 13 December 2012)

R Wilson (commenced 13 December 2012)

b) Key Management Personnel

Chief Executive Officer (Interim)

L Di Bartolomeo (commenced 23 January 2013)

Chief Operating Officer

A Lowe (commenced 1 March 2013)

c) Remuneration of Directors and Key Management Personnel

	For the period 13 Dec 2012 to 30 June 2013
	\$
Short-term employee benefits	544,163
Post-employment benefits	37,361
<b>Total</b>	<b>581,524</b>

22 Remuneration of auditors

	For the period 13 Dec 2012 to 30 June 2013
	\$’000
<b>Australian National Audit Office</b>	
Audit of financial statements	45
<b>Total auditor’s remuneration</b>	<b>45</b>

23 Events after reporting period

The directors are not aware of any significant events since the end of the reporting period.



# Directors' Declaration

30 June 2013

In the opinion of the Directors of Moorebank Intermodal Company Limited ("the Company"):

a) ***the financial statements and notes set out on pages 30 to 47 are in accordance with the Corporations Act 2001, including:***

- (i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
- (ii) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the financial year ended on that date; and

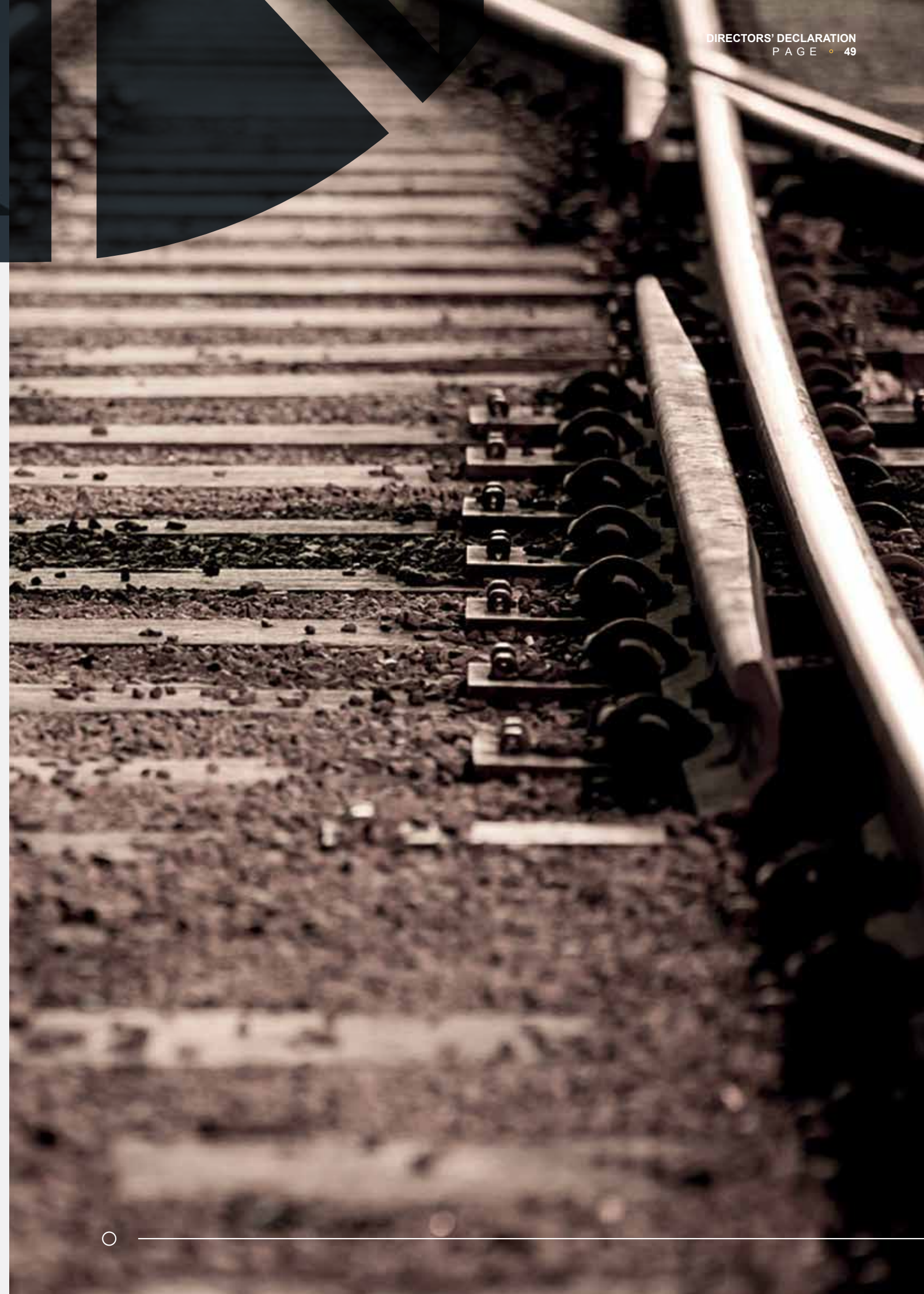
b) ***there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.***

