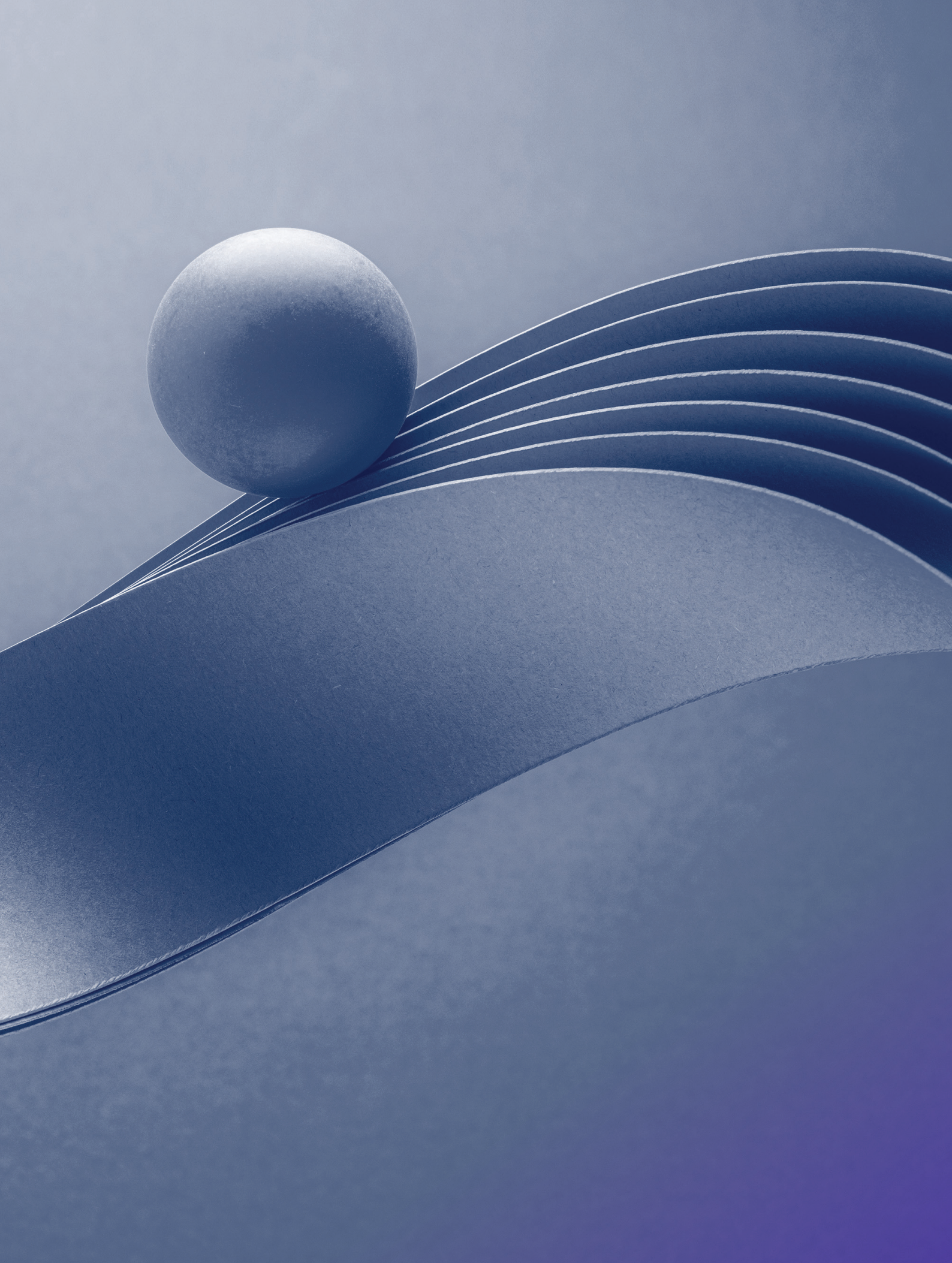


# TAB NZ STATEMENT OF INTENT

2022-2024







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## Chair summary

**This is the last Statement of Intent (SOI) from the interim TAB NZ Board, and we are pleased to be passing on the baton to the new Board with the organisation primed for growth after a record 2020/21 financial performance on the back of some of the most turbulent times imaginable.**

The last few financial years have been some of the most challenging in the organisation's 70 year history. Off the back of the Government's Covid support for the industry in May 2020, our improved financial performance in 2020/21 has the organisation well placed for significant new opportunities that will provide long term benefits to its many and varied stakeholders.

