



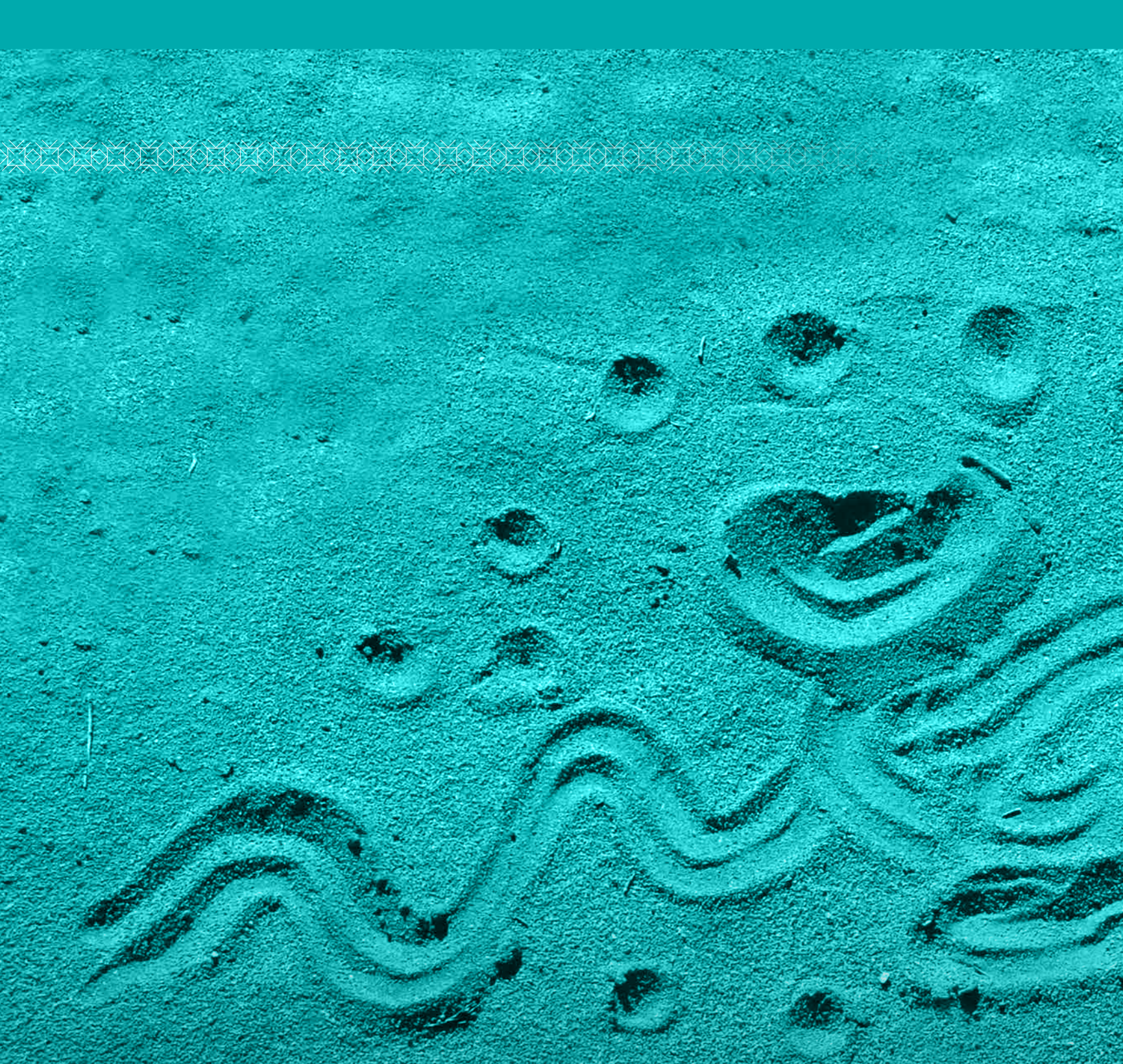
MOOREBANK  
INTERMODAL  
COMPANY

# Annual Report 2020-21

Moorebank Intermodal Company Limited







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Images of the Moorebank Logistics Park supplied courtesy of Qube Holdings Limited

# Welcome

## to Moorebank Intermodal Company Limited's Annual Report 2020-21

We acknowledge the Cabrogal Clan as the Traditional Owners and Custodians of the land on which we operate. We pay our respects to their Elders, past, present and emerging, and acknowledge the continuing connection that Aboriginal and Torres Strait Islander peoples have with land, water and community.<sup>1</sup>

We believe that an efficient, resilient multi-modal supply chain is essential to transforming freight operations and improving the quality of life for all Australians.

Our Annual Report provides an opportunity for us to demonstrate how we create value for our stakeholders and deliver our purpose of enhancing national productivity by attracting private investment to improve intermodal rail capacity.

*This Annual Report has been prepared by Moorebank Intermodal Company Limited (ABN: 64 161 635 105) in accordance with the Corporations Act 2001 (Cth), the Public Governance, Performance and Accountability Rule 2014, and the Governance and Oversight Guidelines for Commonwealth Government Business Enterprises, published by the Department of Finance.*

We are grateful for the assistance of the Department of Infrastructure, Transport, Regional Development and Communications and the Department of Finance for their assistance in preparing this Annual Report.

<sup>1</sup> Acknowledgement of Country supplied courtesy of Gandangara Local Aboriginal Land Council



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# Letter from the Chair and CEO



The last 12 months has seen Australia continue to face unprecedented disruption caused by the coronavirus pandemic. The reliance upon a resilient and interconnected national supply chain has never been so critical. The pandemic has tested us - the way that we work and live and think about our future. Throughout the pandemic, all of us at the Moorebank Intermodal Company have continued to focus on building and delivering a state-of-the-art intermodal freight precinct to meet the challenges and opportunities of future supply chain needs, and to support our Nation as we emerge from the pandemic.

Over the past year substantial progress has been made on the development of the Moorebank Logistics Park. Stage two of our land preparation works has seen close to 90% of the developable land on the western side of the precinct prepared suitable for the construction of roads, warehousing and other precinct facilities.

Planning and design for the second phase of rail access works commenced in early 2020. These rail lines will link the Southern Sydney Freight Line and the precinct's IMEX and Interstate Terminals, allowing the precinct to maximise connectivity with Port Botany as it expands its capacity into the future.

The 2020-21 financial year has seen IMEX Terminal throughput remain modest. Increasing IMEX capacity is crucial to reducing freight truck movements on the roads around Port Botany and in our local area. Our focus has also now shifted to the design and construction of the Interstate Terminal which, together with our ongoing commitment to ensuring an open access regime, will enable any freight industry participant who wishes to access the IMEX and Interstate Terminal facilities to do so.

In May, warehousing anchor tenant, Woolworths Group, turned the first sod on its new National Distribution Centre. The highly-automated site will open in 2024 and will be co-located with the Moorebank Regional Distribution Centre (to open in 2025) and will service approximately 1,000 Woolworths Supermarkets across Australia and allow 8,000 additional products to be carried in those stores. Part of the reason for Woolworths selecting Moorebank for the 75,000 square metre site is the dedicated rail line to Port Botany ensuring a more efficient and sustainable logistics process.

Our commitment to protecting and advocating for biodiversity within the precinct remains unwavering. With around 100 hectares of biodiversity held under a BioBanking Agreement, we are constantly looking for ways

to enhance the ecological values of the conservation areas within the precinct.

Beyond the Moorebank Logistics Park, the Australian Government is investing up to \$18 billion in rail freight projects including the Inland Rail initiative and the development of new intermodal terminals in Melbourne and Brisbane. As the first integrated greenfield precinct which combines co-located warehousing with intermodal rail, the development of the Moorebank Logistics Park offers valuable insight for the development of future intermodal terminals.

We would like to thank the Moorebank Board, our senior leadership team and the wider project team for their dedication during 2020-21, as well as our Shareholder Departments for their steadfast support of our role in encouraging modal shift to rail and helping to reignite a competitive rail industry.

We are immensely proud of our commitment to transforming Australia's essential freight infrastructure network, and the quality of work we have delivered over the past year.

It is now, more than ever, a unique time in Australia's transport narrative for the transformation of freight rail and logistics. We look towards the next 12 months with optimism and will continue to drive forward to deliver on our core purpose of making Australia's freight supply chain more connected, collaborative and fit for our Nation's future.

**Erin A. M. Flaherty**  
Chair

**James Baulderstone**  
Chief Executive Officer



# 01

## Our Company

We are a Government Business Enterprise wholly owned by the Australian Government through the shareholdings of the Minister for Communications, Urban Infrastructure, Cities and the Arts and the Minister for Finance. We were established to facilitate the development of an intermodal terminal at Moorebank in New South Wales.

We operate under a landlord model, holding ownership interests in the land and rail lines connecting the rail terminals to the Southern Sydney Freight Line, as well as being responsible for monitoring compliance with the precinct's open access framework.

We work in partnership with Qube Holdings Limited (**Qube**), which is responsible for developing and operating the Moorebank Logistics Park.

## Moorebank Logistics Park

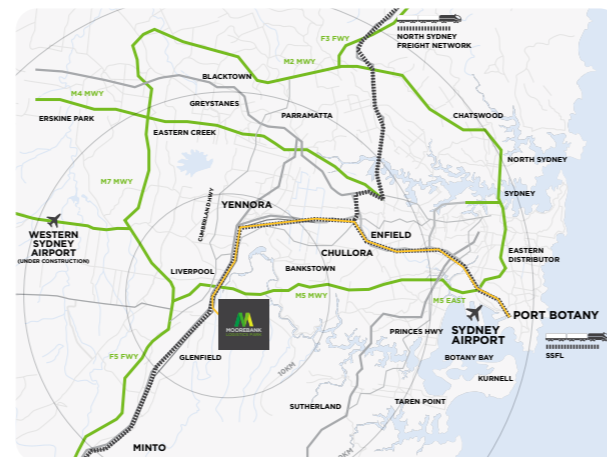
The Moorebank Logistics Park will be the largest open access intermodal logistics precinct in Australia and is a nationally significant infrastructure project that will help transform the way that containerised freight moves around the country.

The Moorebank Logistics Park is located 32km from Sydney's CBD and covers 241 hectares of developable land in South-Western Sydney, roughly the size of the Sydney CBD between Circular Quay and Central Station<sup>2</sup>. It is being developed as an integrated precinct formed by the contribution of 158-hectares of developable land owned by the Australian Government (Moorebank Precinct West), and 83-hectares of developable land owned by Qube (Moorebank Precinct East).

A key objective of the Australian Government's National Freight and Supply Chain Strategy is to increase the movement of containerised freight by rail. The Moorebank Logistics Park will deliver this through a direct rail link to Port Botany and the establishment of:

- an Import/Export (**IMEX**) Rail Terminal
- an Interstate Rail Terminal
- over 850,000 sqm of warehousing; and
- direct access to the Southern Sydney Freight Line and close proximity to the M5 and M7 motorways.

At full capacity, the Moorebank Logistics Park will take up to 3,000 heavy truck movements off Sydney's roads each day, significantly reducing congestion. The precinct will also facilitate lower freight costs, reduced carbon emissions and deliver a range of community and environmental benefits.



<sup>2</sup> The MLP site has a total area of 383 hectares of which 241 hectares are developable.



An aerial view of the Moorebank Logistics Park

## IMEX Terminal

To avoid bottlenecks at Port Botany, IMEX shuttles must become more frequent in the years ahead. To accommodate this increased frequency, the Australian Rail Track Corporation (**ARTC**) is investing in new capacity for Sydney's Metropolitan Freight Network.

In addition:

- train operators must expand and renew their fleets; and
- additional high-capacity IMEX Terminals are required in strategic locations across Western Sydney, the destination for more than half of the inbound container traffic.

The IMEX Terminal at Moorebank was opened in 2019. By 2022, it is expected that the terminal will have the capacity to handle 1.05 million twenty-foot equivalent units (**TEUs**) of containerised freight.

Qube is continuing to install automated equipment, allowing the terminal to cater to growth in demand as South-Western Sydney expands. We will continue to support the success of the Moorebank IMEX Terminal by:

- facilitating upgrades to connecting roads; and
- supervising and enforcing a robust open access framework.

## Interstate Terminal

With the IMEX Terminal operational, our focus turns to facilitating a new Interstate Terminal at the Moorebank Logistics Park. Our role is to ensure the delivery model is sound and to implement an open access framework. We will also fund the rail connection to the Southern Sydney Freight Line.

We will continue to work with Qube to ensure that the Interstate Terminal delivers the Australian Government's strategic priorities. The combination of an open access Interstate Terminal with new aligned terminals in Melbourne and Brisbane, will create a world-class, interconnected, modern and efficient national rail freight network.





## Open Access

One of the key Australian Government requirements for the precinct is that both the IMEX and Interstate Terminals are designed and operated as common-user facilities. This means that they are available to all potential users on non-discriminatory terms.

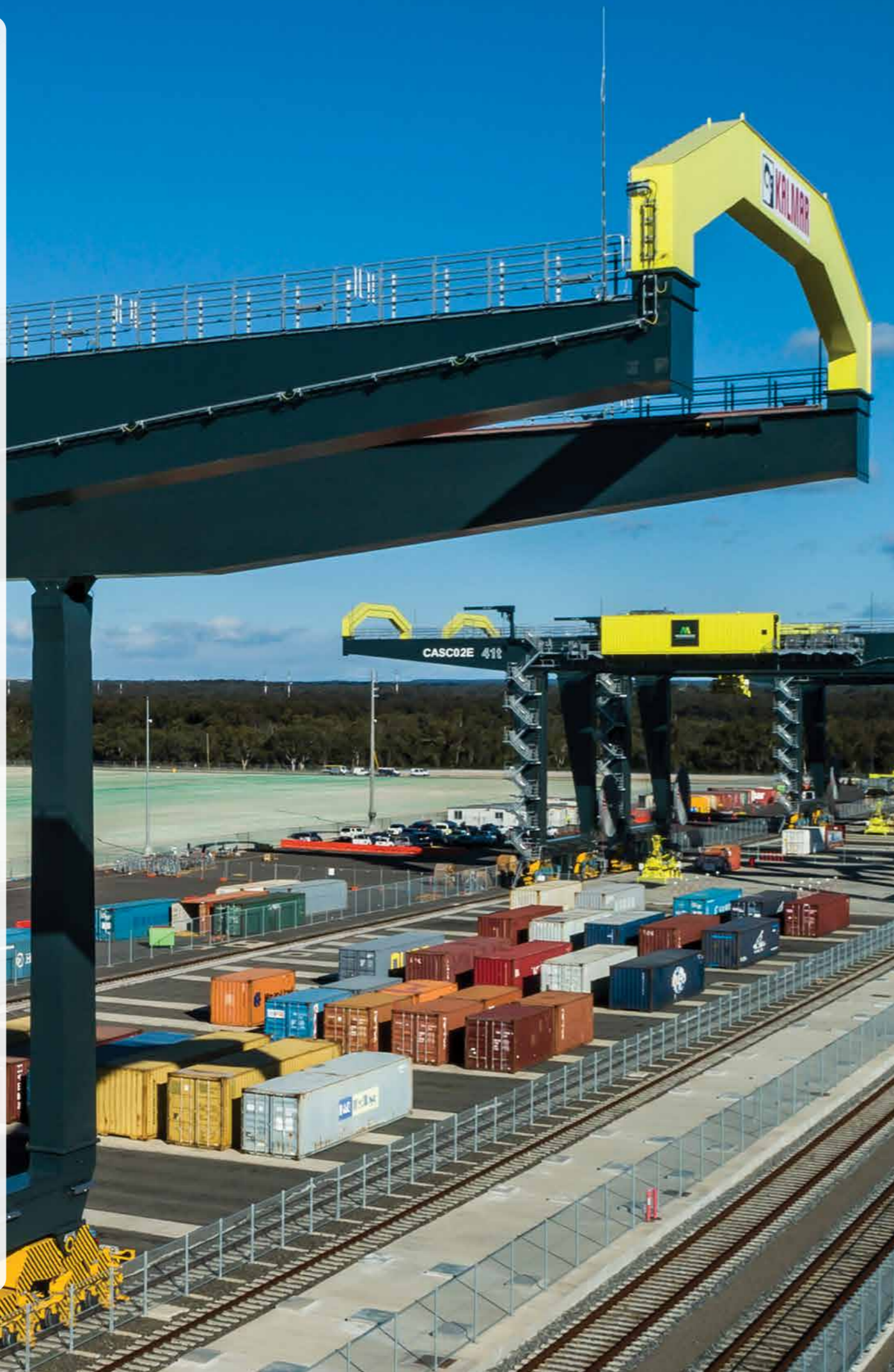
This is due to:

- scale – when complete, the Moorebank Logistics Park will be home to the largest intermodal terminal in the country
- strategic location – Moorebank occupies a strategic position with direct access to Port Botany via ARTC's Metropolitan Freight Network and close proximity to the M5 and M7 motorways; and
- public investment – it is crucial that the benefits of the Government's investment at Moorebank are shared across the industry and with freight customers, enabling these benefits to be passed on to consumers.

MIC's role is to ensure that the interests of market participants – and through them, consumers – are protected.

A contractual regime has been agreed to allow access seekers to use the IMEX Terminal. MIC's role is to monitor compliance with the contractual obligations to ensure that the rights of access seekers, freight customers and the broader community are protected. Details of these arrangements are published on the Moorebank Logistics Park website ([www.qubemlp.com.au](http://www.qubemlp.com.au)).

Qube provides compliance and performance reports on the arrangements each financial year and is required to publish this information on its website. Qube's compliance is subject to review by an independent external auditor. A summary of the auditor's annual report will also be published online.



## Our Business Model

MIC will generate long-term revenues from two wholly owned subsidiary trusts.