The Directors draw attention to note 1(a) to the financial statements, which includes a statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made on 25 September 2013 in accordance with a resolution of the Directors.

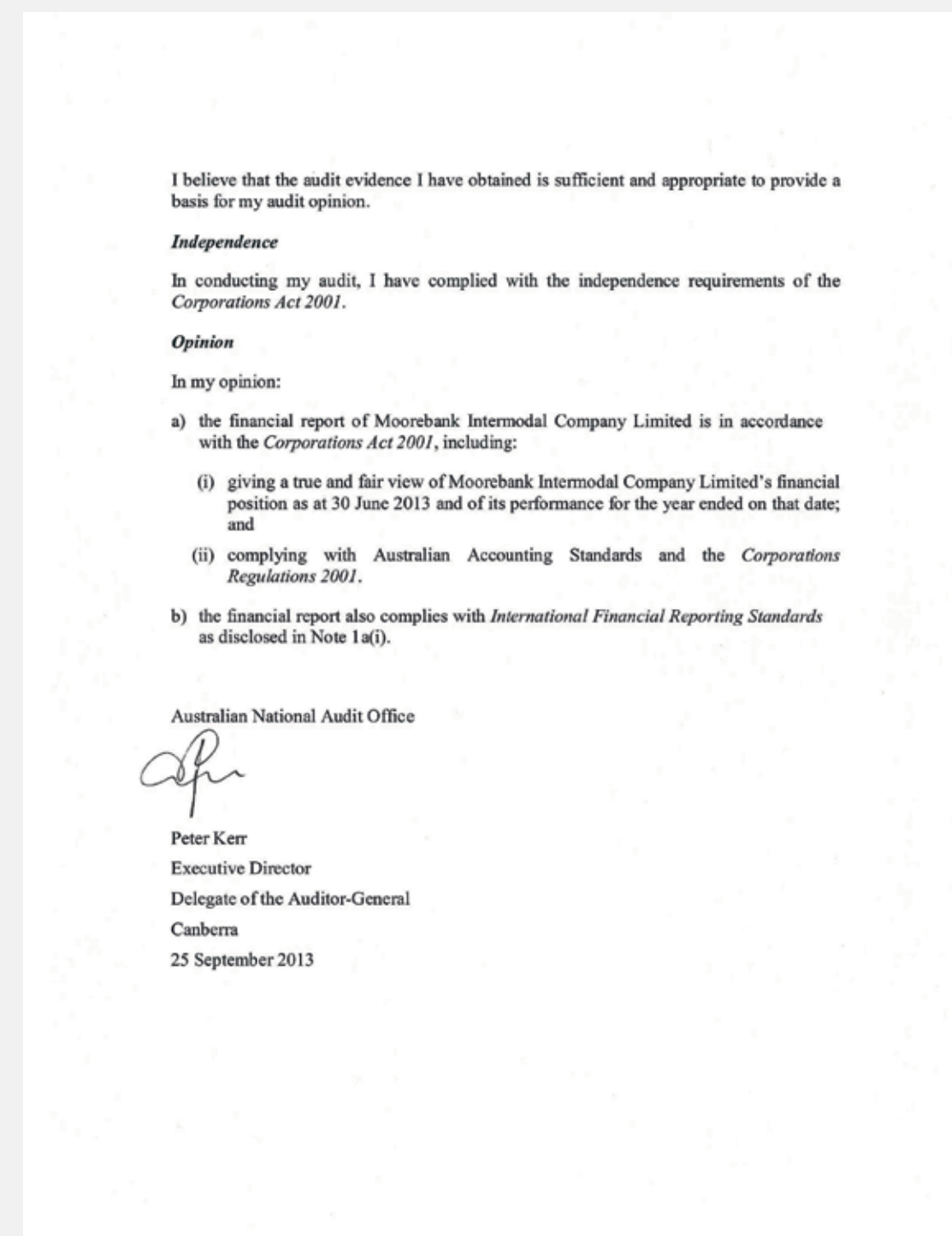
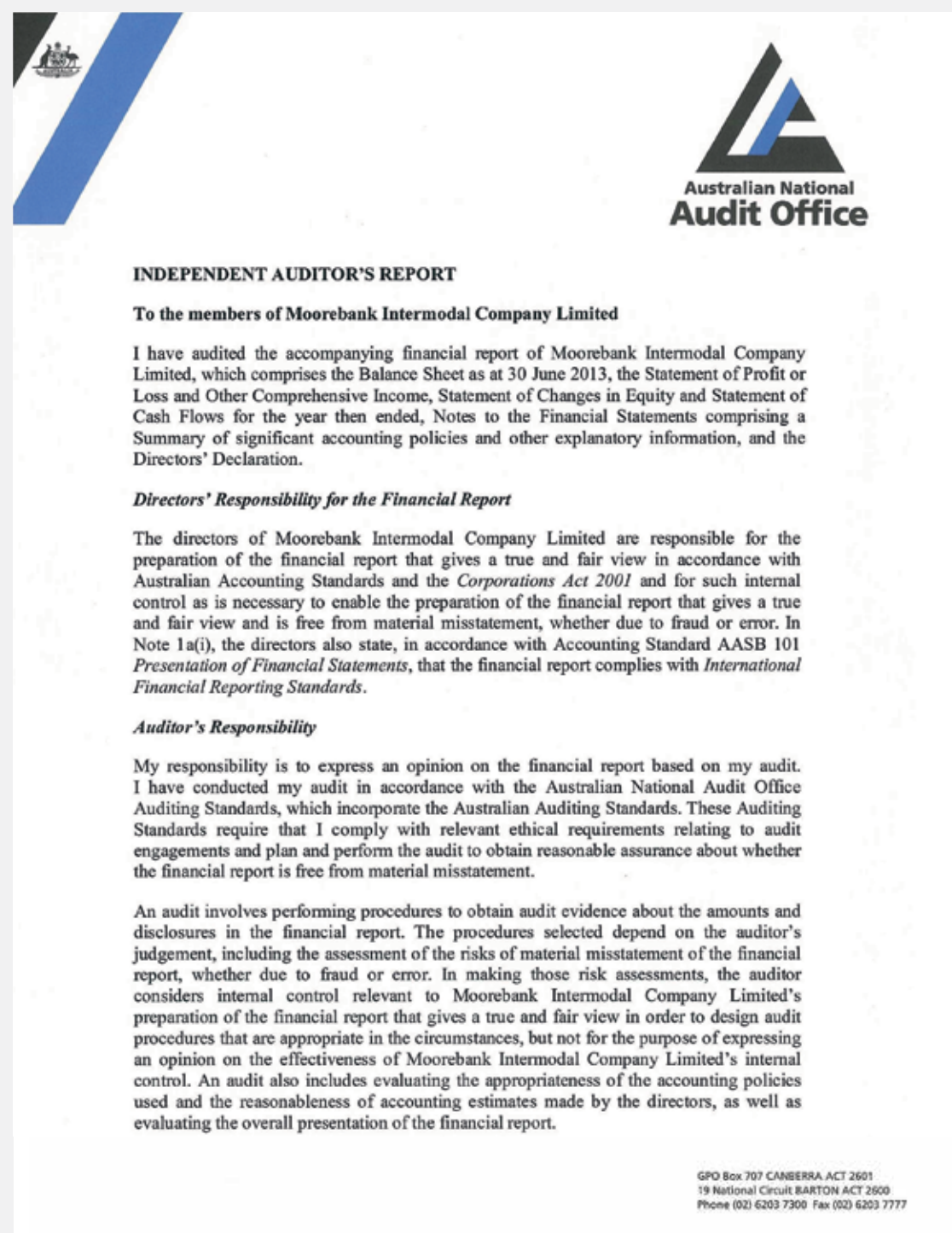


