

Annual Report 2023



Transforming Australia's supply chains

We are developing and operating a network of state-of-the-art modern intermodal precincts along Australia's east coast.

Welcome to the National Intermodal Annual Report for the Financial Year ended 30 June 2023. Our Annual Report provides an opportunity for us to demonstrate how we create value for our stakeholders and work to deliver our vision to improve quality of life for generations to come through supply chain excellence.

This Annual Report has been prepared by National Intermodal Corporation 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.

Front cover: Moorebank Intermodal Precinct at completion. Artist's impression only.

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ISSN : 2652-8312 (print)

ISSN : 2652-7871 (online)

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This document is available for download at our website, www.nationalintermodal.com.au, and at the Australian Government's Transparency Portal, www.transparency.gov.au



Acknowledgement of Country

National Intermodal acknowledges and pays respect to all past and present Traditional Custodians and Elders of this nation and the continuation of cultural, spiritual and educational practices of Aboriginal and Torres Strait Islander peoples.*

* Acknowledgement of Country courtesy of Reconciliation Australia

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The Year in Review

Performance Highlights

Our Performance

\$34m

net profit after tax, an increase of 164% on the prior year

\$394m

capital expenditure, primarily due to the acquisition of the Beveridge land

\$802m

of net assets, an increase of 110% on the prior year

Our People

77%

employee engagement score

42%

of our team are women

57%

of our Board are women

Our Sustainability Activity

1.2⁺ million m³

of material excavated with approximately 75% reused on site (to date)

32,000

less trucks on public roads en route to landfill

1,477⁺

tonnes of CO₂e avoided

100⁺

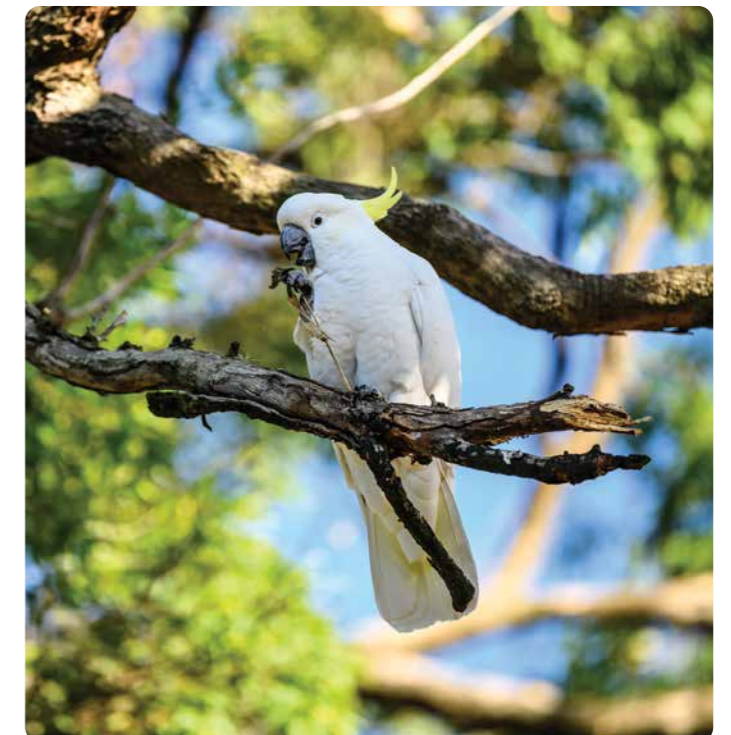
hectares of biodiversity conservation

56

hectares of exotic weeds managed

9

hectares of degraded land re-purposed for native replanting



Letter from the Chair and CEO



Investment in rail and independent open access intermodal precincts will transform Australia's supply chain and the way we receive our goods, providing a resilient, efficient and sustainable network that will lower cost of living pressures for years to come.

This is a once-in-a-generation opportunity and National Intermodal is positioned to advance this transformation through the delivery of a network of modern intermodal precincts on Australia's east coast.

Recent global challenges especially through the COVID-19 pandemic, have highlighted the importance of being able to obtain critical consumer goods in a timely, efficient, and sustainable way.

While our national road network has undergone large scale upgrades over the past three decades, investment in rail and rail freight within the supply chain has not kept pace. The result has been a supply chain overly reliant on trucks, while the growth in freight will only continue to increase. It is forecast that by 2040, consumer freight will have increased by approximately 50%, which would result in the equivalent of an additional 1.4 million twenty-foot equivalent units moving north-south along Australia's east coast.

Over the past 12 months, we have been working towards delivering the Australian Government's vision of a robust supply chain to support future demands. We have maintained our three strategic priorities of improving supply chain resilience, increasing logistics efficiency and increasing sustainability across our supply chain to bring us closer to this goal, and have continued to focus on driving modal shift to support rail playing a greater role in the transformation of Australia's freight market.

A key pillar of our strategy remains creating resilience to support Australian businesses accessing a supply chain that is less reliant on overseas operations and more flexible with regard to inventory management and modal options. Our approach in driving efficiency remains underpinned by our commitment to independent intermodal precincts open to all rail freight operators and users, that will drive innovation, competition and ultimately reduce costs for households and businesses. Our renewed efforts in driving a more resilient and sustainable supply chain will be bolstered during the year by the establishment of a dedicated sustainability strategy.

Pleasingly, National Intermodal's strategic priorities were endorsed by the recently released report from Dr. Kerry Schott AO into the Inland Rail project. The Australian Government's further endorsement of the recommendations in the Schott Review, confirmed our continued focus on the creation of a new precinct at Beveridge in Victoria and working with the New South Wales, Victorian and Queensland Governments to progress precincts at Truganina in the south-west of Melbourne, Ebenezer in South East Queensland and Parkes in regional New South Wales.

In delivering these new precincts, National Intermodal will move from a strategy and planning phase to one of execution on this vision. Over the year we have continued building on our existing relationships with government at all levels; commercial partners; and industry, and we have begun building on our existing capabilities, processes and systems to contribute to the successful delivery of the Australian Government's vision for our future supply chain.

We are excited about the role we will play in transforming Australia's supply chain by enhancing living standards for generations to come.

Erin A. M. Flaherty
Chair

James Boulderstone
Chief Executive Officer

Our Business

1

Our **purpose** and **vision** outline what is important to us, and guide our interactions with government, industry and the community. This framework will shape and inform our actions and decision making as we focus our efforts and resources on fulfilling our corporate vision.

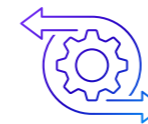
Purpose

Connecting products with people

Our Vision

Improving quality of life through supply chain excellence

Strategic Priorities



Improve Supply Chain Resilience



Increase Logistics Efficiency

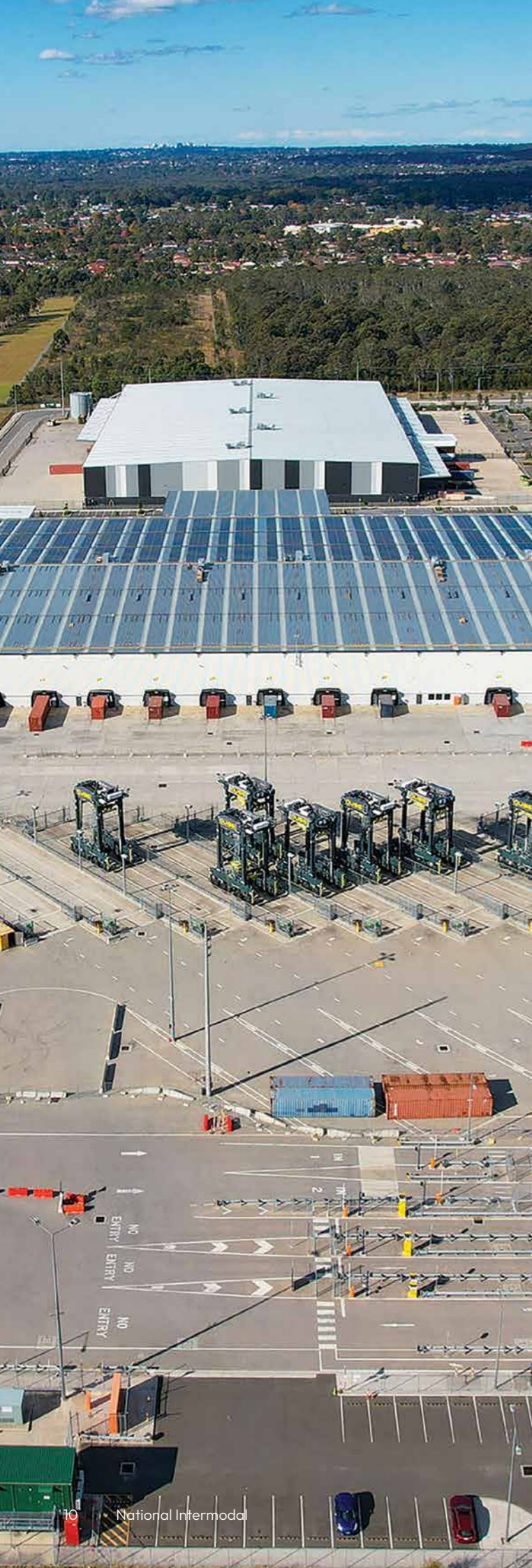


Improve Sustainability

Our People

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





About National Intermodal

Wholly-owned by the Australian Government, National Intermodal is an independent developer of critical logistics infrastructure. Our activities facilitate the development and operation of world class, open access intermodal precincts across the eastern states of Australia.

We support the Australian Government's vision for an efficient and effective transport sector, as laid out in the National Freight and Supply Chain Strategy, and are a critical enabler for a modern, efficient supply chain.

By co-locating transport modes with large-scale efficient warehouse solutions and connections to Australia's Inland Rail network, modern intermodal precincts offer outstanding opportunities for significant gains in national productivity, supply chain resilience and improved environmental outcomes in a hard to decarbonise sector.



Open Access

National Intermodal will provide and promote genuine open access arrangements to intermodal precincts for accredited freight rail operators on non-discriminatory terms. We are an independent operator and will adopt an open access framework for each of our terminal precincts.

Increased Competition

National Intermodal will improve the competitiveness of rail freight and competition in the rail freight market. This will enable healthy competition in the rail freight market to ensure that the benefits of a modern, efficient rail freight network are passed onto Australian businesses and consumers through faster delivery and lower prices.

Modal Shift

National Intermodal will support rail's increased share of the nation's future freight challenge. Increasing rail's share of the overall freight task will improve supply chain sustainability by reducing emissions, improving road safety, lowering congestion and reducing energy consumption.

National Intermodal Subsidiaries

National Intermodal has the following subsidiaries:

MIC Land Trust

MIC Land Trust has a long term lease over land owned by the Australian Government at the Moorebank Intermodal Precinct (Moorebank Precinct West) and has a 65.63% unitholding in Moorebank Precinct Land Trust, which earns ground rent from both Moorebank Precinct East and Moorebank Precinct West. MIC Land Trust will receive National Intermodal's 65.63% 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 Interstate Terminal to the Southern Sydney Freight Line at the Moorebank Intermodal Precinct. MIC Rail Trust will generate revenue from rail access charges for the access to the rail lines over the term of the lease.

Victorian Intermodal

Victorian Intermodal owns the land at Beveridge, which will be the site of the Beveridge Interstate Freight Terminal (**BIFT**).

Our Intermodal Precincts

National snapshot

5
intermodal
projects

3
states

2
projects under
development



South East Queensland Inland Rail Terminal Ebenezer, Queensland	
Planned Capacity	1M TEU* p.a. interstate terminal and co-located warehousing
Status	Business Case
Key Partner	Queensland Government

Moorebank Intermodal Precinct Moorebank, New South Wales	
Planned Capacity	500K TEU p.a. interstate terminal 1M TEU p.a. import-export terminal 850K sqm co-located warehousing
Status	In construction
Key Partners	LOGOS Consortium Qube Holdings Limited
Role	Landlord of the precinct and 10% interest in the Interstate Terminal Joint Venture

Beveridge Interstate Freight Terminal Beveridge, Victoria	
Planned Capacity	500K TEU p.a. interstate terminal 850K sqm co-located warehousing
Status	Planning
Key Partner	Victorian Government
Role	Owner and operator

Western Interstate Freight Terminal Truganina, Victoria	
Planned Capacity	750K TEU p.a. interstate terminal and co-located warehousing
Status	Feasibility
Key Partner	Victorian Government

Parkes Intermodal Facility
A critical pivot location in New South Wales, Parkes is currently in a pre-feasibility stage.

*Twenty-foot Equivalent Unit

Our People



At National Intermodal our people are not just our most valuable assets but also the embodiment of our vision and values. Their efforts in building the foundational blocks of our business over FY2023 have positioned us to capitalise on our new mandate and transform into a national business.

We are committed to creating an enriching environment that promotes growth, values contributions and puts our people at the heart of our success. We believe in empowering our people, listening to their ideas, encouraging them to lead improvements and to cultivate a diverse and respectful workplace.

As we prepare our organisation for the next phases of our growth, our aspirations are to attract and retain top talent through a culture of accountability and endless opportunity.

Strategic Resourcing

Over the past two years National Intermodal has established a senior leadership team with a strong track record of developing and delivering multi-billion-dollar infrastructure projects which is supplemented with both industry recognised logistics professionals and a highly skilled and experienced Board.

As we focus on our future, the successful delivery of a network of modern intermodal precincts requires:

- 1. Development:** The recruitment of an appropriately qualified project management team with the project management, engineering, safety, planning and procurement capabilities and experience in major infrastructure development environments.
- 2. Operations:** The engagement of qualified and skilled operators with the appropriate logistics management expertise, customer service, safety, and strategic planning capabilities to run a futuristic intermodal precinct.

National Intermodal continues to broaden its capabilities required for both development and operations.