While the financial statements in this document reflect a fairly conservative set of forecasts for the next three years, they still show a positive outlook for the organisation and our many stakeholders. This SOI also reflects some of the strategic focus outlined in the Five Year Plan in more detail. The strong financial footing for the organisation provides a great opportunity for the new Board to undergo a fundamental rethink of every area of the business.

While the legislative framework which sets the path for the organisation is clear, there will need to be a continual focus on ensuring TAB NZ is giving effect to the intent of the legislation from an organisational perspective.

On behalf of the interim Board of TAB NZ, we are privileged to have been involved in the recent reform of the industry, and in being part of this inceptive phase of TAB NZ. We wish the organisation all the best in the years to come.

Ngā mihi nui



Liz Dawson  
**Chair**

A handwritten signature in blue ink, appearing to read 'Liz Dawson', with a long, sweeping flourish extending to the right.

## Chief Transition Officer summary

**While some uncertainties in trading for the next three years remain, TAB NZ is in a materially stronger financial position compared to the previous year, and our somewhat conservative forecasts still predict positive trading performance over the next period.**

Over the last 12 months, the business has been in a consolidation phase. This has involved finalising the legislative reforms and focusing on the transition of the business to its new role. We have also been focused on tight fiscal management of our costs and ensuring the business is trading in a profitable and sustainable manner, in the midst of changeable and uncertain times.

As the interim TAB NZ Board, we've had an objective of removing as much risk from the business as possible. This has involved three key areas of focus:

- **Paying down debt** We have been focussed on reducing debt and we are now forecasting borrowings to be completely repaid – from \$25 million at 31 July 2021 to zero by FY25 (if deemed in the best interests of the business to retain no debt);
- **Building our equity** Going into Covid-19, the organisation's reserves were negligible. Next year, we are budgeting for our Net Equity to be approximately \$89 million and grow to \$100 million by FY26 – this is a level that qualified independent advice has recommended for an entity our size;
- **Maintaining cost discipline** Since changes to the business necessitated by the impact of Covid-19, the Board has maintained a focus on cost discipline. In the year leading to the establishment of RITA, Operating Expenditure was \$142 million – next year we are budgeting Operating Expenditure will be \$121 million.

Throughout this consolidation phase, the organisation has also been fortunate to have experienced positive trading conditions, with a resumption of most of the more significant racing and sporting events, and strong engagement with customers.

As a consequence of both our trading conditions and our focus outlined above, the organisation was able to make an additional \$5 million distribution to the Codes for the 2020/21 Financial Year, and we are budgeting for an additional \$31.6 million to be distributed in the 2021/22 Financial Year over and above what was Budgeted for in 2020/21. Naturally, this amount will continue to be reviewed quarterly to ensure it is sustainable, in line with the new organisational principle to only distribute profit that has already been generated.

All forecasts within this document reflect a conservative set of assumptions, and do not reflect any of the potential initiatives outlined in TAB NZ's Five Year Plan and also referenced here, but which are yet to be fully investigated or costed. As such, in future, there is likely room for an upward revision of these numbers depending on how initiatives outlined in the next 'innovation' and 'momentum' stages are implemented by the incoming Board.

I'd like to pay a special thanks to all the staff of TAB NZ who have worked tirelessly through significant change and uncertain trading conditions to support the organisation to reach the positive position we find ourselves in today.

Sincerely



Dean McKenzie  
Chief Transition Officer

## Overview

TAB NZ is a statutory body established through the Racing Industry Act 2020 (the Act). For the purposes of this document, 'TAB NZ' and 'TAB' are used interchangeably. The TAB is the sole entity legally able to operate wagering services from within New Zealand. The TAB is also regulated by the Gambling Act 2003, particularly with regard to its Class 4 gaming operation.

As an organisation, TAB NZ operates to the three underlying principles of gambling regulation in New Zealand: being a trusted and transparent operator; having adequate protections for its customers; and ensuring a return to the community from the proceeds of gambling.

The commencement of the Act in August 2020 gave TAB NZ clear statutory objectives, providing the organisation with a mandate to focus purely on the commercial drivers of the business (subject to the appropriate risks being minimised).

As outlined in Section 57 of the Act, the objectives of TAB NZ are:

- to facilitate and promote betting; and,
- subject to ensuring that risks of problem gambling and underage gambling are minimised, to maximise:
  - its profits for the long-term benefit of New Zealand racing;
  - and returns to New Zealand sports.

TAB NZ currently employs approximately 400 staff, operates in around 550 outlets (standalone TABs, and in pubs and clubs), and has a significant digital offering. Over \$2 billion of bets are placed with the TAB every year on racing and sporting events from New Zealand and right across the world.