### MIC Land Trust

MIC Land Trust has a long-term lease over land owned by the Australian Government (Moorebank Precinct West) and has a 65.63 per cent unitholding in Moorebank Precinct Land Trust, which earns ground rent from both Moorebank Precinct East and Moorebank Precinct West. MIC Land Trust will receive MIC's 65.63 per cent share of distributions from Moorebank Precinct Land Trust.

### MIC Rail Trust

MIC Rail Trust is funding the rail lines that connect the IMEX Terminal and future Interstate Terminal to the Southern Sydney Freight Line. MIC Rail Trust will generate revenue from rail access charges for access to these rail lines over the life of the precinct.

### Australian Government Funded Enabling Works

MIC is responsible for overseeing a range of Government-funded enabling works at the Moorebank Logistics Park. These include land preparation works on the land owned by the Australian Government, the re-alignment of Moorebank Avenue along the eastern boundary of the site to create a unified precinct, and rail access works for the IMEX and Interstate Terminals.





## FY21 Performance Snapshot

**1.15m**

square metres  
underwent land  
preparation  
activities

**100**

hectares dedicated  
to biodiversity

**26**

hectares of  
warehousing land  
prepared

**768,348**

work hours spent  
on-site by  
contractors

**85.5**

minutes – average  
IMEX freight train  
turnaround time

**3,000**

meals distributed by  
community partner  
Darcy Street Project

**\$48m**

cash and cash  
equivalents

**\$12m**

profit after tax

**\$321m**

net assets

**1**

National Distribution  
Centre for Woolworths  
Group commenced  
construction

**425**

environmental  
inspections  
performed

**587**

members attended  
our community  
fitness camps





# Purpose, Vision and Values

Our purpose, vision and values outline what is important to us, and guide our interactions with Government, industry and the community.

## Our Purpose

Enhance national productivity by attracting private investment to improve intermodal rail capacity

## Our Vision

To deliver increased national productivity through the development of the Moorebank Logistics Park as part of a national network of interconnected, open access terminals

## Our Values

Agility • Accountability • Stewardship • Sense of Purpose

## Strategic Priorities



### Delivering Essential Infrastructure

Completion of the required enabling works to deliver an effective and efficient logistics precinct



### Enhancing National Productivity

Increasing the ability to move freight by rail via common-user intermodal terminals



### Asset Stewardship

Maximise the value of the Australian Government's investment



### Supply Chain Resilience

Increasing the resilience of the national supply chain with a thriving, intermodal rail network

## Our People

Our purpose, vision and values are underpinned by a skilled team with considerable logistics, construction and infrastructure experience, dedicated to delivering our strategic priorities



# Our Strategic Priorities

Our four strategic priorities are at the core of our performance and achievements during 2021. We are currently focused on delivering essential infrastructure, that will enhance national productivity. As the precinct moves into the operational phase, our focus will shift towards asset stewardship and supply chain resilience.



## Delivering Essential Infrastructure

We are responsible for overseeing a range of Australian Government-funded enabling works at the Moorebank Logistics Park, including land preparation, rail access and upgrades to Moorebank Avenue.

### Land Preparation Works

Moorebank Precinct West is a 158-hectare Australian Government owned site that was formerly occupied by the Defence School of Military Engineering. Land preparation includes vegetation removal, management of low impacted materials, 'benching' (creating a useable level surface for construction) and fencing. Once land preparation is complete, Qube can then begin building roads, warehouses and other facilities. Stage 1 of the Land Preparation Works was completed in 2020 with Stage 2 due for completion in 2023.

Moorebank Precinct West will become the home of the Interstate Terminal, national and regional distribution centres for Woolworths Group, other warehouses and support facilities including truck parking and driver amenities.

### Rail Access Works

The Australian Government is funding construction of rail links between the ARTC-owned Southern Sydney Freight Line and the two terminals at Moorebank. Stage 1 of these rail access works was commissioned in July–November 2019 and connects the Southern Sydney Freight Line to the IMEX Terminal.

Stage 2 will connect the existing Moorebank rail link to the site of the future Interstate Terminal via 1.3km of new track. Over the next 12 months, planning and design approvals will be progressed, with construction to be completed to align with the opening of the Interstate Terminal.

### Moorebank Avenue Works

Moorebank Avenue will be realigned along the eastern boundary of the Moorebank Logistics Park to accommodate current and future traffic flows. The realignment will facilitate the creation of a fully integrated precinct combining Moorebank Precinct East (Qube owned land) and Moorebank Precinct West (Australian Government owned land) and unlock operational efficiencies. The Australian Government is funding the majority of the cost of the realignment of Moorebank Avenue.

### Key Project Milestones

	2021-22				2022-23				2023-24				2024-25			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
<b>Land Preparation Works</b>	[Timeline bar from Q1 2021-22 to Q4 2022-23]								Completion of LPW2							
<b>Moorebank Avenue Works</b>	Defence Approval Appointment of PMC				Planning Approvals Commence Construction				Completion of Construction							
<b>Rail Access Works</b>	Commence Construction				Completion of Construction											

MIC Funded Works are scheduled to be completed over the next three years and will transition to an operational phase as MIC's funding obligations cease and cashflows are received from our investments in MIC Land Trust and MIC Rail Trust.



# Enhancing National Productivity

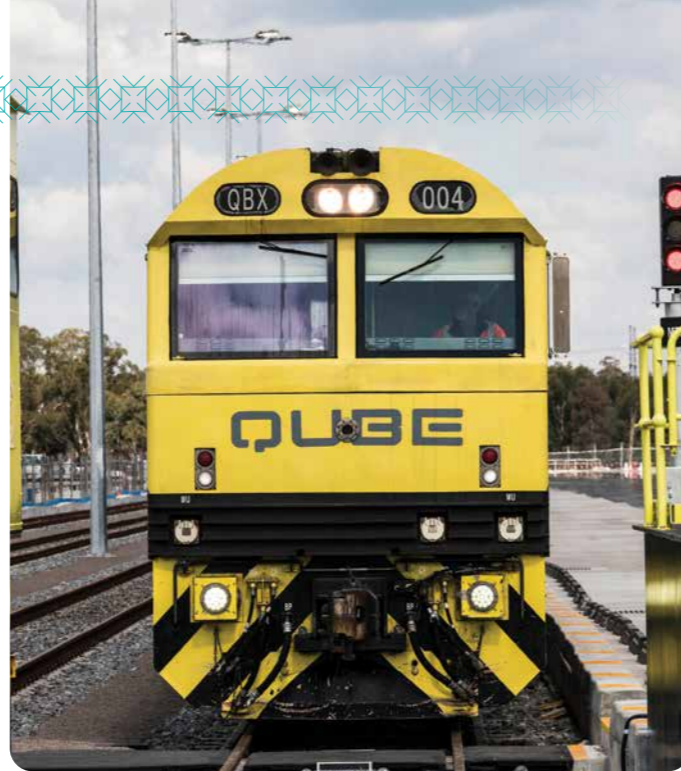
We will contribute to national productivity growth, a key driver of improved living standards, by increasing the ability to move freight by rail via greater intermodal terminal capacity operated as common-user facilities, improving both the efficiency and affordability of this mode of transport.

The potential for the Moorebank Logistics Park to play a significant role in improving transport logistics infrastructure efficiency and therefore the nation's productivity growth, remains the overriding purpose behind the Australian Government's investment.

Supply chain infrastructure – the transport links that connect raw materials, manufacturers and customers – is critical to productivity growth.

This infrastructure:

- connects businesses with their customers and suppliers, wherever they are in Australia or overseas; and
- broadens the market a producer can supply, sharpening competition and spurring innovation.



While supply chain infrastructure is important to every economy, it is especially important in Australia. This is because of the large distances between cities, and between primary producers and cities. The intermodal terminals at Moorebank contribute to productivity growth in two ways:

1. Port Botany requires a significant increase in the volume of containers being moved by rail to reach its theoretical maximum capacity of 7.5 million TEUs per year.
2. Better-designed interstate rail terminals will make rail available to a wider portion of the interstate freight market. This will place downward pressure on freight rates across all surface modes.

A robust open access framework is essential to maximise utilisation of the IMEX and Interstate Terminals. Open access lowers barriers to entry for train operators and promotes healthy competition.

# Asset Stewardship

Our overriding objective is to maximise the value of the Australian Government's investment in the Moorebank Logistics Park.

Investment value encompasses:

- delivering the Australian Government's policy objectives
- creating valuable financial assets that generate a commercial return on the Australian Government's investment
- our intellectual property, including the knowledge and capability of our team
- Moorebank Logistics Park's 'social licence to operate' with its stakeholders; and
- ensuring that our organisation is fit for purpose.

Much of the day-to-day construction, operation and maintenance work at the site is undertaken by Qube and its contractors. This approach brings vital private sector know-how to our task. We must, nonetheless, ensure that all work is performed in such a way as to maximise the assets' long-term value and deliver the Australian Government's policy objectives.

The Moorebank Logistics Park will become fully operational over the next few years with revenues flowing through to the MIC Land Trust and MIC Rail Trust. MIC will actively consider alternative options to leverage our asset base and generate additional revenue streams.



The Hon Paul Fletcher MP and Woolworths Group CEO Brad Banducci at the commencement of construction for the Woolworths Group National Distribution Centre at the Moorebank Logistics Park.

Our assets include:

- the Moorebank Precinct West Site
- over 100 hectares of biodiversity conservation land
- assets delivered to date, including the rail line connecting the Southern Sydney Freight Line to the IMEX Terminal; and
- our intellectual property and corporate knowledge.

An important part of our role is protecting the Australian Government's investment in the Moorebank Logistics Park. With Qube's proposed divestment of the warehousing and property components in the Moorebank Logistics Park to the LOGOS Consortium, we will work closely with all stakeholders to ensure that the completion of the precinct and its goals are not materially affected.

# Supply Chain Resilience

The recent global COVID-19 pandemic has highlighted the importance of resilient, reliable, efficient and safe supply chains.

The continuation of the COVID-19 pandemic has highlighted the importance of a resilient, reliable, efficient and safe supply chain within Australia. The disruption in global manufacturing and transport routes, as well as challenges to transporting freight across Australian borders, given high levels of reliance on interstate trucks, necessitates a re-assessment of the role that rail should play in Australia's future.

Rail's ability to link Australia's diverse manufacturing and trading zones as well as move significant quantities of freight within and across State borders safely and securely, will refocus attention on the benefits of rail freight.

On a national scale, it is estimated that approximately 29.9 million tonnes of freight travels along the east coast corridor between Melbourne, Sydney and Brisbane. This is forecast to grow by 30% over the next 20 years. Road is the dominant mode with 4,000 trucks per day moving between Sydney and Melbourne and a fraction of this volume moving by rail.

The design and construction of a world-class interconnected rail freight logistics network is a significant nation building project. The development of integrated rail terminal logistic hubs with associated on-site warehousing is an important step to solve the current challenges facing rail freight.





# 02

## Operating Review

### Delivering Essential Infrastructure

Qube has engaged a leading contractor to deliver the second phase of land preparation works at Moorebank Precinct West, with the first phase of the works now completed. MIC and Qube are currently in discussions on the delivery of the second and third phases of this work.

During the year, the Site Auditor approved a Long-Term Environmental Management Plan and endorsed the soil reuse. MIC also received Biodiversity Conservation Trust approval to enrich the soil for subsequent seeding and replanting in one of the biodiversity areas.

Woolworths Group is developing a next generation supply chain hub at the Moorebank Logistics Park consisting of two new, highly automated distribution centres – the Moorebank National Distribution Centre and the Moorebank Regional Distribution Centre. During 2020-21, benching works were completed to create a level site on the areas where the two distribution centres will be constructed. Woolworths Group commenced building works on the Moorebank National Distribution Centre in May 2021.

Warehouse 5 was completed and occupied during 2020-21 by customers of Qube, and Qube continues to negotiate with other prospective tenants who are interested in entering leases for the new warehouses that will be developed at the Moorebank Logistics Park over the coming years.

MIC is working with Qube and the other key stakeholders on the approvals required for the Moorebank Avenue Works. These works involve the realignment and upgrade of the existing Moorebank Avenue from south of Anzac Road to the East Hills Railway, along the eastern boundary of the Moorebank Logistics Park as well as upgrade works to the intersections with the M5 Motorway and Anzac Road. The realignment will upgrade the surrounding roads and create a fully integrated precinct. An Environmental Impact Statement was placed on public exhibition in March 2021 and is now in the assessment phase.

MIC is responsible for ensuring that Qube delivers a fit for purpose Interstate Terminal that meets the Australian Government's policy objectives. Discussions continue with Qube to ensure the Interstate Terminal is developed in line with Qube's contractual obligations.

### Enhancing National Productivity

The IMEX Terminal commenced operations on 1 November 2019 with a capacity of 250,000 TEU per annum. Qube is installing automated equipment at the IMEX Terminal, which is expected to become operational in the third quarter of 2021-22 and will increase IMEX capacity to 1.05 million TEU per annum.

Volumes through the IMEX Terminal have been modest during the first 18 months of operations, with Qube announcing that it expects a slower ramp up in volumes than initially contemplated. MIC continues to engage with Qube to assist in ensuring the terminal utilisation is maximised.

### Asset Stewardship

During 2020-21, MIC received a request from Qube to approve a change in ownership of the warehousing and property components of Moorebank Logistics Park to facilitate Qube's proposed monetisation process with the LOGOS consortium.

Under the proposed transaction, the LOGOS consortium will acquire 100 per cent of Qube's freehold land in the Moorebank Logistics Park, 100 per cent of Warehouse Trust (which holds leasehold interests in the warehouses) and Qube's 34 per cent interest in Land Trust (which holds a leasehold interest in the land).

Qube will retain ownership of the IMEX Terminal and proposed Interstate Terminal. The transaction remains subject to satisfaction of several conditions including Foreign Investment Review Board (FIRB) approval, MIC approvals, the resolution of a number of material issues between MIC and Qube and other conditions.



### Supply Chain Resilience

The COVID-19 pandemic has exposed certain vulnerabilities within the global supply chain and highlighted the importance of developing supply chain resilience.

Rail has an important role to play in building supply chain resilience through the development of integrated rail terminal logistic hubs with associated on-site warehousing. Freight and logistics automation is continuing to transform the sector with the automation of terminals and warehousing improving throughput and delivering time and cost savings.

Qube's investment in automation at the IMEX Terminal will help to maximise the capacity of the site while substantially boosting labour productivity. Automation is also a key element of the stevedores' long-term plans at Port Botany. Woolworths Group is set to transform the NSW supply chain network as it works with Qube to develop two new, highly automated distribution centres at the Moorebank Logistics Park.



# Financial Review

The Company is four years into a seven year, multi-billion-dollar development of Australia's largest intermodal facility known as the Moorebank Logistics Park, which is funded through a mix of public and private investment.

Our four strategic priorities, Delivering Essential Infrastructure, Enhancing National Productivity, Asset Stewardship and Supply Chain Resilience, are reflected in our financial performance during 2021. We continued to oversee the Australian Government-funded enabling works at the Moorebank Logistics Park, including land preparation, rail access works, and upgrades to Moorebank Avenue. These enabling works support the delivery of long-term strategic infrastructure assets in the form of the rail terminals and associated warehousing.

The Company's two main assets are its wholly owned subsidiary trusts, MIC Land Trust and MIC Rail Trust.

MIC Land Trust has a 65.63 per cent unitholding in Moorebank Precinct Land Trust (Precinct Land Trust), which earns ground rent from its landholdings at the Moorebank Logistics Park. The remaining units in Precinct Land Trust are held by Qube. The two unitholders fund the trust's activities through working capital loans contributed on a pro-rata basis. The ground rents earned by Precinct Land Trust will continue to grow as the precinct is developed and occupied by tenants. The Group's share of profits from Precinct Land Trust was \$51.5 million in 2021 (2020: \$8.2 million) reflecting an increase in the value following an independent valuation. As a result, the carrying value of the Precinct Land Trust rose to \$234.3 million (2020: \$180.1 million).

MIC Rail Trust generates revenue from access rights over the rail line connecting the IMEX Terminal to the Southern Sydney Freight Line. The MIC Rail Trust will also generate revenue from access rights over the rail line connecting the Interstate Terminal to the Southern Sydney Freight Line once this work is completed. Our revenue of \$13.7 million in 2021 (2020: \$17.9 million including a \$7.5 million one off gain on lease recognition) largely represents income earned by MIC Rail Trust for rail access to the IMEX terminal.

\$48.8 million was spent on MIC funded works in 2021, which is lower than the \$79.5 million spent in 2020, due to a focus on planning activities associated with the next phase of development. Expenditure during 2021 was largely related to land preparation works and voluntary planning contributions for Moorebank Avenue Works.

The strong uplift in PLT's 2021 valuation, reflecting the significant appreciation of the Moorebank Logistics Park as the precinct is developed, allowed the Group to report a net profit after tax of \$12.4 million for the year (2020: \$18.6 million loss) – the first net profit since MIC's inception.

The Company is well positioned for the next phase of MLP's development, with strong liquidity and a robust capital structure which will allow it to meet its four strategic priorities.

## FY21 Key Financial Statistics

**\$14m**

Revenue  
(2020: \$18m)

**\$12m**

Profit after tax  
(2020: \$19m loss)

**\$52m**

Share of profit of equity accounted investments  
(2020: \$8m)

**\$49m**

Total cash outlays on MLP  
(2020: \$80m)

**\$48m**

Cash and cash equivalents  
(2020: \$77m)

**\$321m**

Net assets  
(2020: \$295m)



# 03

## Environment and Social



We are committed to protecting the natural habitat on which the Moorebank Logistics Park is located. We are working in partnership with Qube to safeguard biodiversity and we advocate for climate efficient technologies and practices within the precinct.



