STATEMENT OF INTENT

2015–2017

NEW ZEALAND RACING BOARD

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TAYLOR

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IN SUMMARY

- It has been a challenging year with mixed results. A rising NZD/AUD exchange rate and a shrinking entertainment market have had a notable impact. The 2013/14 key initiatives have cost more, taken longer to execute and are not yet delivering the full benefits planned.
- However, the core business is very strong, having achieved record turnover results by surpassing the $2 billion mark for the first time in the organisation's history.
- The above factors combined to generate a marginal year on year Net Profit increase for the business, but one that did not meet budget. Audited results will be released in the Annual Report in late November.
- The Board remains committed to the five year strategy and its strategic goals. However, the business is now coming off a lower base (2013/14 Net Profit result) than previously anticipated. This means the goal targets and timeframes for the remaining four years of the strategy need to be reset accordingly.
- Turnover growth remains challenging. Internationally, racing is facing a number of pressures. New Zealand is no exception. A trend towards fixed odds, particularly sports fixed odds betting, a decline in domestic racing share of overall turnover, a younger customer base and a rapid shift to digital channels puts pressure on profitability and increases volatility.
- The New Zealand Racing Board (NZRB) needs to work to ensure products are relevant to customers to continue to grow the business and protect and increase stakeholder returns. The objective is to grow turnover by more than 20% over the next three years (2014/15 to 2016/17), to exceed $2.5 billion in the full year ending 31 July 2017.
- NZRB must be cost vigilant. Increased discipline and rigour will be applied to key initiative projects to ensure they are delivered on time and on budget. It may take some time to unwind committed costs but this will be done.
- NZRB is responding to a shifting environment. Capability and commercial focus have improved. But further progress is needed for NZRB to become a customer focused organisation that is adapting to a changing customer base and the rapid shift to digital channels.
- Offshore customer betting continues to be a significant issue that will only increase as more customers move online. This reinforces the need for investment in competitive digital products and channels.
- Increased collaboration with the Codes is critical. We have started by taking an inclusive approach to developing international strategies.
- This Statement of Intent puts NZRB on a more realistic pathway. Profit and distribution forecasts are still projected to increase year on year, but the projections have been reduced compared to those outlined in the 2013 Statement of Intent. This reflects where the business is today. The forecasts will be reviewed next year to ensure we deliver the best possible distribution to the Codes.

STATEMENT OF INTENT OVERVIEW

This Statement of Intent puts the New Zealand Racing Board (NZRB) on a more realistic pathway to protect and enhance New Zealand racing.

It has been a challenging year. A rising NZD/AUD exchange rate and a shrinking entertainment market has made a tough operating environment even more demanding. In addition, the key initiatives that were commenced in 2013/14 have cost more and taken longer to execute than expected. While the individual initiatives were the right ones in terms of ensuring the business remains relevant and competitive, they are not yet delivering the full benefits planned. Investment in capability has also been greater than initially anticipated.

Despite this we have achieved some encouraging results. Our core business is very strong, underpinned by solid year on year growth in betting and gaming, with turnover of 6.8% and 6.5% respectively. This is supported by some positive signs that long term negative trends are beginning to reverse. For example, turnover growth from domestic customers is running over three times higher than the compound average of the last four years.

Our key initiatives delivered much needed investment in critical areas to ensure NZRB is competitive in an already developed and crowded market. These projects directly contribute to maintaining and growing profit, and include measures which will take time before the benefits are fully realised. There have been some good wins:

- Trackside transitioned exclusively to SKY in April, followed by a revamped and refreshed dual channel offering on 1 August.
- Live race streaming *(Watch & Bet Racing)* went live in December 2013.
- Triple Trio was launched to the market on 18 January as scheduled.
- Three new gaming sites commenced trading.
- Significant investment in IT is taking place with the first iteration of core and common IT services built and delivered.
- A mobile sports betting app has been launched.

The challenges and successes of the year combined to generate a marginal year on year Net Profit increase for the business, but unfortunately one that did not meet budget. The full results will be released in our Annual Report once they are finalised and audited.

It is important to note that the Board remains committed to the five year strategy and its strategic goals. However, the business is now coming off a lower base (2013/14 Net Profit result) than previously anticipated. This means the goal targets and timeframes for the remaining four years of the strategy need to be reset accordingly. A full update on progress will be provided at the 2014 Annual General Meeting in late November.

Looking ahead, turnover growth remains very challenging. Internationally, racing is facing a number of pressures. New Zealand is no exception. The decline in higher margin totalisator business and corresponding increase in lower margin fixed odds business puts pressure on profitability and increases volatility. In addition, turnover from domestic racing is declining as a share of overall NZRB turnover, with gaming, sports betting and international racing turnover all growing at a faster rate. Online competition from large offshore corporate bookmakers is also growing rapidly.

NZRB needs to work to ensure products are relevant to customers in order to continue to grow the business and protect and increase stakeholder returns. The objective is to grow turnover by more than 20% over the next three years (2014/15 to 2016/17), to exceed $2.5 billion in the full year ending 31 July 2017. These forecasts are demanding and will require considerable stretch. Like any forecast, they are our best estimates, not guarantees, and are subject to a wide range of variables that are beyond our control.

This Statement of Intent takes on the lessons from the past year and is realistic about what is achievable and how fast change can be translated into tangible returns. Profit and distribution forecasts are still projected to increase year on year – despite less domestic racing taking place. But the projections have been reduced compared to those outlined in the 2013 Statement of Intent. Based on strong feedback from the Codes an annual $1 million reduction in operating expenses has been made and distributions to the racing industry have been amended to remove any NZRB profit retention. This results in a racing distribution increase for 2014/15 of $1.3 million, 2015/16 of $0.7 million and a stronger increase of $2.9 million for 2016/17.

We acknowledge the Codes have made significant steps in readjusting their structures to deal with this more challenging operating environment. Their gains are made despite considerable constraints such as limited access to capital. To that end, it is important to note NZRB reviews and updates forecast distributions every year. This year's forecasts are no different. They reflect where the business is today. Our aim is to further increase the distributions to the Codes and we will take the opportunity next year, as part of the Statement of Intent process, to review our forecasts to ensure they are delivering the best possible distribution.

That will require a commitment to reducing costs and being cost vigilant. The forecast increase in operating costs was a concern strongly reflected in the industry feedback. It is critical NZRB ensures that every dollar invested is maximised. Reducing the rate of increase is a key priority in next year's business plan. In particular, we must bring increased discipline and rigour to key initiative projects to ensure they are delivered on time and on budget. For six of the past ten years, NZRB has distributed more than it has earned due in part to failed projects such as Helix. This is not sustainable. We are realistic that cost reduction will likely take some time, as once costs are built into an organisation they can be difficult to unwind. However, this will be done.

NZRB is responding to a shifting environment. Capability and commercial focus have improved. But further progress is needed for NZRB to become a customer-focused organisation to adapt to a younger customer base, a change in product mix and a rapid shift to digital channels. The recent launch of the mobile sports betting app is a significant development in this space – with the app to be expanded to include racing in the future. Early work is also underway to lift service standards across the organisation. This work is important and will take some time for the results to become apparent.