It also operates the largest outside broadcasting operation in New Zealand (Trackside 1 and 2), and has Class 4 gaming machines in selected TAB stores.

## Our statutory functions

The new Act also created a more focused set of statutory functions for TAB NZ, as compared with the organisations which preceded it.

Specifically, as outlined in Section 58 of the Act, the functions of TAB NZ are:

- to set, in conjunction with each racing code, the racing calendar for each racing year;
- to issue betting licences;
- to distribute funds obtained from betting to the racing codes;
- to conduct betting, broadcasting, and gaming, and to make rules relating to betting;
- development & implementation of programmes to support the reduction of problem gambling;
- to enter into commercial agreements with each or all of the racing codes or Racing New Zealand (acting on behalf of the racing codes);
- to carry out any other functions conferred on it by or under the Act or any other Act.

The Act also states that, in carrying out its functions, TAB NZ must:

- comply with the principles of natural justice; and
- exhibit a sense of social responsibility by having regard to the interests of the communities in which it operates.

## TAB NZ Five Year Plan & FY2022-2024 Statement of Intent

TAB NZ commenced a process in December 2020 where the Board and senior Management, with the assistance of external expertise, looked to operationalise the new framework created by the reform programme to put the organisation on a pathway to achieving its legislative objectives. The interim status of the Board has guided its overall approach to this work.

The Strategic Initiatives from pages 6-12 reflect this work, and it is expected that this document is read in conjunction with the Five Year Plan. None of the Strategic Initiatives outlined are fully costed and are therefore not reflected in any financial forecasts.

# Strategic Initiatives in detail

## Our operating model



### 1 Existing efficiencies

#### Outline of brief

We need to continue reviewing our existing operating model to ensure the business is operating as efficiently and effectively as possible and maximising value. The high level considerations for this work are: what is the TAB doing now that is a commodity product/service that can be outsourced for greater efficiency (or outsourced better), and what is so crucial that we need to run it in-house through a bespoke model?

#### What we know

The global gambling industry is changing by the day, and will continue evolving rapidly for the foreseeable future. Our customer preferences are also changing, including the movement from cash channels towards digital. With these constant changes comes a need to stay vigilant and agile, but also fresh opportunities for commercial partnerships and new operating models.

#### Our focus

Recently, the TAB has followed a strategy of partnering with other organisations to deliver commoditised services (for example, server infrastructure, core wagering system, digital front end, broadcast production) and leveraging the scale and expertise of these providers.

Over the next five years we will go through a series of projects which will challenge and test the status quo approach against other options such as further partnering, or options of outsourcing or insourcing.

#### Next steps and initiatives

1. National Property Review (by October 2021)  
Responsible GM Finance
2. Review Key Supplier Relationships (by November 2021)  
Responsible GM Finance
3. Develop implementation strategies for Retail (by March 2022)  
Responsible GM Broadcasting & Operations
4. Review of Oncourse Operations (by June 2022)  
Responsible GM Broadcasting & Operations
5. Develop implementation strategies for Broadcasting (by July 2022)  
Responsible GM Finance
6. Develop strategies for further consideration of strategic commercial partnering (by August 2022)
7. Future of Cash in the Business (by July 2023)  
Responsible GM Finance and GM Broadcasting & Operations



## **2** **New opportunities**

### **Outline of brief**

The TAB's historic approach of only operating a subsection of New Zealand's legalised gambling sector, and marketing it to a geographically capped audience inherently limits revenue potential. If there are opportunities to increase long term profitability by leveraging our existing expertise, capability, customer base, partnerships or assets they need to be explored.

### **What we know**

The global gambling industry regularly presents new and innovative products and experiences for customers. Markets around the world also continue to deregulate (ie. legalising betting where it had previously been illegal) which is presenting new opportunities for a limited number of suppliers.

We need to simultaneously improve our core current business by leveraging new opportunities presented by the investment in our core betting system and new legislation, and consider new windows of opportunity outside New Zealand's capped market of 3.5 million people over the age of 18.

### **Our focus**

Over the next five years we will identify and develop opportunities to grow revenue by leveraging our existing capability, and extending our existing commercial model to enter new markets and diversify our offering domestically and/or internationally.