Organisation structure as at 30 June 2023

Board of Directors							
Chief Executive Officer^							
Chief Financial Officer^	General Counsel & Company Secretary^	General Manager Government & Corporate Affairs	Chief Strategy Officer	Chief People Officer	Executive General Manager Delivery	Chief Sustainability Officer	Chief Operating Officer

National Intermodal Workforce Composition as at 30 June 2023

	As at 2021-2022	As at 2022-2023
Ongoing	17	26
Full-time/Part-time	15 FT / 2 PT	24 FT / 2 PT
Gender*	9W / 8 M	13 W / 13 M
Non-ongoing	12	7
Full-time/Part-time	7 FT / 5 PT	2 FT / 5 PT
Gender*	3 W / 9 M	7 M
Total Employees	29	33

Table Key:
 FT = Full-time
 PT = Part-time
 W = Women
 M = Men

National Intermodal Employees by Location as at 30 June 2023

	As at 2021-2022	As at 2022-2023
Ongoing	15	26
NSW	15	23
VIC	-	3
Non-ongoing	14	7
NSW	12	7
Other	2	-
Total Employees	29	33

The total shows the total workforce numbers and not employee numbers
 'Ongoing' consists of permanent employees (full-time and part-time)
 'Non-ongoing' consists of contractors and secondees
 * No one identified as gender indeterminate throughout both reporting periods
 ^ Key management personnel

Building Capability

A clear focus for National Intermodal is the development of our current team to ensure we have the appropriate depth of skill and experience to support the growing requirements of our business. During FY2023 we commenced the building blocks that will lead to our success by improving our performance development framework and taking a strong focus on improving learning pathways and skill development for our people.

By focusing on employee development, we will ensure that we not only maintain high levels of competency for the present but also build the skills of the future, something that will become important as we move from a delivery to operations phase.

Culture and Engagement

A strong culture means our people share the same values, vision and mindset regardless of their role, experience or background. We believe in a leader-led culture where we display and encourage our values in a consistent manner. By promoting our culture, we are committed to building a safe, respectful, and inclusive workplace where all of our employees thrive.

In FY2023 our annual employee engagement survey saw 92% participation, with an overall engagement score of 77%. This was an increase of 4 percentage points from our last survey and saw National Intermodal perform comparably to the top 25% of companies globally.

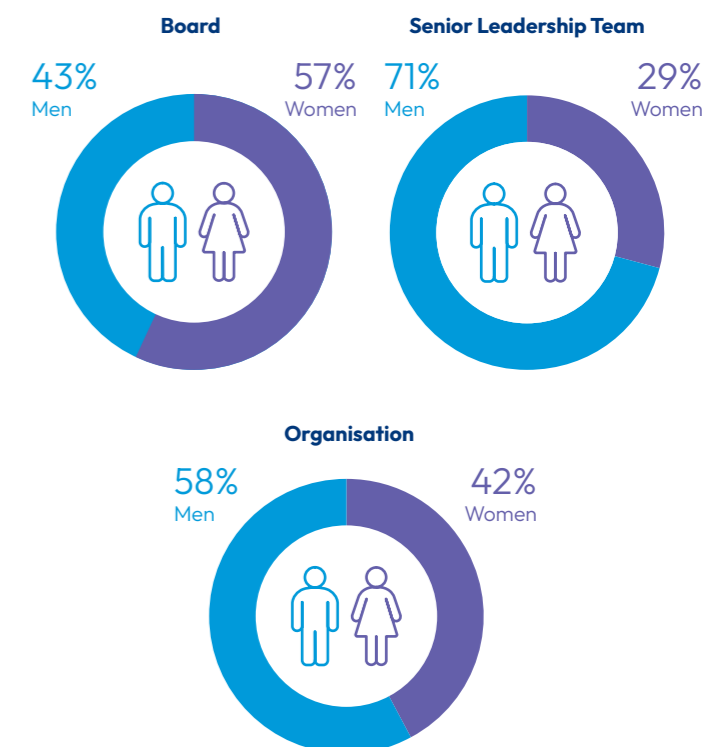
Of particular note, our people clearly identified that we have developed a positive and supportive culture where there is a very strong alignment to our brand and corporate vision. This positive sentiment provides us with a launching pad as we continue to enhance our ways of working and ensure we are set up for success.

Having a highly engaged, capable and accountable team is essential to delivering our strategy and having a positive impact on the lives of the people of Australia.

Diversity and Inclusion

During FY2023 we re-developed our *Diversity & Inclusion Policy* to strengthen National Intermodal's position as an employer of choice. This included focusing on the role of our people and leaders to foster and create a high performing environment where everyone feels valued, respected, and treated fairly.

Our redeveloped policy supports our strong focus on talent, culture, and accountability in the coming years as our growth phase intensifies, to ensure we build a workforce that is reflective of the communities we serve.



Sustainability and Social Impact

The freight sector more broadly is currently a significant contributor to Australia's overall carbon emissions.

There is, however, an opportunity for this sector to play a key role in improving the lives of Australians through positive economic, environmental, and social impacts.

National Intermodal will work with our stakeholders with a view to provide industry leadership by embracing an ambitious sustainability program.

As part of this commitment, in calendar year 2023, National Intermodal launched its inaugural sustainability strategy, and appointed its first Chief Sustainability Officer.

The Sustainability Strategy 2024 – 2027 identifies the following six priorities:



Low Emission Freight



Climate Resilient Infrastructure



Sustainable Design and Procurement



Efficient & Circular Use of Resources



Healthy Biodiversity



Vibrant Social Inclusion



To support each of the six priorities we have identified 20 initiatives that will be delivered during the 2024–2027 period. However, two of these initiatives have been prioritised for immediate attention:

1. accelerating the early adoption by rail operators of battery electric locomotives for port shuttle and metropolitan freight rail services; and
2. encouraging the development of a capable, qualified logistics workforce able to meet the challenge of a modern Australian supply chain that requires highly skilled “jobs of the future”.

The focus for the first few years of the strategy will be on developing implementation plans and budgets, establishing baselines, commencing pilot projects, measuring and analysing the outcomes of those initiatives and then committing to ongoing programs.



In delivering meaningful impact through these 20 initiatives, National Intermodal will also be contributing:



Globally
to eight UN Sustainable Development Goals



Nationally
to the Australian Government's Net Zero ambitions



Locally
to our own ESG financial disclosure obligations.



Caring for the environment

The Moorebank Intermodal Precinct holds over 100 hectares of dedicated biodiversity conservation area, nearly three times the size of the Royal Botanic Gardens. These areas are crucial for preserving the region's ecological values and providing habitats for various plant and animal species, including the Castlereagh Scribbly Gum Woodland, River-flat Eucalypt Forest, Hibbertia fumana, the Little Lorikeet, Grey-headed Flying Fox, Eastern Pygmy-possum, and native snakes.

National Intermodal and its environmental services contractor, EcoLogical Australia, have actively enhanced the area's ecological values since taking responsibility in early 2022. They have facilitated the extensive removal of exotic species and weeds, allowing native species to thrive and flourish with unimpeded access to light and waterways. Notably, they successfully placed a 1 metre deep layer of loose regrowth soils in a 9-hectare area that was previously used for tank training exercises on the western side of George's River, which had rendered it denuded, compacted, and unsuitable for replanting of native plants.

By June 2023, most of the required soil placement activity was completed by EcoLogical Australia, and the area is now ready for replanting in spring.



Local impact

In January 2023, National Intermodal proudly partnered with social enterprise Play For All Australia to sponsor two inclusive, high-back swings in parks local to Moorebank Intermodal Precinct.

Installing inclusive swings in playgrounds within the local community means that every child - regardless of ability - can play, connect and belong.

Play for All Australia was established by Caroline Ghatt and husband Tim Smith, whose son Marcus lived with a significant disability, to generate awareness and dial up social inclusion across local communities.

In total, 14 swings have been installed across local parks alongside Liverpool City Council, local businesses and community groups.

Respecting Aboriginal cultural heritage

National Intermodal was pleased to attend the respectful reburial of Aboriginal artefacts led by Registered Aboriginal Parties and facilitated by LOGOS.

In February 2023, Aboriginal objects that were recovered during archaeological investigations across Moorebank Precinct West (MPW) were reburied.

The location of the reburied objects rests on MPW, between the boundary of Darug and Dharawal Country and was chosen, in consultation with the Registered Aboriginal Parties, to ensure that the objects will not be disturbed by future development.

Representatives of the Registered Aboriginal Parties supervised the return of the objects to Country by the Tharawal Aboriginal Land Council, who also welcomed all visitors to Country and conducted a smoking ceremony.

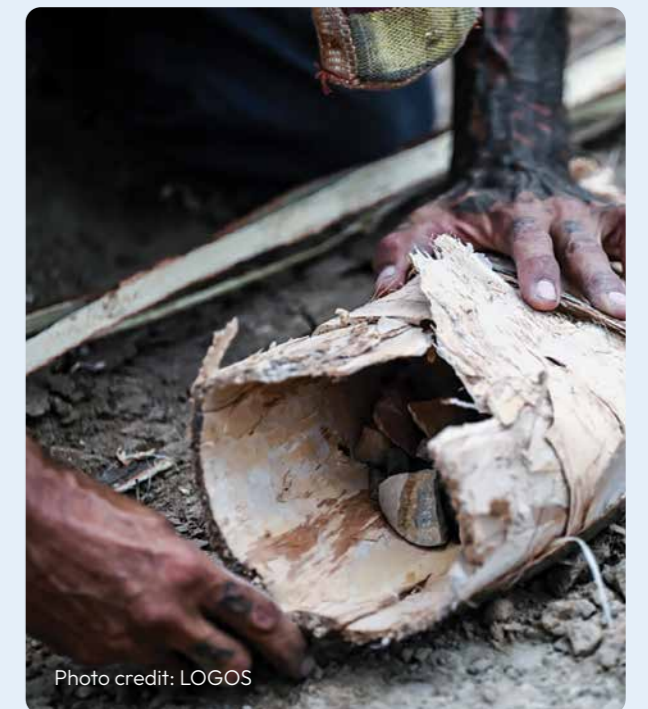


Photo credit: LOGOS

Performance and Outlook

2

Operational Review

We made significant progress during 2022-23 with our plans to develop a network of state-of-the-art modern intermodal precincts. National Intermodal has acquired a 1,100-hectare parcel of land at Beveridge, Victoria, which is strategically located next to the Inland Rail route and the Hume highway.

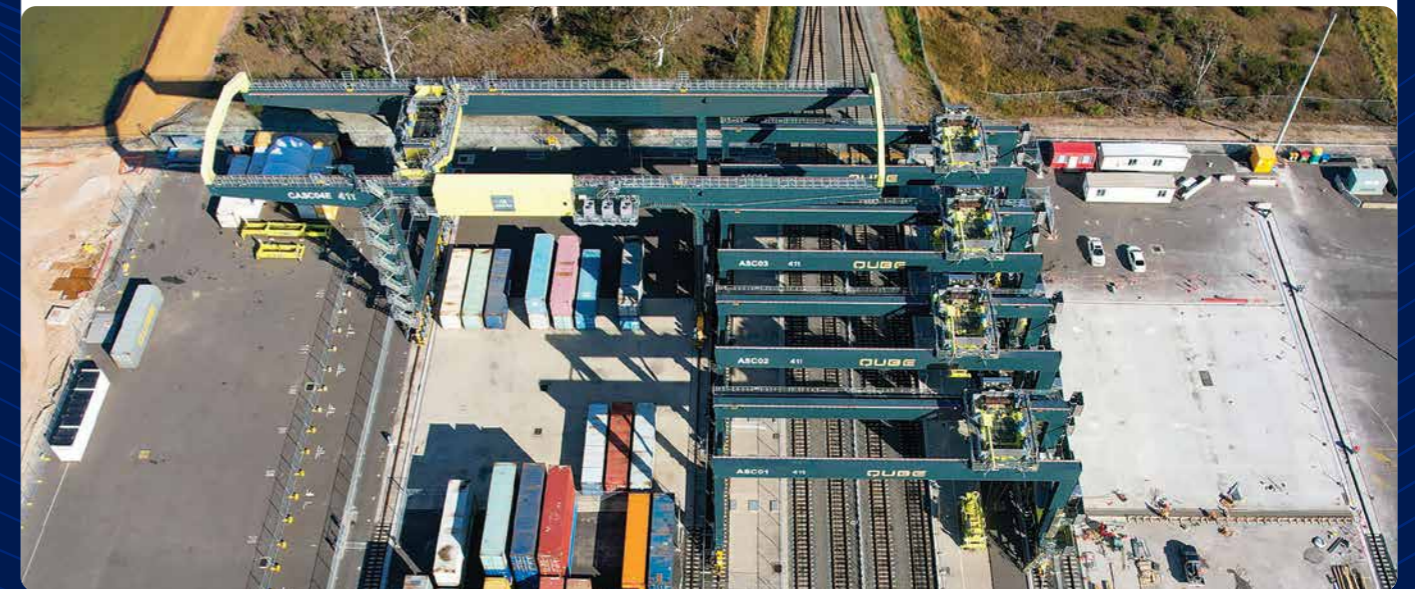
This land is planned to be developed into the Beveridge Interstate Freight Precinct, a 500,000 twenty-foot equivalent unit (TEU) interstate rail terminal and co-located warehousing precinct, located at the southern end of the Inland Rail freight corridor.

During 2022-23, we continued our work with the Australian Government and the relevant state Governments to progress concept and feasibility studies for the development of intermodal precincts in Victoria and Queensland to support Inland Rail.

National Intermodal continues to oversee the Australian Government funded enabling works at the Moorebank Intermodal Precinct (MIP), which is being developed by the LOGOS Consortium and Qube Holdings Limited. These works include land preparation activities, the Moorebank Avenue Works and Rail Access Works. During the year, MIC Land Trust spent \$67 million on these enabling works at the MIP (2022: \$11 million), which reflects the payment for the Moorebank Avenue/ANZAC Road Intersection works, land preparation activities and payments for the construction of the rail access line from the Southern Sydney Freight Line to the Interstate Terminal.