Significantly, NZRB continues to struggle to compete with offshore online betting companies operating outside the New Zealand regulatory structure. Large international corporate betting agencies access the New Zealand market without bearing the responsibilities of NZRB. These agencies are not required to hold a New Zealand gambling licence and do not provide any betting or transactional information to New Zealand authorities. They do not pay gambling levies, totalisator duty or GST, or have measures in place to manage problem gambling or corruption that meet New Zealand standards. And most importantly they do not distribute profits to the racing or sports communities. This results in a loss of revenue to the racing industry, sports organisations and the New Zealand economy. Government action is required to modernise our regulatory environment.

We thank the Codes for their feedback and assistance with this document and other projects over the past year. The Codes have a great deal of expertise and a wealth of knowledge. We will be making better use of that. Increased collaboration is critical. NZRB, the Codes and the wider industry must work together. In the upcoming year we will be working closely with the Codes for the benefit of the industry on initiatives such as developing international strategies.

We are in a unique position. There is no other fully integrated wagering business with product, broadcasting and wagering all aligned; and where all profits are returned to stakeholders. There is a substantial opportunity to forge a strong future for the industry.

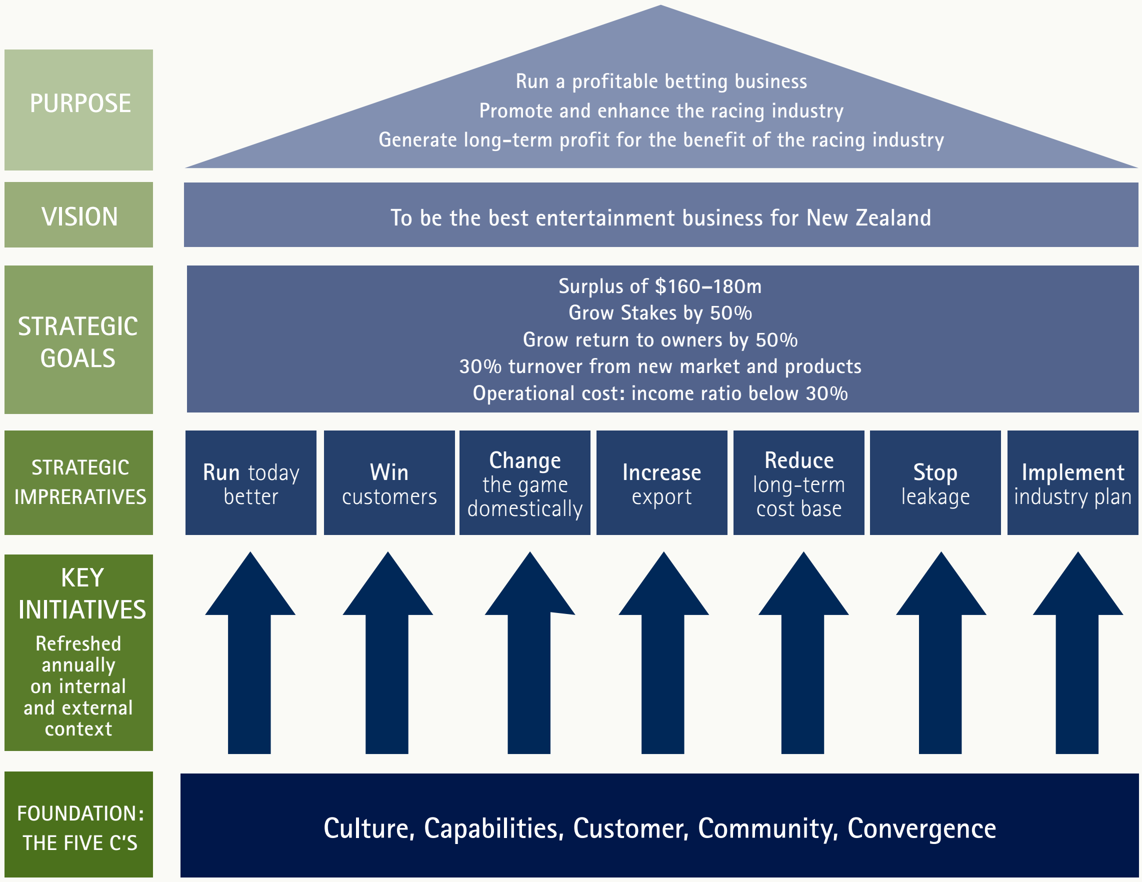
Glenda Hughes
Chair

Stewart McRobie
Chief Executive Officer (Acting)

OBJECTIVES AND ACTIVITIES UPDATE

NZRB STRATEGIC FRAMEWORK OVERVIEW

NZRB developed a five year strategy in early 2013 which the Board remains committed to.



Vision

Our vision "to be the best entertainment business for New Zealand" represents the direction our business needs to take to grow new markets and deliver a higher return to our stakeholders.

Strategic Goals

NZRB believes the strategic goals are the right ones for the business: surpluses for distribution, grow stakes, grow returns to owners, new markets and products, operational cost/income ratio management. It is the goal targets and timeframes that are being reset and will be updated in coming months.

Strategic Imperatives

Seven strategic imperatives underpin the strategic goals and they outline our areas of focus for the five year horizon. These are:

- **Run today better:** Optimising how we operate across all aspects of our business: people, products, customers, service, channels and process.
- **Win customers:** Winning and retaining customers through a range of initiatives related to the TAB brand, the products and services it offers; and by improving customer relationship management and experience.
- **Change the game domestically:** Capitalise on opportunities to reshape and refine the way we run our business with an innovative approach to delivering significantly more value.
- **Increase export:** Maximise profit potential from emerging markets outside of New Zealand, given the limited opportunities domestically.
- **Reduce long-term cost base:** Reduce costs to maximise returns to the industry. This requires a re-engineering of our operational structures and the way we do business. There are significant legacy issues that have led to an unsustainable cost profile, along with a number of business risks around ageing infrastructure and platform types.
- **Stop leakage:** It is estimated that New Zealanders bet up to $300 million offshore every year. This results in a loss of revenue to the racing industry, sports organisations and the New Zealand economy. To mitigate loss of revenue through offshore betting, currently estimated at $30-$35 million, we will engage with Government and government agencies to more accurately quantify the size and scope of the issue of offshore betting, with a view to examining viable options to addressing the issue. The protection of New Zealand racing's intellectual property will be a key objective.
- **Implement industry plan:** Develop and implement a racing industry plan in collaboration with the industry. A priority for 2014/15 is to also develop an industry wide fact base in conjunction with the Codes to provide a consistent information resource.

Key Initiatives

Twenty key initiatives (KIs) were identified to deliver the five year strategy. A subset of KIs are prioritised annually based on business requirements and our ability to execute these. There were seven KIs prioritised for 2013/14.

REVIEW OF 2013/14

2013/14 represented year one of our strategic roadmap. The focus was to execute seven strategic initiatives alongside a series of core business initiatives. The KIs prioritised were the right ones to protect and grow the business. However, they have cost more to implement, and are not yet delivering everything that was intended.

