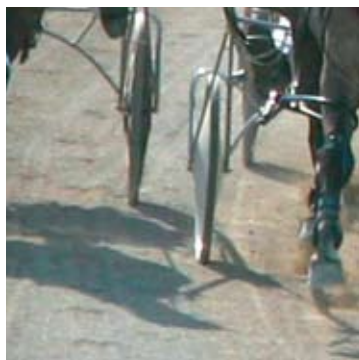
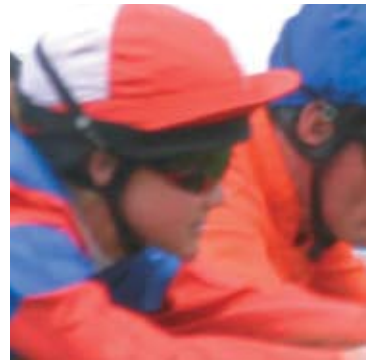


RACING!





Our Vision is to lead deliver greater suc

CONTENTS

Vision	1
Values	2
Chairman's Report	9
Board Members	13
Chief Executive's Report	15
Senior Executives	20
Code Champions	21
Sports Betting and Sporting Body Levies	22
Governance	24
Responsible Gambling	26
Destination Summer Holiday Racing	28
Financial Statements	29
Audit Report	49
Remuneration	50
Directory	52



New Zealand racing to
cess and excitement

Fostering teamwork Promoting integrity

OUR VALUES

Teamwork

- › Combine our experience and skills by working together effectively
- › Leverage these principal resources with effective communication

Integrity

- › Have transparency of purpose
- › Fulfil our social responsibilities
- › Do the right thing at all times



Driving innovation

Valuing people



\$60,000

The year the Boks succumbed

OUR VALUES

Innovation

- Look for new ways to advance
- Seek creative solutions
- Create opportunities and become more receptive to change

Valuing people

- Recognise, retain, nurture and develop individuals in the organisation
- Work to individual strengths
- Serve as you would wish to be served



A vibrant, low-angle shot of a crowd celebrating. In the foreground, a woman with long brown hair is cheering with her mouth wide open. Her arms are raised, and she is surrounded by a shower of colorful confetti (pink, blue, yellow, red) that fills the air. In the background, other people are visible, some with their arms raised, also celebrating. The overall atmosphere is one of joy and excitement.

Inspiring passion Encouraging dynamism

OUR VALUES

Passion

- Have strong beliefs in the industry
- Be considerate and enthusiastic about your contribution
- Have fun in the work place

Dynamism

- Focus on change and moving forward
- Think big, start small and scale fast





Chairman's Report | Warren Larsen

On behalf of the Board, I am pleased to report another successful outcome for the 2005/06 year. Operating performance was \$85.7 million, up approximately \$3.7 million or 4.5% on the previous year.

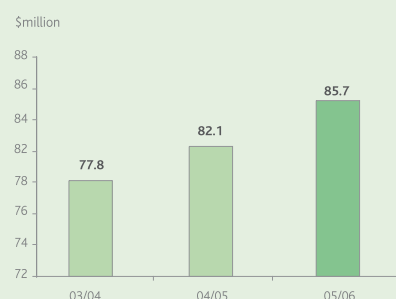
Excluding exceptional items, base operating performance has improved by approximately \$10.7 million since the inception of the Board three years ago. At that time, the Board set out in its strategic plan that an overall industry effort to generate a total of \$100 million in distributions was necessary to turn the industry around. This was partitioned as \$10-15 million from NZ Racing Board earnings and a further \$10-20 million from the racing industry itself.

I am pleased to report that the Board is now delivering above its \$10 million target level after just three years. Progress is summarised in the following table.

The balance sheet strength of the Board has been maintained and this was a factor in the decision to distribute the full operating surplus to the three racing Codes. Cash balances for the year are higher than budgeted due primarily

to the continuing investigation into the broadcasting and channel asset replacement initiatives. Expenditure on these two initiatives, planned for the year in review, will now fall in the 2006-07 financial year.

Operating Earnings



In addition to the annual earnings distribution, the Board funded \$2.5 million of industry revitalisation initiatives during the year. Previously the Board had committed \$10 million from reserves towards industry revitalisation initiatives. This investment was aimed at encouraging increased participation in racing. Progress on the allocation of this fund is detailed below.