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### **Next steps and initiatives**

- 1.** Engagement with Online Gambling Review  
(Ongoing and subject to Government)  
Responsibility of CTO/CE & GM Corporate & Governance Services
- 2.** Review Existing Opportunities in Racing Industry Act 2020  
(December 2021)  
Responsible GM Customer & Betting
- 3.** Exploration of Other Licencing Opportunities (June 2022)  
Responsible GM Customer & Betting
- 4.** The Future of Totalisator Betting (Mid 2023)  
Responsible GM Customer & Betting

## Strategic initiatives in detail continued

### Our integrity



### 3 Brand

#### Outline of brief

The TAB's integrity underpins our whole existence and purpose – we must embed a culture of integrity across the whole organisation, and continue demonstrating externally the TAB brand as being strong, trustworthy and well-aligned to community values.

#### What we know

Maintaining and strengthening the integrity of our brand requires a genuine and systemic approach across the organisation and our people. There are many considerations in this, including: protecting our customers from harm, being a respected employer, and meeting our regulatory obligations not just because we have to, but because it's the right thing to do given our role in the community. We also need to undergo internal assurance reviews to help ensure we are constantly meeting the standards we set for ourselves.

Some aspects of upholding our brand integrity (such as Anti-Money Laundering) will have clearer and more obvious deliverables. Other aspects, such as our social licence to operate, have no rules or guidelines and are harder to measure. Many of the investments required in this area have no immediate revenue returns, but protect the erosion of value in the organisation in the long run. However, success in these areas means the business is inherently more sustainable and enduring.

#### Our focus

Over the next five years we will build further on establishing the organisation as a trusted, respected and commercially focused organisation with a best practice integrity framework adopted across the business.

#### Next steps and initiatives

1. Confirm funding expectations annually with Racing Integrity Board (by June 2021) Responsible GM Finance
2. Finalising the Racing Reform Programme (by August 2021 subject to Govt) Responsible GM Corporate & Governance Services
3. Ongoing Review and Refinement of AML Compliance Regime Responsible GM Corporate & Governance Services
4. Refresh Responsible Gambling Strategy in line with the Government's Harm Minimisation Strategy Responsible GM Corporate & Governance Services
5. Create a People Plan with a focus on talent attraction, employee experience and leadership development (by December 2021) Responsible GM Corporate & Governance Services
6. Internal Assurance Review (June 2022) Responsible GM Corporate & Governance Services
7. Launch examination of current brand (including all available options) (June 2022) Responsibility of CE





## 4

## Customer experience

**Outline of brief**

The TAB has a specific legislative focus to *facilitate* and *promote* betting. However, given the highly competitive digital wagering market and our inherent lack of scale, we will need to make prudent investment decisions to maintain market relevance.

This will require a ruthless and fastidious focus on understanding (and improving) how our core customers interact with us.

**What we know**

Given the constantly changing digital wagering environment, the TAB needs to be agile and adapt quickly to our customer's needs. The investment in our core betting system has given us the ability to be a 'fast follower' in regards to product development, and allows a heavy focus on providing our customers with a quick, simple, reliable, "one stop" betting service. Our investment has also given us the ability to run better engagement with new customers, attracting the new generation of punters to the TAB.

While declining compared to our digital channel, TAB Retail is still a valuable part of the business and is one of our core competitive advantages. We need to maintain this advantage by providing customers with a seamless, modernised and integrated retail/account experience in a lower cost-to-serve format. Giving our third party Retail contractors confidence in promoting the TAB will be a critical component to this.

The legislative reforms have given TAB NZ the mandate to be more unashamedly focused on its customers compared to its predecessor organisations. This must start with a thorough review of our core customer base – better understanding their preferences and pinch-points in order to improve their journey with us.

## Strategic initiatives in detail continued

### Our focus

# We've started this fastidious approach to understanding our customer's experience already.

As a starting point for this change in focus, we've heard from our customers that they are frustrated with the merchant fee associated with making an account deposit with credit cards. So we've made an in principle decision to remove these fees for good. We are hoping to implement this for our customers in the first half of the racing year once we've made the necessary back end changes.

While this means TAB will need to bear the cost of these fees, it also means our customers have a better experience with us and immediately feel they gain more value from the money they spend with us. On this issue we were too slow to react, so going forward we're setting up a Cross Business Customer Experience Team to identify any more of our customers' bugbears and prioritise them to be resolved.