Key highlights from the 2013/14 programme of work include:

- **Re-architect IT:** The first iteration of core and common services was built and delivered along with additional (mobile app specific) services.
- **Digitise the business:** Live race streaming *(Watch & Bet Racing)* went live in December 2013. The mobile app with sports betting went live in early September 2014 with racing planned for future releases.
- **Broadcasting:** Platform (SKY), studio (location) and content (dual channel model) strategies were approved. Trackside transitioned exclusively to SKY on 14 April 2014 paving the way to a revamped and refreshed dual channel offering launched on 1 August 2014. Formal migration from Avalon to NZ Live will take place on 1 October 2014.
- **Product innovation:** Triple Trio was launched to the market on 18 January 2014 as scheduled. While turnover and betting revenue performance have been below expectations, promotional activity for Triple Trio has generated interest in TAB and led to a growth in turnover in other product lines.
- **Strategic retail growth (including gaming):** Three new sites (Trax Bar, The Exchange and Gisborne) commenced trading in the year but overall gaming turnover was impacted by the closure of the prime Courtenay Place site following the August 2013 earthquake. This site was however re-opened in late September 2014. Regulatory issues have also delayed progress and restricted additional sites.

- **VIP:** The scope of this initiative included a number of work streams. While the improved speed of bet acceptance has been completed, there has been a delay with the acquisition of new customers and this has impacted forecast benefits for 2013/14.
- **Government relations:** The focus has been researching workable and practical solutions to ensure legislation is relevant to the current environment in which we operate. There has been positive progress with this. Work continues on talking to policy makers to get action on tackling the key issue of offshore betting.

OUTLOOK FOR 2014/15

Again the Board remains committed to the five year strategy and its strategic goals. However, the business is now coming off a lower base (2013/14 Net Profit result) than previously anticipated. This means the goal targets and timeframes for the remaining four years of the strategy need to be reset accordingly.

This process will lead to the prioritisation of a set of initiatives that will be a focus for 2014/15. The final list of initiatives will be communicated in November 2014 at the Annual General Meeting. Notwithstanding the outcomes of this process, it is likely the 2014/15 business plan will focus on five business critical key initiatives:

- **Re-architect IT:** This will cover on-going work to improve technology infrastructure.
- **Digitise the business:** This includes future mobile app releases, platform development for *Watch & Bet Racing* and assessment of future functionality. Digitising the business is critical in order to keep pace with the rapid customer shift to digital channels. This will serve to protect the business and reduce the risk of it shrinking.
- **Broadcasting:** Delivery of current projects (for example the successful launch of the new studio), and initial scoping of options for replacement of outside broadcasting vans.
- **International wagering agreements:** Renegotiating of wagering and marketing agreements covering commingling.
- **Government relations:** Continue to focus on ensuring legislation is relevant to the changing operating environment and tackle the issue of offshore betting.

FINANCIAL COMMENTARY

The New Zealand Racing Board (NZRB) has been focused on implementing the strategy advised in the Statement of Intent 2013-16. Alongside this, NZRB must also focus on cost reduction.

FINANCIAL REPORTING CHANGES

During the current year there have been two financial reporting changes which have had an impact on reported Net Profit. Industry initiative expenses and other industry costs funded by NZRB that were previously reported within distributions are now reclassified into Operating Expenses, and consequently incorporated into NZRB's Net Profit. These are expenses agreed to and incurred on behalf of the Codes. Additionally, the results of the Racing Integrity Unit (RIU) have now been consolidated into NZRB. These changes are required for compliance with New Zealand accounting standards (New Zealand equivalents to International Financial Reporting Standards or NZ IFRS) and have no impact on the operating performance of NZRB or the overall distributions paid to the industry. They result in a $9.0 milllion reduction in the reported Net Profit to $137.0 million in 2013/14 and a consequential worsening of the reported Operating Cost to Income ratio. This is offset by a corresponding $9.0 million reduction in reported industry distributions.

UNAUDITED 2013/14 RESULTS

The 2013/14 results presented in this Statement of Intent are unaudited, and may differ to the actual results when these are finalised. The audited financial statements will be available at the Annual General Meeting in November 2014.

The unaudited 2013/14 Net Profit of $137.0 million reflects a strong core business performance underpinned by solid year on year growth in both betting and gaming turnover. However, rising Operating Expenses and other impacts have meant that although Net Profit is marginally above the prior year result and a record, it is also behind budget by $2.4 million. The Net Profit performance has been negatively impacted by the following:

- High NZD to AUD exchange rate;
- VIP betting activities lower than expected;
- Return on investment from the key initiative projects has been impacted by delayed implementation and higher costs resulting in a drag on Net Profit;
- A redundancy cost from relocating the Broadcasting operations to Auckland of $1.1 million; and
- Costs associated with capability build (people and processes).

The sale of the Petone head office building was not completed before 31 July 2014 and consequently the profit on sale of approximately $4.9 million is not included in the unaudited 2013/14 Net Profit. For consistent presentation of information, the gain on sale is not included in the Net Profit presented in this Statement of Intent for either 2013/14 or 2014/15. Cash released from the sale of the building is available for investment in the core business activities of NZRB and to support future growth.

NET PROFIT TARGETS

The Net Profit targets in the 2014/15 Budget and future years' Statement of Intent forecasts, are lower than that forecast in last year's Statement of Intent. The reduction is due to the flow on effect of the 2013/14 year's under performance against Budget together with other known costs directly impacting the business in the forthcoming year. Additionally, the financial reporting accounting changes previously discussed, result in an increase in reported Operating Expenses and Operating Cost to Income ratios.

THE 2014/15 BUDGET

The Budget for 2014/15 includes 8% uplift in Betting Turnover, led by increased betting on a greater volume of races, which follow the Broadcasting changes, the introduction of the mobile app and continuing sales initiatives that will take place. The overall Gross Betting Margin percentage continues to decline (16.9% to 16.4%) as a greater percentage of business flows into lower margin Fixed Odds products (both racing and sport) with a lower percentage of totalisator business (65% to 63%) being written. Sports betting and international racing income are also forecast to increase at a greater rate than New Zealand racing income which is estimated to continue to decline as a percentage of overall turnover. The changing business mix means that a turnover increase of approximately $50 million per annum is required in order to generate the same Net Betting Revenue as 2013/14.

Gaming Turnover is expected to increase in the 2014/15 year by 13.6% driven by focus on the mix of gaming machines in existing stores and future opportunity; new Class 4 venue licences at existing or new TAB Board Venues.

Turnover Related Expenses include commingling fees, National Sporting Organisation levies, outlet and agency fees and overseas racing rights. These expenses are expected to increase at a disproportionate rate to betting turnover, due to faster growth in both sports betting and international racing income.

Operating Expenses are budgeted to increase by $11.6 million in 2014/15 as a result of higher depreciation charges (approximately $4.2 million) arising from the increased level of capital spending commenced in 2013/14, increased Broadcasting costs (approximately $3.0 million) arising from the move to the new Broadcasting solution (with offsetting turnover benefits expected to exceed these increased costs), higher occupancy costs (approximately $1.9 million) as NZRB commences centralised tenancy in Wellington and Auckland properties (in part offset by interest income earned on the capital released by property sales) and higher other costs (inflationary cost pressures). Salary and wages, excluding those relating to Broadcasting (included above), are budgeted to increase by $0.7 million. The above changes have a negative impact on the overall Operating Cost to Income Ratio. Industry initiatives and other industry costs are set to increase in the Budget for 2014/15 by $0.6 million.