### Environment

The day-to-day construction, operation and maintenance work at the Moorebank Logistics Park is undertaken by Qube and its contractors. This approach brings vital private-sector know-how to the task. However, central to MIC's role is the obligation to actively and diligently manage the Commonwealth's assets and investment to ensure that the Moorebank Logistics Park also delivers on Commonwealth objectives. This includes ensuring that the development, wherever possible, maximises local as well as national economic, social and environmental benefits.

### Biodiversity

The Moorebank Logistics Project will be the largest Intermodal terminal in Australia with 241 hectares of developable land. An additional 100 hectares of land has been dedicated to biodiversity conservation areas. This is to offset the removal of vegetation in other areas of the development. The protection of these areas also provides a natural barrier between the industrial development and the surrounding communities.

These offset areas also play a vital role in maintaining the ecological values of the region and provide habitat to a range of plant and animal species, such as the Castlereagh Scribbly Gum Woodland, River-flat Eucalypt Forest, *Hibbertia fumana*, the Little Lorikeet, Grey-headed Flying Fox and Eastern Pygmy-possum.

Under a formal BioBanking agreement between the Commonwealth Government and the NSW Government, over 100 hectares of land has been dedicated to biodiversity conservation in the following areas:

- Wattle Grove offset area
- Moorebank offset area; and
- Casula offset area.

During 2021, MIC received approval from the Biodiversity Conservation Trust to enrich the soil in a degraded area to enable replanting. The placement of a new layer of loose, suitable soil will maximise survival rates of any seeding and re-planting activities and provide future trees with a much richer soil layer. Following the placement of the new soil layer, the area will be re-planted with native species common to the area.

### Sustainability

Our vision of making rail more competitive and driving modal shift from road to rail offers tangible benefits\* to the community through:

- lower emissions – rail freight produces 16 times less carbon pollution than road freight per tonne kilometre travelled
- improved public health – rail freight generates 92% less particulate matter (PM10) than road freight for each tonne kilometre of freight moved
- improved road safety – heavy vehicle crashes account for approximately 170 deaths per annum in Australia. Road accidents are 20 times higher than rail for every billion net tonne kilometres of freight moved; and
- lower congestion – rail freight reduces congestion particularly around existing port infrastructure, which benefits local residents in Port cities such as Sydney and Melbourne.

## Precinct Sustainability Initiatives

Qube is responsible for developing and operating the Moorebank Logistics Park and is working closely with industry-leading bodies and precinct tenants to implement sustainable design practices and sustainability initiatives. These include the following initiatives:

### Clean Energy Finance Corporation

Working with Qube, the Clean Energy Finance Corporation (CEFC) has invested \$150 million across a 7-year term debt facility (2017 to 2024) to assist in the construction of the intermodal terminal, including renewable energy capabilities (roof-top solar) and long-term energy savings and emission reductions. Qube and the CEFC, in partnership with global design agency Arcadis, have also adopted a carbon management hierarchy which all parties hope will see around 4.8 million tCO<sub>2</sub>-e abated over 30 years of operations.

### Infrastructure Sustainability Council Of Australia Award

In July 2020, the Infrastructure Sustainability Council of Australia (ISCA) awarded Stage 1 of the Moorebank Logistics Park an "Excellent" Infrastructure Sustainability (IS) rating for Design. The award took into account reduced greenhouse gas emissions through the use of sustainable construction materials, the use of solar energy in the build of the first warehouse, innovative technology and automation and the precinct's approach to managing urban heat island effects.

Stage 1 of the Moorebank Logistics Park includes the manual phase of the IMEX Terminal, container processing areas and rail links to the existing Southern Sydney Freight Line. Stage 1 has been designed to produce operational efficiencies on-site that result in a 77 per cent reduction in scope 1 and 2 emissions when compared with a business-as-usual freight delivery scenario.

### Tenant Sustainability: Woolworths Group

Warehousing anchor tenant, Woolworths Group, commenced construction on its next generation supply chain hub within the precinct in May 2021, consisting of a national and regional distribution centre. As part of a partnership with Qube, the 75,000 square metre site will be highly automated, with each warehouse targeting a Five Star Green Star Design and As-Built rating, and will incorporate a number of sustainability measures including solar PV systems, LED warehouse lighting and rainwater harvesting. The direct rail access to Port Botany will also help remove at least 26,000 of its truck movements from NSW roads each year.



\* Source: Value of Rail 2020 Report prepared by Deloitte Access Economics for the Australasian Railway Association, November 2020. PM10 is particulate matter with diameters that are generally 10 micrometres and smaller.





# Our People

## Our employees are helping to build and deliver Australia's largest intermodal logistics precinct.

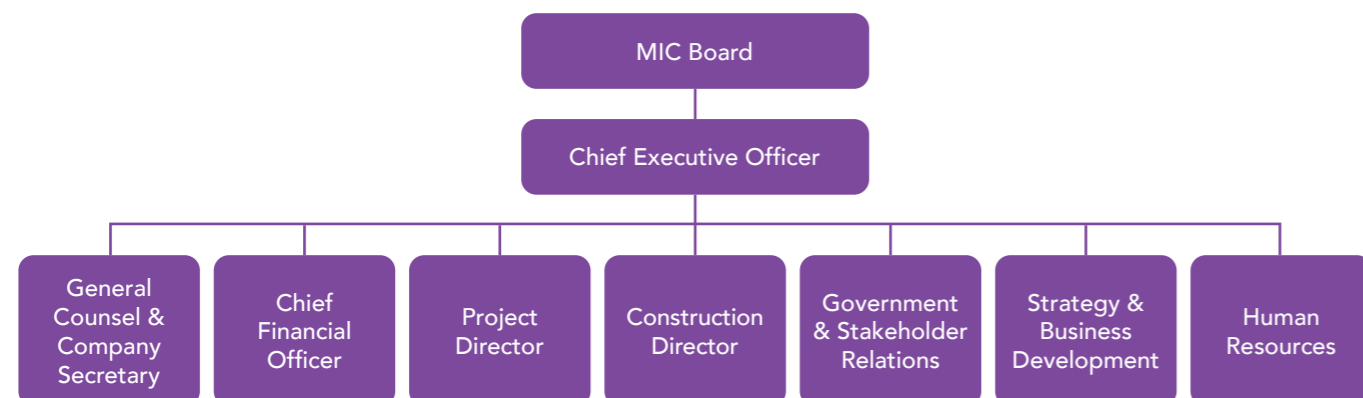
During 2021, our employees and delivery partners adapted to the changing landscape and impact of COVID-19 on their ways of working. Our workforce is made up of experienced and technically skilled workers, who bring valuable expertise to deliver our strategic priorities.

At MIC, we are committed to encouraging the wellbeing of our employees both in the office and on-site, as well as prevention of workplace illness and injury. We do this by providing a safe and inclusive place to work and

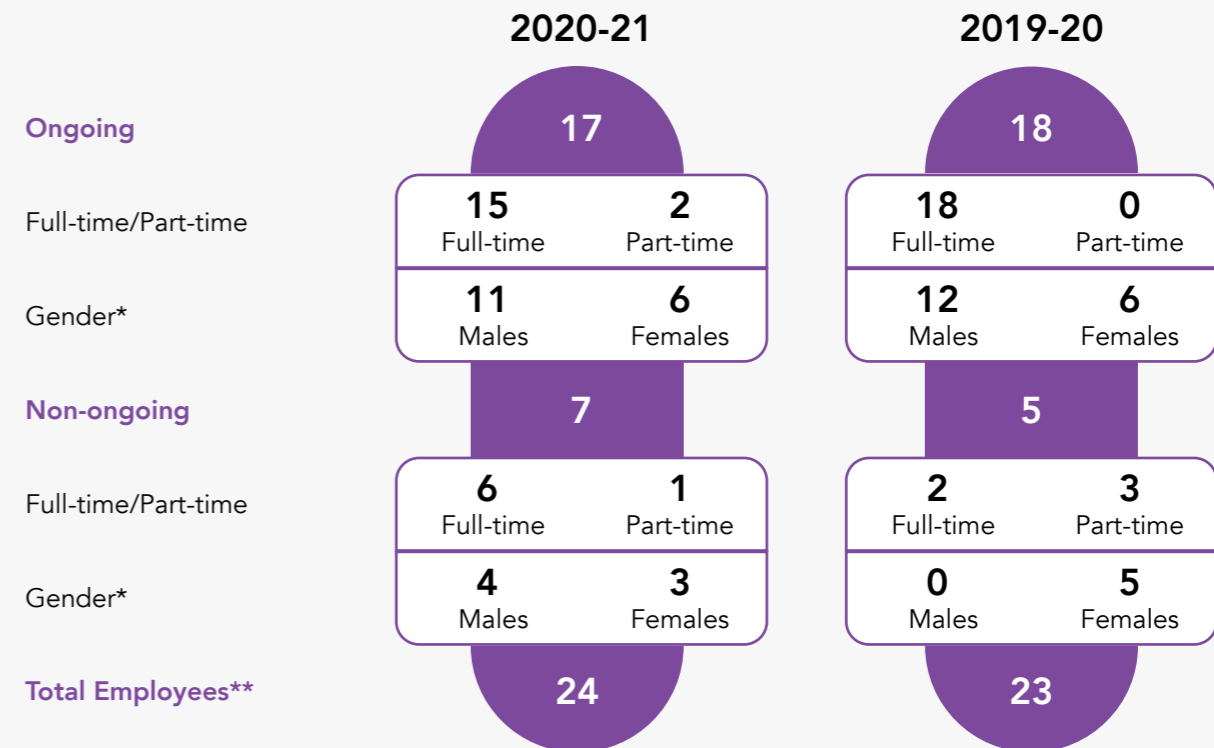
by ensuring that safety levels are upheld through our management protocols and everyday activities.

We know that by attracting and retaining key talent, as well as encouraging employee engagement and creating an environment that supports workplace capability and staff development, we are able to deliver the Company's purpose. Our key vision and values are essential in executing everyday tasks and underpin a diverse team who are dedicated to the development of a vibrant intermodal precinct.

### Organisational structure as at 30 June 2021



### MIC Workforce Composition as at 30 June 2021

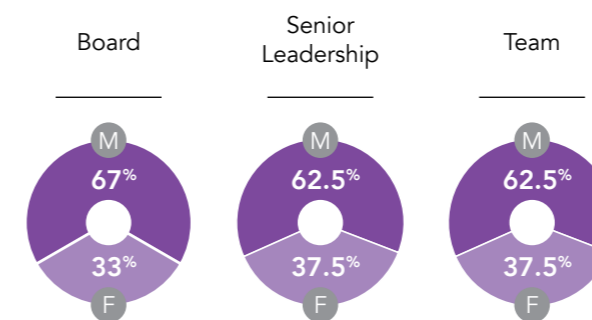


\* No one identified as gender indeterminate throughout both reporting periods  
 \*\* All employees throughout both reporting periods were based in NSW

### Equality and diversity

MIC is committed to promoting gender equality and extending all employees the right to career advancement and leadership opportunities. We focus on a culture of inclusion and recognise that diverse backgrounds and experiences allow us to utilise a wider range of skills that support our shared purpose and vision.

#### Gender split (Male/Female)



### Workplace health and safety

MIC's Work Health and Safety Management Plan outlines MIC's approach to health and safety and rail safety at the Moorebank Logistics Park. The site is operated and managed by Qube but MIC has an important monitoring and oversight role. MIC operates in an office environment and has a small team on-site at the Moorebank Logistics Park. MIC staff who are on-site are under the management of the relevant principal contractor who are in control of the site. MIC's safety policies and procedures are reflected in its Work Health and Safety Office Manual which sets out procedures for managing workplace health and safety in relation to day-to-day activities.

### Flexible working & COVID-19

Despite the uncertainty caused by the COVID-19 pandemic, our team have demonstrated an ability to respond to challenges quickly whilst maintaining momentum in supporting project delivery. We recognise that during this unprecedented time, supporting flexible working practices has allowed our people to balance work and everyday demands, whilst continuing to meet the needs of our stakeholders.



# Our Community

Growing a fitter, healthier, happier and more connected local community is a key focus as the construction of the Moorebank Logistics Park continues. Throughout 2021, we continued our partnerships with two organisations as part of our Community Benefit Fund, which aims to localise the benefits associated with the Moorebank Logistics Park for people living in surrounding communities.

## Darcy Street Project

### About Darcy Street Project

Darcy Street Project is a social enterprise focused on delivering practical hospitality skills and employment training to the local youth community. Through education, coffee and food culture, Darcy Street Project aims to break the cycle of homelessness, unemployment and social exclusion.

### The partnership

Since 2019, MIC has partnered with Darcy Street Project to deliver youth-focused employment training to the Liverpool LGA through café and barista training facilities, pop-up event coffee carts and social impact catering.

From late 2021, Darcy Street Project will launch 'The Smoke Academy' in partnership with MIC, within their multi-purpose training facility in Moorebank. The Smoke Academy aims to further address the growing numbers of youth unemployment in the area. This initiative will offer hospitality training, work experience and nutrition workshops to improve work readiness amongst vulnerable groups. The Smoke Academy will also feature the "Ready 2 Work" Pitmaster Youth Scholarship Program which will combine BBQ School training with 100+ hours of practical work experience and food preparation workshops.

### Measuring our impact

MIC's partnership with Darcy Street Project has seen over 3,000 community ready-made meals distributed, particularly to those communities across Sydney that have been most vulnerable during COVID lockdowns.

The partnership has also helped to fund over 500 hours of practical hospitality work experience for at-risk youth and helped Darcy Street Project to adopt more sustainable methods, including switching to biodegradable coffee cups which has saved over 50,000 disposable coffee cups from landfill.

MIC is proud to be working alongside Darcy Street Project who continue to engage young people in positive food experiences and bring meaningful employment and training to affected youth within the Moorebank community.

**500+**  
hours of practical work experience for students

**3,000+**  
ready-made community meals distributed

**48**  
students trained in practical hospitality skills

**50,000+**  
plastic coffee cups saved from landfill

**40+**  
community BBQ sessions



“We are making it easier for young people to gain job experience, increase their confidence and employability skills. We focus on core skills like problem solving, critical thinking, presentation, communication, teamwork, creativity, digital and financial literacy – skills that are transferable and relevant in any job and industry.”

**John Cafferatta, Founder/CEO**





“ Live Life Get Active is perfect for me. I love that it is community based and covers a wide age group. I know that the classes not only help people’s physical health but also mental health.”

Member of Wattle Grove Camp

## Live Life Get Active

### About Live Life Get Active

Live Life Get Active (LLGA) is a health promotion charity that offers free outdoor activity camps and nutritional and wellbeing programs to help address obesity, diabetes and mental health. Through free daily activity programs including yoga, cross-training and boxing, LLGA is helping the local Moorebank community to get up and get moving, while providing a sense of belonging.

### The partnership

MIC has partnered with LLGA to sponsor three outdoor fitness camps for community residents, as well as activate two equipment stations. The camps and equipment stations – located in Bigge Park, Casula Parklands, Throsby Park and Wattle Grove – have seen over 580 members participate, with more than 23 different nationalities represented.

The partnership aims to address and support growing health issues in the local community including high rates of obesity and diabetes and a growing sense of social disconnection.

Given the impact of COVID-19 on organised group exercise over the past year, LLGA introduced an online platform which is accessible 24/7 by members, and offers nutritional advice, live fitness sessions, mental health support and community forums.

### Measuring our impact

MIC’s investment in this partnership continues to generate great results, with more than a combined 1,300kg lost between participants and a measured 10% reduction in obesity risk.

By providing on-demand, free online access to health content, LLGA and MIC are allowing participants to prioritise their health and wellness at a time and pace that best suits them.

While the impacts of COVID-19 have been widespread over the past year, the local LLGA fitness community continues to grow, thrive and connect through fitness camps, community exercise stations and the online health portal.

**580+**  
members

**3**  
outdoor activity camps

**2**  
equipment stations

**10%**  
reduction in obesity risk

**1,300kg**  
combined weight loss

**24/7**  
online health platform





# 04

## Risk Management



MIC has developed a robust Risk Management Framework to safeguard the company's assets and protect the interests of its shareholders.

MIC has a Risk Management Framework that has been developed in alignment with AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines on Implementation (ISO 31000) and the Commonwealth Risk Management Policy (2014).

The Risk Management Framework provides the overarching policy direction for the role of risk management within MIC and in its role in funding and overseeing the MIC Funded Works.

The Audit and Risk Committee oversees the Risk Management Framework, in particular:

- 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.

The Audit and Risk Committee also monitors the risk register, which is regularly updated to monitor the material business risks facing the Company. The Board receives a monthly report on key risks and mitigation measures.

The key risk areas are listed in the table overleaf.

Risk	Nature of the Risk	Risk Management Approach
<b>Health &amp; Safety</b>	Risks to the health, safety and wellbeing of our people.	We prioritise the health, safety and wellbeing of our employees, contractors and the public. We aim to provide our people with a safe workplace where they feel valued.
<b>Environment</b>	The risk that our activities have a negative impact on the environment.	We aim to have an overall positive impact on the environment through our activities, the activities of our delivery partners and by supporting modal shift from road to rail. We are committed to sustainable development.
<b>Delivery</b>	The risk that we are unable to deliver our strategic priorities on time and on budget.	We aim to deliver our strategic priorities in line with the key performance indicators set out in our corporate plan.
<b>Governance</b>	The risk that our governance falls short of our stakeholders' expectations.	We are committed to the highest standards of corporate governance, which reflect the expectations of our stakeholders. These are reflected in our corporate policies and our expectations of our people.
<b>Legal and Compliance</b>	The risk that we fail to comply with laws, regulations and our contractual obligations.	We place significant importance on our legal and compliance obligations. We do not tolerate material breaches of our legal and compliance obligations.
<b>Strategic</b>	The risk that we fail to deliver our strategy, which impacts on the success of our company.	We have developed four strategic priorities and measure our performance against these strategic priorities. We are accountable for the success of our company.
<b>Financial</b>	The risk that we incur unanticipated financial losses that diminish shareholder value.	We actively monitor our exposure to financial risks that could impact the financial health of our business.
<b>People</b>	The risk that we fail to attract and retain people of the right calibre to deliver our strategic objectives.	Attracting and retaining our people is crucial to the success of our company and the delivery of our strategic objectives. We are committed to developing a high-performance culture where our people feel valued and part of our team.
<b>Reputational</b>	The risk that we fail to live up to our stakeholders' expectations, which undermines confidence in our company.	We recognise that, as a Government Business Enterprise, our stakeholders have high expectations of our behaviour. We seek to conduct our business in a manner that meets or exceeds these expectations.
<b>Cyber Security</b>	The risk that our company is exposed to harm or loss resulting from a breach or attack on our information systems.	We recognise the need for our systems and behaviours to respond to the evolving threat of cyber security. We invest in systems and people to identify and mitigate cyber risks.