**Kerry Schott**  
Chair





# Independent Auditor's Report





# Regulatory Reporting Requirements Index

For the year ended 30 June 2013

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9	Responsible Minister	About MIC	4
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12	Outline of organisational structure and statement on governance	About MIC Operational Report Corporate Governance Statement Back cover	4, 5, 19, 26-29, Back cover
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17	Disclosure requirements for GBEs	Directors' Report	20-24
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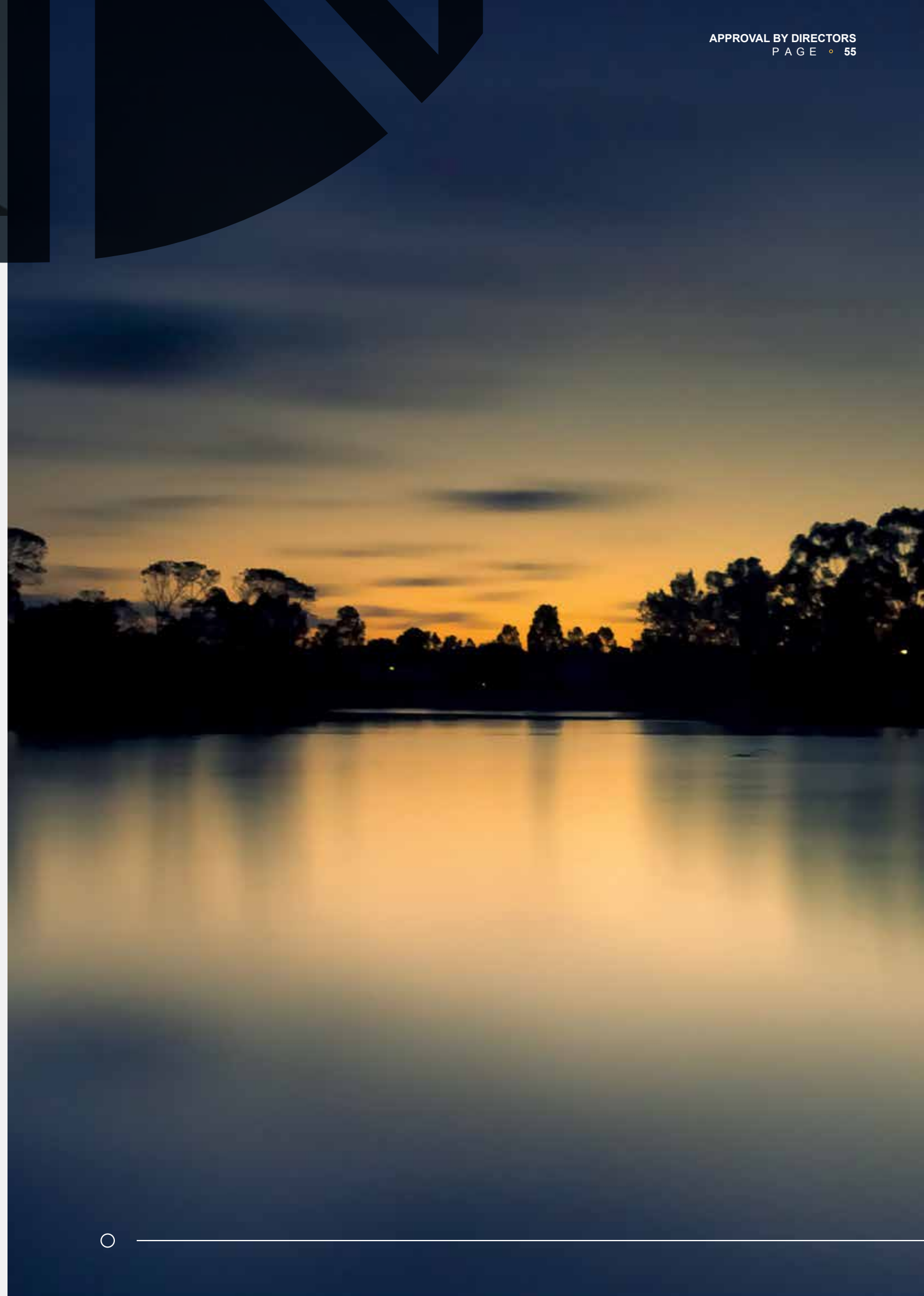
Section	Subject	Location	Pages
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# Approval by Directors

This Annual Report was approved by a resolution of the Directors of Moorebank Intermodal Company Limited, made on Friday 13 September 2013.



**Kerry Schott**  
*Chair*







MOOREBANK  
INTERMODAL  
COMPANY



MOOREBANK INTERMODAL COMPANY

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