Industry initiative costs include event marketing and logistics as well as racing industry research and training costs. These costs are agreed with the Codes before the beginning of each financial year and paid by NZRB on behalf of the Codes. Industry initiative costs rose from $1.9 million in 2012/13 to $3.2 million in 2013/14, based on agreement with the Codes.

COST VIGILANT

The Board and Leadership Team of NZRB are focused on cost reduction. The 2014/15 Budget reflects the results of NZRB operating under 'business as usual' conditions and does not incorporate any specific cost reduction initiatives. NZRB is committed to being cost vigilant by identifying cost reduction opportunities and implementing them to drive efficiency. NZRB does however need to continue to embrace the digital world given the competitive environment in which it operates - where it has a physical monopoly that can be eroded by online competitors.

IN SUMMARY

The 2014/15 Budget, with its significant turnover lift, is challenging in light of the continuing changes the business is leading and the governance, regulatory and operational pressures that NZRB continues to face.

The Net Profit forecasts for 2015/16 and 2016/17 reflect more modest levels of increases in turnover of 6.2% and 4.9% respectively. The forecast for each of these years will be reconsidered in future Statements of Intent and the impact of future cost reductions will be included when known. NZRB's objective is for such efficiencies to flow through into an increase in distributions. The budgeted and forecast Statement of Financial Position shows NZRB as continuing to be financially stable and with surplus cash over the Statement of Intent reporting periods. Industry distributions are forecast to continue to be made at a level of 100% of Net Profit. It is acknowledged by NZRB and the Codes that distributions of 100% of Net Profit is not sustainable. NZRB needs to position its financial outcomes such that growth in distributions coupled with some retention to facilitate business initiatives and capital expenditure are a joint objective.

FINANCIAL FORECASTS FOR NZRB GROUP

STATEMENTS OF PROFIT OR LOSS

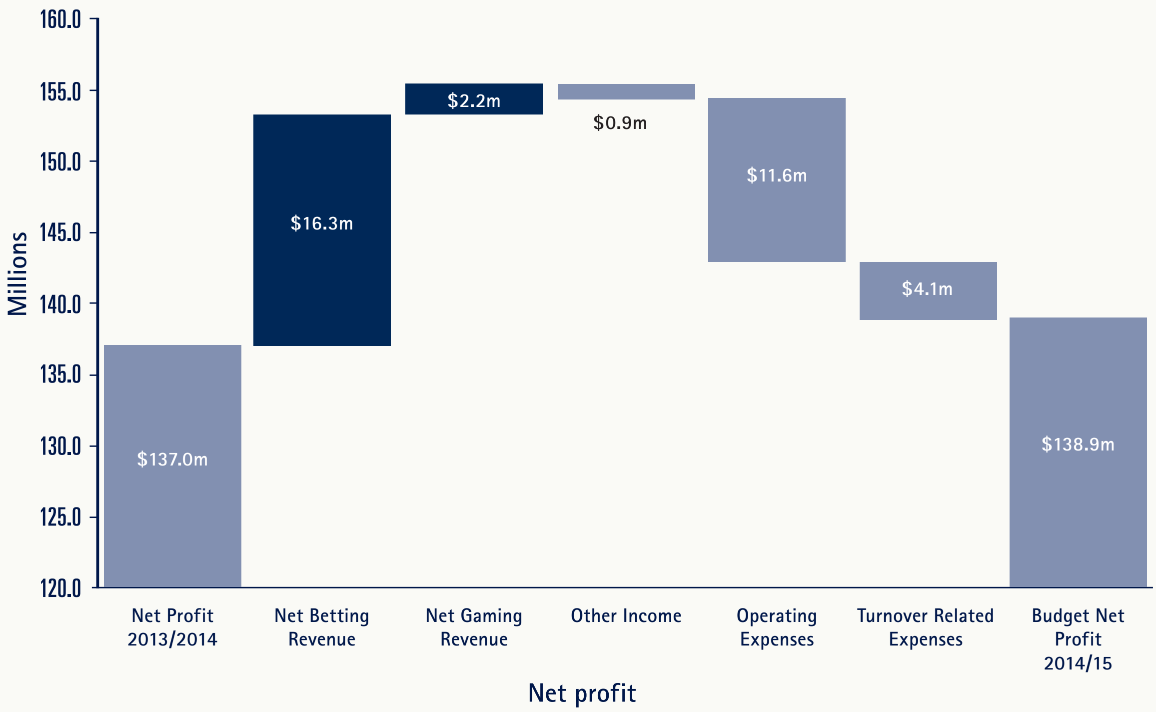
Years ending 31 July	($m)				
	Actual 2012/13*	Unaudited Actual 2013/14	Budget 2014/15	Forecast 2015/16	Forecast 2016/17
Betting turnover	**1,716.5**	**1,832.5**	**1,985.4**	**2,097.5**	**2,183.4**
Gaming turnover	**240.3**	**256.0**	**290.9**	**319.0**	**350.9**
INCOME					
Net betting revenue	243.5	255.5	271.8	279.5	286.4
Net gaming revenue	14.2	15.0	17.2	18.7	20.6
Other income	47.2	41.8	40.9	39.9	40.2
TOTAL INCOME	**304.9**	**312.3**	**329.9**	**338.1**	**347.2**
EXPENSES					
Turnover related expenses	44.7	47.0	51.1	54.2	56.7
OPERATING EXPENSES					
Premises and equipment expenses	28.5	29.0	36.8	37.9	38.8
Staff expenses	58.5	59.6	60.8	62.6	64.4
Other expenses	36.5	39.7	42.3	43.0	43.8
TOTAL OPERATING EXPENSES	**123.5**	**128.3**	**139.9**	**143.5**	**147.0**
TOTAL EXPENSES	**168.2**	**175.3**	**191.0**	**197.7**	**203.7**
NET PROFIT BEFORE DISTRIBUTIONS	**136.7**	**137.0**	**138.9**	**140.4**	**143.5**
Made up of:					
BETTING NET PROFIT	127.9	127.3	128.2	128.7	130.7
GAMING NET PROFIT	8.8	9.7	10.7	11.7	12.8

* Actual 2012/13 Profit or Loss has been restated to reflect the consolidation of RIU and the reclassification of industry initiatives and other industry costs.