# Corporate Governance Statement

MIC is committed to maintaining high standards of corporate governance. This statement, which was approved by the Board on 30 September 2021 describes MIC's corporate governance framework and practices.

MIC's governance framework is regularly reviewed to ensure it aligns to government, regulatory and legislative requirements, and best market practice. MIC's governance practices continue to evolve having regard to the:

- Public Governance, Performance and Accountability Act 2013 (Cth) (PGPA Act) and Public Governance, Performance and Accountability Rule 2014 (PGPA Rule 2014)
- Corporations Act 2001 (Cth)
- Commonwealth Government Business Enterprise Governance and Oversight Guidelines January 2018 (GBE Guidelines)
- the Department of Finance Resource Management Guides; and
- MIC's Commercial Freedoms Framework, as approved by the Shareholder Ministers.

## Our Shareholders

### Ownership

Moorebank Intermodal Company Limited 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 ("Commonwealth Government"). MIC is a Government Business Enterprise, incorporated under the Corporations Act 2001 and operating under the Public Governance, Performance and Accountability Act 2013. The Company was incorporated on 13 December 2012.

The ultimate controlling entity of the Group is the Commonwealth Government.

### Shareholder Ministers

The Shareholder Ministers are the Hon Paul Fletcher MP, Minister for Communications, Urban Infrastructure, Cities and the Arts (being the responsible minister) and Senator the Hon Simon Birmingham, Minister for Finance.

### Ministerial Directions

MIC did not receive any direction by a Minister, under its constitution, an Act, or other instrument, or any government policy orders (under section 93 of the PGPA Act) in the 2020-21 financial year.

### Shareholder Communication

MIC's Annual Report is submitted to the responsible Minister in accordance with section 97 of the PGPA Act. The Auditor General is required by the PGPA Act to audit the financial report of MIC. The company submitted its Corporate Plan for the reporting period of FY2022 to FY2025 to its Shareholder Ministers on 30 June 2021. As a GBE, MIC is subject to Parliamentary scrutiny and is required to keep Shareholder Ministers informed of activities, issues and decisions affecting the company.

## The Board

The MIC Board comprises six independent non-executive directors, with biographical information and appointment details outlined in the Directors' Report. The Board is chaired by an independent non-executive director.

### Board Role and Responsibilities

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

The role of the Board is to provide strategic guidance for the company and effective oversight of management. The Board is accountable to the Shareholder Ministers and has ultimate responsibility for:

- providing overall strategic guidance, governance, setting the risk appetite, effective oversight of management and the performance of the company; and
- implementing an effective governance framework to support its role and responsibilities.

MIC is committed to meeting stakeholder and community expectations of robust and best-practice corporate governance to ensure that MIC:

- achieves its intended purpose
- complies with all relevant laws, codes and directions; and
- meets expectations of probity, accountability and transparency.

## Moorebank Intermodal Company Corporate Governance Framework



The Corporations Act 2001 and the MIC Constitution establish and define the corporate powers of MIC, which are exercised by the Board, unless exercised by the Shareholder Ministers under the Constitution.

The MIC Board Charter sets out the powers and responsibilities of the Board. The charter is reviewed annually by the Board.

The Board's key responsibilities include:

- setting the strategic direction of MIC, consistent with the objects established in the Constitution, and monitoring the implementation of the Company's strategy and performance
- providing recommendations to the Shareholder Ministers relating to Board composition and membership
- overseeing and setting the policy framework for implementing strategies to ensure the health and safety of the Company's employees and protecting the environment and the community
- appointing and removing the Chief Executive Officer, following consultation with the Shareholder Ministers
- evaluating the performance and remuneration for the CEO
- setting the limits of authority for management to commit to new contracts or expenditure
- approving and monitoring the effectiveness of the Company's corporate governance framework, policies and procedures, and compliance with legal and regulatory obligations, including protecting the ethical and corporate governance standards of MIC
- annually approving the Corporate Plan for submission to Shareholder Ministers
- annually approving the Statement of Corporate Intent for publication
- adopting a framework for reviewing, authorising and reporting on MIC's financial position; and
- annually approving the Annual Report and submitting the Annual Report to the Shareholder Ministers.

### Delegation and Reservation of Powers

Responsibility for the day-to-day management of the company is delegated to the CEO and management. The Board has reserved for itself certain powers and authorities, which align to those matters in respect of which the company may not proceed to act without the prior approval of its shareholders. The company's delegations of authority clarify the respective roles and responsibilities of Board members and senior executives to facilitate Board and management accountability to the company and its shareholders.

### Board Composition and Appointments

Under MIC's Constitution, the Board is to consist of not less than three and not more than nine non-executive directors. The Chair is appointed by the Shareholder Ministers in accordance with the constitution.

The Board currently comprises six non-executive directors. Directors are appointed by the Shareholder Ministers in accordance with the requirements of MIC's Constitution and the GBE Guidelines. On appointment, each director receives a formal letter of appointment from the Shareholder Ministers. The term of each director is determined by the Commonwealth at the time of appointment. This is usually for a term of three years. At the end of this period, the director will retire but is eligible for reappointment.

### Independence of Directors

At the time of their appointment, the Commonwealth Government assessed each Director's independence. The Board considers all Directors to be independent.



## Chair

Erin Flaherty, an independent non-executive director was appointed Chair on 4 February 2020, on a three-year term.

The Chair is responsible for the leadership of the Board and for the efficient and proper functioning of the Board, including maintaining relationships with the shareholders.

## Board Performance

In line with the GBE Guideline requirements, the Board annually reviews the performance of the Board as a whole; each director, including the Chair; and Board processes.

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

In 2020, an assessment of Board performance was completed during the reporting period. This comprised an external assessment of the Board's function, size and directors' skills, consistent with the GBE Guidelines. A report on all recommendations from the review was discussed with the Board and then with the Shareholder Ministers, and an agreed action plan was implemented.

## Board Skills

The Board seeks to ensure it has an appropriate mix of skills, experience and diversity to enable it to effectively discharge its responsibilities. Each director's skills, experience and performance as a member of the Board is considered as part of MIC's annual Board performance review.

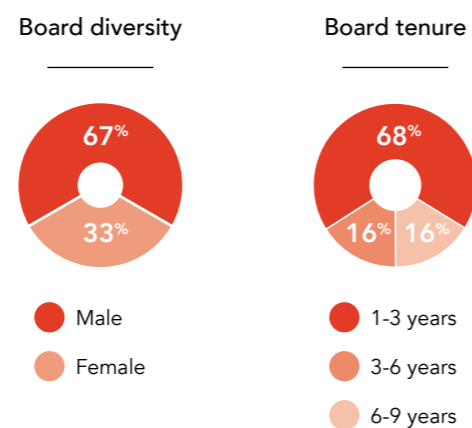
Based on the most recent external Board skills review conducted during the reporting period, collectively the Board's high level of skills and expertise are in the following areas:

- Work Health and Safety
- Infrastructure
- Regulatory
- Government Relations
- Strategy
- Risk & Compliance
- Leadership; and
- Financial / Commercial Skills.

The current skills and experience set across the Board are appropriate for the current phase of the Moorebank Logistics Park development. As the business evolves, the skills and experience requirements of the Board will change, with commercial financing, operational and regulatory experience becoming increasingly important.

## Board Diversity & Tenure

MIC fosters a governance culture that embraces diversity in the composition of Boards.



## Director Induction and Education

MIC has an induction program for new directors, reviewed periodically by the Company Secretary, which includes a meeting with management, a tour of the precinct development site and a detailed manual with information on the company's corporate plan and other reporting arrangement, company policies, legislative requirements, and meeting arrangements. The Board has regular discussions with the CEO and management, and directors are invited to attend the precinct development site from time to time.

Ongoing education for directors is provided through updates, presentations, and briefings at Board meetings.

## Conflicts Of Interest

The directors of MIC are obliged to disclose to the company any interests or directorships they hold with other organisations and to provide updated information in a timely manner, being a standing agenda item at each Board meeting.

A register of interests is maintained by the Company Secretary to manage any potential conflicts of interest, and this is tabled at each Board meeting.

On an annual basis, each director is requested to complete a declaration of personal interests, which is subject to review by the Board. Where a director has a declared material personal interest, or may be presented with a potential material conflict of interest, the director will not participate in any discussion or voting when the matter is being considered at the board or committee meeting. All disclosures made by a director are minuted and a register of conflicts is maintained.

## Independent Professional Advice

With the agreement of the Chair, directors may seek independent professional advice, at MIC's expense, in carrying out their duties.

Each director has direct access to management and any MIC information they require to make informed decisions and fulfil their responsibilities as directors of the MIC Board.

## Board Committees

The Board has resolved to deal with all business, apart from those matters delegated to the Audit and Risk Committee.

### Audit And Risk Committee

In accordance with the requirements of the GBE Guidelines, the Audit and Risk Committee consists of four members, each being an independent non-executive director. The Chair of the committee, Christine Holman, is an independent non-executive director appointed by the Board and is not the Chair of the Board.

Membership of the committee is based on directors' qualifications, skills and experience. The committee is governed by a charter detailing the committee's role, membership requirements and duties, which is reviewed periodically.

The role of the committee is to assist the Board in satisfying itself that MIC and its subsidiaries are complying with the financial management and reporting obligations imposed by the PGPA Act, the Public Governance and Accountability Rule 2014, the GBE Guidelines and the Corporations Act 2001, and provides a forum for communication between the Board, management, and MIC's internal and external auditors.

The committee supervises the preparation of periodic financial statements of MIC and its subsidiaries to ensure compliance with financial reporting requirements.

It also monitors and reviews the:

- effective management of financial risks
- application of up-to-date accounting policies
- development and maintenance of effective and efficient internal and external audit processes
- maintenance of auditor independence; and
- compliance with applicable laws and regulations.

During the reporting period, the committee met separately with MIC's external and internal auditors.

Membership of the committee, the number of meetings during the period 1 July 2020 to 30 June 2021 and the number of meetings attended is set out in the Directors' Report.

### Succession Planning

In accordance with GBE Guidelines, MIC has adopted a senior executive succession plan to manage the absence of key management personnel, whether short-term, long-term or permanent, and whether planned or unplanned.

## Accountability and audit

### External Audit

Under section 98 the Public Governance, Performance and Accountability Act 2013, the Auditor-General is responsible for auditing the financial statements of MIC. In addition, MIC's annual report is tabled in Parliament and its financial accounts are lodged with ASIC.

As permitted by section 27 of the Auditor General's Act, the ANAO contracted KPMG in Sydney to assist with the conduct of the audit on behalf of the Auditor-General.

The Audit and Risk Committee invites the external auditor to each committee meeting and papers for each meeting are provided to both the ANAO and KPMG, noting the following matters that the committee considers:

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

MIC applies audit independence principles in relation to the external auditor. In addition to annual financial statement audits, the Auditor-General is also responsible for auditing compliance with the performance standards prescribed for GBEs, in the circumstances outlined in the Auditor-General Act.

### Certification by CEO and CFO

Prior to the approval of the annual financial statements by the Board of directors, the CEO and the CFO provide confirmation in writing that the statements represent a true and fair view of MIC's operations and its financial position. The letter also includes representation to the Board in respect of the adequacy and effectiveness of MIC's risk management, internal compliance and control systems.

Based on the evaluation performed as at 30 June 2021, the CEO and CFO concluded that as of the evaluation date, risk management, internal compliance and control systems were reasonably designed that the financial statements and notes of MIC are in accordance with the Public Governance, Performance and Accountability Act 2013 and the Corporations Act 2001; and there are reasonable grounds to believe MIC will be able to pay its debts as and when they fall due.





### 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:

- ensuring completeness of financial reporting
- 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
- identifying and mitigating business risks.

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 delegations of authority, a risk management framework, financial planning and reporting, strategic planning and operational policies and practices.

### Internal Audit

In February 2021, the Audit and Risk Committee approved the appointment of RSM Australia as internal auditor for a two-and-a-half-year term.

An internal audit plan is presented to and endorsed annually by the Audit and Risk Committee. Outcomes of the internal audit reviews are provided to the committee for its review.

### Business Improvement Program

MIC has completed a business improvement program over the past 3 years in response to the ANAO's performance audit conducted in 2018, focusing on procurement, corporate expenses, credit cards, and gifts and benefits. MIC continues to review policies, train and educate its employees and identify improvements in policies, processes and systems.

In August 2020, MIC implemented an online portal for education and training of its directors and people on policies, legislative changes and other areas of importance to the business, to provide updates and refresher sessions that supplement face to face engagement.

### Ethical Standards And Governance Policies

MIC is committed to a culture of high ethical standards and accountable conduct. This includes creating and maintaining an open working environment in which its employees, directors and contracted service providers (and their employees and officers) are able to raise concerns regarding suspected unethical, unlawful or undesirable conduct or wrongdoing without fear of reprisal.

MIC's Code of Conduct sets out the standards and behaviour by which MIC will conduct business.

### Code Of Conduct

MIC aims to carry out its business in an open and honest manner, while complying with all applicable legislation and laws.

Our Code of Conduct applies to directors, senior executives and other employees. It provides information about the behaviours we expect and that will foster a culture where ethical conduct is valued and demonstrated in day-to-day business. All employees, consultants and contractors are required to demonstrate key behaviours consistent with the following standards:

- acting honestly, with integrity and trust and in the best interests of MIC
- respecting differences amongst colleagues and treating each other with dignity, fairness, equitably and without discrimination
- working cooperatively and collaboratively with others to achieve common goals
- behaving in a fair and consistent manner in all dealings with stakeholders
- acting and presenting professionally and consistently with the Code in all interactions, at work and work-related activities and events
- not taking advantage of any property or information belonging to MIC or opportunities arising from those, for personal benefit independent from the business of MIC or to benefit any other business or person
- taking steps to ensure the protection and appropriate use of MIC assets, resources, and premises; and
- abiding by all applicable laws and regulations.

The Code of Conduct and supporting policies are available on the MIC website at [www.micl.com.au](http://www.micl.com.au).

### Public Interest Disclosure Act

MIC is subject to the Public Interest Disclosure Act 2013 (Cth) and has adopted procedures to ensure the company supports and complies with the requirements of the Act. The purpose of the Public Interest Disclosure Act is to promote the integrity and accountability of the Commonwealth public sector by:

- encouraging and facilitating the making of public interest disclosures of wrongdoing by current and former public officials (being employees and directors of MIC, contracted service providers and officers/employees of contracted service providers)
- ensuring that disclosers are supported and protected from adverse consequences related to making a disclosure; and
- ensuring that disclosures are properly investigated and addressed. MIC supports reporting by staff at all levels.

MIC supports protecting those who make such reports from victimisation and discrimination. MIC recognises the value of transparency and accountability in its administrative and management practices. A summary of MIC's procedures, the appointed MIC 'authorised officers' and advice on how a disclosure under the Act can be found on MIC's website [www.micl.com.au](http://www.micl.com.au)

No public interest disclosures were received or finalised in the reporting period.

### Whistleblower Policy and Fraud and Corruption Reporting

As a GBE, MIC is committed to applying and adhering to the standards outlined in the Commonwealth Fraud Control Guidelines 2011. MIC recognises the importance of providing a safe, supportive and confidential environment where people feel confident about reporting wrongdoing without fear of retaliation and are supported and protected throughout the process.

MIC has a Whistleblower Policy, Public Interest Disclosure Policy and a Fraud and Corruption Prevention Policy that support the company's commitment to maintaining an open working environment which encourage disclosure of improper conduct without fear of intimidation or reprisal.

The Whistleblower Policy provides a framework for escalating 'reportable or disclosable conduct'. This includes conduct that is illegal, improper, unethical or in breach of the company's corporate policies.

The policy applies to all Directors, officers, employees and suppliers of goods or services (or their employees). It includes secondees and contractors and covers disclosures under the Corporations Act 2001 (Cth), Tax Administration Act 1953 (Cth) and the Public Interest Disclosure Act 2013 (Cth).

A whistleblower may make a disclosure under the Whistleblower Policy to their immediate manager, a designated senior executive, or through a whistleblower hotline, independently managed by Your Call.

No public interest disclosures or reports pursuant to the Corporations Act 2001 (Cth) were received in the reporting period.

The Whistleblower Policy, Public Interest Disclosure Policy and Fraud and Corruption Prevention Policy are reviewed periodically.

### Equal Opportunity

MIC'S Diversity and Equal Employment Opportunity Policy outlines MIC's commitment to promoting diversity in the workplace. MIC seeks to provide opportunities regardless of age, gender, physical ability, ethnicity or Indigenous background.

### Privacy

MIC has a Privacy Policy that sets out how MIC employees, contractors and consultants must manage any personal or sensitive information to comply with the requirements of the Privacy Act 1988 (Cth), as amended. The Privacy Policy is reviewed periodically.

A copy of the policy is on MIC's website at [www.micl.com.au/governance-and-policies](http://www.micl.com.au/governance-and-policies)

### Commercially sensitive information

The directors have excluded from the annual report any information that is considered to be commercially sensitive and would be likely to result in unreasonable commercial prejudice to the company.