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### Next steps and initiatives

1. Our Customers – Research Initiative (December 2021)  
Responsible GM Customer & Betting
2. Ongoing Quarterly Product Roadmaps (Quarterly)  
Responsible GM Customer & Betting
3. Establish Cross Business Customer Experience Team (CBCE) and deliver recommendations to Board by December 2021  
Responsible GM Customer & Betting
4. Streamlining our Customer Join Journey (ongoing)  
Responsible GM Customer & Betting
5. Customer Acquisition and Retention Campaigns (Ongoing)  
Responsible GM Customer & Betting





## Strategic initiatives in detail continued

### Our partnerships



### 5 Community partnerships

#### Overview of brief

The TAB has important strategic partnerships across racing, sport, and Government. In order to successfully deliver on its objectives, TAB will need to work closely with each of these stakeholder groups.

#### What we know

Rightly or wrongly, in the past, the TAB's predecessors were criticised by some of our partners, but particularly our racing stakeholders. While the legislative reforms have allowed a reset by creating a new entity with a new focus, communication and engagement with our partners will need to continue to be an area of focus.

Our commitment to our community stakeholders is vitally important because that's what sets the TAB apart from other bookmakers. We must always reflect on our legislative requirement to comply with the principles of natural justice; and exhibit a sense of social responsibility by having regard to the interests of the communities in which we operate.

#### Our focus

We recognise that, primarily, delivering on our promises will be the single biggest contributor to building trust with our community partners. However, over the next five years we will commit to more regular and transparent reporting to our stakeholders on the focus and performance of the business relevant to their interests.

We also need to focus on building a stronger narrative around our returns back to the community, and better explain our role in underpinning the livelihood of thousands across racing and sport. We want more people to understand that when they bet with the TAB, they back New Zealand racing and sport.

#### Next steps and initiatives

1. Develop and update a comprehensive TAB NZ stakeholder engagement plan (December 2021) Responsible GM Corporate & Governance Services
2. Community Contribution Analysis (Community Give Back) and Communication Plan (June 2022) Responsible GM Corporate & Governance Services
3. Review of Class 4 Authorised Purpose framework (including ongoing administrative framework) (June 2022) Responsible GM Broadcasting & Operations



## Business Financial Commentary

This SOI is prepared under a business-as-usual basis which excludes the impact of any potential new initiatives outlined in this document and simply represents performance, financial position and cash flows across three years (FY22-FY24) under TAB NZ's current operating model. It also assumes no major changes to our underlying regulatory framework.

### Performance

Revenue in FY22 is mainly in line with prior year (Forecast FY21) with the impact of higher net betting revenue offset by the impact of one-off other income items realised in FY21; revenue performance in FY23-FY24 will reflect consistent growth in net betting revenue while other revenue items remain broadly stable.

Operating expenses are relatively stable across the three year period covered in this SOI which continues the trend from prior year (Forecast FY21) being significantly lower compared to actuals of the year before. Underpinning this is TAB's continued focus on controlling costs.

Net profit before distribution continues to report a stable and strong positive result for the periods FY22-FY24; slight growth is driven mainly by betting net profit with consistent gaming net profit performance.

### Distribution and other payments

Total distributions and other payments for FY22 is budgeted at \$197 million (up \$33 million from prior year) which includes betting net profit of \$140 million (up \$18 million from prior year); other payments of \$35 million (representing Betting Duty relief and Offshore Corporate Bookmaker); and gaming distributions of \$22 million.

Distributions and Other payments for FY23 and FY24 represent a stable level with growth driven mainly from betting net profit.

### Financial position and cash flows

Budget closing Net assets for FY22 is \$88 million – slightly higher than prior year (Forecast FY21) and relatively stable (with slight growth reported) in the following two years.

The levels of asset and liabilities across the three year period are broadly stable with the exception of budget reduction in external borrowings with debt repayments expected in FY23 and FY24; these are funded mainly by net operating performance from FY22. Working capital from FY22-FY24 is reported at a stable positive position (i.e. current assets being higher than current liabilities).

This positive working capital, combined with planned debt repayments, strong cash and net asset position, and increasing level of distributions, reflects TAB's stable position and performance (before any potential initiatives are implemented) and demonstrates a balanced approach in reinvesting in the business and further supporting the racing industry and sports.