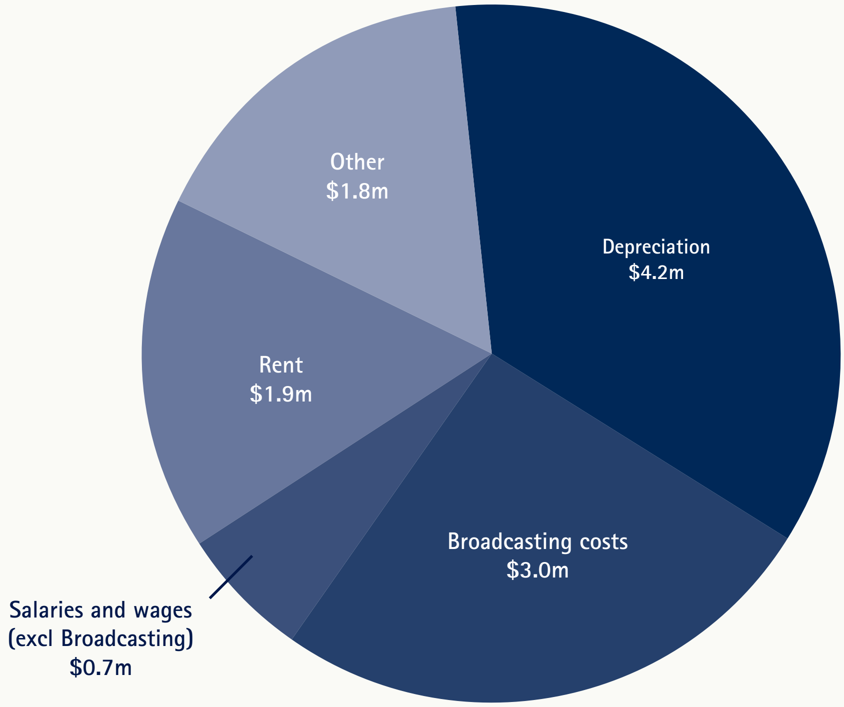
FINANCIAL METRICS

Years ending 31 July	Actual 2012/13	Unaudited Actual 2013/14	Budget 2014/15	Forecast 2015/16	Forecast 2016/17
Operating Expenses/Total Income Ratio	40.5%	41.1%	42.4%	42.4%	42.3%
Total Expenses/Total Income Ratio	55.2%	56.1%	57.9%	58.5%	58.7%
Net Betting Revenue Margin	14.2%	13.9%	13.7%	13.3%	13.1%
Net Gaming Revenue Margin	5.9%	5.9%	5.9%	5.9%	5.9%

WATERFALL – FROM 2013/14 UNAUDITED ACTUAL TO 2014/15 BUDGET



INCREASE IN OPERATING EXPENSES – FROM 2013/14 UNAUDITED ACTUALS TO 2014/15 BUDGET



DISTRIBUTIONS

Years ending 31 July	Actual 2012/13	Unaudited Actual 2013/14	Budget 2014/15	Forecast 2015/16	Forecast 2016/17
	($m)				
BETTING NET PROFIT	127.9	127.3	128.2	128.7	130.7
GAMING NET PROFIT	8.8	9.7	10.7	11.7	12.8
TOTAL NET PROFIT	136.7	137.0	138.9	140.4	143.5
Distributions to Racing Industry from Betting Net Profit	133.1	134.5	134.2	134.9	137.0
Distributions to Racing Industry from Gaming Net Profit[1]	9.7	7.8	9.4	9.4	10.2
Distributions to External Bodies from Gaming Net Profit[2]	0.6	2.4	2.4	2.3	2.6
Consolidation of RIU	(5.5)	(5.8)	(6.0)	(6.2)	(6.3)
Distributions from prior year Gaming Net Profit	(3.0)	(1.5)	(1.1)	-	-
TOTAL DISTRIBUTIONS	134.9	137.4	138.9	140.4	143.5
Provision for undistributed Gaming Net Profit	1.5	1.1	-	-	-
Profit retained for reinvestment/ (distribution from reserves)	0.3	(1.5)	-	-	-
TOTAL NET PROFIT	136.7	137.0	138.9	140.4	143.5

[1] The distributions to the racing industry represent the payments for the racing integrity costs, paid for under Racing Authorised Purpose of the NZRB's Class 4 Gaming Licence. These costs for the Budget 2014/15 year include the following:

RIU	$6.0 million
Judicial Control Authority	$1.2 million
NZ Racing Laboratory Services	$1.5 million
Race Form publications	$0.7 million

[2] The NZ Racing Board has determined that up to 20% of Gaming Net Profit (Net Proceeds) shall be distributed for Sports Authorised Purposes.

RECONCILIATION OF FINANCIAL REPORTING CHANGES

During the year the NZ Racing Board has made two significant changes in accounting of certain items. These changes have been made to ensure that the NZ Racing Board financial statements continue to comply with New Zealand accounting standards (NZ IFRS). The accounting changes are as follows:

(a) Consolidation of RIU

The NZ Racing Board controls RIU for financial reporting purposes, however has not consolidated previously, contrary to NZ IFRS, as the impact on the NZRB financial statements was deemed not material. For the current 2013/14 year, the NZRB has consolidated the RIU retrospectively.

(b) Industry initiatives and other industy net costs

Certain income and costs relating to industry initiatives have been accounted for previously within Distributions in the Profit or Loss. These costs have been agreed to be incurred by the NZRB on behalf of the Codes. For financial reporting purposes these income and expenses are included within income and operating expenses, as these are income and costs incurred by the NZRB.

RECONCILIATION TO NET PROFIT

Years ending 31 July	($m)				
	Actual 2012/13	Unaudited Actual 2013/14	Budget 2014/15	Forecast 2015/16	Forecast 2016/17
NET PROFIT BEFORE FINANCIAL REPORTING CHANGES	**144.1**	**146.0**	**148.7**	**150.4**	**153.6**
Consolidation of RIU	(5.5)	(5.8)	(6.0)	(6.2)	(6.3)
Industry initiatives and other industry costs	(1.9)	(3.2)	(3.8)	(3.8)	(3.8)
NET PROFIT AFTER FINANCIAL REPORTING CHANGES	**136.7**	**137.0**	**138.9**	**140.4**	**143.5**

RECONCILIATION TO TOTAL DISTRIBUTIONS

Years ending 31 July	($m)				
	Actual 2012/13	Unaudited Actual 2013/14	Budget 2014/15	Forecast 2015/16	Forecast 2016/17
DISTRIBUTIONS TO RACING INDUSTRY FROM BETTING NET PROFIT BEFORE FINANCIAL REPORTING CHANGES	**135.0**	**137.7**	**138.0**	**138.7**	**140.8**
Industry initiatives and other industry costs	(1.9)	(3.2)	(3.8)	(3.8)	(3.8)
DISTRIBUTIONS TO RACING INDUSTRY FROM BETTING NET PROFIT AFTER FINANCIAL REPORTING CHANGES	**133.1**	**134.5**	**134.2**	**134.9**	**137.0**
Distributions from Gaming Net Profit	7.3	8.7	10.7	11.7	12.8
Consolidation of RIU	(5.5)	(5.8)	(6.0)	(6.2)	(6.3)
TOTAL DISTRIBUTIONS	**134.9**	**137.4**	**138.9**	**140.4**	**143.5**