The Board applied a total of \$2.5 million of the \$10 million this year, bringing the total spent to \$2.7 million. The \$2.5 million funded more than \$1 million in sponsorship incentives, more than \$700,000 for Thoroughbred maiden starter incentives and more than \$700,000 to support the provision of big screens at racedays throughout the country and to fund the first season of Destination Summer Holiday Racing. In addition, \$7.8 million of the full \$10 million has been committed to the



Sharp NZ Managing Director Jan Nicol and NZ Racing Board Chairman Warren Larsen

initiatives listed above as well as other programmes including; Harness travel subsidies, development of a Greyhound semen bank, and the development and implementation of new on-course racing brands.

A highlight of the year was the successful launch of the Destination Summer Holiday Racing programme. This was a very good example of how racing clubs, Codes and the Board can work together to achieve improved results. We intend to repeat the programme again this summer, incorporating the lessons learnt for further enhancement of the brand. The Board is pleased to see the positive response from the industry.





Last year, I commented on the high priority work the Board had undertaken, under a small team led by Dr. Alan Jackson, to address the identified taxation inequity the industry faced.

The Minister for Racing's announcement that this taxation anomaly was to be rectified for the 2006/07 season was greatly welcomed by the Board and indeed the entire industry. We thank the Minister for his personal efforts in achieving this critical outcome.

The Board at the same time acknowledges the quality submission, and the arduous effort required to convince key officials of the merits of the case. Dr. Jackson's leadership in advancing the industry taxation case was outstanding.

The Minister's announcement represents the single largest benefit for the industry, and discussions have been held with Code participants to partition the benefits arising from the taxation changes.

Three general guidelines have been developed for the 2006/07 year. These are:

- Increased returns to wagerers through a reduction in take out rates - \$6-9 million. The lowering of take out rates on wagering will provide increased dividends to investors and will be progressed in conjunction with the co-mingling of overseas betting pools, to increase the size of the pools available in New Zealand. Given emerging wagering competition it

is essential the Board follows this internationalisation path.

- Improved returns to owners - \$17-20 million. Returns to owners will be affected by increasing stake money as well as further initiatives to increase participation.

- Code venue strategies to be developed to guide future asset investment in the industry - \$6-9 million. This is a difficult issue, often fraught with emotion. What is clear, is the need to develop racing facilities that enhance wagering returns and participation and as well generate opportunities to improve non-racing revenue. To achieve this, emphasis must be placed on demographics, racehorse/greyhound population and climatic factors. This will eventually lead to a review of the existing date setting process and licence allocation.

The Board has established a specific group to address this issue, which will involve extensive industry consultation.



A new Board sub-group was established during the year, to focus on integrity issues relative to racing. The objective is to develop new parameters that are practical, but provide absolute clarity around sampling and drug testing processes. Without this clarity and resolve in this increasingly critical area, we cannot expect to optimally increase participation in racing. To this end the Board has moved to secure the racing assets currently located at the New Zealand Laboratory Services Limited's facility in Auckland. We expect to have agreement between the two parties, covering the use of these facilities, in the near future. Each Code remains responsible under its own Rules of Racing, for administration of current rules and disciplinary procedures. The new arrangements will mean a more vigorous approach to integrity issues, and this is a high priority for the Board.



The Board established a formal relationship with Massey University during the year aimed at enhancing research and development investment through a Partnership for Excellence programme between the university, the racing industry and the Government. For example it is clear, despite the significant efforts of breeders, that the number of thoroughbred horses entering racing has declined and this is now a factor affecting field size and wagering returns for this Code. At the same time, evidence from world authorities suggests the loss rate, or conversely the racing longevity of available horses, can be improved. The partnership provides an opportunity for the industry to actively participate in setting research priorities.