National Intermodal continues to work with Qube Holdings Limited and the LOGOS Consortium to finalise the Interstate Terminal joint venture in preparation for the commencement of operations at the Moorebank Interstate Terminal when the Interstate Terminal is completed in 2024.

We continued to develop our capabilities by making important hires within our project development, technical and procurement teams as well as developing corporate governance and systems to support National Intermodal's mandate for the development and operation of a network of intermodal precincts.





Financial Review

FY2023 Key Financial Statistics

\$22m

Revenue and Other income
(2022: \$7m)

\$34m

Profit for the year
(2022: \$13m)

\$29m

Share of profit of equity accounted investments
(2022: \$47m)

\$394m

Capital expenditure
(2022: \$4m)

\$62m

Cash and cash equivalents
(2022: \$72m)

\$802m

Net assets
(2022: \$382m)

National Intermodal and its wholly owned subsidiaries (the "Group") delivered a profit for the year of \$34 million (2022: \$13 million), a robust balance sheet position with net assets of \$802 million (2022: \$382 million) and strong liquidity with cash and cash equivalents of \$62 million (2022: \$72 million) as well as an undrawn debt facility of \$200 million.

Revenue and Other income increased to \$22 million (2022: \$7 million), an increase in rail access charges and interest income. National Intermodal's main assets are two wholly owned subsidiary trusts, MIC Land Trust and MIC Rail Trust as well as its subsidiary Victorian Intermodal.

MIC Land Trust holds a 65.63% unitholding in Moorebank Precinct Land Trust (Precinct Land Trust), which earns ground rent from its landholdings at the Moorebank Intermodal Precinct. The remaining units in Precinct Land Trust are held by the LOGOS Consortium. The two unitholders continue to fund the Trust's activities through working capital loans contributed on a pro-rata basis. The Group's share of profits from Precinct Land Trust was \$29 million in 2023 (2022: \$47 million) reflecting an increase in the value following an independent valuation. As a result, the carrying value of the Precinct Land Trust rose to \$309 million (2022: \$280 million). The ground rents earned by Precinct Land Trust will continue to grow as the precinct is developed and occupied by tenants.

MIC Rail Trust generates revenue from access rights over the rail line connecting the IMEX Terminal to the Southern Sydney Freight Line (SSFL). 2023 was the first year National Intermodal received payment of rail access charges from Precinct Developer Company (PDC) for the use of the rail line connecting the SSFL to the IMEX Terminal at the Moorebank Intermodal Precinct. MIC Rail Trust earned \$9 million of revenue in 2023 (2022: \$7 million) for rail access to the IMEX Terminal.

Victorian Intermodal holds National Intermodal's interest in the Beveridge Interstate Freight Precinct, which includes the Beveridge land that was acquired during 2022-23 for \$319 million (including transaction costs).

Net cashflow used in operations was \$65 million (2022: \$22 million) and net cashflow used in investing was \$329 million (2022: net cashflows generated of \$1 million). These activities were funded through \$386 million of shareholder equity (2022: \$48 million) and \$10 million of cash on balance sheet.

National Intermodal has strong liquidity and a robust capital structure to support the development and operation of a network of state-of-the-art modern intermodal precincts.

Risk & Governance

3

Risk Management



National Intermodal fosters a strong, positive risk culture that is based on shared values and behaviours. The Board and management are committed to implementing a robust risk management framework that satisfies both strategic and operational planning as a Government Business Enterprise overseeing the delivery of the Moorebank Intermodal Precinct and facilitating the development and operation of intermodal precincts to support Inland Rail.

National Intermodal has a Risk Management Policy and a Risk Management Framework that have been developed in alignment with AS/NZS ISO 31000:2018 Risk Management – Principles and Guidelines on Implementation (ISO 31000) and the Commonwealth Risk Management Policy (2023).

The Risk Management Policy provides the overarching policy direction for the role of risk management within National Intermodal.

The Audit and Risk Committee oversees the Risk Management Policy and 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 National Intermodal’s material business risks; and
- reporting to the Board on whether these risks are being managed effectively.

National Intermodal actively monitors its risk profile and has an established control framework for managing material risks that have the potential to affect Company performance. Management assesses these risks regularly and reports to the Board and the Audit and Risk Committee.

Risk Management continued

	Nature of the Risk	Risk Management Approach
Health & Safety	The risk that the health, safety or wellbeing of our people may be impacted.	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.
Environment	The risk that our activities have a negative impact on the environment.	We aim to have an overall positive impact on environmental, economic and social sustainability. National Intermodal's Sustainability Strategy 2024 – 2027 is our foundational Sustainability Strategy and outlines our intentions and commitments in relation to supporting a healthier environment.
Strategic	The risk that we fail to deliver our strategy, which impacts on the success of our company.	We develop strategic priorities and measure our performance against them. We are accountable for the success of our company.
Financial	The risk that we incur unanticipated financial losses that diminish shareholder value.	We operate on a commercial footing, including the making of financially significant investment decisions. We actively monitor our exposure to financial risks that could impact the financial health of our business.
Operational	The risk that we are unable to deliver our strategic priorities on time and on budget.	We aim to deliver our strategic priorities and business objectives in line with the key performance indicators set out in our Corporate Plan.
Compliance	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 have a robust compliance framework in place to effectively manage our legal and compliance obligations.
People & Culture	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.
Reputation	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 (GBE), our stakeholders have high expectations of our behaviour. We seek to conduct our business in a manner that meets or exceeds these expectations.
Political	The risk that our strategic priorities or business objectives are impacted by policy change or divergence between levels of government.	We recognise that a degree of political risk associated with our strategic and business objectives is inherent to being an Australian GBE and the need to engage effectively with other levels of government and community as project stakeholders.
Cyber/Data Security	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

This statement, which was approved by the Board on 29 August 2023, outlines National Intermodal's corporate governance framework and practices.

National Intermodal is committed to maintaining and enhancing a strong corporate governance framework, which it considers fundamental to sustainability and performance and in the best interests of the Company's shareholders. The Board and management are dedicated to the highest standards of corporate governance and accountability throughout the organisation. National Intermodal's corporate governance framework is regularly reviewed to ensure that it is aligned with Government, regulatory and legislative requirements, and best market practice.

National Intermodal'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 Rules**);
- Corporations Act 2001 (Cth) (**Corporations Act**);
- 2023 Commonwealth Risk Management Policy;
- Department of Finance Resource Management Guides (**RMG's**), including RMG211 "Implementing the Commonwealth Risk Management Policy"; and
- National Intermodal's Statement of Expectations and Commercial Freedoms Framework.

Shareholders

National Intermodal is wholly owned by the Commonwealth Government and represented by the following Shareholder Ministers:

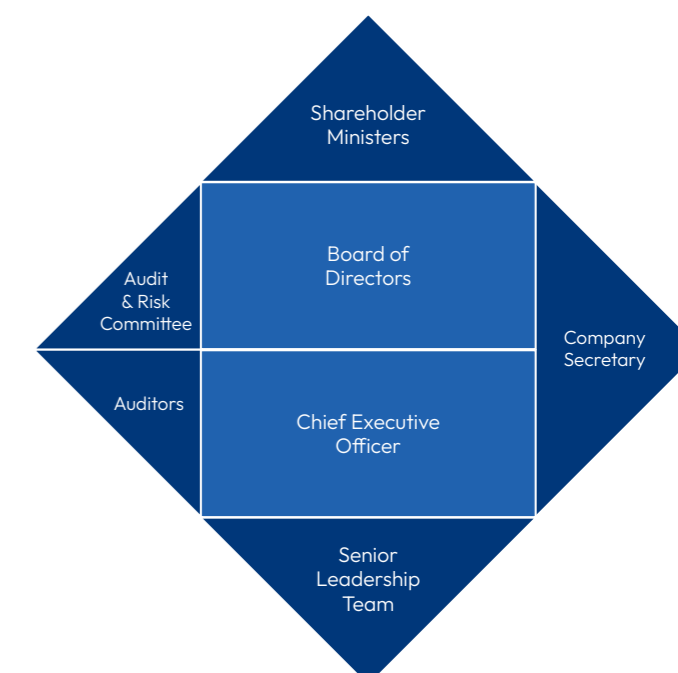
Shareholder Minister	Period
The Minister for Infrastructure, Transport, Regional Development and Local Government, The Hon, Catherine King MP (being the responsible minister)	1 June 2022 – present
The Minister for Finance, Senator the Hon. Katy Gallagher	23 May 2022 – present

National Intermodal is an unlisted public company limited by shares and incorporated in Australia. As a Commonwealth company, it was established under the Corporations Act and is prescribed by the PGPA Rules as a GBE.

Statement of Expectations

National Intermodal's objectives and priorities are set by its Shareholder Ministers in the Company's Statement of Expectations (SOE). The SOE was issued on 31 March 2022 and is updated from time to time to reflect Government policy decisions, policy directions and guidance from the Shareholder Ministers.

National Intermodal Corporate Governance Framework



Corporate Governance Statement continued

Role and Responsibilities of the Board

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.

The Corporations Act and National Intermodal's Constitution establish and define the corporate powers of National Intermodal, which are exercised by the Board, unless exercised by the Shareholder Ministers under the Constitution.

The Board's key responsibilities include:

- setting the strategic direction of National Intermodal, 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, partners and the community, and protecting the environment;
- appointing and removing the Chief Executive Officer (CEO), following consultation with the Shareholder Ministers;
- evaluating the performance of the CEO;
- setting the limits of authority for management to commit to new contracts or expenditure;
- determining National Intermodal's risk appetite and monitoring the operation and effectiveness of National Intermodal's risk management framework;
- approving and monitoring the effectiveness of the Company's corporate governance framework, policies and procedures, and compliance with legal and regulatory obligations;
- approving the annual Corporate Plan for submission to the Shareholder Ministers;
- approving the annual Statement of Corporate Intent for publication;
- adopting a framework for reviewing, authorising, and reporting on National Intermodal's financial position; and
- 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 act without the prior approval of its shareholders. Those matters are set out in the Board Charter, which is reviewed annually by the Board. A copy is available on the National Intermodal website www.nationalintermodal.com.au.

The Company's Delegations of Authority clarify the respective roles and responsibilities of the Board and senior management to facilitate Board and management accountability to the Company and its shareholders.

Board Composition, Independence and Appointment

Under National Intermodal's Constitution, the Board is to consist of not less than three and not more than nine Directors. The Board currently comprises seven independent Non-Executive Directors. The Directors' report (pages 36 to 47) outlines their biographies and appointment details.

Directors are appointed by the Shareholder Ministers in accordance with the requirements of National Intermodal's Constitution and the GBE Guidelines. On appointment, each Director receives a formal letter of appointment from the Shareholder Ministers that sets out key terms and conditions. The term of each Director appointment 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.

Prior to each Director's appointment or reappointment, the Australian Government assesses their 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. From 4 February 2023, Ms Flaherty's appointment was extended for three months, and from 4 May 2023, her appointment was extended for a further three years.

The Chair of the Board is appointed by the Shareholder Ministers from amongst the Directors. 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 Shareholder Ministers.

A Deputy Chair may be appointed by the Shareholder Ministers from amongst the Directors (other than the Chair). Following the retirement of Lucio Di Bartolomeo on 1 May 2022, the position of National Intermodal Deputy Chair remains vacant.

Conflicts of interest

The Directors are obliged to disclose any interests or directorships they hold with other organisations and to provide updated information in a timely manner. The Company Secretary maintains a Register of Interests, which is tabled at each Board meeting.

Where a Director has a declared material personal interest, or may have a potential material conflict of interest, the Director will not participate in any discussion or voting when the matter is considered by the Board or a Board Committee.

Board performance

In line with the requirements of the GBE Guidelines, the Board annually reviews:

- the performance of the Board as a whole,
- the performance of individual Directors, 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.

An independent review of the performance of the Board is conducted every two years, while an internal review is conducted in the intervening years. National Intermodal's annual assessment of Board performance during the reporting period 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 with the Shareholder Ministers, and an agreed action plan was implemented.

Board diversity & tenure

National Intermodal fosters a governance culture that embraces gender diversity in the composition of the Board. To support National Intermodal's mandate to facilitate the development and operation of an interconnected network of intermodal terminals across Australia, National Intermodal has a geographically diverse Board with Directors based in New South Wales, Victoria and Queensland.

Director induction and education

National Intermodal has an induction program for new Directors, reviewed periodically by the Company Secretary, which includes a meeting with senior management, a tour of the development sites and a

detailed manual with information on the Company's Corporate Plan and other reporting arrangements, Company policies, legislative requirements, and meeting arrangements. The Board has regular discussions with the CEO and senior management. Directors are invited to attend the MIP site from time to time.

Ongoing education for Directors is provided through updates, presentations, and briefings at Board meetings. Education and training sessions give Directors the chance to develop and maintain the professional skills and knowledge needed to effectively perform their role. This training includes regular updates in relation to their duties, work health and safety legislation as well as other regulatory and legal developments.

Board Committees

The Board may establish Board Committees to assist the Board with discharging its responsibilities. During the reporting period, the Board's only Committee was the Audit and Risk Committee.

Effective from 7 May 2016, the Board resolved to deal with all business, apart from those delegated to the Audit and Risk Committee.

Audit and Risk Committee

The Board established the Audit and Risk Committee on 15 March 2013. The Committee is governed by a charter detailing the Committee's role, membership requirements and duties. The Committee charter is reviewed periodically and is available on the Company's website www.nationalintermodal.com.au.

The Audit and Risk Committee consists of three 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.

The role of the Audit and Risk Committee is to assist the Board in satisfying itself that the Group complies with its obligations relating to financial management, performance reporting, risk oversight and management, reporting and compliance with relevant laws and policies. The Committee also provides a forum for communication between the Board, management, and National Intermodal's internal and external auditors.

The Committee supervises the preparation of periodic financial statements of the Group to ensure compliance with financial reporting requirements.

Corporate Governance Statement continued

It also monitors and reviews:

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

During the reporting period, the Committee met separately with National Intermodal's external and internal auditors.