STATEMENTS OF FINANCIAL POSITION

Years ending 31 July	Actual 2012/13 ($m)	Unaudited Actual 2013/14	Budget 2014/15	Forecast 2015/16	Forecast 2016/17
CURRENT ASSETS					
Cash and cash equivalents	26.2	19.7	18.2	15.3	12.8
Trade and other receivables	12.0	8.1	8.4	8.4	8.4
Non-current assets held for sale	-	5.1	-	-	-
Other financial assets	32.0	29.5	29.5	29.5	29.5
Other current assets	0.7	1.8	1.8	1.8	1.8
TOTAL CURRENT ASSETS	**70.9**	**64.2**	**57.9**	**55.0**	**52.5**
NON CURRENT ASSETS					
Property, plant and equipment	40.4	40.6	44.1	40.7	37.1
Intangible assets	7.5	17.0	17.5	23.4	29.1
Other financial assets	3.0	3.1	3.1	3.1	3.1
TOTAL NON CURRENT ASSETS	**50.9**	**60.7**	**64.7**	**67.2**	**69.3**
TOTAL ASSETS	**121.8**	**124.9**	**122.6**	**122.2**	**121.8**
CURRENT LIABILITIES					
Trade and other payables	21.8	24.3	24.1	23.7	23.3
Customer betting account deposits and vouchers	16.6	19.5	19.5	19.5	19.5
Other financial liabilities	5.4	5.9	5.9	5.9	5.9
Taxation payable	2.9	2.8	2.8	2.8	2.8
Provisions	3.3	3.0	0.9	0.9	0.9
TOTAL CURRENT LIABILITIES	**50.0**	**55.5**	**53.2**	**52.8**	**52.4**
NON CURRENT LIABILITIES					
Other financial liabilities	1.6	–	–	–	–
Provisions	0.7	1.3	1.3	1.3	1.3
TOTAL NON CURRENT LIABILITIES	**2.3**	**1.3**	**1.3**	**1.3**	**1.3**
TOTAL LIABILITIES	**52.3**	**56.8**	**54.5**	**54.1**	**53.7**
NET ASSETS/TOTAL EQUITY	**69.5**	**68.1**	**68.1**	**68.1**	**68.1**

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY AND STATUTORY BASE

NZRB is a statutory body established by the Racing Act 2003. Customer betting accounts and betting vouchers offered are debt securities within the meaning of the Securities Act 1978 and NZRB is therefore an 'issuer' for the purposes of the Financial Reporting Act 1993. NZRB is domiciled in New Zealand.

The principle objectives of NZRB as outlined in the Racing Act 2003 are to:

(a) promote the racing industry;

(b) facilitate and promote racing betting and sports betting; and

(c) maximise its profits for the long-term benefit of New Zealand racing.

The financial statements presented are for NZRB (the Parent) and its subsidiaries (together the Group). The Group comprises NZRB, Racing Integrity Unit (RIU) and the Betting Accounts and Betting Vouchers Trust.

STATEMENT OF COMPLIANCE

These financial statements are prepared in accordance with generally accepted accounting practice in New Zealand, as required under the Racing Act 2003 and the Financial Reporting Act 1993. They comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for profit-oriented entities. They comply with International Financial Reporting Standards.

The Group is a Tier-1 entity, under XRB A1 Accounting Standards Framework For-Profit Entities.

BASIS OF MEASUREMENT

These financial statements have been prepared on the historical cost basis. Cost is based on the fair value of the consideration given in exchange. The Group and Parent financial statements are presented in New Zealand dollars ($) (the "presentation currency"), which is the NZ Racing Board's functional currency.

CHANGES IN ACCOUNTING POLICIES

NZRB has adopted the following standards as of 1 August 2013:

- NZ IFRS 10 *Consolidation Financial Statements*
- NZ IFRS 12 *Disclosure of Interests in Other Entities*
- NZ IFRS 13 *Fair Value Measurement*
- XRB A1 Accounting Standards Framework (For-Profit Entities Update)

There were no material effects of adopting these standards on NZRB financial statements.

There have been no other changes in accounting policies during the current year. All the accounting policies have been applied consistently throughout the period and are the same as those used in the most recent financial statements.

PRIOR PERIOD COMPARATIVES

In the current year, NZRB has consolidated RIU. Previously, NZRB did not consolidate its interest in the RIU due to the fact that the impact was immaterial on the financial statements. NZRB holds a 25% interest in RIU, provides all the income and has joint control over the allocation of resources within the RIU. This means that for financial reporting purposes RIU is a subsidiary of NZRB.

Comparative information has been restated where applicable on a consolidated basis to reflect that NZRB has controlled RIU since 1 August 2011.

Certain other prior period comparatives have been reclassified to conform to the current period presentation.

NEW STANDARDS AND INTERPRETATIONS ISSUED

The financial statements have been drawn up on the basis of accounting Standards, Interpretations and Amendments effective at the beginning of the accounting period on 1 August 2013.

At the date of authorisation, the following new standards, amendments or interpretations to existing standards were in issue but not yet effective.

- NZ IFRS 9 Financial instruments was issued in September 2014 as a complete version of the standard. NZ IFRS 9 replaces the parts of NZ IAS 39 that relate to the classification and measurement of financial instruments, hedge accounting and impairment. NZ IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the NZ Racing Board's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the NZ IAS 39 requirements. NZ IFRS 9 introduces a new expected credit loss model for calculating the impairment of financial assets. This standard is effective for reporting periods beginning on or after 1 January 2018. NZRB yet to assess NZ IFRS 9's full impact.

NZ IFRS 15 *Revenue from contracts with customers* replaces the current revenue recognition guidance in NZ IAS 18 *Revenue* and NZ IAS 11 *Construction contracts* and is applicable to all entities with revenue. It sets out a five step model for revenue recognition to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. NZRB has yet to assess NZ IFRS 15's full impact. NZRB will apply this standard from 1 August 2017.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

NZRB has determined that there are no critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements.

The preparation of the financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all material entities controlled by NZRB as at 31 July and the results of the operations of such entities for the year then ended. NZRB and such entities are together referred to in these financial statements as NZRB.

NZRB controls an entity when NZRB 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.

Controlled entities are consolidated from the date on which control is transferred to NZRB. Subsidiaries are deconsolidated from the date that control ceases. Balances between controlled entities, including inter-entity transactions, are eliminated.

TAXES

NZRB is exempt from New Zealand income tax pursuant to section CW 47 of the Income Tax Act 2007.

The following taxes, duties, levies and similar charges are paid by NZRB:

- Betting duty of 4 cents in the dollar on Gross Betting Revenue.
- Gaming machine duty of 20 cents in the dollar on Gross Gaming Revenue.
- Problem Gambling levy of 0.6[1] cents in the dollar on Gross Betting Revenue and 1.31[1] cents in the dollar on Gross Gaming Revenue.
- GST charged on GST-inclusive Gross Betting Revenue and Gross Gaming Revenue.
- Broadcasting levy of 0.00051 cents in the dollar of revenue from broadcasting in New Zealand.
- Fringe benefit tax (FBT).
- Accident Compensation Commission (ACC) levies.
- Compulsory KiwiSaver employer contributions.
- Property Taxes including local body rates.

[1]The Gambling (Problem Gambling Levy) Regulations 2013 amended the rate of Problem Gambling Levy with effect from 1 July 2013. Prior to 1 July 2013 the applicable rates were 0.51 cents and 1.48 cents respectively.

NZRB may be subject to foreign income tax and consumption taxes on certain income earned overseas.

OPERATING SEGMENTS

NZRB has two operating segments:

- **Betting operations:** Operations relating to providing totalisator and fixed odds betting for racing and sports. Betting operations include broadcasting and racing services provided to the racing Codes.
- **Gaming operations:** Operations relating to the provision of Gaming activities.

In addition to the two operating segments, the RIU operations, including the impact of consolidation adjustments are presented separately in 'Other'.