# 05 Directors' Report

## Board of Directors

The following people served as directors of Moorebank Intermodal Company Limited during the financial year ended 30 June 2021. Moorebank Intermodal Company ("MIC" or the "Company") comprises of MIC and its wholly owned subsidiaries (the "Group"). All directors were appointed on three-year terms.

### Chair

Erin A. M. Flaherty

### Non-executive Directors

Erin A. M. Flaherty

Lucio Di Bartolomeo

Christine Holman

Ray Wilson

Ron Koehler

The Hon James Lloyd

Andrew Harrison (Resigned: 30 September 2020)

### Lucio Di Bartolomeo Deputy Chair and Non-executive Director

With over 40 years' experience in the transport industry, Lucio brings extensive knowledge in rail, infrastructure, and engineering fields to the MIC Board as a non-executive director.



He is currently the Chairman of Australia Post, Health Infrastructure NSW and Australian Naval Infrastructure Pty Ltd, and a non-executive director of Australian Super.

Prior to taking on non-executive director roles, Lucio was the Managing Director of ADI Limited, Country Director of Thales (Australia) and Managing Director of FreightCorp. Lucio is also a Member of the Institution of Engineers Australia.

#### Qualifications

- Bachelor of Engineering (Civil), University of NSW
- Master of Engineering Science, University of NSW

### Christine Holman Chair, Audit & Risk Committee and Non-executive Director

Christine is a professional company director and currently, Non-Executive Director of three ASX listed Boards - Metcash Ltd, CSR Ltd and Collins Foods Ltd.



Christine also sits on the Boards of The Bradman Foundation, the ICC T20 Cricket World Cup 2020, McGrath Foundation and the State Library of NSW Foundation.

In her previous executive capacity as both CFO & Commercial Director of Telstra Broadcast Services, Christine brings a deep understanding of legacy and emerging technologies.

During her time in private investment management, Christine assisted management and the Board of investee companies on strategy development, mergers & acquisitions, leading due diligence teams, managing large complex commercial negotiations and developing growth opportunities.

Christine is a member of Chief Executive Women (CEW) and the International Women's Forum (IWF).

#### Qualifications

- Master of Business Administration and Post-Graduate Diploma in Management, Macquarie University
- Graduate of the Australian Institute of Company Directors

### Ray Wilson Member, Audit & Risk Committee and Non-executive Director

Ray has over 25 years' experience in areas of accounting, auditing, investment banking and large-scale infrastructure development and financing.



Ray is a Founding Principal and Director of Plenary Group, an international infrastructure business which manages a portfolio of projects across Australia, Canada and the US.

Ray's experience also includes roles as Head of Infrastructure and Head of Debt Markets and Securitisation at Barclays Bank/ABN AMRO, and 10 years as a chartered accountant with Price Waterhouse in Sydney and KPMG in Dublin.

#### Qualifications

- ICAEW Chartered Accountant

### Ron Koehler Member, Audit & Risk Committee and Non-executive Director

Ron Koehler has more than 35 years' experience in the Freight and Logistics Industry. He is a former CEO of DB Schenker Australia Pty Ltd a Global Air/Ocean and third party logistics company.



Under Ron's management as part of the Asia Pacific team, DB Schenker undertook several acquisitions and mergers focusing on global key accounts and growth. Ron oversaw the construction and operation of the logistics warehouse footprint and the operational aspect of the Airfreight and Ocean Freight business including truck and rail container transportation. In 2019, Ron left DB Schenker and in early 2020 was appointed as CEO of Trackster Global, a start-up in the freight tracking and IOT industry, and is currently serving as an advisor to the company.

Ron is a member of the German Australian Chamber of Commerce and Industry and a former Chair and Board member. He was awarded the Grand Cross of the Merit of the Federal Republic of Germany in 2017 for supporting bilateral trade and growing the recognition of German Industry in Australia.

#### Qualifications

- Graduate of the Australian Institute of Company Directors

### The Hon James (Jim) Lloyd Non-executive Director

James served in the Australian Parliament as the Member for Robertson for 11 years from 1996 to 2007. He also served in a number of senior positions during that time including Chief Government Whip and Federal Minister for Local Government, Territories and Roads from July 2004 to November 2007.



James' responsibilities as Roads Minister included the management and implementation of major sections of the \$40 billion Auslink road construction program.

In January 2020, James was appointed National Executive Prostate Cancer Support Groups for the Prostate Cancer Foundation of Australia.

#### Qualifications

- Graduate of the Australian Institute of Company Directors

### Andrew Harrison Non-executive Director (Resigned: 30 September 2020)

Andrew is an experienced company director, CFO, and corporate adviser. He is currently chairman and non-executive director of Bapcor, WiseTech Global and Vend.

Andrew has held executive and non-executive directorships in public and private companies and has been CFO for companies including Seven Group Holdings, Alesco and Hanson in Australia, and Landis+Gyr in Europe and the United States.

In the earlier stages of his career Andrew was an investment banker at Gresham Partners in Sydney, and Chase Manhattan Bank in New York and originally trained as a chartered accountant at Ernst & Young (Sydney and London). Andrew is a member of the Australian Institute of Company Directors.

#### Qualifications

- Bachelor of Economics, University of Sydney
- MBA from the Wharton School, University of Pennsylvania
- Chartered accountant

## Directors

### Erin A. M. Flaherty Chair & Non-executive Director

Erin has more than 30 years' experience in both private and Government sectors. She was Commercial Manager and Deputy CEO at Reliance Rail before becoming Executive Director of Infrastructure NSW in 2012.



In 2012, Erin was appointed by the NSW Minister for Transport to the Advisory Board for the North West Rail Link and subsequently became an inaugural director of the newly formed Sydney Metro in 2018. Erin is currently a non-executive director of Venues NSW, The Infrastructure Fund, NSW Police & Citizens Youth Clubs and the Australian Chamber Orchestra. She is the National Chair of the Professional Scholarship Committee of the Australian American Fulbright Commission and a past Board member. Erin is a member of Chief Executive Women (CEW).

#### Qualifications

- Master of Laws, University of Sydney
- Bachelor of Arts (Politics major), University of Western Australia
- Bachelor of Laws, University of Western Australia
- Bachelor of Jurisprudence, University of Western Australia
- Graduate Diploma in Applied Corporate Governance, Governance Institute of Australia
- Graduate of the Australian Institute of Company Directors



## Directors' Meetings

The number of Board and Board Committee meetings held during the year ended 30 June 2021, and the numbers of meetings attended by each director were:

Director	Board		Audit & Risk Committee	
	A	B	A	B
E Flaherty	10	10	-	-
L Di Bartolomeo	10	10	-	-
C Holman	10	10	8	8
R Wilson	10	8	8	8
Ron Koehler	10	10	8	8
The Hon J Lloyd	10	10	-	-
A Harrison	5	4	3	3

A = the number of meetings held which a director or committee member could attend

B = the number of meetings attended

- = Non-Committee Member, attendance is not required

## Board composition changes during the period

Andrew Harrison resigned as a director on 30 September 2020.

## Audit and Risk Committee

The Audit and Risk Committee comprises the following directors:

- Christine Holman (Appointed Chair of Audit and Risk Committee: 1 October 2020).
- Ray Wilson
- Ron Koehler
- Andrew Harrison (Resigned: 30 September 2020)

The Committee Charter can be downloaded at [www.micl.com.au/governance-and-policies](http://www.micl.com.au/governance-and-policies)

Director	Appointment Date	Audit and Risk Committee
Erin Flaherty (Chair)	<ul style="list-style-type: none"> <li>26 March 2019 (Director)</li> <li>4 February 2020 (Chair)</li> </ul>	-
Lucio Di Bartolomeo (Deputy Chair)	<ul style="list-style-type: none"> <li>2 May 2016</li> <li>Reappointed (further 3 years) on 2 May 2019</li> </ul>	-
Ray Wilson	<ul style="list-style-type: none"> <li>13 December 2012</li> <li>Reappointed (further 3 years) on 13 December 2015</li> <li>Reappointed (further 3 years) on 13 December 2018</li> </ul>	✓
Christine Holman	<ul style="list-style-type: none"> <li>26 July 2018</li> <li>Reappointed (further 3 years) on 26 July 2021</li> </ul>	Appointed Chair of Audit and Risk Committee 1 October 2020.
Jim Lloyd	<ul style="list-style-type: none"> <li>1 June 2019</li> </ul>	-
Ron Koehler	<ul style="list-style-type: none"> <li>16 December 2019</li> </ul>	✓

## Company secretary

Jane Webster was appointed to the position of General Counsel and Company Secretary on 11 August 2014. Ms Webster has over 20 years' experience as a construction and infrastructure lawyer and a company secretary. Prior to joining Moorebank Intermodal Company, Ms Webster held senior legal and company secretarial positions in the ASX-listed environment and was a senior lawyer at a national law firm. She has a Bachelor of Laws from the University of NSW and is a Fellow of the Governance Institute of Australia and The Chartered Governance Institute (CGI).

## Principal activities

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

## Corporate information

Moorebank Intermodal Company Limited is a public company limited by shares that is incorporated and domiciled in Australia. The registered office of the Company is Suite 3, Level 33, 1 O'Connell Street, Sydney NSW 2000. The Company is wholly owned by the Commonwealth of Australia.

## Operating results

The Group's net profit after tax in 2021 was \$12.4 million (2020: loss of \$18.6 million).

## Review of Operations

The review of operations of the Group is contained in the Operating Review and the Financial Review.

## COVID-19

The COVID-19 pandemic and the measures undertaken to contain it remain a source of uncertainty. The Group has considered the macro-economic impact of lockdowns implemented across New South Wales and other states from time to time, the closure of state borders, and the extension of further government support measures. The Group did not identify any subsequent events precipitated by COVID-19 related

developments which would require adjustments to the amounts or disclosures in the financial statements. Given the fluid nature of the current situation, the Group will continue to regularly review forward looking assumptions and forecast economic scenarios.

## Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

## Significant events subsequent to reporting date

On 5 July 2021, Qube and LOGOS announced that they had signed a binding agreement for the sale of the Moorebank Logistics Park property assets. Qube is selling 100 per cent of its interest in the warehousing and property components of the precinct for a sale price of \$1.67 billion and retaining its interests in the IMEX and Interstate Terminals. The transaction remains subject to satisfaction of several conditions including FIRB approval, MIC approvals to the change in ownership, resolution of a number of material issues with MIC and other conditions. Qube and LOGOS are aiming to complete the transaction by the end of 2021.

## Likely developments and expected results

Likely developments and the expected results of operations of the Group are contained in the Operating Review and the Financial Review.

## Environmental regulation and performance

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

## Dividends

There was no dividend provided for or paid in the current year by the Company (2021: nil).

## Rounding

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated, under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

## Share 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 officer of the Company. To the maximum extent permitted by law, the Company will indemnify every current and former director or officer against:

- any liability incurred by the person in that capacity (except a liability for legal costs); and
- 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 each director of the Company (Director's Deed) and each officer of the Company (Officer's Deed).

These deeds formalise the arrangements between the Company and its directors and officers as to indemnities, insurance and access to Company records. Under each deed, the Company indemnifies the director or officer to the full extent permitted by law against all losses or liabilities incurred as a director or 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 directors and officers deeds of indemnity, the Company has undertaken to insure against certain liabilities incurred as a director and officer of the Company.

No known liability has arisen under the insurance contract as at the date of this report.

## Indemnification of auditor

To the extent permitted by law, the Company has agreed to indemnify its auditor, Australian National Audit Office as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify the Australian National Audit Office during or since the financial year.

## Non-audit services

The financial statement audit services are provided to the Group by the Auditor-General. As permitted by section 27 of the Auditor General's Act, the ANAO contracted KPMG in Sydney to assist with the conduct of the audit on behalf of the Auditor-General.

No other services were provided by the Auditor-General during the reporting period. KPMG provided non-audit services consisting of financial analysis and provision of a secondeed with fees of \$50,000 payable in 2021 (refer note 23 of the Notes to the Financial Statements for details of the remuneration of auditors).

## Auditor independence

The directors have received a declaration from the auditor of Moorebank Intermodal Company Limited. This has been included on page 65.

Signed in accordance with a resolution of the directors.



**Erin A. M. Flaherty**  
Chair and Non-executive Director  
6 October 2021



# Remuneration Report

The Company's approach to remuneration is designed to attract and retain the quality of people required to deliver our strategic priorities, to be aligned with the expectations of our stakeholders and be equitable to our employees.

During the reporting period ended 30 June 2021, MIC had 14 Key Management Personnel (KMP), these include the Chair, Board of Directors, CEO and Senior Executives who have authority and responsibility for planning, directing and controlling the activities of the Company.

**Table 1: Key Management Personnel**

Name	Title	Term as KMP
<b>Non-executive Directors</b>		
Erin Flaherty <sup>1</sup>	Chair Non-Executive Director	Full year – Appointed as a Non-Executive Director on 26 March 2019 and Chair on 4 February 2020. Executive Chair from 9 March to 30 June 2020
Lucio Di Bartolomeo	Independent, Non-Executive Director	Full year – Appointed 3 May 2016
Christine Holman	Independent, Non-Executive Director	Full year – Appointed 1 August 2018
Ray Wilson	Independent, Non-Executive Director	Full year – Appointed 13 December 2012
Ron Koehler	Independent, Non-Executive Director	Full year – Appointed 16 December 2019
James Lloyd	Independent, Non-Executive Director	Full year – Appointed 1 June 2019
Andrew Harrison	Independent, Non-Executive Director	Part year – Resigned 30 September 2020
<b>Senior Executives</b>		
James Baulderstone	Chief Executive Officer	Full year – Appointed 1 July 2020
Jane Webster	General Counsel and Company Secretary	Full year – Appointed 11 August 2014
Ian Meares	Construction Director	Full year – Appointed 11 November 2019
Neil MacDonald	Chief Financial Officer	Part year – Appointed 14 January 2021
<b>Former Senior Executives</b>		
Peter Hicks <sup>1</sup>	Chief Executive Officer	Part year – Resigned 6 December 2019
David Jurd <sup>1</sup>	Acting Chief Executive Officer	Part year – Appointed on a short-term contract from 18 December 2019 to 8 March 2020.
Anthony Vaccaro	Delivery Director	Part year – Resigned 20 November 2020
Justine Latham Hall	Chief Financial Officer	Part year – Resigned 12 April 2020
Chris Mottram	General Manager - Finance	Part year – To 13 January 2021. Resigned 21 May 2021

<sup>1</sup> Peter Hicks resigned as CEO on 6 December 2019. David Jurd was appointed as Acting CEO on a short-term contract for the period 18 December 2019 to 8 March 2020. Erin Flaherty was appointed as Executive Chair on a short-term contract for the period 9 March 2020 to 30 June 2020. James Baulderstone was appointed as CEO from 1 July 2020.

## Remuneration of Non-executive Directors

The Company's Non-Executive Directors are appointed by the Commonwealth Government through the Shareholder Ministers.

Fees for Non-Executive Directors are set by the Commonwealth Remuneration Tribunal, an independent statutory body overseeing the remuneration of key Commonwealth offices. MIC complies with the Tribunal's determinations and plays no role in the determination of Non-Executive Director Fees. The tribunal sets annual Chair, Deputy Chair and Board fees. Statutory superannuation is paid in addition to the fees set by the Tribunal.

Table 2 below sets out the fees, excluding superannuation, that were determined by the Remuneration Tribunal for the Company's Non-Executive Directors. No additional fees were paid to members of the Audit & Risk Committee for 2020-21.

**Table 2: Remuneration Tribunal Determination for Non-executive Directors**

	Entitlement 2021 \$	Entitlement 2020 \$
Chair	119,180	119,180
Deputy Chair	95,350	95,350
Non-executive Director	59,590	59,590
Audit & Risk Committee Member	-	-

**Table 3. Remuneration of Non-executive Directors<sup>2</sup>**

Name	Year	Directors' fees (Short-term benefits) \$	Superannuation (Post employment benefits) \$	Total remuneration \$
Erin Flaherty	2021	119,807	11,382	131,189
	2020	83,543	7,937	91,480
Lucio Di Bartolomeo	2021	96,820	9,198	106,018
	2020	93,880	8,919	102,798
Christine Holman	2021	60,217	5,721	65,938
	2020	58,963	5,601	64,564
Ray Wilson	2021	60,217	5,721	65,938
	2020	58,963	5,601	64,564
Ron Koehler	2021	59,590	5,661	65,251
	2020	32,450	3,083	35,533
James Lloyd	2021	60,217	5,721	65,938
	2020	58,963	5,601	64,564
Andrew Harrison	2021	15,525	1,475	17,000
	2020	58,963	5,601	64,564
Jamie Briggs	2021	-	-	-
	2020	19,473	1,850	21,323
Kerry Schott	2021	-	-	-
	2020	52,728	5,009	57,737
Total	2021	472,393	44,879	517,272
	2020	517,926	49,202	567,128

<sup>2</sup> The remuneration of Non-executive Directors appears above the FY 2021 entitlement because of an adjustment in September 2020 to correct for an underpayment in FY 2020. The average for the two periods is equal to the Non-Executive Director Fees set by the Remuneration Tribunal.



# 06 Financial Report

## Remuneration of Senior Executives

The CEO's remuneration is set by the Commonwealth Remuneration Tribunal. The role is classified as a Principal Executive Office Band D under the Remuneration Tribunal Act 1973 (Cth). Remuneration is comprised of two components, Total Fixed Remuneration (TFR) and at-risk performance pay (short term incentive or STI) of up to 20 per cent of total fixed remuneration.