Funding has continued to be dedicated to the Equine Industry Training Organisation, and others who are committed to improving and enhancing career prospects for industry participants. This is a vital area for the industry and worthy of even greater emphasis than is currently applied. The Board will be reviewing the existing approach during the year with the objective of determining how future funding might be enhanced. An industry liaison sponsorship role has been established within the Board. The objective is increased sponsorship input to the industry. Currently there is a very significant variation between racing clubs in terms of sponsorship support. The Board has recently signed a sponsorship and procurement

contract with the electronics company Sharp Corporation. In addition to the agreement between the Board and Sharp, Codes and racing clubs can also benefit through opportunities to purchase Sharp products. We are delighted with this development and look forward to a mutually beneficial relationship.

A highlight of the past year was the accelerated growth of the sports betting contribution to the Board's returns. This is an increasingly high growth area and the Board is determined to build strongly on the progress to date. Technology developments are inextricably linked to wagering enhancement. The Board continues to make significant investments in telecommunication, broadcasting, internet capabilities, and in investigating wireless replacement of historical cabling functions. This activity will always remain a high priority.





During the year initial work commenced on a review of the Board's product distribution network. Again this is a major area of change closely linked to customer preference. Further investment and change is planned in 2006/07.

The Board had some major governance changes during the year. Following the general election, the Rt Hon Winston Peters was appointed Minister for Racing.

To the outgoing Minister, the Hon Damien O'Connor, we extend our thanks and appreciation for his commitment and support in the difficult formative years of the Board. Two Board members completed their terms of office in the past year. Anne Urlwin was Chair of the important Audit and Finance Committee, and a member of the Taxation task force. Anne's wisdom at Board level, a product of her wide governance experience, will be missed. Murray Acklin also retired

from the Board after a career in racing that extended over 25 years. Murray made a strong contribution and his extensive knowledge of the industry was a major asset to the Board.

The Board welcomed Alistair Sutherland and Warren Bell this year. With their substantial commercial experience we are confident they will find the role both stimulating and satisfying.

In 2005, the Board held the first NZ Racing Board Annual General Meeting.

All three Code Boards attended along with a representative of the Minister's office. The approach, formulated along the lines of listed company disclosure requirements, provides an opportunity for the Codes to discuss Board performance. The approach was successful and will be repeated this year.

Finally, and very importantly, on behalf of the Board, I extend my thanks to Graeme Hansen and his management team for their efforts during the past year. This business is demanding and strong progress has been made, a product of skill, energy and enthusiasm.

I also extend the Board's thanks to the respective Code Chairmen for their support and particularly want to thank my fellow Board members for their contribution in what has been a successful but demanding year.