Costs specifically associated with Gaming have been allocated to the Gaming operating segment. Those costs associated with corporate services, that are not directly attributable to the Gaming operations such as communications, legal, finance and human resources are included within the Betting operations.

NZRB's Chief Executive Officer has been identified as NZRB's chief decision maker for the purpose of applying segment reporting. The segment results disclosed are based on those segments reported to the Chief Executive Officer and used by NZRB to analyse its business. The RIU operations are not considered an operating segment as financial information is not reported to the Chief Executive Officer. All Gaming turnover is generated in New Zealand and geographical information for sports betting turnover is impracticable to collate.

REVENUE

Totalisator turnover is recognised once the outcome of the betting event is confirmed.

Fixed odds turnover is recognised on those bets that are placed with a fixed return, once the outcome of the betting event is known and the result confirmed. For multi fixed odds bets, turnover is only recognised when the last leg is resulted.

Gaming turnover is the gross proceeds derived from gaming machines. NZRB holds a licence to operate gaming machines issued by the Department of Internal Affairs under the Gambling (Class 4 Net Proceeds) Regulations 2004.

Betting and Gaming turnover is measured at the fair value of the consideration received, net of any refunds and rebates, and inclusive of GST.

Dividends payable on Betting and Gaming operations are recognised once the event has resulted, at the fair value of the consideration to be paid. Any unclaimed dividends on totalisator and fixed odds revenue are recognised as unpaid dividends within other financial liabilities. Dividends paid on Gaming turnover represents payouts to customers from the gaming machines, including jackpot payouts.

Net Betting and Gaming revenue represent the net win or loss to NZRB. Net Betting and Gaming revenue is comprised of turnover less dividends paid or payable, less duties and GST.

Problem gambling levies and Betting and Gaming machine duties are considered sales taxes, and are therefore included within Net Betting and Gaming revenue, consistent with GST.

OTHER INCOME

Interest income is earned on cash and cash equivalents, short-term deposits, corporate bonds and club loans. Interest income is recognised using the effective interest method when it is earned.

Income earned on racing shown overseas represents fees received from international betting agencies on the export of New Zealand racing events. This income is recognised based on the turnover taken by the international betting agencies on exported racing events and is recognised at the time that the racing event takes place.

Racing services income represents income earned by NZRB from providing on-course race day services to racing clubs. Racing services income is recognised at the time that the racing event takes place.

Revenue from Broadcasting within New Zealand is advertising income earned on NZRB's Trackside TV channel and Radio Trackside and is subject to levies under the Broadcasting Act 1989.

All other income is measured at the fair value of the consideration given and is recognised when risks and rewards transfer from NZRB.

TURNOVER RELATED EXPENSES

Commingling fees are fees paid to overseas betting agencies on commingled pools. The fees are based on a percentage of the commingled turnover.

National sporting organisation grants are fees paid to New Zealand sporting bodies based on a combination of a percentage of turnover and betting margin earned on betting on the specific sport.

Outlet and agency fees are commissions paid to non-NZRB owned outlets for providing TAB services. A portion of the fees are fixed and the remaining is based on a percentage of the turnover earned by the outlet.

Overseas racing rights are fees paid to overseas broadcasters and betting agencies for taking bets on import racing. These fees are based on a percentage of turnover earned from the individual import race.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand, cash at bank and call deposits with an original maturity of less than three months.

There are no cash or call deposit balances held by NZRB that are not available for use. The carrying values of cash and cash equivalents approximate their fair values. The maximum credit exposure is limited to the carrying value of cash and call deposits.

Cash denominated in foreign currencies is translated into New Zealand dollars at the spot rate at the reporting date. All differences arising on settlement or translation of monetary items are taken to profit or loss and included within other income.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are initially recognised at the fair value of the amounts to be received. They are subsequently measured at amortised cost, using the effective interest method, less any provision for impairment loss due to doubtful debts.

Included within trade and other receivables are the amounts owed to NZRB from non-NZRB owned retail outlets. The retail outlets are required to settle on a weekly basis. NZRB's practice is to require either bank guarantees or cash bonds from non-NZRB owned retail outlets of a value generally greater than a week's settlement.

Trade and other receivables are non-interest bearing and are generally on terms of 30 days or less.

NZRB maintains a provision for impairment losses when there is objective evidence of non-NZRB owned retail outlets being unable to make required payments. Any impairment provision for doubtful debts is calculated on the individual debtor level. In assessing the provision, factors such as a retail outlet's past collection history, the age of receivable balances and the level of activity in retail outlet accounts are taken into account. Bad debts are written-off against the provision for doubtful debts in the period in which it is determined that the debts are uncollectible. If those debts are subsequently collected then a gain is recognised in profit or loss.

OTHER FINANCIAL ASSETS

Other financial assets are initially recognised at their fair value when NZRB becomes a party to the contractual provisions of a financial instrument. Initial fair value is considered to be the cost price of the instrument, except for loans to racing clubs.

Where racing club loans are advanced at an interest rate that is below the market rate for an investment on similar terms and of similar credit quality, the loan's fair value is less than its cost. Consequently, these loans are initially recognised at their fair value rather than cost. Fair value is determined by reference to bank lending rates for loans on similar terms and of equivalent credit quality.

Short-term deposits and corporate bonds are classified as held-to-maturity as these are considered to have fixed or determinable payments and fixed maturity and NZRB has the intention of holding to maturity.

Betting Accounts and Betting Vouchers Trust short-term deposits are funds held in trust to cover the balances of the customer betting account deposits and vouchers' liability. The deposits held in trust are not available for use by the NZRB in the ordinary course of business.

Subsequent to initial measurement, all financial assets are measured at amortised cost, using the effective interest rate method.

At the end of each reporting period and whenever circumstances warrant, other financial assets are assessed for objective evidence of impairment. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably. Any financial asset impairment loss is recognised within Other Expenses in the profit or loss.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses.

At inception of NZRB in 2003, the deemed cost of land and buildings was the valuation of these assets at that time.

Depreciation is calculated on a straight-line basis so as to allocate the cost of each asset over its expected useful life to its estimated residual value. Depreciation is recognised within 'premises and equipment expenses' in the profit or loss. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter. Land is not depreciated. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each period.

The current annual depreciation rates are as follows:

Buildings	10 – 40 years
Leasehold improvements	6 – 7 years
Hardware	2 – 7 years
Motor vehicles	4 – 7 years
Operations & trackside equipment	5 – 15 years
Gaming machines	5 years
Other (laboratory equipment, furniture & office equipment)	5 – 10 years

Any gain or loss on disposal, which is calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognised in profit or loss within 'Other Expenses'.

The carrying amounts of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent, if any, of the impairment loss recognised in the profit or loss.

INTANGIBLE ASSETS

Broadcasting licences, software and lease intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

NZRB develops specialised software for its own use in the business. The cost of internally generated software comprises all directly attributable costs necessary to create and prepare the asset to be capable of operating in the manner intended by management, including direct labour costs. No borrowing costs are capitalised.