Membership of the Committee, the number of meetings held during the period 1 July 2022 to 30 June 2023 and the number of meetings attended by each Committee member is set out in the Directors' Report.

Board skills and experience

The Board seeks to ensure it has an appropriate mix of skills and experience to enable it to effectively discharge its responsibilities. Diversity of the Board, including through gender, age, ethnicity and geographic location, is also a consideration for new appointees. The skills and experience of the current members of the Board are appropriate for National Intermodal's current business phase and having regard to its strategic objectives.

Collectively, the Board's high level of skills and expertise are in the following areas:

Collective skills and experience of the Board

Leadership

Senior Executive or Non-Executive Director experience in a listed company, large or complex organisation or Government body

Corporate governance

Experience in and commitment to the highest standards of corporate governance, including experience as a Senior Executive or Director in a listed company, large or complex organisation or Government body

Industry specific knowledge and expertise

Specific experience, knowledge and expertise gained across the broader infrastructure, freight, transport, and logistics industries, including global experience

Financing/capital management, accounting and audit

Understanding of financial statements and reporting, key drivers of financial performance, corporate finance, and internal financial controls

Project development, project management and delivery

Senior Executive or Non-Executive Director experience and expertise in the development, management, and delivery of complex construction projects

Government and stakeholder relations and public policy implementation

Experience in the management and oversight of compliance with legal and regulatory requirements and/or experience in the development and implementation of public policy, including professional experience working or interacting with Government and regulators

Audit and Risk Committee

The Audit and Risk Committee comprises the following Directors:

- Christine Holman (Chair of Audit and Risk Committee)
- Ron Koehler
- Bronwyn Morris

The Audit and Risk Committee's members bring a range of qualifications, knowledge, skills and experience to assist the Committee to perform its functions. They include qualifications and experience in finance, audit and risk capacities, experience in leading and participating in both Government and commercial organisations, and diverse skills and knowledge adapted from a range of industries and vocations. Between them, the Committee members have accounting and financial expertise and a sufficient understanding of the industry in which the Company operates, to be able to discharge the Committee's mandate effectively.

Directors' remuneration

The Remuneration Tribunal determines the remuneration and travel allowances payable to Non-Executive Directors. Full details of Directors' remuneration are included on pages 44 to 45.

Senior executives' remuneration

The Remuneration Tribunal also determines the remuneration of the CEO, although the Board has some discretion within limits set by the Tribunal. The remuneration of the other senior executives is set by the CEO and the Board following an annual market benchmarking exercise. Full details of senior executives' remuneration are included on pages 45-46.

Succession planning

In accordance with the GBE Guidelines, National Intermodal 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 PGPA Act, the Auditor-General is responsible for auditing the financial statements of National Intermodal. In addition, National Intermodal's Annual Report is tabled in Parliament and its financial accounts are lodged with ASIC. In addition to auditing National Intermodal's annual financial statements, the Auditor-General is responsible for auditing compliance with the performance standards prescribed for GBEs, in the circumstances outlined in the *Auditor-General Act 1997 (Cth) (AG Act)*.

As permitted by section 27 of the AG Act, the Australian National Audit Office (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. Papers addressing the following matters for the Committee's consideration are provided to the Committee prior to the meeting:

- external audit plans, any significant changes in operations, and internal controls or accounting policies likely to impact the financial statements;
- the results and findings of the auditor, the adequacy of internal controls and the implementation of any recommendations made; and
- the Annual Report, the preliminary financial statements prior to signoff and any significant adjustments required as a result of the external auditor's findings.

National Intermodal applies audit independence principles in relation to the external auditor.

Certification by CEO and CFO

Prior to the approval of the annual financial statements by the Board, the CEO and the CFO confirm in writing that:

- the financial statements and notes are in accordance with the Corporations Act and represent a true and fair view of National Intermodal's financial position and performance for the financial year ended on that date; and
- there are reasonable grounds to believe National Intermodal will be able to pay its debts as and when they fall due.

Corporate Governance Statement continued

Internal Control Framework

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

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

- ensuring completeness of financial reporting;
- safeguarding the Group'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.

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

Risk management

National Intermodal has a Risk Management Policy that is aligned to the Commonwealth Risk Management Policy (2023) and continues to maintain and update a comprehensive risk register that captures the material business risks facing the Company.

The Audit and Risk Committee oversees the Risk Management Policy, 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 National Intermodal's material business risk; and
- reporting to the Board on whether those risks are being managed effectively.

Ethical standards and governance policies

National Intermodal is committed to a culture of high ethical standards and accountable conduct. Underpinning this commitment is National Intermodal's core organisational value of integrity and a suite of governance policies intended to empower its people to trust each other to do the right thing and to accept accountability for their actions.



Code of Conduct

National Intermodal aims to carry out its business in an open and honest manner, while complying with all applicable laws and regulations. National Intermodal has a Code of Conduct, which outlines expected standards of workplace behaviour and applies to all Directors, employees and contract staff. The Code of Conduct is reviewed periodically.

Equal Opportunity

National Intermodal's Diversity & Inclusion Policy and Anti-Discrimination and Equal Employment Opportunity Policy outline National Intermodal's commitment to fostering a workplace that promotes diversity, inclusion and equal opportunity for all employees. National Intermodal seeks to create a workplace that celebrates diversity and inclusivity and provide opportunities regardless of age, gender, physical ability, ethnicity or Indigenous background.

Privacy

National Intermodal has a Privacy Policy that sets out how National Intermodal 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 National Intermodal's website at www.nationalintermodal.com.au

Whistleblower Protection

National Intermodal is committed to maintaining an open working environment which encourages the disclosure of improper conduct without fear of intimidation or reprisal. National Intermodal 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.

National Intermodal is subject to the *Public Interest Disclosure Act 2013* (Cth) (**PID Act**) and has adopted a policy and procedure to ensure the Company supports and complies with the requirements of the PID Act. The policy applies to all Directors, officers, employees and suppliers of goods or services (and their employees). It includes secondees and contractors and also covers disclosures under the *Corporations Act 2001* (Cth) (**Corporations Act**) and the *Tax Administration Act 1953* (Cth) (**Tax Act**).

National Intermodal supports protecting those who make such reports from victimisation and discrimination. National Intermodal recognises the value of transparency and accountability in its administrative and management practices. A summary of National Intermodal's procedures, the appointed National Intermodal 'authorised officers' and whistleblower protection officers and how a disclosure may be made is on National Intermodal's website www.nationalintermodal.com.au

No public interest disclosures or reports pursuant to the Corporations Act, Tax Act or the PID Act were received in the reporting period.

During the reporting period, National Intermodal updated its whistleblower protection and public interest disclosure policy to incorporate the mandatory referral obligations under the new *National Anti-Corruption Commission Act 2022* (Cth).

Directors' Report

4



The Directors of National Intermodal Corporation Limited (“National Intermodal” or the “Company”) present their Directors’ Report on National Intermodal and its wholly owned subsidiaries (the “Group”).

Directors’ Details

The following individuals served as Directors of National Intermodal during the financial year ended 30 June 2023. Each Director was appointed (or re-appointed) on a three-year term except for the interim appointments referenced in the below table.

Director	Appointment Date
Erin A.M. Flaherty (Chair)	26 March 2019 (Director) 4 February 2020 (Chair) 4 February 2023 (interim extension for three months) 4 May 2023
Christine Holman	26 July 2018 26 July 2021
Ron Koehler	16 December 2019 16 December 2022 (interim extension for three months) 16 March 2023 (interim extension for three months) 16 June 2023
Bronwyn Morris	13 December 2021
Joseph Carrozzi	13 December 2021
Annette Carey	31 March 2022
Michael Byrne	31 March 2022

Directors’ meetings

The number of meetings of the Company’s Board and Audit and Risk Committee held during the year ended 30 June 2023, and the numbers of meetings attended by each Director are set out below:

Director	Board		Audit & Risk Committee	
	A	B	A	B
C Holman	8	7	7	7
E Flaherty	8	8	-	-
R Koehler	8	8	7	6
B Morris	8	8	7	6
J Carrozzi	8	7	-	-
A Carey	8	7	-	-
M Byrne	8	5	-	-

A = Number of meetings held which a Director or Committee Member could attend

B = Number of meetings attended

- = Non-Committee Member, attendance is not required

Board of Directors

Erin A.M. Flaherty Chair and Non-Executive Director



Erin has more than 40 years of experience in both private and Government sectors in law, rail and large infrastructure projects. 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. In 2016 she became a Guardian of the Board of the Commonwealth Future Fund.

Erin is currently a Non-Executive Director of Venues NSW, The Infrastructure Fund (TIF), and the NSW Transport Holding Entity. She is one of two independent members of the International Shareholders Committee for Mott MacDonald, a global engineering consultancy firm. She is a Trustee of Sydney Grammar School and a Board member of NSW Police & Citizens Youth Clubs, and the Australian Chamber Orchestra.

In July 2023, Erin was appointed to the Board of a newly established subsidiary of ARTC, Inland Rail Pty Ltd, which will govern the delivery of the Inland Rail.

Erin is a member of Chief Executive Women (CEW) and the Australian Institute of Company Directors (AICD).

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

Christine Holman Chair of the Audit & Risk Committee and Non-Executive Director



Christine is a professional company Director and currently, Non-Executive Director of three ASX listed Boards – AGL Energy Limited, Metcash Ltd and Collins Foods Ltd, together with non-listed infrastructure asset owner, Indara Digital infrastructure. Christine also sits on the Boards of The Bradman Foundation, the 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 Boards 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

Ron Koehler Audit & Risk Committee member and Non-Executive Director



Ron Koehler has more than 35 years of 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, 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.

Ron is an advisor to Trackster Global, an IOT – technology company. He is also a partner of WCL – Worldwide Consultants in Logistics GmbH, Germany, a consultant company to the freight and logistics industry.

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.

Qualifications

Graduate of the Australian Institute of Company Directors
Business Administration at the AHK Stuttgart, Germany

Bronwyn Morris AM Audit & Risk Committee member and Non-Executive Director



Bronwyn is a chartered accountant and a former partner of KPMG. She has over 25 years of experience on the Boards of entities in the publicly listed, unlisted, government and not for profit sectors.

Bronwyn has considerable experience with regulated organisations across a number of industry sectors including infrastructure, utilities and financial services. Bronwyn is currently Chair of Urban Utilities and the RACQ Foundation and is a Director of Dalrymple Bay Infrastructure Limited and Menzies Health Institute Queensland.

Bronwyn has a Bachelor of Commerce majoring in Accounting from the University of Queensland and is a Fellow of both the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand.

Qualifications

Bachelor of Commerce (Accounting major), University of Queensland
Fellow of the Australian Institute of Company Directors
Fellow of the Chartered Accountants Australia and New Zealand

Joseph Carrozzi AM Non-Executive Director



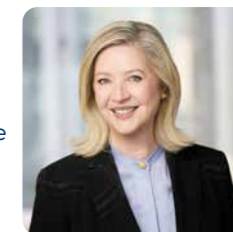
Joseph is a lawyer and financial advisor with more than 25 years of senior leadership experience in the professional services sector covering infrastructure, utilities and mergers & acquisitions.

Joseph currently holds a portfolio of Board and advisory roles including Chair of the Sydney Harbour Federation Trust, Chair of the Centenary Institute for Medical Research, Chair of HealthCo (ASX:HCW) and Chair of Angus Knight Group. In addition, he is a Board member of Football Australia and Western Sydney University.

Qualifications

Bachelor of Commerce, University of New South Wales
Bachelor of Laws, University of New South Wales

Annette Carey Non-Executive Director



Annette has over 30 years' experience as a corporate lawyer and a senior executive in the logistics, supply chain, cross border ecommerce, currency management, and security sectors across Australia, New Zealand, UK, USA and Asia.

Annette was CEO of Linfox Logistics and Linfox Armaguard and the EGM International at Australia Post.

During her career Annette has been Chair of BevChain and Australia Post Group Ecommerce Solutions in the UK and Deputy Chair of Sai Cheng Logistics in China as well as Company Secretary of Lend Lease Employer Systems and Linfox.

Annette is a Non-Executive Director of Sigma Pharmaceuticals Limited and is a member of Chief Executive Women.

Qualifications

Bachelor of Arts (Japanese major), Monash University
Bachelor of Laws, Monash University

Michael Byrne Non-Executive Director



Michael has over 30 years' experience as a Non-Executive Director and leader within the logistics, supply chain, retail and property sectors. Michael currently serves on the Boards of Ausgrid Asset, Management, Finance and Operator Partnership, CBH Group, Sendle, NSW Ports and Peel Ports UK. Michael is a Senate member, Chair of ARC and Chancellors Advisory Board for the University of Western Australia and is a Strategic Advisor on Infrastructure to IFM Investors and Australian Super. Recently, Michael was appointed to the Board of the Sydney Aviation Alliance, the owner of Sydney Airport. Michael is the Chair of HSE Global, a specialist safety consulting group. He also advises the Government in regard to the Simplified Trade System Task Force.

Michael was appointed International Freight Coordinator General, Austrade on 31 March 2020 in an interim role to assist with the Federal Government's COVID-19 response, which concluded in September 2022. Michael has also been an advisor at different times to Bain Consulting, Brookfield, GNG Partners and Macquarie Bank in Australia, China and the Middle East.

Previous roles include Managing Director, Chief Operating Officer and Director of Toll Group Holdings; Chief Executive Officer of Coates Hire; Linfox and Westgate Holdings, as well as Non-Executive Director of Australia Post.

Qualifications

Master of Science in Transportation and Infrastructure, University of Denver, USA
Darden School of Management, University of Virginia
International Management Program at the MIT Sloan School of Management, Massachusetts Institute of Technology

Company Secretary

Jane Webster was appointed to the position of General Counsel and Company Secretary from 11 August 2014. Jane has over 20 years' experience as a construction and infrastructure lawyer and a Company Secretary. Prior to joining National Intermodal, Jane held senior legal and company secretarial positions in a listed company and was a senior lawyer at a national law firm. Jane has a Bachelor of Laws from the University of New South Wales and is a Fellow of the Governance Institute of Australia and The Chartered Governance Institute.