# Financial tables

## Condensed statement of profit or loss

(\$m)	Actual FY20	Forecast FY21 as at 30 April 21	Budget FY22	Estimate FY23	Estimate FY24
Betting and gaming turnover	2,630	3,062	3,081	3,190	3,326
Net Betting Revenue	264	309	316	323	334
Other Revenue	79	28	18	17	17
Net Gaming Revenue	26	29	30	31	32
<b>Total Revenue</b>	<b>369</b>	<b>366</b>	<b>364</b>	<b>371</b>	<b>383</b>
Turnover Related Expenses	(72)	(74)	(80)	(83)	(86)
<b>Profit Contribution</b>	<b>297</b>	<b>292</b>	<b>284</b>	<b>288</b>	<b>297</b>
Operating Expenses	(135)	(122)	(121)	(123)	(128)
<b>Net Profit before distributions</b>	<b>162</b>	<b>170</b>	<b>163</b>	<b>165</b>	<b>169</b>
<b>Made up of:</b>					
<b>Betting Net Profit</b>	150	156	141	143	146
<b>Gaming Net Profit</b>	18	21	22	22	23
<b>RIU costs</b>	(6)	(7)	-	-	-

## Distributions

(\$m)	Actual FY20	Forecast FY21 as at 30 April 21	Budget FY22	Estimate FY23	Estimate FY24
Distributions from:					
Betting Net Profit	121	122	140	142	144
<b>Total Distributions from Betting Operations</b>	<b>121</b>	<b>122</b>	<b>140</b>	<b>142</b>	<b>144</b>
<b>Gaming</b>					
Distributions applied to the racing industry	16	17	18	18	18
Distributions to sporting external bodies	2	4	4	4	5
<b>Total Distributions from Gaming Net Profit</b>	<b>18</b>	<b>21</b>	<b>22</b>	<b>22</b>	<b>23</b>
<b>Gaming distributions applied to RIU costs</b>	(6)	(7)	-	-	-
<b>Net Distributions</b>	<b>133</b>	<b>136</b>	<b>162</b>	<b>164</b>	<b>167</b>
Betting Duty Relief	-	10	15	15	16
Offshore Corporate Bookmaker	-	18	20	21	21
<b>Total Other Payments</b>	<b>-</b>	<b>28</b>	<b>35</b>	<b>36</b>	<b>37</b>
<b>Net Distributions and Other Payments</b>	<b>133</b>	<b>164</b>	<b>197</b>	<b>200</b>	<b>204</b>

\*Not shown in the above table is \$6.6m of Government support passed-through directly to the Codes in FY21.

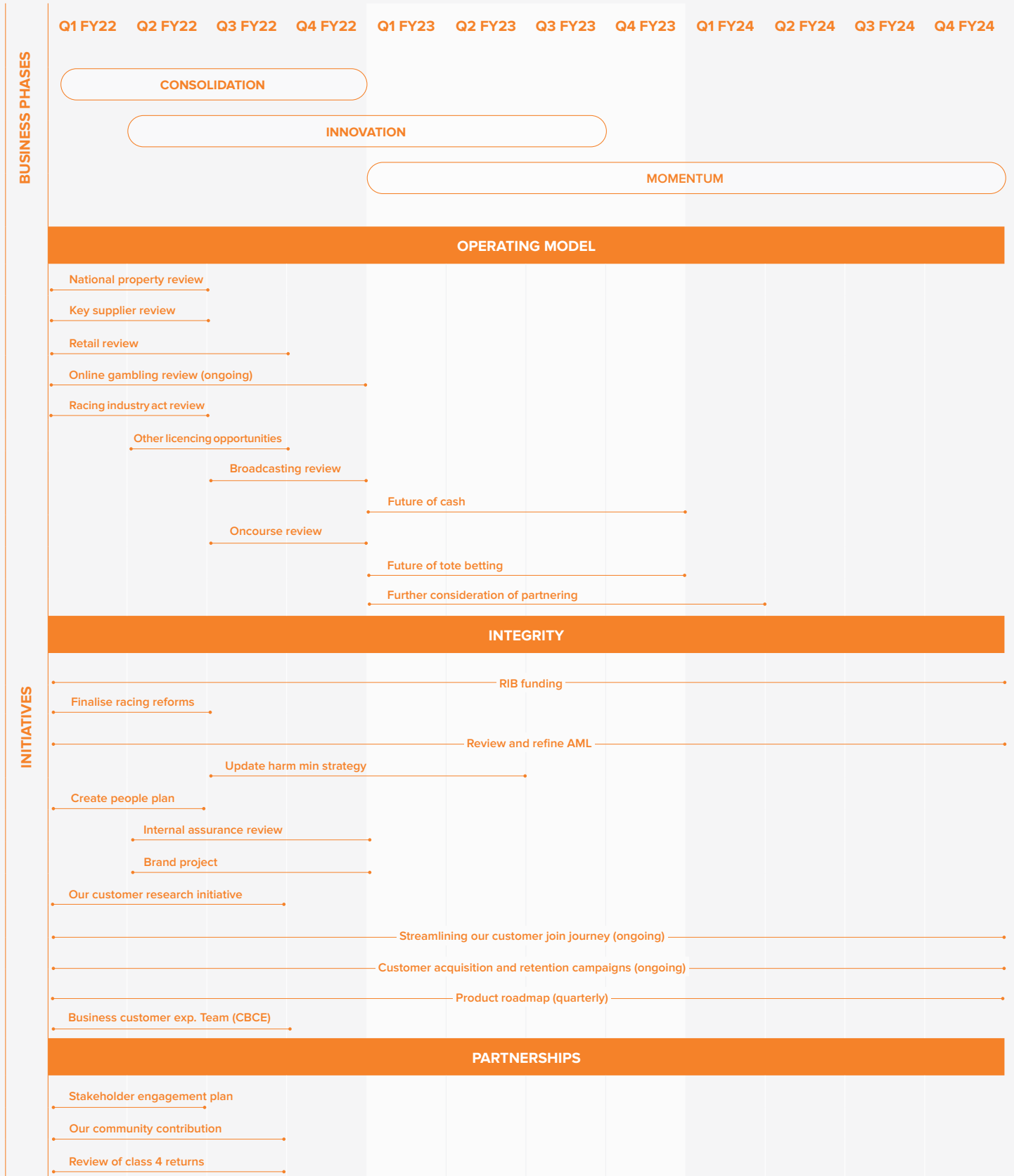
\*Note: Distributions from Betting Net Profit for FY20 includes Betting Duty Relief and Offshore Corporate Bookmaker receipts which were not separately distributed; these receipts were retained.

