



National Intermodal Corporation Limited

Statement of Expectations

March 2022

This Statement of Expectations ('this statement') is issued by the Shareholder Ministers for National Intermodal Corporation Limited ('National Intermodal' or 'the Company'). This statement may be updated by the Shareholder Ministers from time to time.

The Australian Government, as the Company's sole Shareholder, expects that National Intermodal will efficiently and effectively perform its responsibilities as a Government Business Enterprise to facilitate the development and operation of state-of-the-art intermodal terminals across Australia to operate as an interconnected network.

These intermodal terminals are nationally significant infrastructure projects necessary to help realise the benefits of the Inland Rail Project (Inland Rail) and meet the growing freight demand across Australia's freight network and enabling a diverse, flexible, scalable and resilient supply chain that can withstand emerging transportation constraints, disruptions and navigating crises.

National Intermodal will take on an expanded role as the Australian Government's investment vehicle in intermodal terminals and is expected to facilitate the development and operation of an integrated, modern and efficient freight network, drive freight outcomes, improve productivity, and increase competition by ensuring open-access arrangements across the network. National Intermodal plays an important role in realising the Government's vision for a modernised freight network to support Inland Rail, being delivered by the Australian Rail Track Corporation (ARTC).

National Intermodal is expected to operate on commercially sound principles, reflecting best practice, to support the Australian Government's strategic and policy priorities. National Intermodal is also expected to work closely with the Commonwealth, State Governments, industry and ARTC to achieve commercial outcomes and economic growth, provide value for money, promote genuine open access and enhance competition across the rail freight supply chain.

Objectives

As the custodian of interconnected intermodal terminals, National Intermodal will drive efficiency and competition across the rail network by ensuring open-access arrangements exist across the network.

National Intermodal's key objectives are to:

- Maximise benefits of the Australian Government's commitment to the development of the Inland Rail and facilitate an integrated approach to Australia's intermodal rail freight network.
- Work with relevant stakeholders and industry to develop and operate intermodal terminals in New South Wales, Queensland and Victoria to connect with Inland Rail operations.
- Contribute to long-term strategic objectives outlined in the National Freight and Supply Chain Strategy.
- Enhance Australia's critical supply chains by increasing reliance, improving efficiency and supporting rail's increased share of the nation's future freight challenge thereby improving competition and lowering costs to industry and customers.

- Provide and promote genuine open-access arrangements for each intermodal terminal so as to encourage new entrants and ensure they are operated as common user facilities available to users on non-discriminatory terms.
- Support private sector innovation and investment within the rail freight network.

The Government expects National Intermodal to support the completion of the Moorebank Intermodal Terminal Precinct by completing land preparation and Moorebank Avenue roadworks, as well as to finalise Joint Venture arrangements with the private sector for the delivery and operation of the Moorebank Interstate Terminal on open access terms.

National Intermodal is expected to support the Government's two terminal solution for Victoria, including terminals and freight precincts at Beveridge (Beveridge Interstate Freight Terminal - BIFT) and at Truganina (Western Interstate Freight Terminal - WIFT), as well as connecting infrastructure being the Outer Metropolitan Ring Rail Southern Connection (OMR South) and Beveridge local roads upgrades. Subject to the outcomes of negotiations with the Victorian State Government, National Intermodal is expected to have full responsibility for delivering BIFT, including all planning, development work; and subject to agreement from the Victorian Government, have joint responsibility for delivering WIFT with the Victorian Government.

Subject to negotiations with the Queensland Government, National Intermodal is expected to support the delivery of a new interstate freight terminal precinct in Queensland, with National Intermodal having joint responsibility for delivery with the Queensland Government.

Company Structure

The Government expects the Company to establish and maintain a corporate group structure that best supports flexibility for the Government and provides optionality to facilitate a sale of a whole or a part of the Company's operations. The Company's corporate group structure should also allow for robust governance models whilst also allowing for State Government and private sector co-investment models where appropriate.

Role and Responsibilities of National Intermodal

National Intermodal is a wholly-owned Commonwealth company, bound by the *Corporations Act 2001* (Cth). The Company operates at arm's length from the Government. National Intermodal has flexibility and discretion in the management of its business as a Commonwealth company and Government Business Enterprise (GBE), within the parameters of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act) and related legislation and guidance materials (PGPA Requirements); other legislation applying to the Company and the Government's objectives. Shareholder Ministers reserve the right to enter into project development agreements, or variations, with the Company in relation to terminals in New South Wales, Queensland and Victoria.