Corporate information

National Intermodal Corporation Limited is a public company limited by shares that is incorporated and domiciled in Australia. The Company is wholly owned by the Commonwealth of Australia.

Principal activities

The principal activity of the Group is to facilitate the development and operation of a national network of modern, state-of-the-art, open access intermodal precincts.

Review of Operations

The Letter from the Chair and CEO (pages 6 to 7), the Operational Review (page 23) and the Financial Review (pages 24 to 25) provide a review of the Group's operations.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of National Intermodal that occurred during the financial year other than those included in this Directors' Report.

Events subsequent to the end of the financial year

Other than as disclosed in the financial statements, there has not arisen in the period between the end of the financial year and the date of this report any matter or circumstance that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or the Group's state of affairs, in future years.

Likely developments and expected results

Likely developments and the expected results of operations of the Group are contained in the Chair and Chief Executive Officer's Report and the Operational Report.

Dividend

No dividends have been paid or declared during the period (2022: nil).

Environmental regulation

National Intermodal is now responsible for the delivery of the Moorebank Avenue Realignment works. As such, National Intermodal is subject to the environmental controls and obligations outlined in the Moorebank Avenue Realignment Infrastructure Consent (SSI 10053), granted in October 2021 under the *Environmental Planning & Assessment Act 1979* (Cth) (NSW), and Environmental Approval (EPBC 2020/8839), granted in December 2021 under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (Cth). National Intermodal has commenced post-approval environmental reporting, with 9 out of 11 environmental management plans signed-off by the relevant regulators. All environmental management plans will be signed-off prior to the commencement of construction.

Prior to construction commencing, National Intermodal will need to obtain an Environmental Protection Licence (EPL) under the *Protection of the Environment Operations Act 1997* (NSW).

Indemnification and insurance of Directors and Officers

Under the Company's Constitution, the Company must, to the maximum extent permitted by law, 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.

Consistent with this requirement, the Company has entered into a deed with each Director and Officer of the Company. The Company is not aware of any liability having arisen, and no claim has been made against the Company during or since the period ended 30 June 2023, under these deeds.

During the reporting period, the Company has paid or agreed to pay premiums for contracts insuring Directors and Officers of the Group against liabilities incurred by them 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.

Non-audit services

No non-audit services have been provided by the Australian National Audit Office (ANAO) or by the contract auditor, KPMG. Auditor's remuneration is detailed on page 83 of the consolidated financial statements.

Auditor independence

The Directors have received an independence declaration from ANAO. This has been included on page 85.

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.

This Directors' Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors:

Erin A.M Flaherty

Chair and Non-Executive Director
29 August 2023



Remuneration Report

Introduction

The purpose of this report is to disclose National Intermodal's approach to the remuneration of our Key Management Personnel, including the senior executives and Non-Executive Directors of National Intermodal. 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 people. The report provides remuneration disclosures in accordance with the reporting requirements under the PGPA Act and the PGPA Rules.

Remuneration Governance at National Intermodal

The table below sets out the roles and responsibilities of the Board and Management in relation to remuneration.

Table 1. Roles and Responsibilities of the Board and Management

Board	Management
Provide executive oversight and guidance on strategy and approach	Prepare remuneration strategy, policy recommendations and information for the Board's consideration and approval
Approve National Intermodal's remuneration reviews, remuneration levels and remuneration practices for all roles	Oversee the implementation of approved remuneration processes
Approve remuneration incentive and benefit practices and arrangements	Monitor key performance metrics and provide the Board with analysis and recommendations

Remuneration strategy and framework

With the increase in organisational remit, during the reporting period a review of remuneration practices and standards was undertaken. This review resulted in the creation of a remuneration benchmarking framework and approach that is utilised for all positions within the Company below the executive team. The purpose of this framework is to create consistency of decision making, ensure market relativity, enable attraction and retention and ensure fairness and equity in all remuneration decisions. This framework forms the basis of all remuneration decisions within the Company.

In alignment with Australian Public Sector Commission (APSC) guidelines, National Intermodal is currently determining how it will treat performance bonuses for executive and non-executive positions. This includes determining an approach for existing roles that receive a performance bonus and selected delivery roles that have a significant impact on the delivery of public milestones. This approach will be captured in a remuneration policy that is currently under development.

Key Management Personnel (KMP)

This report covers the Key Management Personnel of National Intermodal, being those persons who have the authority and responsibility for planning, directing and controlling the activities of the Company both directly and indirectly. During the reporting period ended 30 June 2023, National Intermodal had 10 Key Management Personnel. These include the Chair, the Board of Directors, the CEO and Senior Executives of the Company.

Table 2. Key Management Personnel

Name	Title	Term as KMP
Non-Executive Directors		
Erin Flaherty	Chair Non-Executive Director	Full year – Appointed as a Non-Executive Director on 26 March 2019 and Chair on 4 February 2020 Interim extension for three months from 4 February 2023 Reappointed on 4 May 2023
Christine Holman	Independent, Non-Executive Director	Full year – Appointed 26 July 2018 Reappointed on 26 July 2021
Ron Koehler	Independent, Non-Executive Director	Full year – Appointed 16 December 2019 Interim extension for three months from 16 December 2022 Interim extension for three months from 16 March 2023 Reappointed on 16 June 2023
Bronwyn Morris	Independent, Non-Executive Director	Full year – Appointed 13 December 2021
Joseph Carrozzi	Independent, Non-Executive Director	Full year – Appointed 13 December 2021
Annette Carey	Independent, Non-Executive Director	Full year – Appointed 31 March 2022
Michael Byrne	Independent, Non-Executive Director	Full year – Appointed 31 March 2022
Senior Executives		
James Baulderstone	Chief Executive Officer	Full year – Appointed 1 July 2020
Neil MacDonald	Chief Financial Officer	Full year – Appointed 14 January 2021
Jane Webster	General Counsel and Company Secretary	Full year – Appointed 11 August 2014

Remuneration Report continued

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. National Intermodal 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 Non-Executive Director fees. It also permits several GBEs to pay additional fees for Audit and Risk Committee duties and for other Board Committee responsibilities specific to the relevant GBE.

National Intermodal does not currently have a Deputy Chair.

National Intermodal's sole Board Committee is the Audit & Risk Committee. No additional fees were paid to members of the Audit & Risk Committee.

Statutory superannuation is paid on top of the fees set by the Tribunal. Table 3 sets out the Non-Executive Director fees, excluding superannuation, as directed by the Tribunal for 2022 and 2023.

Table 3: Remuneration Tribunal Determination for Non-Executive Directors

	Entitlement 2023 \$	Entitlement 2022 \$
Chair	122,460	119,180
Deputy Chair	97,970	95,350
Non-Executive Director	61,230	59,590
Audit & Risk Committee Chair and Members	Nil	Nil

Remuneration paid to Non-Executive Directors during the reporting period is shown in Table 4 below.

Table 4: Remuneration of Non-Executive Directors, 2021-22 and 2022-23

Name	Year	Directors Fees (Short-Term Benefits)	Superannuation Contribution (Post-employment Benefit)	Total Remuneration
Erin Flaherty	2022	119,180	11,918	131,098
	2023	122,460	12,858	135,318
Christine Holman	2022	59,590	5,959	65,549
	2023	61,230	6,429	67,659
Ron Koehler	2022	59,590	5,959	65,549
	2023	61,230	6,429	67,659
Bronwyn Morris	2022	33,233	3,323	36,556
	2023	61,230	6,429	67,659
Joseph Carrozzi	2022	33,233	3,323	36,556
	2023	61,230	6,429	67,659
Michael Byrne	2022	15,127	1,512	16,639
	2023	61,230	6,429	67,659
Annette Carey	2022	15,127	1,512	16,639
	2023	61,230	6,429	67,659

Name	Year	Directors Fees (Short-Term Benefits)	Superannuation Contribution (Post-employment Benefit)	Total Remuneration
Lucio Di Bartolomeo	2022	79,825	7,982	87,807
	2023	-	-	-
James Lloyd	2022	54,624	5,462	60,087
	2023	-	-	-
Ray Wilson	2022	29,795	2,979	32,774
	2023	-	-	-
Total	2022	499,323	49,932	549,255
	2023	489,840	51,433	541,273

2022-23 Senior Executive Remuneration

Senior Executive remuneration at National Intermodal is currently designed to strike a balance between fixed remuneration and an at-risk component to drive delivery of operational outcomes.

The remuneration mix for Senior Executives is as follows:

Remuneration Component	Context
Total Fixed Remuneration (TFR)	Remuneration levels are set based on market aligned data taking into consideration reliable ASX organisations and other GBEs.
(Base salary plus superannuation)	Individual remuneration is set with respect to the Executive's role, responsibilities, experience and skill.
Performance bonus	The at-risk component of remuneration is 20% for the CEO and 15% for all other Senior Executive positions. The final quantum of the performance bonus is dependent on the Company and individual meeting pre-identified targets and goals. At-risk performance pay is a percentage of overall remuneration 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.

National Intermodal's Chief Executive Officer

James Baulderstone was appointed as Chief Executive Officer (CEO) with effect from 1 July 2020. The CEO's remuneration is set by the Remuneration Tribunal. The role is classified as a Principal Executive Office Band D under the *Remuneration Tribunal (Principal Executive Offices—Classification Structure and Terms and Conditions) Determination 2021*, being the then relevant Tribunal determination under the *Remuneration Tribunal Act 1973* (Cth).

James Baulderstone's remuneration during the reporting period was:

TFR	\$627,841 per annum (including base salary and superannuation)
STI	\$125,568 per annum (20% of total fixed remuneration)

Remuneration Report continued

Senior Executive remuneration

The remuneration of Senior Executives (other than the CEO) is determined by the CEO and the Board and reviewed annually in line with guidance from the Australian Public Service Commission (APSC) and the Public Sector Workplace Relations Policy (2020). During the reporting period National Intermodal commenced the development of a revised senior executive remuneration framework.

The remuneration of the CEO and other senior executives is shown in Table 5.

Table 5. Remuneration of CEO and Senior Executives, 2021-22 and 2022-23

	Year	Short term benefits			Post-employment Superannuation contributions	Other long term benefits		Termination benefit	Total
		Base Salary and fees	STI/Bonuses	Non-cash benefits		STI deferral	Long service leave		
James Boulderstone ¹ Chief Executive Officer	2022	587,469	122,207	-	23,568	-	-	-	733,244
	2023	602,549	125,568	-	25,292	-	5,456	-	758,865
Jane Webster ² General Counsel & Company Secretary	2022	353,256	52,000	11,757	26,874	-	-	-	443,887
	2023	376,264	54,875	13,159	27,500	-	15,131	-	486,929
Neil MacDonald ³ Chief Financial Officer	2022	447,485	24,000	-	23,568	-	-	-	495,053
	2023	458,681	65,361	-	25,292	-	4,590	-	553,924
Ian Meares ⁴ Construction Director	2022	310,969	34,000	-	17,676	-	-	-	362,645
	2023	-	-	-	-	-	-	-	-
Total	2022	1,699,179	232,207	11,757	91,686	-	-	-	2,034,829
	2023	1,437,494	245,804	13,159	78,084	-	25,177	-	1,799,718

2022-23 balanced scorecard for the CEO and Senior Executives

The CEO and Senior Executives balanced scorecards contain a range of financial and non-financial KPIs aligned to the strategic priorities of National Intermodal.



¹ The CEO's FY 2023 STIP represents the entitlement for the year. The payout for FY 2023 was not approved at the timing of signing of the annual report.

² Effective 1 December 2022, Jane's car park benefit was repackaged as cash salary.

³ Appointed on 14 January 2021

⁴ Resigned on 13 March 2022

	KPI	Objective	Weighting	Performance Outcome	
Corporate	1	Commercial Model	Recommend a suitable commercial model to guide effective precinct development across the suite of intermodal precincts and develop open access framework	12.5%	100%
	2	Financials	Deliver the projects within the approved budget for each project.	12.5%	100%
Sydney	3	PDC Delivered Works	Oversee LOGOS' completion of PDC delivered works at the MLP (land preparation and oversee Qube's delivery of the rail access works).	12.5%	98%
	4	National Intermodal Delivered Works	Completion of the National Intermodal delivered works the MLP (Moorebank Avenue relocation and Biobanking works).	12.5%	57%
	5	Interstate Terminal Joint Venture	Oversee Qube's delivery of the Interstate Terminal and work with Qube and LOGOS to establish the Interstate Terminal Joint Venture.	12.5%	96%
Melbourne	6	Beveridge Interstate Freight Terminal	Complete concept and feasibility assessment of BIFT and make final recommendation.	12.5%	100%
	7	Western Interstate Freight Terminal	Complete concept assessment of WIFT and make final recommendation.	12.5%	100%
Brisbane	8	South East Queensland Inland Rail Terminal	Assist the Australian Government with input into the business case for the Brisbane Intermodal Precinct.	12.5%	100%

Incentive Pool

The incentive pool for performance bonus payments is calculated based on the following formula:

Individual Performance

Individual performance is assessed based on both the achievement of individual objectives and implementing our values. During the reporting period, the at-risk component applicable for senior executive remuneration was determined based on the following performance levels:

Performance Level	Comprises
Satisfactory	TFR for the year and up to 66% of target bonus
Excellent	TFR for the year and up to 80% of target bonus
Outstanding	TFR for the year and up to 100% of target bonus

The strategic priorities for 2022-23 have been updated to reflect the Group's expanded remit and encompass improving supply chain resilience, increasing logistics efficiency and improving sustainability.

Financial Report

Financial Statements

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National Intermodal Corporation Limited (**National Intermodal** or the **Company**) is an unlisted public company incorporated and domiciled in Australia. The company is limited by shares and is wholly owned by the Government of the Commonwealth of Australia (**Australian Government**).