## Statement of financial position

(\$m)	Actual FY20	Forecast FY21 as at 30 April 21	Budget FY22	Estimate FY23	Estimate FY24
Cash and cash equivalents	54	76	78	68	68
Trade and other receivables	7	8	8	8	8
Other financial assets – current	25	31	31	31	31
Other current assets	3	5	5	5	5
<b>Current Assets</b>	<b>89</b>	<b>120</b>	<b>122</b>	<b>112</b>	<b>112</b>
Property, plant & equipment	71	66	61	60	58
Intangibles	44	40	40	39	38
Other financial assets – non-current	3	2	2	2	2
<b>Non Current Assets</b>	<b>118</b>	<b>108</b>	<b>103</b>	<b>101</b>	<b>98</b>
<b>Total Assets</b>	<b>207</b>	<b>228</b>	<b>225</b>	<b>213</b>	<b>210</b>
Trade and other payables	28	30	30	30	30
Customer betting account balances	22	23	23	23	23
Other financial liabilities	4	5	5	5	5
Taxes payable	5	9	9	9	9
Provisions	6	7	7	7	7
Leases	7	7	7	7	7
Borrowings	-	-	12	5	8
<b>Current Liabilities</b>	<b>72</b>	<b>81</b>	<b>93</b>	<b>86</b>	<b>89</b>
Leases – non current	35	33	29	28	28
Other financial liabilities – non current	2	2	2	2	2
Borrowings	45	25	13	8	-
<b>Non Current Liabilities</b>	<b>82</b>	<b>60</b>	<b>44</b>	<b>38</b>	<b>30</b>
<b>Total Liabilities</b>	<b>154</b>	<b>141</b>	<b>137</b>	<b>124</b>	<b>119</b>
<b>Net Assets</b>	<b>53</b>	<b>87</b>	<b>88</b>	<b>89</b>	<b>91</b>



# Roadmap



## Accounting standards

In preparing its annual consolidated financial statements, TAB NZ has adopted accounting policies in accordance with generally accepted accounting practice in New Zealand, as required under the Racing Industry Act 2020 and the Financial Reporting Act 2013 which comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for Tier 1 for-profit entities. The significant accounting policies are discussed below; please refer to the most recent audited financial statements for details of all accounting policies in place.

### Basis of preparation

#### Reporting entity and statutory base

TAB New Zealand (TAB NZ) is a statutory body established by the Racing Industry Act 2020. The consolidated financial statements are for TAB NZ and its subsidiaries, Racing Integrity Unit (until FY21 only) and the Betting Accounts and Betting Vouchers Trust, (together the Group).

#### Statement of compliance

TAB NZ is required to comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for Tier 1 for-profit entities, and with International Financial Reporting Standards.

#### Basis of measurement

The financial statements have been prepared on the historical cost basis which is based on the fair value of the consideration given in exchange; these are presented in New Zealand dollars (\$) which is TAB NZ's functional currency.

#### Changes in accounting policies

All the accounting policies have been applied consistently to all periods presented in the financial statements.