The remuneration of Senior Executives is determined by the CEO and the Board. Remuneration comprises two components – Total Fixed Remuneration (TFR) and at-risk performance pay (short-term incentive or STI). At-risk performance pay is a percentage of the base pay component of TFR that depends upon the achievement of corporate key performance indicators as described in the Board approved Corporate Plan and individual performance objectives recorded in Performance Agreements.

Remuneration is reviewed annually in line with guidance from the APSC and the Public Sector Workplace Relations Policy (2020). The Company received an advisory from the Australian Public Service Commissioner dated 9 April 2020 strongly recommending a six month pause to wage increases. In response, MIC did not increase TFR during the reporting period and the annual benchmarking exercise was deferred.

The remuneration of the CEO and other senior executives is shown in Table 4.

**Table 4. Remuneration of Senior Executives**

Name and Position	Year	Base salary	STI / Bonuses	Other benefits and allowances	Termination benefit	Post employment super	Total remuneration
		\$	\$	\$	\$	\$	\$
<b>James Baulderstone<sup>3</sup></b>	<b>2021</b>	<b>569,697</b>	-	-	-	<b>21,694</b>	<b>591,391</b>
Chief Executive Officer	2020	-	-	-	-	-	-
<b>Peter Hicks<sup>4</sup></b>	<b>2021</b>	-	-	-	-	-	-
Chief Executive Officer	2020	426,843	67,100	-	-	25,000	518,943
<b>Jane Webster</b>	<b>2021</b>	<b>346,952</b>	<b>52,000</b>	<b>18,720</b>	-	<b>25,000</b>	<b>442,672</b>
General Counsel & Company Secretary	2020	345,652	95,000	20,014	-	25,000	485,666
<b>Ian Meares</b>	<b>2021</b>	<b>393,155</b>	<b>29,000</b>	<b>16,667</b>	-	<b>21,694</b>	<b>460,516</b>
Construction Director	2020	241,023	-	33,333	-	13,564	287,920
<b>Neil MacDonald<sup>5</sup></b>	<b>2021</b>	<b>203,643</b>	-	-	-	<b>10,847</b>	<b>214,490</b>
Chief Financial Officer	2020	-	-	-	-	-	-
<b>Justine Latham Hall<sup>6</sup></b>	<b>2021</b>	-	-	-	-	-	-
Chief Financial Officer	2020	128,819	32,763	-	65,844	13,816	241,242
<b>Anthony Vaccaro<sup>7</sup></b>	<b>2021</b>	<b>159,365</b>	<b>36,000</b>	-	-	<b>10,417</b>	<b>205,782</b>
Delivery Director	2020	340,425	70,000	-	-	25,000	435,425
<b>Chris Mottram<sup>8</sup></b>	<b>2021</b>	<b>113,800</b>	<b>9,000</b>	-	-	<b>11,124</b>	<b>133,924</b>
General Manager - Finance	2020	70,269	-	-	-	6,675	76,944
<b>Total executive management</b>	<b>2021</b>	<b>1,786,612</b>	<b>126,000</b>	<b>35,387</b>	-	<b>100,776</b>	<b>2,048,775</b>
	2020	1,553,031	264,863	53,347	65,844	109,055	2,046,140

David Jurd was appointed Acting CEO on a short-term contract for the period 18 December 2019 to 8 March 2020. His total remuneration for this contract was \$111,825. Erin Flaherty was appointed Executive Chair on a short-term contract for the period 9 March 2020 to 30 June 2020 while the CEO position was vacant. Her total remuneration for this contract was \$247,422.

<sup>3</sup> Appointed 1 July 2020.

<sup>4</sup> Resigned 6 December 2019.

<sup>5</sup> Appointed 14 January 2021.

<sup>6</sup> Resigned 12 April 2020.

<sup>7</sup> Resigned 20 November 2020.

<sup>8</sup> Senior executive to 13 January 2021. Resigned 21 May 2021.

## Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021

	Notes	2021 \$ '000	2020 \$ '000
<b>Revenue</b>			
Finance lease income	4.1	9,555	9,095
Gain on recognition of finance lease	13.1	-	7,511
Interest income	4.1	411	932
Other operating income	4.2	3,704	327
<b>Total revenue</b>		<b>13,670</b>	<b>17,865</b>
<b>Expenditure</b>			
Employee benefits expense	4.3	(5,891)	(4,868)
Occupancy costs		(485)	(283)
Adviser costs	4.4	(1,093)	(6,515)
Contractor costs		(1,319)	(893)
Insurance		(238)	(198)
IT expenses		(325)	(299)
Depreciation and amortisation		(323)	(90)
Land and site costs	4.5	(45,779)	(38,800)
Other expenses		(618)	(929)
<b>Total expenditure</b>		<b>(56,071)</b>	<b>(52,875)</b>
Operating loss before share of profit from equity accounted investments		<b>(42,401)</b>	<b>(35,010)</b>
Share of profit of equity accounted investments	12	51,476	8,170
<b>Profit/(loss) before income tax</b>		<b>9,075</b>	<b>(26,840)</b>
Income tax benefit	5	3,288	8,232
<b>Profit/(loss) for the year</b>		<b>12,363</b>	<b>(18,608)</b>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



Consolidated statement of financial position as at 30 June 2021

	Notes	2021 \$ '000	2020 \$ '000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	47,666	77,406
Trade and other receivables	7	509	1,245
Other current assets		238	407
<b>Total current assets</b>		<b>48,413</b>	<b>79,058</b>
<b>Non-current assets</b>			
Plant and equipment	9	960	97
Intangible assets	10	111	139
Assets under construction	11	1,448	1,390
Equity accounted investments	12	234,291	180,061
Rail access rights	13	179,642	170,087
Financial assets	14	12,338	11,707
Other non-current assets		7	15
Deferred tax assets	5	76,041	72,753
<b>Total non-current assets</b>		<b>504,838</b>	<b>436,249</b>
<b>Total assets</b>		<b>553,251</b>	<b>515,307</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	25,476	10,805
Provisions and lease liabilities	17	150,358	129,564
<b>Total current liabilities</b>		<b>175,834</b>	<b>140,369</b>
<b>Non-current liabilities</b>			
Provisions and lease liabilities	17	56,011	79,782
<b>Total non-current liabilities</b>		<b>56,011</b>	<b>79,782</b>
<b>Total liabilities</b>		<b>231,845</b>	<b>220,151</b>
<b>Net assets</b>		<b>321,406</b>	<b>295,156</b>
<b>EQUITY</b>			
Contributed equity	18	466,172	452,285
Accumulated losses		(144,766)	(157,129)
<b>Total equity</b>		<b>321,406</b>	<b>295,156</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity for the year ended 30 June 2021

	Contributed equity (Note 18) \$ '000	Accumulated losses \$ '000	Total equity \$ '000
<b>Balance at 1 July 2019</b>	380,733	(138,521)	242,212
Loss for the year	-	(18,608)	(18,608)
Other comprehensive loss	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(18,608)</b>	<b>(18,608)</b>
<b>Transactions with owners in their capacity as owners</b>			
Contribution of equity	71,552	-	71,552
<b>Balance at 30 June 2020</b>	<b>452,285</b>	<b>(157,129)</b>	<b>295,156</b>
<b>Balance at 1 July 2020</b>	<b>452,285</b>	<b>(157,129)</b>	<b>295,156</b>
Profit for the year	-	12,363	12,363
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>12,363</b>	<b>12,363</b>
<b>Transactions with owners in their capacity as owners</b>			
Contribution of equity	13,887	-	13,887
<b>Balance at 30 June 2021</b>	<b>466,172</b>	<b>(144,766)</b>	<b>321,406</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



# Notes to the Financial Statements

## Consolidated statement of cashflows for the year ended 30 June 2021

	Notes	2021 \$ '000	2020 \$ '000
<b>Operating activities</b>			
Receipts from customers		175	-
Other receipts		3,538	-
Payments to suppliers		(5,800)	(6,188)
Payments to employees		(5,218)	(4,868)
Payments for enabling works <sup>9</sup>	19	(34,767)	(30,368)
Interest received		411	932
Net GST received		1,039	1,040
<b>Net cash flows used in operating activities</b>	<b>19</b>	<b>(40,622)</b>	<b>(39,452)</b>
<b>Investing activities</b>			
Biodiversity credits reimbursement		495	-
Payments for plant and equipment		(79)	(58)
Payments for intangible assets		-	(78)
Payments for assets under construction		(37)	(28,355)
Payments for investments		(3,384)	(9,585)
<b>Net cash flows used in investing activities</b>		<b>(3,005)</b>	<b>(38,076)</b>
<b>Financing activities</b>			
Proceeds from equity funding		13,887	71,552
<b>Net cash flows from financing activities</b>		<b>13,887</b>	<b>71,552</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(29,740)</b>	<b>(5,976)</b>
Cash and cash equivalents at beginning of year		77,406	83,382
<b>Cash and cash equivalents at 30 June</b>	<b>6</b>	<b>47,666</b>	<b>77,406</b>

The above consolidated statement of cashflows should be read in conjunction with the accompanying notes.

<sup>9</sup> Payments for enabling works has been presented within operating activities. In prior years, this expenditure was presented in investing activities. The Group has determined that the more appropriate treatment is to include it within operating activities and has voluntarily restated this in line with AASB 101.

## Note 1. Corporate information

Moorebank Intermodal Company Limited (**MIC** or the **Company**) 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 (Commonwealth Government).

MIC is a Government Business Enterprise, incorporated under the Corporations Act 2001 and operating under the Public Governance, Performance and Accountability Act 2013 (**Cth**).

The Company was incorporated on 13 December 2012. The ultimate controlling entity of the Group is the Commonwealth Government.

The registered office and principal place of business of the Group is Suite 3, Level 33, 1 O'Connell Street, Sydney NSW 2000.

Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 8. Information on other related party relationships of the Group is provided in Note 21.

The Financial report was authorised for issue by the Board of Directors on 30 September 2021.

## Note 2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial report are set out below. These policies have been consistently applied to all the years presented.

### a) Basis of preparation

The consolidated general purpose 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.

Moorebank Intermodal Company Limited is a for-profit consolidated entity for the purpose of preparing the financial report.

The consolidated financial report is presented in Australian dollars. Values are rounded to the nearest thousand dollars unless otherwise stated, under the option available to the Company under ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

The consolidated financial report has been prepared on a going concern basis and in accordance with the historical cost convention, except for certain classes of noncurrent assets, financial assets and financial liabilities which are measured at fair value. The Group has consistently applied the accounting policies set out below to all periods presented in this consolidated financial report.

### (i) Compliance with International Financial Reporting Standards (IFRS)

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

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

New and amended standards that were issued on or prior to the signing date, and are applicable to the current reporting periods, did not have a material impact, and are not expected to have a material impact on the Group's financial report in future periods.

### (iii) New accounting standards and interpretations (not yet adopted)

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

### b) Impact from COVID-19

The Group has considered the impact of COVID-19 on its estimates and judgements. Due to the Group's investment in long term infrastructure assets, its future funding obligations and limited credit risk exposure, the impact on the Group's assessment of the fair value of Moorebank Precinct Land Trust and the cost of construction is limited. Subsequent to year end the construction site was closed. The Group has included contingencies in its forecast cost estimates and, at this stage, the impact on the timing and cost of the enabling works is expected to be limited.

### c) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial report from the date on which control commenced until the date on which control ceases. Details of the Company's subsidiaries are shown in Note 8.

#### (ii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial report.



#### d) Going concern

The financial statements have been prepared on a going concern basis which assumes the Group will have sufficient cash to pay its debts as and when they become payable, for a period of at least 12 months from the date the financial report was authorised for issue.

During 2020-21 the Group re-assessed the most likely forecast final cost estimate to fulfil the Group's funding obligations in developing the Moorebank Logistics Park. It was determined that costs would exceed the amount of remaining equity available under the Equity Funding Agreement and additional funding will likely be required by the end of calendar year 2021 or by early 2022.

To meet these additional funding requirements, the Group has obtained an offer of credit approved external debt finance from two leading financial institutions, the terms and conditions of which have been approved by the Board and MICs Shareholder Ministers.

It is expected that the debt facilities will be signed and financial close will occur by the end of October 2021.

In the event that the Group does not complete the debt raising, the Directors remain confident that other funding options are available to complete the enabling works including pursuing debt finance with other banks or obtaining financing directly from the Shareholder given the Group's future financial projections and the ungeared nature of the Group's balance sheet at 30 June 2021.

The Directors are of the view that the Group will be able to continue as a going concern and therefore will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the financial statements.

#### e) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle
- held primarily for the purpose of trading
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle
- it is held primarily for the purpose of trading
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

#### f) Interest income

Interest income is recorded using the effective interest rate (EIR) method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in the consolidated statement of profit or loss and other comprehensive income.

#### g) Cash and cash equivalents

Cash and cash equivalents include: 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, that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

#### h) Trade and other receivables

A receivable represents the Group's right to an amount that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade and other receivables are initially recorded at fair value and subsequently measured at amortised cost using the EIR 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. For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### i) Plant and equipment

- (a) Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.
- (b) When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

- (c) Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

<b>Right-of-use assets</b>	<b>1-3 years</b>
<b>IT equipment</b>	<b>3 years</b>

An item of plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included

in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

#### j) Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment at each reporting date to determine whether there is any indication of impairment wherever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

#### k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or losses when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income.

A summary of the policies applied to the Group's intangible assets is as follows:

	<b>Software</b>
Useful lives	7 years
Amortisation method used	Amortised on a straight-line basis
Internally generated or acquired	Acquired

#### l) Assets under construction

Assets under construction relates to the construction of the Rail Access Works Stage 2, which comprises the rail line connecting the future Interstate Terminal to the Southern Sydney Freight Line. The timing for completion of Rail Access Works Stage 2 will be aligned to the completion of the future Interstate Terminal. Once operational the rail line will be derecognised as an asset under construction and the net present value of future cash flows discounted to their net present value in relation to rail access rights will be recognised at fair value.

#### m) Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise a 65.63 per cent unitholding in Moorebank Precinct Land Trust. MIC has joint control of PLT and, its investment is classified as a joint venture. Accordingly, the Group has accounted for its investment in the Trust as an equity accounted investment.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity.

#### n) Rail access rights

Rail access rights comprises a finance lease for access rights to the Group's rail line connecting the existing Southern Sydney Freight Line to the IMEX Terminal and future Interstate Terminal located on the Moorebank Logistics Park. The operating lease term is 97 years with a three-year incentive period.

A portion of the rail access is constructed on land over which an easement has been granted to permit access, construct and operate the rail access over the life of the rail asset. As a result, the Group is not the legal and beneficial owner of this portion of rail access. There are legally enforceable rights to continue operating and maintaining the rail access as if the Group were the beneficial owner.

The remaining portion of rail access constructed on the precinct is legally and beneficially owned by the Group.

The fair value of future cash flows relating to the rail access rights was determined using a discount rate of 5.62 per cent (2020: 5.62 per cent). Finance income is derived from the finance lease (refer note 4.1) over the term of the lease.



## o) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

### Subsequent measurement

#### Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise to specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loans to related parties included under other noncurrent financial assets.

#### Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the asset expire

- it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred; or
- it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

## p) Other non-current assets

Other non-current assets are measured at cost less accumulated impairment losses. Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

## q) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16. This policy is applied to contracts entered into on or after 1 January 2019.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimated make good provision.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date discounted at the interest rate implicit in the lease.

#### Accounting policy for lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

## r) Trade and other payables

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

## s) Provisions

MIC recognises a provision where it has a present legal or constructive obligation because of a past event that is likely to lead to an outflow of future economic benefits and a reliable estimate can be made of the quantum of that obligation. The amount recognised as a provision is the best estimate, at the reporting date, considering the level of risks and uncertainties over future events.

## t) Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119) and termination benefits due within twelve months of balance sheet date are measured at their nominal amounts.

## u) Share capital

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

## v) Taxation

On 29 June 2017, the Group voluntarily adopted the Tax Transparency Code, released by the Australian Board of Taxation in February 2016. Reporting commenced in the financial year 2017–18 financial statements. All disclosure requirements of Part A of the code are presented in Note 5.

### (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 differences and to unused tax losses.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The deferred tax asset has been recognised based on the current divestment strategy forecast to occur in the mid-term.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

### (ii) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated Goods and Services Tax (GST), unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO is included with other receivable and payables in the consolidated statement of financial position.

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 ATO are presented as operating cash flows.



### Note 3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Estimates and assumptions

There are significant judgements and estimates associated with the valuation of provisions, particularly in relation to Land & Site Costs given the risks and uncertainties over the final scope of work, levels of contamination and expected cost of the enabling works. The cost estimates and their associated contingencies are reviewed at each reporting date and supported by a range of internally generated and externally provided information sources. Where appropriate, these estimates and judgements are also subject to external review by qualified specialist consultants.

#### Provision for land and site works

The provisions for Land & Site Costs reflect MIC's obligation to pay for Commonwealth-funded enabling works at the Moorebank Logistics Park including land preparation, upgrades to Moorebank Avenue and voluntary planning contributions.

MIC has recognised provisions for Land & Site Costs to reflect its best estimate of future costs after taking into consideration all known information as at the reporting date and making appropriate adjustments for contingencies and unknown future events.

The provisions for Land & Site Costs have been increased by \$45.8 million (2020: \$38.8 million) and recognised through the consolidated statement of profit and loss with a remaining provision of \$205.1 million (2020: \$209.1 million). As with all projects of this type and at this stage, there remains a significant level of uncertainty about the final quantum of these costs, along with the timing of outflow of future economic benefits.

#### Rail access charge

The rail access charge has been valued on a net present value basis over a 97-year period. There are assumptions with regard to appropriate discount rates and inflation that have been made to determine the fair value and relevant finance lease income and interest income recognised. These assumptions will be assessed for appropriateness on an annual basis.