National Intermodal 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 and renamed National Intermodal Corporation Limited on 24 February 2022. The ultimate controlling entity of the Group is the Australian Government.

The financial report was authorised for issue by the Board of Directors on 29 August 2023.

5

Consolidated Financial Statements

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2023

	Notes	2023 \$000	2022 \$000
Revenue	A1	9,397	6,641
Other income	A1	12,349	306
Employee benefits expenses	A2	(9,814)	(8,198)
Professional services		(4,784)	(3,631)
Depreciation and amortisation		(337)	(323)
Other operating expenses	A3	(1,367)	(1,309)
Land and site costs	C6	(4,130)	(24,502)
Share of profit of equity accounted investments	B1	29,445	46,825
Remeasurement of finance lease receivables	B3	9,275	(304)
Finance costs	A4	(1,032)	(726)
Profit before income tax		39,002	14,779
Income tax expense	A5	(5,170)	(1,971)
Profit for the year		33,832	12,808
Profit attributable to the shareholders		33,832	12,808
Other comprehensive income			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Total other comprehensive gain for the year, net of tax		-	-
Total comprehensive income for the year		33,832	12,808
Total comprehensive income attributable to the shareholder		33,832	12,808

The Consolidated Financial Statements should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Financial Statements continued

Statement of Financial Position As at 30 June 2023

	Notes	2023 \$000	2022 \$000
Current assets			
Cash and cash equivalents	C1	62,297	71,811
Trade and other receivables	C4	3,275	391
Rail access rights	B3	10,441	8,005
Total current assets		76,013	80,207
Non-current assets			
Assets under construction	B3	17,069	2,103
Rail access rights	B3	167,092	159,200
Equity accounted investments	B1	309,436	280,237
Financial assets	B2	20,974	18,727
Property, plant and equipment	B4	319,259	104
Intangible assets	B5	73	86
Right of use assets	B6	392	628
Deferred tax assets	A5	68,900	74,070
Other non-current assets		1,174	5,063
Total non-current assets		904,369	540,218
Total assets		980,382	620,425
Current liabilities			
Trade and other payables	C5	8,348	20,744
Provisions	C6	87,497	103,388
Lease liabilities	B6	231	231
Total current liabilities		96,076	124,363
Non-current liabilities			
Provisions	C6	82,153	113,130
Lease liabilities	B6	279	541
Total non-current liabilities		82,432	113,671
Total liabilities		178,508	238,034
Net assets		801,874	382,391
Equity			
Share capital	C2	900,000	514,349
Accumulated losses		(98,126)	(131,958)
Total equity		801,874	382,391

The Consolidated Financial Statements should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Financial Statements continued

Statement of Changes in Equity For the Year Ended 30 June 2023

	Share capital \$000	Accumulated losses \$000	Total equity \$000
Balance at 1 July 2021	466,172	(144,766)	321,406
Profit for the year	-	12,808	12,808
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	12,808	12,808
Transactions with owners in their capacity as owners			
Shares issued (note C2)	48,177	-	48,177
Balance at 30 June 2022	514,349	(131,958)	382,391
Balance at 1 July 2022	514,349	(131,958)	382,391
Profit for the year	-	33,832	33,832
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	33,832	33,832
Transactions with owners in their capacity as owners			
Shares issued (note C2)	385,651	-	385,651
Balance at 30 June 2023	900,000	(98,126)	801,874

The Consolidated Financial Statements should be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Financial Statements continued

Statement of Cash Flows For the Year Ended 30 June 2023

	Notes	2023 \$000	2022 \$000
Operating activities			
Receipts from customers		6,225	99
Receipts from other income	A1	10,000	-
Payments to suppliers		(6,721)	(3,101)
Payments to employees		(9,677)	(7,966)
Payments for enabling works		(66,912)	(11,294)
Interest received	A1	2,229	186
Net cash flows used in operating activities	C1	(64,856)	(22,076)
Investing activities			
Payments for property, plant and equipment	B4	(315,546)	(26)
Payments for intangible assets	B5	(27)	-
Payments for assets under construction		(11,766)	(932)
Refund from PDC for construction works		-	11,550
Loan drawdowns from joint ventures	B1	(2,006)	(5,508)
Payments for land option rights	B4	-	(3,670)
Net cash flows (used in)/from investing activities		(329,345)	1,414
Financing activities			
Proceeds from equity funding	C2	385,651	48,177
Payments for debt establishment costs		-	(1,751)
Lease liability payment		(292)	(270)
Financing cost paid		(672)	(1,349)
Net cash flows from financing activities		384,687	44,807
Net (decrease)/ increase in cash and cash equivalents		(9,514)	24,145
Cash and cash equivalents at beginning of year		71,811	47,666
Cash and cash equivalents at 30 June	C1	62,297	71,811

The Consolidated Financial Statements should be read in conjunction with the Notes to the Consolidated Financial Statements.

Basis of Preparation

This section describes the financial reporting framework within which the Consolidated Financial Statements are prepared and a statement of compliance with the Corporations Act 2001 and the Australian Accounting Standards and Interpretations.

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.

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

National Intermodal Corporation Limited (National Intermodal) is a for-profit consolidated entity for the purpose of preparing financial reports.

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 non-current 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.

Estimates and judgements

This section describes the key accounting estimates and judgements that have been applied and may have a material impact on the Group's Consolidated Financial Statements.

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are found in the following notes:

Deferred tax assets	A5
Assets under construction	B3
Rail access rights	B3
Provisions & Land and site costs	C6

The estimates and judgements are:

- consistently applied to all periods presented, unless otherwise stated.
- reviewed on an ongoing basis.

Revisions to accounting estimates are recognised prospectively.

A Performance

This section summarises the performance of the Group for the year ended 30 June 2023. The Group earns rental income from access rights over the rail line connecting the IMEX Terminal to the Southern Sydney Freight Line (SSFL).

Employee benefits expenses and Professional fees represent the majority of the operating expenses.

A1 Revenue and Other income

Accounting policies

Rental income

Rail access rights comprises a finance lease for access rights to the Group's rail line connecting the existing SSFL to the IMEX Terminal and future Interstate Terminal located at the Moorebank Intermodal Precinct. The operating lease term is 97 years with a three-year rent-free incentive period.

Rental income is derived from the finance lease over the term of the lease.

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.

Revenue

	2023 \$000	2022 \$000
Rental income	9,397	6,641
Total revenue	9,397	6,641

Other income

	2023 \$000	2022 \$000
Interest income	2,229	186
Other operating income	10,120	120
Total other income	12,349	306

Explanatory note for Other income

Other operating income includes a one-off receipt of \$10 million from Precinct Developer Company (PDC) in relation to the LOGOS Consortium's acquisition of the warehousing and property components of the Moorebank Intermodal Precinct.

A Performance continued

A2 Employee benefits expenses

	2023 \$000	2022 \$000
Wages and salaries	5,851	4,581
Contractor costs	2,648	2,569
Directors fees	490	443
Superannuation	460	350
Payroll tax	365	255
Total employee benefits expenses	9,814	8,198

A3 Other operating expenses

	2023 \$000	2022 \$000
IT services	356	342
Insurance	346	314
Occupancy	207	117
Travel	147	59
Other expenses	311	477
Total other operating expenses	1,367	1,309

A4 Finance costs

	2023 \$000	2022 \$000
Lease liability interest	30	44
Loan commitment fees	636	435
Debt establishment fees	366	247
Total finance costs	1,032	726

Explanatory note for A4

Lease liability interest

Interest expense recorded in connection with the lease liability recognised on the lease for National Intermodal's offices.

Loan commitment fees and Debt establishment fees

In 2022, the company secured a \$200 million 5-year debt facility with two leading financial institutions. At 30 June 2023, the debt facility was undrawn. A commitment fee is payable on the undrawn loan balance.

A Performance continued

A5 Taxation

Accounting policies

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 this section.

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 asset

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.

Good and Services (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.

A Performance continued

A5 Taxation continued

	2023 \$000	2022 \$000
<i>Income tax expense</i>		
Current tax expense	-	-
Deferred tax expense	5,170	1,971
Income tax expense	5,170	1,971

Numerical reconciliation of income tax expense to prima facie tax payable:

Profit from continuing operations before income tax	39,002	14,779
Tax at the Australian tax rate of 30%	11,701	4,434
Non-taxable income	(11,701)	(4,434)
Origination and reversal of temporary differences	5,170	1,971
Income tax expense	5,170	1,971

	Opening balance \$000	Movement in profit and loss \$000	Closing balance \$000
<i>Deferred tax assets</i>			
Provisions and accruals	64,328	2,653	66,981
Unused tax losses	54,385	(844)	53,541
Right-of-use assets and Lease liabilities - net	-	35	35
	118,713	1,844	120,557
<i>Deferred tax liabilities</i>			
Tax deferred revenue	(9,749)	1,848	(7,901)
Share of equity accounted investments	(34,894)	(8,832)	(43,726)
Prepayments	-	(30)	(30)
	(44,643)	(7,014)	(51,657)
Net deferred tax assets	74,070	(5,170)	68,900

A Performance continued

Estimates and judgements

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 \$69 million (2022: \$74 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. The tax losses generated as at 30 June 2023 are expected to be utilised by 30 June 2039.

B Investment

National Intermodal's mandate was expanded in 2022 to support the delivery and operation of intermodal terminals in Melbourne and Brisbane as part of the Inland Rail project.

This section provides an update on National Intermodal's interest in the Sydney and Melbourne intermodal terminals.

B1 Equity accounted investments

Accounting policies

National Intermodal has joint control of Moorebank Precinct Land Trust (PLT) and, its investment is classified as a joint venture. The Group's interests in equity-accounted investments comprise a 65.63% unitholding in PLT.

Accordingly, the Group has accounted for its share 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.

B Investment continued

B1 Equity accounted investments continued

	2023 \$000	2022 \$000
<i>Investment in joint ventures</i>		
Opening balance	280,237	234,291
Share of profit of equity-accounted investees	29,445	46,825
Others	(246)	(879)
Closing balance	309,436	280,237

Moorebank Precinct Nominees Pty Limited as trustee for the Moorebank Precinct Land Trust, is a unit trust formed by MIC Land Trust and Qube Holdings Limited through the trustee of Moorebank Industrial Investment Trust (MIIT). MIC Land Trust owns 65.63% of the units within the Moorebank Precinct Land Trust.

The unitholder of MIIT was previously Qube Re Services (No.2) Pty Limited. On 8 December 2022, Qube RE Services (No.2) Pty Limited disposed of 100% of its equity interests in MIIT to the LOGOS Consortium (comprising Australian Super, NSW TCorp, AXA, Ivanhoe Cambridge and LOGOS Group).

Moorebank Precinct Land Trust holds the Commonwealth land and LOGOS Freehold 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 Holdings Limited 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 LOGOS Freehold land as landlord. The investment in Moorebank Precinct Land Trust was recognised under the equity method.

An additional investment of \$2 million (2022: \$6 million) was made to reflect the extension of a non-interest-bearing working capital loan to Moorebank Precinct Land Trust. The difference between the face value and the fair value of the loan is recognised as an investment in the Trust's equity accounted investment with the fair value being recognised as a financial asset (refer Section B2).

B Investment continued

B1 Equity accounted investments continued

	2023 \$000	2022 \$000
Current assets	11,401	7,417
Non-current assets	495,737	449,260
Current liabilities	3,807	42,451
Non-current liabilities	31,845	-
Net assets	471,486	414,226
Share of net assets (65.63%)	309,436	271,856
Adjustments:		
Units	-	(7)
Additional equity invested due to non-interest-bearing loan	-	8,388
Carrying amount of interest in joint venture	309,436	280,237

	2023 \$000	2022 \$000
Revenue	55,333	78,973
Expenses	(10,468)	(7,626)
Total profit for the year (100%)	44,865	71,347
Total profit for the year (65.63%)	29,445	46,825
Share of equity accounted profits	29,445	46,825

B2 Financial assets

Accounting policies

Initial recognition and measurement

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value [either through other comprehensive income (OCI) or through profit or loss], and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

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.

B Investment continued

B2 Financial assets continued

Accounting policies

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 marketplace (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 on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the asset expire; or
- 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.

	2023 \$000	2022 \$000
Non-interest-bearing loans to related parties		
Opening balance	18,727	12,338
Loan drawn downs	2,006	5,508
Movement in present value of non-interest-bearing loan	241	881
Closing balance	20,974	18,727

The balance at 30 June 2023 relates to a non-interest-bearing working capital loan provided to Moorebank Precinct Land Trust. Funds are provided to support the activities of the Trust and are governed by a unitholders loan agreement. Repayment of the loans drawn down to date are due on the tenth anniversary of the request with the first repayment due on 30 June 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 \$29 million (2022: \$27 million) and the fair value of the loan advances of \$21 million (2022: \$19 million) is recognised as an investment in equity accounted investment of \$8 million (2022: \$8 million).

B Investment continued

B3 Rail access

Accounting policies

Rail access rights

Rail access rights comprises a finance lease for access rights to the rail access line connecting the existing SSFL to the IMEX Terminal and future Interstate Terminal located at the Moorebank Intermodal Precinct. The operating lease term is 97 years with a three-year incentive period.

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

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

On commencement of the lease, the fair value of future cash flows relating to the rail access rights was determined using a discount rate of 5.62%.

Finance income is derived from the finance lease (refer A1) over the term of the lease. The finance lease receivable is remeasured on an annual basis following the confirmation of variable component affecting the cashflows to be received. This remeasurement is recognised through the profit and loss.

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 (SSFL). The timing for completion of Rail Access Works Stage 2 is aligned to the completion of the future Interstate Terminal. Once operational, the rail line will be derecognised as an asset under construction and the future cash flows discounted to their net present value in relation to rail access rights will be recognised at fair value.