### Key accounting policies

#### Distributions

Distributions are made in accordance with the Racing Industry Act 2020 (for betting net profit) and the Gambling (Class 4 Net Proceeds) Regulations 2004 (for gaming net profit).

## Key accounting policies continued

Betting net profit distributions are made to the racing industry directly through Racing New Zealand or the racing Codes; Gaming net profit distributions are made to amateur sports organisations and applied to TAB NZ costs to cover specific industry expenditures which are for racing authorised purposes; all distributions from Gaming net profit are approved by TAB NZ's Net Proceeds Committee under a grants policy that ensures that the authorised purpose is consistent with the purpose specified in TAB NZ's Class 4 Gaming licence.

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 Statements of Financial Position.

### Revenue from contracts with customers

TAB NZ's main revenue from contracts with customers relates to its betting and gaming operations; net Betting and Gaming revenue represent the net win or loss to TAB NZ which consists of turnover less dividends paid or payable, less duties and GST. Revenue is recognised once the turnover and associated dividends, duties and taxes are determined representing the point in time TAB NZ's performance obligation is satisfied.

In general, revenue is measured at the fair value of the consideration given and is recognised when TAB NZ has satisfied its performance obligation under the contract which entitles it to the consideration from the customer.

### Government grants

Government grants are accounted for depending on their respective terms and conditions consistent with NZ IAS 20, Government Grants. TAB NZ considers the nature and attached conditions for each grant; specifically, whether TAB NZ is a principal or agent in respect of the use/transfer of those funds. Where TAB NZ is the principal, grants are recognised as revenue on a systematic basis depending on the entitlement of TAB NZ to use such funds which is essentially when associated conditions have been satisfied. Where TAB NZ is an agent, the grant is offset against the expense or distribution in the profit or loss. Any unused funds (or those for which underlying conditions of entitlement have not been satisfied) are reported as a liability in the statement of financial position.



## Key accounting policies continued

### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and call deposits with an original maturity of three months or less. They are measured at amortised cost, using the effective interest method.

### Other financial assets

Other financial assets comprise trade receivables, terms deposits and funds held in trust; these are initially recognised at their fair value when TAB NZ becomes a party to the contractual provisions of a financial instrument. Initial fair value is considered to be the transaction price of the instrument plus or minus directly attributable transaction costs, except for industry loans. Subsequent to initial measurement, all debt instrument financial assets are measured at amortised cost, using the effective interest method. Financial assets are assessed for impairment and a corresponding impairment loss is reported in profit or loss if the carrying value exceeds their recoverable amount.

### Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on a straight-line basis so as to allocate the cost of each asset over its expected useful life (reviewed annually) to its estimated residual value. Refer to the last published Annual Report for the estimated useful life of each asset class.

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 profit or loss.

### Intangible assets

Broadcasting licences, software and other intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives of the asset and is recognised within 'Depreciation and amortisation' in the profit or loss. The estimated useful life and amortisation method are reviewed annually. Refer to the last published Annual Report for the estimated useful life of each asset class.

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 profit or loss.

## Key accounting policies continued

### Financial liabilities

Financial liabilities include borrowings and leases (see below). TAB NZ classifies all of its non-derivative financial liabilities as 'financial liability measured at amortised cost' category. At initial recognition, these are measured at fair value less transaction costs that are directly attributable to the issue of the instrument. Subsequently, these are carried at amortised cost using the effective interest method. Any gains or losses arising on derecognition as well as any interest expense incurred from these financial liabilities are reported in profit or loss (unless capitalised as part of the cost of borrowing to fund a qualifying asset).

### Leases

TAB NZ accounts for its lease arrangements in accordance with NZ IFRS 16, Leases which requires the recognition of the right of use assets and lease liability in the statement of financial position at the inception of the lease; a corresponding depreciation of the right of use asset and amortisation of the finance lease liability are made over the term of lease and are recognised in the statement of profit or loss by way of depreciation and interest expense. Low value and short term leases are excluded from these balances and are accounted for as rental expense when incurred.

## Directory

(as at 31 July 2021)

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### **Board members**

**Liz Dawson** (Chair)

MNZM

**Anna Stove**

**Bill Birnie**

CNZM

**Kristy McDonald**

ONZM QC

**Sir Peter Vela**

KNZM

### **Leadership team**

**Dean McKenzie**

Chief Transition Officer

**Edward Rennell**

General Manager Broadcasting  
and Operations

**Jessica Meech**

General Manager Corporate  
and Governance Services

**Sam Moncur**

General Manager Finance

**Simon Thomas**

General Manager Customer and Betting