### Note 4. Statement of profit and loss

#### 4.1 Finance income

On 1 July 2019, assets under construction were derecognised and a finance lease recognised at fair value. Details of the valuation of the rail access asset are disclosed in note 13 to the consolidated financial statements. Finance lease income of \$9.6 million represents the income earned for the period 1 June 2020 to 30 June 2021 from the 97-year finance lease (2020: \$9.1 million).

	2021	2020
	\$ '000	\$ '000
Finance lease income	9,555	9,095
Interest income	411	932
	<b>9,966</b>	<b>10,027</b>

#### 4.2 Other operating income

	2021	2020
	\$ '000	\$ '000
Other operating income	<b>3,704</b>	<b>327</b>

Other operating income is largely attributable to the agreement of a one-off reimbursement of legal fees that were incurred in prior years.

#### 4.3 Employee benefits

	2021	2020
	\$ '000	\$ '000
Wages and salaries	5,556	4,564
Superannuation	335	304
<b>Total employee benefits expense</b>	<b>5,891</b>	<b>4,868</b>

#### 4.4 Adviser costs

	2021	2020
	\$ '000	\$ '000
Technical consultant fees	257	172
Legal fees	594	5,948
Other	242	395
<b>Total adviser costs</b>	<b>1,093</b>	<b>6,515</b>

#### 4.5 Land and site costs

	2021	2020
	\$ '000	\$ '000
Land and site costs	<b>45,779</b>	<b>38,800</b>

Land and site costs recognises the Trust's estimated contractual obligation to prepare the land for development. Cost estimates have been based on advice provided by qualified specialist consultants using preliminary designs which are not yet approved for construction. There is a significant level of uncertainty about the final quantum of these costs, along with the timing of the economic outflow.

### Note 5. Income tax

#### Income tax benefit

	2021	2020
	\$ '000	\$ '000
a) Income tax expense/(benefit)		
Current tax expense	-	(180)
Deferred tax benefit	(3,288)	(8,052)
<b>Income tax benefit</b>	<b>(3,288)</b>	<b>(8,232)</b>

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

	2021	2020
<b>Profit/(loss) from continuing operations before income tax</b>	<b>9,075</b>	<b>(26,840)</b>
Tax at the Australian tax rate of 30%	2,722	(8,052)
Non-taxable income	(2,722)	-
Origination and reversal of temporary difference	(3,288)	(180)
<b>Income tax benefit</b>	<b>(3,288)</b>	<b>(8,232)</b>

#### Deferred tax asset

	Project costs	Provision and accruals	Tax deferred revenue	Unused tax losses and credits	Total
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Opening balance	2,846	68,004	(10,385)	12,288	72,753
Movement in profit and loss	(2,846)	(669)	5,498	1,305	3,288
<b>Closing balance</b>	<b>-</b>	<b>67,335</b>	<b>(4,887)</b>	<b>13,593</b>	<b>76,041</b>

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The recognition of the deferred tax asset of \$76.0 million is considered appropriate following an assessment of the overall forecast profit and taxation position. Tax deferred revenue relates to fair value gains and finance income not yet assessable for tax purposes.

### Note 6. Current assets – cash and cash equivalents

	2021	2020
	\$ '000	\$ '000
<b>Cash at bank</b>	<b>47,666</b>	<b>77,406</b>

The Group's exposure to interest rate risk is discussed at Note 20. Cash at bank earns interest at floating rates based on daily bank deposit rates.



**Note 7.**  
**Current assets – trade and other receivables**

	2021	2020
	\$ '000	\$ '000
Accounts receivable	217	204
GST receivable	286	48
Other receivable	6	993
	<b>509</b>	<b>1,245</b>

**Note 8.**  
**Non-current assets – investment in controlled entities**

Subsidiary/Trusts	Principal activities	Country of incorporation	Ownership interest	
			2021	2020
Moorebank Intermodal Development Investment Nominees Pty Ltd	Trustee (dormant)	Australia	100%	100%
Moorebank Intermodal Development Rail Nominees Pty Ltd	Trustee (dormant)	Australia	100%	100%
Moorebank Intermodal Development Trust	Trading	Australia	100%	100%
Moorebank Intermodal Rail Trust	Trading	Australia	100%	100%

**Note 9.**  
**Non-current assets – plant and equipment**

	Right-of-use assets	Office equipment	IT equipment	Total
	\$ '000	\$ '000	\$ '000	\$ '000
<b>Year ended 30 June 2021</b>				
Opening net book value	40	3	54	97
Additions	1,080	55	20	1,155
Depreciation charge	(253)	(10)	(29)	(292)
<b>Net book value</b>	<b>867</b>	<b>48</b>	<b>45</b>	<b>960</b>
<b>As at 30 June 2021</b>				
Cost	1,264	62	115	1,441
Accumulated depreciation	(397)	(14)	(70)	(481)
<b>Net book value</b>	<b>867</b>	<b>48</b>	<b>45</b>	<b>960</b>
<b>Year ended 30 June 2020</b>				
Opening net book value	77	-	24	101
Additions	-	6	52	58
Depreciation charge	(37)	(3)	(22)	(62)
<b>Net book value</b>	<b>40</b>	<b>3</b>	<b>54</b>	<b>97</b>
<b>As at 30 June 2020</b>				
Cost	184	7	95	286
Accumulated depreciation	(144)	(4)	(41)	(189)
<b>Net book value</b>	<b>40</b>	<b>3</b>	<b>54</b>	<b>97</b>

**Note 10.**  
**Non-current assets – intangible assets**

	2021	2020
	\$ '000	\$ '000
<b>Software</b>		
Opening net book value	139	89
Additions	-	78
Amortisation	(28)	(28)
<b>Net book value</b>	<b>111</b>	<b>139</b>
Cost	167	167
Accumulated depreciation	(56)	(28)
<b>Net book value</b>	<b>111</b>	<b>139</b>

**Note 11.**  
**Non-current assets – assets under construction**

	2021	2020
	\$ '000	\$ '000
Opening balance	1,390	124,127
Additions	58	30,744
Derecognised	-	(153,481)
<b>Total</b>	<b>1,448</b>	<b>1,390</b>

Assets under construction represents work on the construction of a rail line connecting the future Interstate Terminal to the Southern Sydney Freight Line.

**Note 12.**  
**Non-current assets – equity accounted investees**

Moorebank Precinct Nominees Pty Limited as trustee for the Moorebank Precinct Land Trust, is a unit trust formed by MIC Land Trust and Qube. MIC Land Trust owns 65.63 per cent of the units within Moorebank Precinct Land Trust. Moorebank Precinct Land Trust holds the Commonwealth land and Qube land via 99-year leases. Upon completion of each developed area, Moorebank Precinct Land Trust will sub-let the relevant developed land to a subsidiary of Qube for operation of the terminals and warehouses. Moorebank Precinct Land Trust is a passive entity with its purpose being the collection and distribution of rental income, and management of the Commonwealth land and the Qube land as landlord. On 5 July 2021, Qube announced that it has entered into binding transaction documentation with the LOGOS Consortium in relation to the sale of its warehousing and property interests at the Moorebank Logistics Park. If this transaction proceeds, the LOGOS Consortium will acquire Qube's 34.37 per cent unitholding in Moorebank Precinct Land Trust and the sub-leases for the warehouses.

The investment in Moorebank Precinct Land Trust was recognised at fair value. Upon financial close, an independent valuer was engaged to provide an indicative valuation based on the discounted cash flow method, assessing the indicative fair market value of the entity. Each financial year, the indicative valuation is updated based on forecast cash flows. The mid-point indicative valuation for the current financial year using an after tax discount rate of 6.6 per cent was \$376.6 million (2020: 7.3 per cent and \$291.9 million), with the MIC Land Trust's 65.63 per cent share being \$247.2 million (2020: \$191.6 million).

	2021	2020
	\$ '000	\$ '000
<b>Investment in joint ventures</b>		
Opening balance	180,061	165,385
Share of profit of equity-accounted investees	51,476	8,170
Investment in equity accounted investment	2,754	6,506
<b>Closing balance</b>	<b>234,291</b>	<b>180,061</b>



	2021	2020
	\$ '000	\$ '000
Current assets	2,911	1,181
Non-current assets	376,607	291,900
Current liabilities	(3,733)	(898)
Non-current liabilities	(32,905)	(27,737)
Net assets	342,880	264,446
<b>Group's share of net assets (65.63%)</b>	<b>225,032</b>	<b>173,562</b>
Units	(7)	(7)
Additional equity invested due interest free loan	9,266	6,506
<b>Carrying amount of interest in joint venture</b>	<b>234,291</b>	<b>180,061</b>

	2021	2020
	\$ '000	\$ '000
Finance lease income	4,354	1,857
Revaluation of investment property	81,276	19,587
Revenue	<b>85,630</b>	<b>21,444</b>
Expenses	(7,196)	(9,001)
Profit and total comprehensive income	<b>78,434</b>	<b>12,443</b>
<b>Group's share of total comprehensive income (65.63%)</b>	<b>51,476</b>	<b>8,170</b>

The cash component of the joint venture was \$0.8 million or 1.0 per cent of total revenue. (2020: \$0.9 million or 4.2 per cent), reflecting the formative stage of the Moorebank Logistics Park project development. An additional investment of \$3.4 million (fair value \$2.8 million) was made to the investment to reflect the increase in the discounted value of a non-current, non-interest-bearing loan advance to Moorebank Precinct Land Trust.

### Note 13. Non-current assets – rail access rights

	2021	2020
	\$ '000	\$ '000
<b>Finance lease receivable</b>	<b>179,642</b>	<b>170,087</b>

#### 13.1 Fair value rail access rights

	2021	2020
	\$ '000	\$ '000
Opening Balance	170,087	-
Assets under construction derecognised	-	153,481
Gain on recognition of finance lease	-	7,511
Finance lease income receivable	9,555	9,095
	<b>179,642</b>	<b>170,087</b>

During the year ended 30 June 2020, the Group leased its investment in rail access rights. As a result, \$153.5 million of assets under construction were derecognised and a \$161.0 million finance lease was recognised, including a \$7.5 gain on the recognition of finance lease.

During the year ended 30 June 2021, the Group recognised interest income on lease receivables of \$9.6 million (2020: \$9.1 million). The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	\$ millions
Less than one year	-
One to two years	11.1
Two to three years	10.3
Four to five years	10.4
More than five years	984.2
Total undiscounted lease receivable	1,016.0
Unearned finance income	(836.4)
Net investment in the lease	179.6

### Note 14. Non-current assets – financial assets

	2021	2020
	\$ '000	\$ '000
<b>Non-interest bearing loans to related parties</b>	<b>12,338</b>	<b>11,707</b>

#### 14.1 Non-interest bearing loans to related parties

The balance at 30 June 2021 relates to a non-interest bearing working capital loan to Moorebank Precinct Land Trust. Funds are provided to support the activities of the trust and are bound by a unitholders loan agreement. Repayment of the loans drawn down are due on the 10<sup>th</sup> anniversary of the request with the first repayment due on 31 March 2027. The loan is recognised at fair value, calculated as the present value of all future cash receipts discounted using prevailing market rates of interest. The difference between the face value of non-interest bearing loan advances to Moorebank Precinct Land Trust of \$21.6 million (2020: \$18.2 million) and the fair value of the loan advances of \$12.4 million (2020: \$11.7 million) is recognised as an investment in equity accounted investment of \$9.3 million (2020: \$6.5 million).

### Note 15. Trade and other payables

	2021	2020
	\$ '000	\$ '000
Trade payables	3,487	666
Accruals	21,989	10,139
<b>Total</b>	<b>25,476</b>	<b>10,805</b>

Trade payables are settled within 30 days. Information about the Group's exposure to interest rates and liquidity risk is set out in Note 20.

### Note 16. Contingent assets and liabilities

There are no contingent assets or liabilities as at 30 June 2021 (2020: Nil).



## Note 17. Provisions and lease liabilities

	Lease liabilities	Employee benefits	Land and site costs	Total
	\$ '000	\$ '000	\$ '000	\$ '000
At 1 July 2019	56	80	200,788	200,924
Provisions made during the year	-	88	38,800	38,888
Provisions used during the year	(11)	-	(30,455)	(30,466)
<b>At 30 June 2020</b>	<b>45</b>	<b>168</b>	<b>209,133</b>	<b>209,346</b>
At 1 July 2020	45	168	209,133	209,346
Provisions made during the year	1,080	129	45,779	46,988
Provisions used during the year	(125)	(38)	(49,802)	(49,965)
<b>At 30 June 2021</b>	<b>1,000</b>	<b>259</b>	<b>205,110</b>	<b>206,369</b>
Current	231	192	149,935	150,358
Non-current	769	67	55,175	56,011
<b>At 30 June 2021</b>	<b>1,000</b>	<b>259</b>	<b>205,110</b>	<b>206,369</b>

### Employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

### Land and site costs

The provisions for Land & Site Costs reflect MIC's obligation to pay for Commonwealth-funded enabling works at the Moorebank Logistics Park including land preparation, upgrades to Moorebank Avenue and voluntary planning contributions.

## Note 18. Contributed equity

	2021	2020
	\$ '000	\$ '000
Fully paid	466,172	452,285
	<b>466,172</b>	<b>452,285</b>
Number of ordinary shares	466,172,000	452,285,000

### b) Movements in ordinary share capital

Date	Details	Number of shares	\$ '000
<b>30 June 2019</b>	<b>Balance</b>	<b>380,733,000</b>	<b>380,733</b>
15 October 2019	Equity Injection No. 18	49,197,000	49,197
17 December 2019	Equity Injection No. 19	22,355,000	22,355
<b>30 June 2020</b>	<b>Balance</b>	<b>452,285,000</b>	<b>452,285</b>
4 March 2021	Equity Injection No. 20	13,887,000	13,887
<b>30 June 2021</b>	<b>Balance</b>	<b>466,172,000</b>	<b>466,172</b>

## Ordinary shares

The Group does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. On a show of hands every holder of ordinary shares present at a meeting in person, or by proxy, is entitled to one vote, and upon a poll each fully paid share is entitled to one vote. The holders of these shares are entitled to receive dividends as declared from time to time.

## Note 19. Reconciliation of loss for the year to net cash outflow from operating activities

	2021	2020
	\$ '000	\$ '000
<b>Profit/(loss) after tax</b>	<b>12,363</b>	<b>(18,608)</b>
<b>Adjustments for:</b>		
Depreciation and amortisation	323	90
Land and site (enabling works) costs	11,012	8,432
Non-cash taxation benefit	(3,288)	(8,232)
Gain on recognition of finance leases	-	(7,511)
Share of profit of equity accounted investments	(51,476)	(8,170)
Operating loss before changes in working capital and provisions	<b>(31,066)</b>	<b>(33,999)</b>
Changes in related party receivables	(630)	2,935
Changes to finance lease receivable	(9,539)	(9,095)
Changes in other current assets	(91)	(329)
Changes in trade and other payables	(341)	948
Changes in provisions	92	88
Changes in non-current liabilities	953	-
<b>Net cash flows used in operating activities</b>	<b>(40,622)</b>	<b>(39,452)</b>

Payments for enabling works has been presented within operating activities. In prior years, this expenditure was presented in investing activities. The Group has determined that the more appropriate treatment is to include it within operating activities and has voluntarily restated this in line with AASB 101.

## Note 20. Financial risk management

The Group's principal financial instruments comprise cash, loans to related parties and payables. The carrying amount equates to the fair value of the financial instruments.

These activities expose the Group to interest rate risk, credit risk and liquidity risk. As at 30 June 2021, the Group held the following financial instruments:

	2021	2020
	\$ '000	\$ '000
<b>Financial assets</b>		
Cash and cash equivalents	47,666	77,406
Non-interest-bearing loans to related parties	12,338	11,707
Other receivables	509	1,245
<b>Total</b>	<b>60,513</b>	<b>90,358</b>
<b>Financial liabilities</b>		
Trade and other payables	3,487	666
Accruals	21,989	10,139
<b>Total</b>	<b>25,476</b>	<b>10,805</b>



## 20.1 Financial risk management objectives and policies

The Board's overall risk management strategy seeks to assist the Group 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 AA rated financial institutions within Australia and therefore credit risk is considered minimal.

### b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group is not currently exposed to any significant liquidity risk on the basis it has access to additional cash through an equity funding agreement with the Commonwealth of Australia.

### 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. As at 30 June 2021, the Group had no interest bearing financial liabilities.

## Note 21. Related party transactions

The Group's main related parties are as follows:

### a) Ultimate controlling entity

The ultimate controlling entity of the Group is the Government of the Commonwealth of Australia. Refer to Note 18 for the equity contributions received during the year.

### b) 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.

## Note 22. Directors and key management personnel disclosures

### a) Directors

All directors of MIC are non-executive, appointed by the Shareholder Ministers. The Commonwealth Remuneration Tribunal determines annual fees for the Chair and directors.

The following table sets out the non-executive director fee entitlements excluding superannuation:

	2021	2020
	\$	\$
Chair	119,180	119,180
Deputy Chair	95,350	95,350
Non-executive Director	59,590	59,590
Audit and Risk Committee Member	-	-

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

#### i. Chair

Erin Flaherty (appointed 4 February 2020)

#### ii. Non-executive directors

Erin Flaherty

Lucio Di Bartolomeo

Ray Wilson

Christine Holman

Jim Lloyd

Ron Koehler

Andrew Harrison (Resigned 30 September 2020)

### b) Key management personnel

The remuneration of the CEO is in accordance with the relevant determination of the Commonwealth Remuneration Tribunal and the role is classified as a Principal Executive Office Band D under the Remuneration Tribunal Act 1973 (Cth). Remuneration is comprised of two components – total fixed remuneration (TFR) and at-risk performance pay (short term incentive or STI) of up to 20 per cent of total fixed remuneration.