The Board of National Intermodal has ultimate responsibility for the performance of the Company and is accountable to the Shareholder Ministers, representing the Commonwealth. National Intermodal should adhere to the principles and obligations as set out in the Department of Finance's *Resource Management Guide 126: Commonwealth Government Business Enterprises – Governance and Oversight Guidelines*.

Operating commercially

National Intermodal is a commercial entity and is expected to operate on a commercial basis, with the Board exercising flexibility and discretion in its operational and commercial decisions within the bounds of the legislative and governance framework.

The Government expects National Intermodal to promote and display high standards of operating performance, capital management, project implementation, integrity, transparency and professionalism in all of the Company's dealings.

The Government expects National Intermodal to take a long-term view of its commercial operations by:

- (a) delivering the Government's policy objectives of increased rail mode share in freight, increased competition in the rail freight market and the provision of open access to intermodal terminals;
- (b) setting pricing to increase rail's attractiveness and support modal shift; and
- (c) delivering financial returns to the Shareholder consistent with its commercial operations.

Working with Stakeholders

National Intermodal will engage productively and collaboratively with its stakeholders, including relevant Commonwealth, State and Local Government agencies and corporate entities, Indigenous communities, business and environment groups, union representatives, customers, regulators, and members of the public.

Transparency, Governance and Accountability

The Government expects National Intermodal's Board to meet the highest standards of transparency, governance and accountability for corporate and government-owned entities. National Intermodal should adopt, as far as practicable, the prevailing version of the *'ASX Corporate Governance Principles and Recommendations'*.

- National Intermodal's Board is fully accountable to the Shareholder Ministers for:
 - **the performance of National Intermodal**, including (but not limited to) promoting: (1) the proper use and management of the economic resources for which the Board is responsible; (2) the achievement of the objects and/or purposes of the Company; and (3) the financial sustainability of the Company;
 - **the internal governance of National Intermodal**, including (but not limited to) establishing and maintaining: (1) an appropriate system of risk assessment, oversight and management that aligns to, but is not limited to, the Commonwealth Risk Management Policy, including in respect of cyber security risks; and (2) an appropriate system of internal controls;
 - **setting strategic direction, organisational leadership and establishing and maintaining a culture** that meets the high standards expected by the public in relation to (but not limited to): (1) the efficient, effective, economical and ethical expenditure of money; (2) proactive and open disclosure of information that is reasonably in the public interest; (3) following best practice principles and guidelines in all processes that demonstrate best value for money; (4) creating an engaged results-orientated staff culture that minimises unplanned turnover; and (5) setting a remuneration structure consistent with the Performance Bonus Guidance issued by the Australian Public Service Commission with a clearly documented framework that balances reasonable reward for meeting clearly defined objectives where achievement is genuinely 'at risk' and reflects individual contribution, in line with community expectations for compensation;
 - **ensuring ongoing compliance by the Company with external governance frameworks**, including (but not limited to): (1) any governance documents that operate between the Government, as sole shareholder, and National Intermodal; (2) the *Commonwealth GBE – Governance and Oversight Guidelines* (GBE Guidelines); and (3) the PGPA Requirements, including Corporate Planning and associated Key Performance Indicators; and

- **the timely, accurate and transparent provision of information**, including (but not limited to): (1) the obligation to keep Shareholder Ministers informed; and (2) providing advance notice of, and the opportunity to review, public statements and media releases.
- The Government expects that National Intermodal representatives appearing before the Parliament have a detailed understanding of their duties per the *Government Guidelines for Official Witnesses before Parliamentary Committees and Related Matters* (Parliamentary Witness Guide).
- Where National Intermodal engages a third-party (e.g. a contractor), it must consider and appropriately allocate risks and, impose on them obligations in relation to the efficient, effective, economical and ethical expenditure of money.
- Where National Intermodal's Board delegates its power (or authorises the CEO to exercise its power) it must be clearly documented and recorded.
- The Board should have **access to a company secretary**, with reporting responsibility to the Board (through the Chair) and is, for matters to do with the proper functioning of the board, independent of company management and with whom Board members can raise matters confidentially and seek advice from as a governance expert.

Senator the Hon Simon Birmingham

Minister for Finance

The Hon Paul Fletcher MP

Minister for Communications, Urban
Infrastructure, Cities and the Arts