Rail access rights	2023 \$000	2022 \$000
Opening balance	167,205	179,642
Rental income	9,397	6,641
Receipt of rail access charge	(8,344)	-
Reduction in capitalised costs	-	(18,774)
Remeasurement of finance lease receivables	9,275	(304)
Closing balance	177,533	167,205
Current	10,441	8,005
Non-current	167,092	159,200
Total Rail access rights	177,533	167,205

Explanatory note for B3

The Group has changed its accounting policy in relation to the remeasurement of finance lease receivables, refer to note F2 for details.

B Investment continued

B3 Rail access continued

Explanatory note for B3

Reduction in capitalised costs

In 2022, the Group finalised the costs relating to the construction of Rail Access Works Stage 1 (RAW 1). The Trust and PDC agreed the total construction costs, which resulted in the refund of a \$11 million delay payment to the Group and a reversal of an accrual recognised with respect to RAW 1.

Receipt of Rail access charges

The Group is entitled to receive cash income in the form of rail access charges after the third anniversary of the completion of Rail Access Works Stage 1. The Group earned \$8 million in cash revenue during the year ended 30 June 2023 (2022: \$nil).

The following table sets out the maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2023 \$000	2022 \$000
Less than one year	10,441	8,005
One to two years	10,747	8,729
Two to three years	10,931	8,789
Four to five years	11,266	9,040
More than five years	859,500	865,521
Total undiscounted lease receivable	902,885	900,084
Unearned finance income	(725,352)	(732,879)
Net investment in the lease	177,533	167,205

Estimates and judgements

The valuation of rail access rights is dependent on assumptions on the appropriate discount rate, inflation and terms and conditions of the lease agreement.

The rail access rights have been valued on a net present value basis over a remaining 96-year period using a discount rate of 5.62% (set at the commencement date of the lease).

Assets under construction	2023 \$000	2022 \$000
Opening balance	2,103	2,360
Additions	14,966	588
Asset write-off	-	(845)
Closing balance	17,069	2,103

B Investment continued

B3 Rail access continued

Estimates and judgements

Costs incurred in the construction of Rail Access Works Stage 2 are capitalised to the extent future economic benefits are expected to flow to the Group.

B4 Property, plant and equipment

Accounting policies

Property, plant and equipment are stated at cost, net of accumulated depreciation and any accumulated impairment losses. 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.

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.

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

Land	Indefinite life
Office equipment	3 years
IT equipment	3 years
Motor vehicle	5 years

An item of property, 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.

	Land \$000	Office equipment \$000	IT equipment \$000	Motor vehicles \$000	Total \$000
Year ended 30 June 2023					
Opening balance	-	37	67	-	104
Additions during the year	315,463	-	20	63	315,546
Transfers from other non-current assets	3,670	-	-	-	3,670
Depreciation	-	(11)	(43)	(7)	(61)
Closing balance	319,133	26	44	56	319,259
Cost	319,133	62	198	63	319,456
Accumulated depreciation	-	(36)	(154)	(7)	(197)
Total Property, plant and equipment	319,133	26	44	56	319,259

B Investment continued

B4 Property, plant and equipment continued

	Land \$000	Office equipment \$000	IT equipment \$000	Motor vehicles \$000	Total \$000
Year ended 30 June 2022					
Opening balance	-	48	45	-	93
Additions during the year	-	-	63	-	63
Depreciation	-	(11)	(41)	-	(52)
Closing balance	-	37	67	-	104
Cost	-	62	178	-	240
Accumulated depreciation	-	(25)	(111)	-	(136)
Total Property, plant and equipment	-	37	67	-	104

Explanatory note for B4

In April 2022, National Intermodal acquired Qube's option rights over 1,100 hectares of land at Beveridge in Victoria in support of the acquisition of the land for the Beveridge Interstate Freight Terminal (BIFT) by entering into:

- 1) a share sale agreement to purchase the shares and units in Beveridge Property Management Services Pty Ltd, Beveridge Warehouse Pty Ltd, Beveridge Terminals Pty Ltd, Beveridge Warehouse Trust and Beveridge Terminals Trust (Beveridge entities), at a cost of \$4 million (plus estimated stamp duty and transaction costs of \$1 million); and
- 2) a call option deed to grant Qube a subsequent right to acquire up to 200 hectares of developable land suitable for warehousing within or contiguous to the property that is the subject of the first option deed.

On 16th June 2023, National Intermodal finalised the acquisition of the Beveridge Land, in the total amount of \$319 million.

The acquired land is recognised as freehold land under Property, plant and equipment in line with National Intermodal's mandate to develop and operate a network of intermodal precincts.

B Investment continued

B5 Intangible assets

	2023 \$000	2022 \$000
Software		
Opening balance	86	111
Additions during the year	27	10
Amortisation	(40)	(35)
Closing balance	73	86
Cost	203	176
Accumulated amortisation	(130)	(90)
Total Intangible assets	73	86

Accounting policies

Initial recognition

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent recognition

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Useful lives

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 once 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.

Useful lives (continued)

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.

De-recognition

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:

Asset category	Software
Useful life	7 years
Amortisation method	straight line

B Investment continued

B6 Right of use assets and Lease liabilities

Accounting policies

Initial recognition

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.

Accounting policy for lessee

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.

Accounting policy for lessee (continued)

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.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

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 standalone 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.

B Investment continued

B6 Right of use assets and Lease liabilities continued

This note provides information for leases where the group is a lessee.

Amounts disclosed in the Statement of Financial Position

The Statement of Financial Position shows the following amounts relating to leases:

Rights of use assets

	2023 \$000	2022 \$000
Right of use assets		
Lease of office space	392	628
Total Right of use assets	392	628

There have been no additions to the right of use assets during the 2023 financial year (2022: \$nil).

Lease liabilities

	2023 \$000	2022 \$000
Lease liabilities		
Current	231	231
Non-current	279	541
Total Lease liabilities	510	772

Amounts recognised in the statement of profit or loss

The depreciation and amortisation disclosed in the statement of profit or loss includes the following amounts for right of use assets:

	2023 \$000	2022 \$000
Depreciation charge of right of use assets		
Lease of office space	236	239
Total depreciation expense	236	239
Interest expense (included in finance cost)	30	44
Expense relating to leases of low-cost assets	-	4

Explanatory note for B6

The total cash outflow for lease repayments in 2023 was \$291,044 (2022: \$270,245).

Payments associated with leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. The low-value asset comprises of a small item of office equipment.

C Liquidity and Working Capital

The ability of the Group to deliver its mandate is dependent on available cash, working capital and access to debt and equity funding.

This section contains disclosure of on the Group's financial assets, financial liabilities, cash flows and equity that are required to finance the Group's activities.

C1 Cash and cash equivalents

Accounting policies

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.

	2023 \$000	2022 \$000
Cash at bank	62,297	71,811

Explanatory note for C1

The Group's exposure to interest rate risk is discussed at E1. Cash at bank earns interest at floating rates based on daily bank deposit rates.

C Liquidity and Working Capital continued

C1 Cash and cash equivalents continued

Reconciliation of profit for the year to net cash used in operating activities

	2023 \$000	2022 \$000
Profit after tax	33,832	12,808
Depreciation and amortisation	337	572
Land and site costs	4,130	24,502
Rental income	-	(6,641)
Remeasurement of finance lease receivables	(9,275)	304
Business development costs	-	1,947
Financing costs	1,032	1,349
Share of profit of equity accounted investments	(29,445)	(46,825)
Operating loss before changes in working capital	611	(11,984)
Changes in trade and other receivables	(2,884)	356
Changes in trade and other payables	(15,702)	146
Changes in provisions	(50,998)	(13,410)
Changes in rail access rights	(1,053)	-
Changes in deferred tax assets	5,170	1,971
Changes in assets under construction	-	845
Net cash flows used in operating activities	(64,856)	(22,076)

C Liquidity and Working Capital continued

C2 Share capital

Accounting policies

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

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.

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

	2023 \$000	2022 \$000
Fully Paid	900,000	514,349
Number of ordinary shares	900,000,000	514,348,670

a) Movements in ordinary share capital

	Number of shares	\$000
Opening balance as at 1 July 2021	466,172,000	466,172
Shares issued	48,176,670	48,177
Closing balance as at 30 June 2022	514,348,670	514,349
Opening balance as at 1 July 2022	514,348,670	514,349
Shares issued	385,651,330	385,651
Closing balance as at 30 June 2023	900,000,000	900,000

C3 Commitments

There are no capital commitments as at 30 June 2023 (2022: Nil).

C Liquidity and Working Capital continued

C4 Trade and other receivables

Accounting policies

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 Effective Interest Rate (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.

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR.

The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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.

	2023 \$000	2022 \$000
Trade receivables	2,493	33
Prepayments	372	263
GST receivable	410	95
Total trade and other receivables	3,275	391

Explanatory note for C4

At the reporting date, trade receivables balance is current, and no impairment loss has been recognised. The credit quality of receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis.

C Liquidity and Working Capital continued

C5 Trade and other payables

Accounting policies

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.

	2023 \$000	2022 \$000
Trade payables	3,802	58
Accruals	4,546	20,686
Total trade and other payables	8,348	20,744

Information about the Group's exposure to interest rates and liquidity risk is set out in E1.

C6 Provisions

Accounting policies

The Group 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.

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.

	Employee benefits \$000	Land & site costs \$000	Total \$000
Opening balance at 1 July 2021	259	205,110	205,369
Provisions made during the year	357	24,502	24,859
Provisions used during the year	(300)	(13,410)	(13,710)
Closing balance at 30 June 2022	316	216,202	216,518
Opening balance at 1 July 2022	316	216,202	216,518
Provisions made during the year	482	4,130	4,267
Provisions used during the year	(345)	(51,135)	(51,135)
Closing balance at 30 June 2023	453	169,197	169,650
Current	301	87,196	87,497
Non-current	152	82,001	82,153
Total Provisions	453	169,197	169,650

C Liquidity and Working Capital continued

C6 Provisions continued

Explanatory note for C6

Employee benefits

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

Land & site costs

The provisions for Land & site costs reflect the Trust's obligation to pay for Commonwealth-funded enabling works at the Moorebank Intermodal Precinct including Land Preparation Works (LPW), Moorebank Avenue Works (MAW) and Voluntary Planning Contributions (VPC).

Estimates and judgements

The Group has recognised provisions for Land & Site Costs to reflect its best estimate of the future costs of the Commonwealth-funded enabling works using a discount rate of 3.8% (2022: 3.5%).

The provisions have been re-estimated at the reporting date taking into consideration all known information and making appropriate adjustments for contingencies and unknown future events, if applicable. As a result, the provisions for Land & Site Costs have been increased by \$4 million (2022: \$25 million) and recognised through the statement of profit and loss with remaining provisions of \$169 million (2022: \$216 million).

Ongoing discussions with the Group's stakeholders on the scope and cost of the Commonwealth-funded enabling works have the potential to deliver a more or less favourable outcome than is reflected in the provisions for Land & Site costs. Consequently, the Group has conducted scenario analysis to quantify potential changes to the scope and cost of these enabling works. This analysis concluded that the remaining provisions for Land & Site Costs are fair and reasonable after considering the level of uncertainty about the final cost of the Commonwealth-funded enabling works.

D Group Structure

This section presents information about the National Intermodal group structure, the standalone financial performance of National, related party disclosures and Directors and Key management personnel disclosures.

D1 Consolidated entities

Accounting policies

(i) 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.

(ii) Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. *Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.*

The group's principal subsidiaries at 30 June 2023 are set out below.

Subsidiary/Trusts	Principal Activities	Country of Incorporation	Ownership interest	
			2023	2022
Moorebank Intermodal Development Investment Nominees Pty Ltd	Trustee	Australia	100%	100%
Moorebank Intermodal Development Rail Nominees Pty Ltd	Trustee	Australia	100%	100%
Moorebank Intermodal Development Trust	Trading	Australia	100%	100%
Moorebank Intermodal Rail Trust	Trading	Australia	100%	100%
Victorian Intermodal Pty Limited	Trading	Australia	100%	100%
Beveridge Property Management Services Pty Ltd	Trading	Australia	100%	100%
Beveridge Warehouse Pty Ltd	Trustee	Australia	100%	100%
Beveridge Terminals Pty Ltd	Trustee	Australia	100%	100%
Beveridge Warehouse Trust	Trading	Australia	100%	100%
Beveridge Terminals Trust	Trading	Australia	100%	100%

D Group Structure continued

D2 Parent entity disclosures

As at and throughout the financial year ended 30 June 2023 the parent company of the Group was National Intermodal Corporation Limited.

Summary of financial information

	2023 \$000	2022 \$000
Result of the parent entity		
Loss for the year	(18,487)	(13,434)
Other comprehensive income	-	-
Total comprehensive loss for the year	(18,487)	(13,434)
Financial position of the parent entity at year end		
Current assets	59,929	72,145
Non-current assets	833,378	454,110
Total assets	893,307	526,255
Current liabilities	2,068	1,697
Non-current liabilities	152	635
Total liabilities	2,220	2,332
Net assets	891,087	523,923
Total equity of the parent entity		
Share capital	900,000	514,349
Retained earnings	(8,913)	9,574
Total equity	891,087	523,923

Non-current assets include a deferred tax asset of \$69 million (2022: \$74 million) and related party receivables.

(i) Contingency liabilities of the parent entity

There were no contingencies at 30 June 2023 (2022: none).

(ii) Commitments

There were no commitments at 30 June 2023 (2022: none).

D Group Structure continued

D3 Related party disclosures

The Group's main related parties are as follows:

Ultimate controlling entity

The ultimate controlling entity of the Group is the Australian Government. Refer to C2 for the equity contributions received during the year.

Transactions with equity accounted investees

The Group has provided a non-interest-bearing working capital loan to Moorebank Precinct Land Trust. Details of the loan are disclosed in Note B2.

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.

Transaction	Type	Note	2023 \$000	2022 \$000
Equity accounted investments	Assets	B1	309,436	280,237
Non-interest-bearing loans	Assets	B2	20,974	18,727
Share of profit of equity accounted investments	Income	B1	29,445	46,825
Management service fee	Income	(i)	120	120

(i) National Intermodal entered into a Management Service Agreement with Moorebank Precinct Land Trust for the provision of management services. National Intermodal receives a fixed fee of \$10,000 per month.