Senior executive remuneration is determined by the CEO and the Board and reviewed annually. Remuneration comprises two components – Total Fixed Remuneration (TFR) and a Short Term Incentive (STI) payment dependent upon the achievement of corporate key performance indicators as described in the Board approved Corporate Plan and individually agreed performance objectives recorded in Performance Agreements. TFR is reviewed in line with guidance from the APSC and the Public Sector Workplace Relations Policy (2020). The Company received an advisory from the Australian Public Service Commissioner dated 9 April 2020 strongly recommending a six month pause to wage increases. In response, MIC did not increase TFR during the reporting period. Given this, the annual benchmarking exercise was deferred.

Senior executive remuneration, on appointment, is determined by the CEO and the Board and informed by market conditions, the judicious use of public money and internal equity.

### c) Remuneration of directors and key management personnel

For the purpose of disclosure, the Company has defined Key Management Personnel (KMP) as the Board, the Chief Executive Officer and senior executives who have authority and responsibility for planning, directing and controlling the activities of the Group.

	2021	2020
	\$	\$
Short-term employee benefits	2,420,392	2,389,167
Long-term employee benefits	-	-
Post-employment benefits	145,655	158,259
Contract cessation payments	-	65,844
<b>Total</b>	<b>2,566,047</b>	<b>2,613,270</b>

(Excludes short-term acting CEO engagements)

## Note 23. Auditor's remuneration

	2021	2020
	\$	\$
<b>Australian National Audit Office</b>		
Audit of financial report	120,000	120,000
	<b>120,000</b>	<b>120,000</b>

The financial statement audit services are provided to the Group by the Auditor-General. As permitted by section 27 of the Auditor General's Act, the ANAO contracted KPMG in Sydney to assist with the conduct of the audit on behalf of the Auditor-General.



No other services were provided by the Auditor-General during the reporting period. KPMG provided non-audit services consisting of financial analysis and provision of a secondee with fees of \$50,000 payable in 2021.

**Note 24.**  
**Information relating to Moorebank Intermodal Company Limited (parent)**

As at and throughout the financial year ended 30 June 2021 the parent company of the Group was Moorebank Intermodal Company Limited.

	2021	2020
	\$ '000	\$ '000
<b>Result of the parent entity</b>		
Loss for the year	(215)	(3,224)
Other comprehensive income	-	-
<b>Total comprehensive loss for the year</b>	<b>(215)</b>	<b>(3,224)</b>
<b>Financial position of the parent entity at year end</b>		
Current assets	48,172	78,003
Non-current assets	442,973	398,867
<b>Total assets</b>	<b>491,145</b>	<b>476,870</b>
Current liabilities	706	1,346
Non-current liabilities	1,259	17
<b>Total liabilities</b>	<b>1,965</b>	<b>1,363</b>
<b>Net assets</b>	<b>489,180</b>	<b>475,507</b>
<b>Total equity of the parent entity</b>		
Contributed equity	466,172	452,285
Retained earnings	23,008	23,222
<b>Total equity</b>	<b>489,180</b>	<b>475,507</b>

There were no commitments or contingencies at 30 June 2021 (2020: none) of the Parent. Non-current assets include a deferred tax asset of \$76.0 million (2020: \$72.8 million).



Ms Erin Flaherty  
Chair of the Board  
Moorebank Intermodal Company Limited

**MOOREBANK INTERMODAL COMPANY LIMITED**  
**FINANCIAL REPORT 2020-21**  
**AUDITOR'S INDEPENDENCE DECLARATION**

In relation to my audit of the financial report of the Moorebank Intermodal Company Limited and its subsidiaries for the year ended 30 June 2021, 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

Bola Oyetunji  
Group Executive Director

Delegate of the Auditor-General

Canberra  
6 October 2021





## DIRECTORS' DECLARATION

For the year ending 30 June 2021

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

- (a) the consolidated financial statements and notes set out on pages 45 to 64 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 Group's financial position as at 30 June 2021 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 2(a) to the financial statements which includes a statement of compliance with Australian Accounting Standards as issued by the Australian Accounting Standards Board.

This declaration is made on 6 October 2021 in accordance with a resolution of the Directors dated 30 September 2021.



Erin A.M. Flaherty  
Chair

6 October 2021

## INDEPENDENT AUDITOR'S REPORT

To the members of Moorebank Intermodal Company Limited

### Opinion

In my opinion, the financial report of Moorebank Intermodal Company Limited (the Company) and its subsidiaries (together 'the Group') for the year ended 30 June 2021 is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial positions as at 30 June 2021 and of their performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

The financial report of the Group, which I have audited, comprises the following as at 30 June 2021 and for the year then ended:

- Consolidated statement of profit or loss and other comprehensive income;
- Consolidated statement of financial position;
- Consolidated statement of changes in equity;
- Consolidated statement of cashflows;
- Notes to the financial report, comprising a summary of significant accounting policies and other explanatory information; and
- Directors' Declaration.

### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Company and the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the relevant ethical requirements for financial report audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the directors' report for the year ended 30 June 2021 but does not include the financial statements and my auditor's report thereon.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.



In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

#### **Directors' responsibility for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial report**

My objective is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the Group audit. I remain solely responsible for my audit opinion.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Bola Oyetunji  
Group Executive Director

Delegate of the Auditor-General

Canberra  
8 October 2021



# Reporting Index

For the year ended 30 June 2021

## Public Governance, Performance and Accountability Act 2013 (PGPA Act)

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## Corporations Act 2001

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## Public Governance, Performance and Accountability Rule 2014

PGPA Rule Reference	Part of Report	Description	Requirement
<b>28E</b>	<b>Contents of annual report</b>		
28E(a)	Purpose, Vision and Values, page 13.	The purposes of the company as included in the company's corporate plan for the reporting period	Mandatory
28E(aa)	Operating Review, pages 18-19.	The results of a measurement and assessment of the company's performance during the reporting period, including the results of a measurement and assessment of the company's performance against any performance measures and any targets included in the company's corporate plan for the reporting period	Mandatory
28E(b)	Corporate Governance Statement, page 32.	The names of the persons holding the position of responsible Minister or responsible Ministers during the reporting period, and the titles of those responsible Ministers	Mandatory
28E(c)	Not applicable	Any directions given to the entity by a Minister under the company's constitution, an Act or an instrument during the reporting period	If applicable, mandatory
28E(d)	Not applicable	Any government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory
28E(e)	Not applicable	Particulars of non compliance with: (a) a direction given to the entity by the Minister under the company's constitution, an Act or instrument during the reporting period; or (b) a government policy order that applied in relation to the company during the reporting period under section 93 of the Act	If applicable, mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28E(f)	Director's Report, pages 38-40.	Information on each director of the company during the reporting period	Mandatory
28E(g)	Our People, page 24.	An outline of the organisational structure of the company (including any subsidiaries of the company)	Mandatory
28E(ga)	Our People, page 25.	Statistics on the entity's employees on an ongoing and non ongoing basis, including the following: (a) statistics on full time employees; (b) statistics on part time employees; (c) statistics on gender; (d) statistics on staff location	Mandatory
28E(h)	Director's Report, page 40.	An outline of the location (whether or not in Australia) of major activities or facilities of the company	Mandatory
28E(i)	Corporate Governance Statement, pages 32-37.	Information in relation to the main corporate governance practices used by the company during the reporting period	Mandatory
28E(j), 28E(k)	Not applicable	For transactions with a related Commonwealth entity or related company where the value of the transaction, or if there is more than one transaction, the aggregate of those transactions, is more than \$10,000 (inclusive of GST): (a) the decision making process undertaken by the directors of the company for making a decision to approve the company paying for a good or service from, or providing a grant to, the related Commonwealth entity or related company; and (b) the value of the transaction, or if there is more than one transaction, the number of transactions and the aggregate of value of the transactions	If applicable, mandatory
28E(l)	Directors Report, page 41.	Any significant activities or changes that affected the operations or structure of the company during the reporting period	If applicable, mandatory
28E(m)	Not applicable	Particulars of judicial decisions or decisions of administrative tribunals that may have a significant effect on the operations of the company	If applicable, mandatory
28E(n)	Not applicable	Particulars of any reports on the company given by: (a) the Auditor General, or (b) a Parliamentary Committee, or (c) the Commonwealth Ombudsman; or (d) the Office of the Australian Information Commissioner; or (e) the Australian Securities and Investments Commission	If applicable, mandatory
28E(o)	Not applicable	An explanation of information not obtained from a subsidiary of the company and the effect of not having the information on the annual report	If applicable, mandatory
28E(oa)	Remuneration Report, pages 42-44.	Information about executive remuneration	Mandatory



# Glossary

PGPA Rule Reference	Part of Report	Description	Requirement
28E(ob)	(a) (b) (d) Director's Report, page 40. (c) Director's Report, pages 38-39. (e) Remuneration Report page 43.	The following information about the audit committee for the company: (a) a direct electronic address of the charter determining the functions of the audit committee; (b) the name of each member of the audit committee; (c) the qualifications, knowledge, skills or experience of each member of the audit committee; (d) information about each member's attendance at meetings of the audit committee; (e) the remuneration of each member of the audit committee	Mandatory
<b>28F</b>	<b>Disclosure requirements for government business enterprises</b>		
28F(1)(a)(i)	Notes to the Financial Statements, page 50.	An assessment of significant changes in the company's overall financial structure and financial conditions	If applicable, mandatory
28F(1)(a)(ii)	Risk Management, pages 30-31.	An assessment of any events or risks that could cause financial information that is reported not to be indicative of future operations or financial condition	If applicable, Mandatory
28F(1)(b)	Director's Report, page 41.	Information on dividends paid or recommended	If applicable, mandatory
28F(1)(c)	Not applicable	Details of any community service obligations the government business enterprise has including: (a) an outline of actions taken to fulfil those obligations; and (b) an assessment of the cost of fulfilling those obligations	If applicable, mandatory
28F(2)	Corporate Governance Statement, page 37.	A statement regarding the exclusion of information on the grounds that the information is commercially sensitive and would be likely to result in unreasonable commercial prejudice to the government business enterprise	If applicable, mandatory

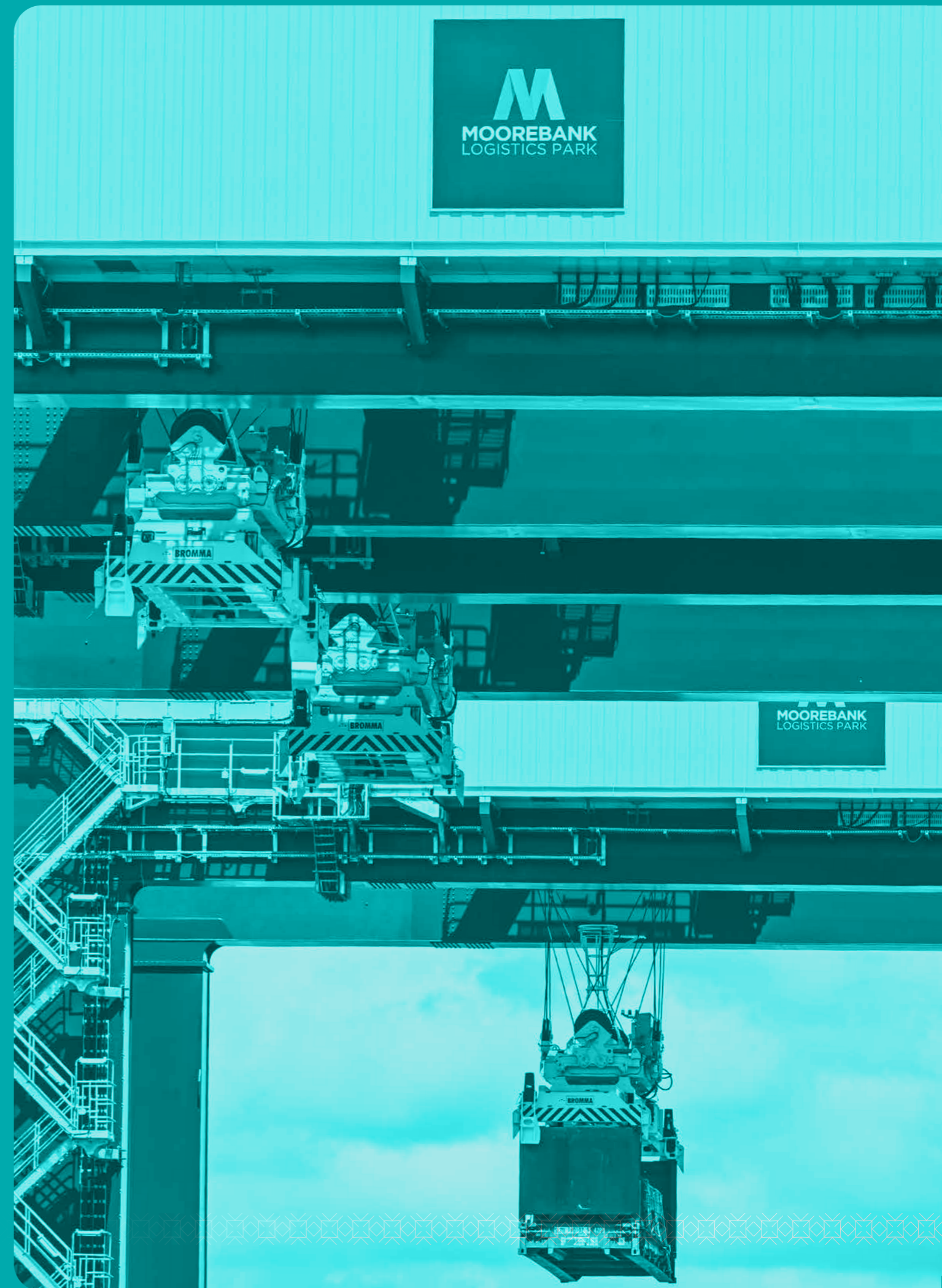
<b>Biodiversity Areas</b>	The areas of Commonwealth land identified for biodiversity offsets, as required under the NSW Planning Approvals.
<b>LOGOS Consortium</b>	A Consortium of investors led by LOGOS Property Group.
<b>MIC Funded Works</b>	Commonwealth-funded enabling works at Moorebank Logistics Park, including land preparation, rail access and upgrades to Moorebank Avenue.
<b>MIC Land Trust</b>	A subsidiary trust, Moorebank Intermodal Development Investment Trust ( <b>MIDIT</b> ) wholly owned by MIC, which holds the Commonwealth-owned land and will receive MIC's share of distributions of ground rent.
<b>MIC Rail Trust</b>	A subsidiary trust, Moorebank Intermodal Development Rail Trust ( <b>Rail Trust</b> ), wholly owned by MIC, which is funding the rail access works and will receive rail access charges over the term of the lease.
<b>PDC</b>	Precinct Developer Co, a wholly owned subsidiary of Qube Holdings Limited established to build, operate and maintain the Moorebank Logistics Park.
<b>Shareholder Ministers</b>	The Hon Paul Fletcher MP, Minister for Communications, Urban Infrastructure, Cities and the Arts (being the responsible Minister) and Senator the Hon Simon Birmingham, Minister for Finance.
<b>TEU</b>	Twenty-foot equivalent unit. A standardised unit of measurement in the international container market, equal to the volume of a 20-foot-long (6.1 m) intermodal container.



# Abbreviations

<b>ABN</b>	Australian Business Number
<b>ANAO</b>	Australian National Audit Office
<b>APSC</b>	Australian Public Service Commission
<b>ARTC</b>	Australian Rail Track Corporation
<b>ASIC</b>	Australian Securities and Investments Commission
<b>AS/NZS</b>	Australian Standard / New Zealand Standard
<b>ASX</b>	Australian Securities Exchange
<b>ATO</b>	Australian Taxation Office
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CGU</b>	Cash-Generating Unit
<b>Cth</b>	Commonwealth
<b>DOD</b>	Development and Operations Deed
<b>ECL</b>	Expected Credit Loss
<b>EIR</b>	Effective Interest Rate
<b>EIS</b>	Environmental Impact Statement
<b>FFCE</b>	Final Forecast Cost Estimate for the MIC Funded Works
<b>FY</b>	Financial Year
<b>GBE</b>	Government Business Enterprise
<b>GST</b>	Goods and Services Tax
<b>IFRS</b>	International Financial Reporting Standards
<b>IMEX</b>	Import-Export Rail Terminal
<b>ISO</b>	International Organisation for Standardisation
<b>ISSN</b>	International Standard Serial Number
<b>KMP</b>	Key Management Personnel
<b>KPI</b>	Key Performance Indicator
<b>LPW</b>	Land Preparation Works

<b>m</b>	million
<b>MAW</b>	Moorebank Avenue Works
<b>MBA</b>	Master of Business Administration
<b>MIC</b>	Moorebank Intermodal Company Limited
<b>MP</b>	Member of Parliament
<b>MLP</b>	Moorebank Logistics Park
<b>MPE</b>	Moorebank Precinct East
<b>MPW</b>	Moorebank Precinct West
<b>PDC</b>	Precinct Developer Co.
<b>PLT</b>	Moorebank Precinct Land Trust
<b>Qube</b>	Qube Holdings Limited
<b>RAW</b>	Rail Access Works
<b>SIMTA</b>	Sydney Intermodal Terminal Alliance
<b>SPPI</b>	Solely Payments of Principal and Interest
<b>SSFL</b>	Southern Sydney Freight Line
<b>STI</b>	Short-Term Incentives
<b>TEU</b>	Twenty-foot Equivalent Unit
<b>TFR</b>	Total Fixed Remuneration
<b>RMG</b>	Resource Management Guidelines
<b>VPC</b>	Voluntary Planning Contributions







MOOREBANK  
INTERMODAL  
COMPANY

**Moorebank Intermodal Company Limited**

ABN 64 161 635 105

Suite 3, Level 33  
1 O'Connell St  
Sydney NSW 2000

T +61 2 8265 5600  
E [admin@micl.com.au](mailto:admin@micl.com.au)  
W [micl.com.au](http://micl.com.au)