Amortisation is charged on a straight-line basis over the estimated useful lives of the asset and is recognised within 'Premises and Equipment Expenses' in the profit or loss. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

The current annual amortisation rates are as follows:

Software	3 – 7 years
Broadcasting licences	14 – 20 years
Lease intangibles	2 – 6 years

Any gains or losses on disposal, which is calculated as the difference between the net proceeds from disposal and the carrying amount of the item, is recognised in the profit or loss within 'Other Expenses'.

The carrying amounts of intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent, if any, of the impairment loss recognised in the profit or loss.

TRADE AND OTHER PAYABLES

Trade and other payables are recognised when NZRB becomes obliged to make future payments resulting from the purchase of goods and services. These financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. All trade and other payables are non-interest bearing other than the racing Code distributions payable.

Employee entitlement liabilities for, annual leave and other contractual payments expected to be settled within 12 months of the reporting date are recognised in other payables, in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

No interest is incurred on trade payables unless the amounts payable fall overdue. Interest is charged at the discretion of the vendor. NZRB has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

OTHER FINANCIAL LIABILITIES

Jackpot retentions are established in accordance with the Racing Rules pursuant to section 52 of the Racing Act 2003. These comprise amounts set aside from the dividend pools of certain specified bet types. The funds accumulated are used solely for supplementing certain future dividend pools for the originating racing or sports code.

Unpaid dividends represent the liability to winning customers on betting activities that have yet to be claimed. Unpaid dividends are recognised at the time the related revenue is recognised which is when the outcome of the betting event is known. This liability includes unpaid dividends that are less than six months old. Unpaid dividends equal to or greater than six months are derecognised and recorded as a reduction in dividends in profit or loss.

Unresulted turnover represents open totalisator and fixed odd betting positions. Open betting positions are those where customers have placed bets and where at balance date the event to which the bet relates has not occurred. These open betting positions are considered derivative financial instruments for financial reporting purposes. Unresulted turnover is initially measured at fair value on the date the bet is placed. Fair value is the amount placed on the bet. Subsequently, derivative financial instruments are re-valued to their fair value at each reporting date. NZRB has determined that the value of the balance upon initial recognition approximates fair value.

BETTING ACCOUNT DEPOSITS AND VOUCHERS

The customer betting account deposits and vouchers balance represents the amount held in customers' TAB betting accounts and outstanding betting vouchers. A betting voucher is a voucher (including gift vouchers) purchased by customers that can be used to place a bet or can be exchanged for cash. A liability is recognised when a customer deposits cash into their betting accounts or when a betting voucher is purchased. The resulting liability is initially measured at fair value and subsequently at amortised cost using the effective interest method.

The customer betting account deposits and vouchers' liability is non-interest bearing.

The liability is derecognised when either a deposit or voucher is redeemed or used to place a bet, or in accordance with the Betting Rules the betting account or voucher is deemed inactive.

PROVISIONS

Provisions are recognised when the following three conditions are met:

- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources with economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount of a provision represents the best estimate of the expenditure required to settle the obligation at the end of the reporting period. The discount rates used are government stock rates consistent with the term of the obligation.

DISTRIBUTIONS

NZRB's Net Profit from Betting operations is distributed to the racing industry in accordance with the Racing Act 2003.

Distributions are recognised in profit or loss, after Net Profit.

Distribution payments include a base funding component which is made directly to the racing Codes. These base funding distributions are based on a funding agreement negotiated between the racing Codes and NZRB.

NZRB also provides funding for certain other racing industry initiatives which are made at the discretion of NZRB. The expenses incurred in providing this funding have been re-classified to operating expenses to better reflect the nature of the payments.

If the current year's profit is not sufficient to cover total distributions, the general reserve is used.

Distributions of Gaming Net Profit are determined separately from distributions from Betting Net Profit. Distributions from the Gaming Net Profit are made to both external sporting bodies and to the racing Codes. The racing Code distributions from Gaming operating profits are distributions to cover specific industry costs which are considered to be for racing authorised purposes. These costs include Judicial Control Authority ("JCA"), RIU and Racing Laboratory Services. All distributions from Gaming Net Profit are approved by the NZRB's Net Proceeds Committee under a grants policy that ensures that the authorised purpose is consistent with the purpose specified in the NZRB's Class 4 Gaming licence.

'Undistributed Gaming Net Profit from prior year' represents the payments made to the Racing Industry and Sports Authorised Purposes from the prior year 'provision for undistributed Gaming Net Profit'. As these amounts were undistributed in the prior year, they are considered to be distributions in the current year.

The Gambling (Class 4 Net Proceeds) Regulations 2004 requires Gaming surplus to be distributed for authorised purposes and cannot be retained by the business. Consequently, any undistributed surplus at year end is recorded as a provision in the Statement of Financial Position.

FINANCIAL GUARANTEES

Where the NZRB enters into financial guarantee contracts to guarantee the indebtedness of third party entities, the NZRB considers these to be insurance arrangements under NZ IFRS 4 *Insurance Contracts* and accounts for them as such. A liability is recognised when it becomes probable that the NZRB will be required to make a payment under the guarantee. If it becomes probable, the NZRB will recognise an expense and corresponding liability based on estimates of future cash flows under the contract. The NZRB assesses at the end of each reporting period whether its recognised liability is adequate in comparison to the estimates of future cash flows under the contract. If that assessment shows that the carrying amount of the liability is inadequate, the entire deficiency shall be recognised in profit or loss.

LEASES

At inception of a lease, a lease classification test is performed to determine whether the lease is finance or operating lease. An operating lease is a lease that does not transfer all the risks and rewards of ownership to NZRB. Operating lease payments are recognised in the profit or loss on a straight-line basis over the lease term, within Premises and Equipment Expenses. Any sublease income is recognised as Other Income.

RISK OVERSIGHT

Risk oversight is provided through the Board's Audit and Risk Committee and the NZRB Leadership Team. Structurally there is an Investigations, Risk and Assurance function, reporting to the Chief Financial Officer. Although the Chief Financial Officer position reports to the Chief Executive Officer, the role also has a matrix reporting line to the Chair of the Audit and Risk Committee.

The Investigations, Risk and Assurance team is charged with:

- implementing an enterprise risk management framework;
- developing and maintaining an effective Disaster Recovery and Business Continuity Management process;
- developing and maintaining the organisations policy framework;
- monitoring and oversight of strategic and business risks from a risk matrix/register process;
- oversight of risk incidents and control failures to enable feedback and rectification;
- establishment of risk appetite and tolerance in relation to particular transactions and activities;
- investigating suspicious or dishonest activity around wagering activities and;
- managing NZRB's 3rd party insurance programme.

In performing its role, the Investigations, Risk and Assurance function is adopting a focus of improving NZRB's performance and capabilities particularly in implementing a risk-based approach with a greater emphasis placed on those areas where the highest risk exists.

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Independent Member

Rod Croon
Harness Code Nominee

Greg McCarthy
Thoroughbred Code Nominee

Alistair Ryan
Independent Member

EXECUTIVE TEAM

Stewart McRobie
Chief Executive Officer (Acting) & Chief Financial Officer

Monique Cairns
Executive GM Strategy and Transformation

Glenn Patrick
Executive GM TAB

Colin Philp
Chief Information Officer

Emma Scott
Executive GM People, Culture & Talent

NEW ZEALAND RACING BOARD

TAB

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