D4 Directors and Key management personnel disclosures

Directors

All directors of National Intermodal are non-executive directors who are 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:

	Entitlement from 1 July 2022 \$	Entitlement from 1 July 2021 \$
Chair	122,460	119,180
Deputy Chair	97,970	95,350
Non-Executive Director	61,230	59,590
Audit and Risk Committee Member	-	-

D Group Structure continued

D4 Directors and Key management personnel disclosures continued

The following persons were directors of National Intermodal Corporation Limited during the financial year:

Chair

Erin A.M Flaherty Re-appointed 3 May 2023

Non-Executive Directors

Christine Holman Re-appointed 26 July 2021
Ron Koehler Re-appointed on 15 March 2023
Bronwyn Morris Appointed 13 December 2021
Joseph Carrozzi Appointed 13 December 2021
Annette Carey Appointed 31 March 2022
Michael Byrne Appointed 31 March 2022

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% 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 (2021).

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.

Remuneration of Directors and Key management personnel

For the purpose of disclosure, the Company has defined Key Management Personnel 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.

	2023 \$	2022 \$
Short-term employee benefits	2,186,297	2,442,466
Long-term employee benefits	25,177	-
Post-employee benefits	129,516	141,618
Total	2,340,990	2,584,084

E Risk Management

This section provides a summary of the Group's exposure to market, liquidity, and credit risks, along with the Group's policies and strategies in place to mitigate these risks.

E1 Financial risk management

The Group's principal financial instruments comprise cash, loans to related parties, trade and other payables and receivables. The carrying amount equals 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 2023, the Group held the following financial instruments:

	2023 \$000	2022 \$000
Financial assets		
Cash and cash equivalents	62,297	71,811
Non-interest-bearing loans to related parties	20,974	18,727
Trade receivables	2,493	33
Total Financial assets	85,764	90,571
Financial liabilities		
Trade payables	3,802	58
Accruals and other payables	4,546	20,686
Total Financial liabilities	8,348	20,744

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 that it has access to additional cash through an equity funding agreement with the Australian Government.

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 of financial instruments. As at 30 June 2023, the Group had no interest-bearing financial liabilities.

F Other Notes

This section provides a summary of any new and amended standards adopted by The Group, key accounting policies and notes not captured in other sections of this report.

F1 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.

The Group re-assessed its funding obligations to complete the MIC Funded Works and forecast expenditure on the planned intermodal terminals to support Inland Rail. The directors have determined

that there is sufficient funding available from committed and undrawn equity and debt facilities to meet the Group's funding obligations for a period of at least 12 months from the date the financial report was authorised for issue.

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.

F2 Changes in significant accounting policies

From the commencement date of the Rail Access Rights asset, the Group has valued the lease asset on a net present value basis using a discount rate set at the commencement date of the finance lease. During the year, The Group changed its accounting policy with respect to the measurement of the Rail Access Rights asset and will remeasure the finance lease on an annual basis. The movement in the valuation of the finance lease asset will be recognised as "Remeasurement of finance lease receivable" through the profit and loss.

The change in the accounting policy applies retrospectively i.e. as if the accounting policy has always been applied. Management has assessed the impact of a retrospective remeasurement of the finance lease asset and determined the impact of a change in the accounting policy is not material to the FY 2022 results. On this basis, the impact of changing the accounting policy has been reflected in the current financial year results.

F3 Changes in accounting standards

i) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2022:

- AASB 2021-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2021 and Other Amendments [AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 & AASB 141].

The Group also elected to adopt the following amendments early:

- AASB 2022-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction [AASB 112].

The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

ii) New accounting standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

F Other Notes continued

F4 Other accounting policies

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; or
- held primarily for the purpose of trading; or
- 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; or
- it is held primarily for the purpose of trading; or
- 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.

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.

Impairment of non-financial assets

The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's 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 exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations are recognised in the statement of profit or loss and other comprehensive income.

Comparative information

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

F Other Notes continued

F5 Events after the reporting period

There is no other matter or circumstance that has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

- the operations of the Group in future financial years, or
- the results of those operations in future financial years, or
- the state of affairs of the Group in future financial years.

F6 Contingent assets and liabilities

There are no contingent assets or liabilities as at 30 June 2023 (2022: Nil).

F7 Auditor's remuneration

	2023 \$	2022 \$
Australian National Audit Office		
Audit of financial report	150,000	150,000
Total audit fees	150,000	150,000

Explanatory note for F7

The financial statement audit services are provided to the Group by the Auditor-General. As permitted by the Auditors General's Act, the ANAO contracted KPMG 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.



DIRECTORS' DECLARATION

For the year ended 30 June 2023

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

- the consolidated financial statements and notes set out on pages 48 to 83 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 2023 and of its performance, changes in equity and its cash flows, for the financial year ended on that date; and*
- 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 page 54 of the financial statements which includes a statement of compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made on 29 August 2023 in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read "Erin A.M. Flaherty".

Erin A.M. Flaherty
Chair
29 August 2023

Ms Erin A.M. Flaherty
Chair of Board
National Intermodal Corporation Limited
Level 33, 1 O'Connell Street
SYDNEY NSW 2000

NATIONAL INTERMODAL CORPORATION LIMITED FINANCIAL REPORT 2022-23 AUDITOR'S INDEPENDENCE DECLARATION

In relation to my audit of the financial report of the National Intermodal Corporation Limited for the year ended 30 June 2023, 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

A handwritten signature in black ink, appearing to read "Bradley Medina".

Bradley Medina
Executive Director
Delegate of the Auditor-General

Canberra
29 August 2023



INDEPENDENT AUDITOR'S REPORT

To the members of National Intermodal Corporation Limited

Opinion

In my opinion, the financial report of National Intermodal Corporation Limited (the Company) and its subsidiaries (together 'the Group') for the year ended 30 June 2023 is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

The financial report of the Company and the Group, which I have audited, comprises the following as at 30 June 2023 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 statements, 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 annual report for the year ended 30 June 2023 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 as 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 Company and the Group to continue as a going concern, disclosing matters, as applicable, related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or 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 the financial report.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional skepticism 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 Company and 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 Company or 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 Company or 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.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Australian National Audit Office



Bradley Medina
Executive Director
Delegate of the Auditor-General

Canberra
29 August 2023

Other Information

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Reporting Index

For the year ended 30 June 2023

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

Section	Subject	Location	Pages
s. 97	Financial report	Financial report	48-88
	Directors' report	Directors' report	36-47
	Auditor's report	Independent auditor's report	86-88

Corporations Act 2001

Section	Subject	Location	Pages
s. 295	Financial statements	Financial report	50-53
	Notes to the financial statements	Financial report	54-83
	Directors' declaration	Directors' declaration	84
s. 298 – s. 300	Director's report	Directors' report	36-47
s. 301 – s. 308	Audit of Annual Report and Auditor's Report	Independent auditor's report	85-89

Public Governance, Performance and Accountability Rule 2014 (PGPA Rule)

Below is the table set out in Schedule 2B of the PGPA Rule. Section 28E(p) requires this table be included in the Commonwealth companies' annual reports.

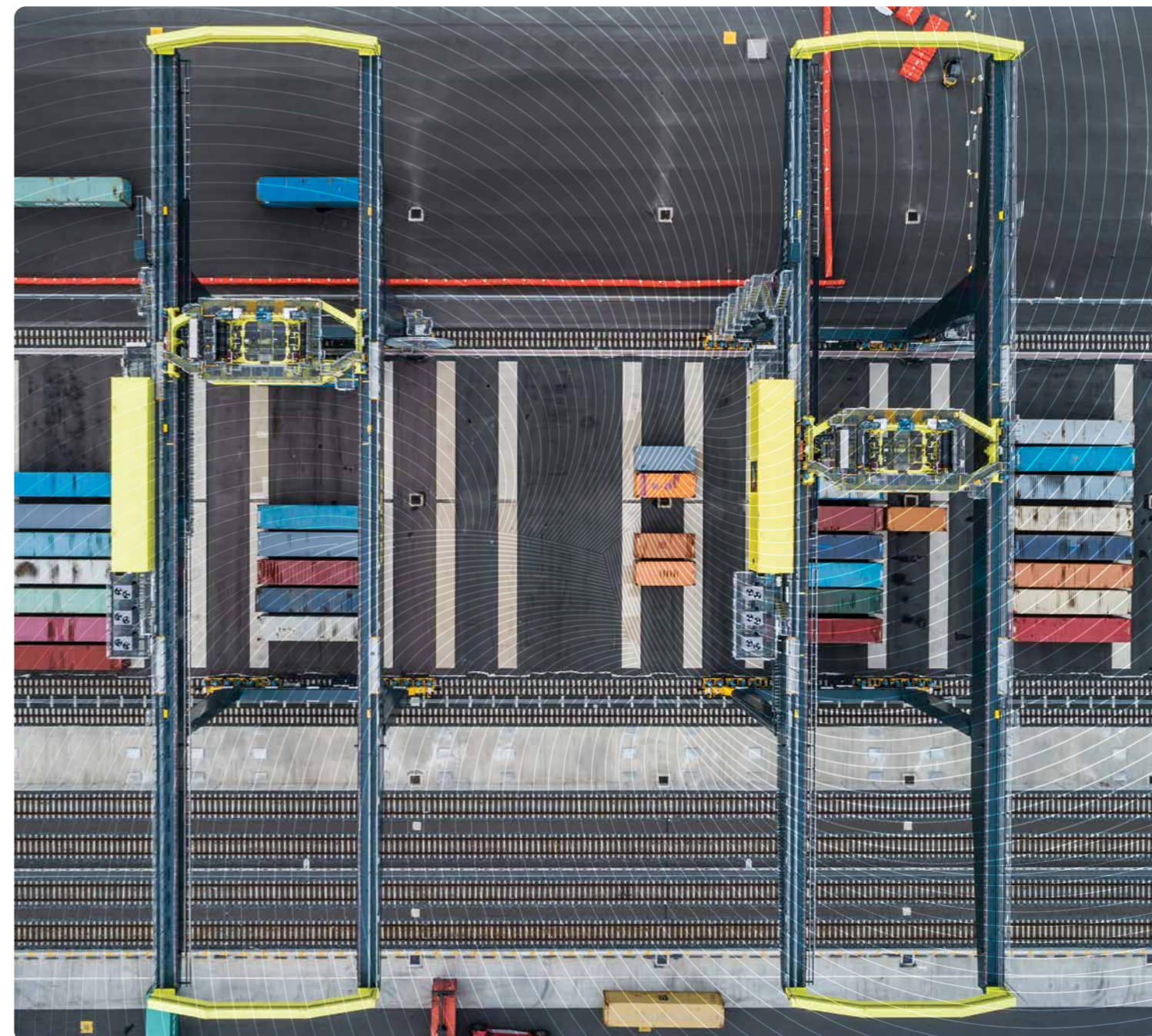
PGPA Rule Reference	Part of Report	Description	Requirement
28E	Contents of Annual Report		
28E(a)	Our Purpose, page 9	The purposes of the company as included in the company's corporate plan for the reporting period	Mandatory
28E(aa)	Operational Review, page 23	The results of a measurement and assessment 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 26-35	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
28E(f)	Directors' Report, pages 36-41	Information on each director of the company during the reporting period	Mandatory
28E(g)	Our People, pages 14-17	An outline of the organisational structure of the company (including any subsidiaries of the company)	Mandatory
28E(ga)	Our People, pages 14-17	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)	Directors' Report, pages 36-41	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 26-35	Information in relation to the main corporate governance practices used by the company during the reporting period	Mandatory

PGPA Rule Reference	Part of Report	Description	Requirement
28E(j), 28E(k)	Nil	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,	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 42-47, Financial Statements	Information about executive remuneration	Mandatory
28E(ob)	Audit and Risk Committee, pages	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

PGPA Rule Reference	Part of Report	Description	Requirement
28F	Disclosure requirements for government business enterprises (GBE)		
28F(1)(a)(i)	Notes to the Financial Statements, page 48-89	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 26-35	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 36-41	Information on dividends paid or recommended	If applicable, mandatory
28F(1)(c)	Not applicable	Details of any community service obligations the GBE 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)	Not Applicable	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 GBE	If applicable, mandatory

Glossary and Abbreviations

BIFT	Beveridge Interstate Freight Terminal, which is an Intermodal Logistics Precinct planned to be located at Beveridge in Melbourne
DIRN	Defined Interstate Rail Network connecting all mainland state capital cities as operated by ARC Infrastructure and Brookfield in WA
Gt/k	Gross tonne kilometres, a measure of mass/distance including the mass of the transport vehicle
Intermodal Logistics Precinct	A facility for the storage and transfer of freight between rail and road. Often includes on site warehousing, terminals and auxiliary services including retail and service offerings
Intermodal Terminal	A facility for the storage and transfer of freight between rail and road
IMEX	Import export, being product imported or exported through ocean ports
Interstate Intermodal	An interstate terminal transferring freight between capital cities and regional areas
Locomotive	The motive power for a Train
MIP	Moorebank Intermodal Precinct – the intermodal logistics precinct at Moorebank containing IMEX and interstate intermodal terminals
Nt/k	Net tonne kilometres, a measure of mass/distance of the product being hauled for the customer so it excludes the mass of the transport vehicle
SEQUIRT	South East Queensland Inland Rail Intermodal Terminal - which is an Intermodal Logistics Precinct being considered for South East Queensland without a confirmed location
TEU	Twenty-foot equivalent unit. A standardised unit of measurement in the international container market, equal to the volume of a 20-foot-long (6.1m) intermodal container.
Train Path	The specific timetabled network slot on which a train travels between origin and destination
WIFT	The Western Interstate Freight Terminal, which is an Intermodal Logistics Precinct, Planned to be located at Truganina in Melbourne



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Feedback

We welcome feedback on our Annual Report, including on what worked well, and what we could do better.

Share your thoughts here:
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