Warren Larsen, Chairman



Board Members

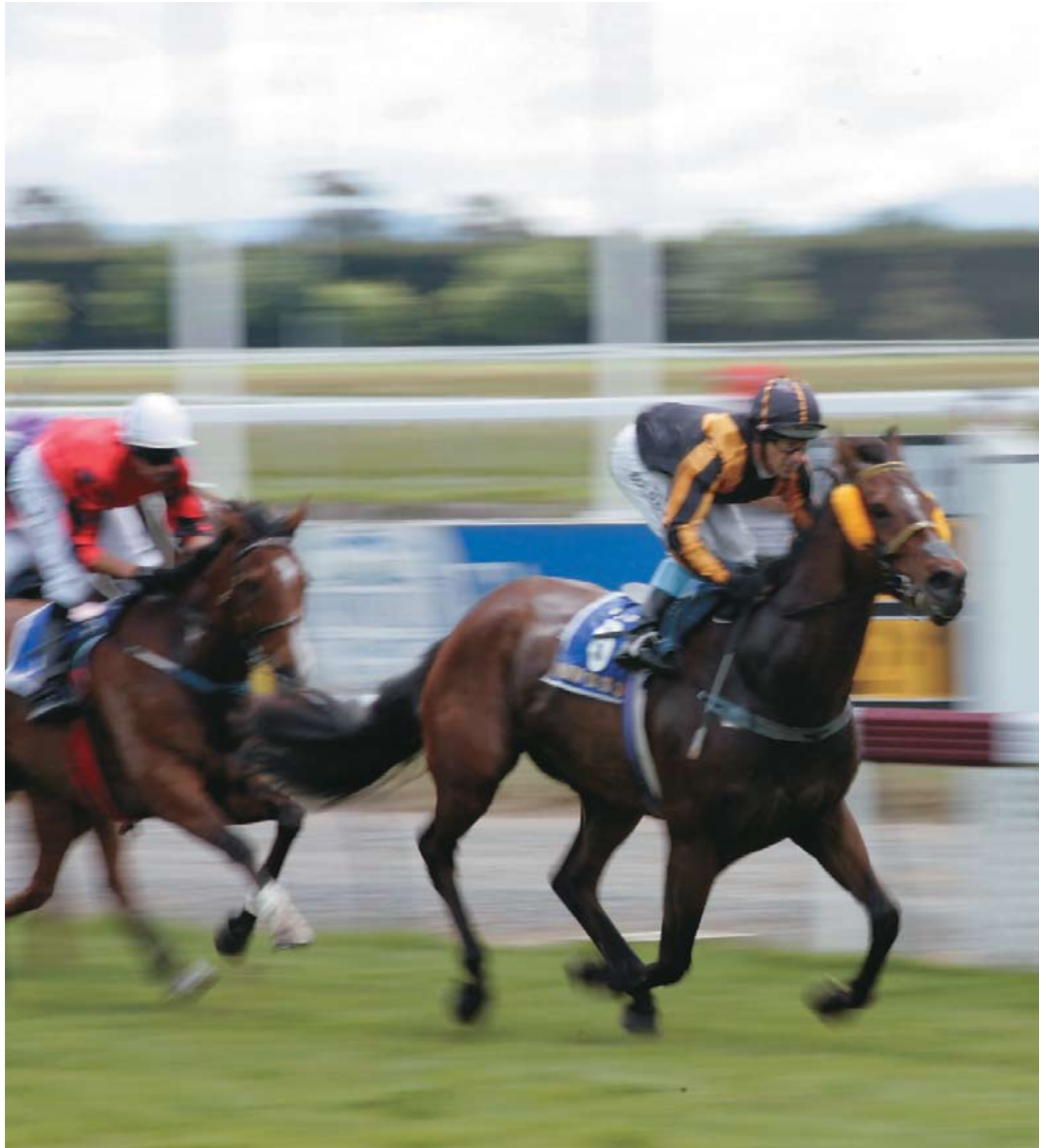


Warren Larsen

➤ Warren Larsen	Independent Chairman
➤ Alistair Sutherland	Thoroughbred nominated member (from 1 April 2006)
➤ Jim Wakefield	Harness nominated member
➤ Warren Bell	Independent member (from 1 April 2006)
➤ Thayne Green	Greyhound nominated member
➤ Julie Crengle	Independent member
➤ Alan Jackson	Independent member
➤ Murray Acklin	Thoroughbred nominated member (until 31 March 2006)
➤ Anne Urlwin	Independent member (until 31 March 2006)



From left: Alistair Sutherland, Jim Wakefield, Warren Bell, Thayne Green, Julie Crengle and Alan Jackson.



Chief Executive's Review | Graeme Hansen

The year under review has seen the New Zealand Racing Board enjoy better than expected growth through our wagering brand the TAB, while a number of other important milestones were delivered during the 2005/06 season.

We can take pride in these achievements, given the challenging and difficult operating environment.

Opportunities abound in this industry for those with a positive attitude and an unflinching will to succeed. This has allowed us to make sound progress and the extent of that progress can be measured in any number of ways, including implementation of the Board's wide-ranging improvement programmes, continued building of our management bench strength, Radio Trackside, Destination Summer Holiday Racing and improving communications and Code liaison. These are just some examples of the types of tactical issues we have addressed in the past year.

The NZ Racing Board is at a critical point in addressing our involvement in the global wagering market, whilst also protecting our domestic market share.

In this regard we have recently seen the internationalisation of the New Zealand racing product take a step forward - with the September 2006 signing of a Memorandum of Understanding (MOU) with Australian wagering organisation Tabcorp. The MOU allows the NZ Racing Board and Tabcorp to exclusively advance negotiations towards achieving:

- Co-mingling of NZ Racing Board bets on Australian racing with Tabcorp.
- Co-mingling of Tabcorp bets on New Zealand racing with the NZ Racing Board.
- Increased coverage of New Zealand racing within Australia's wagering programme.
- Increased coverage of Australian racing within New Zealand's wagering programme.

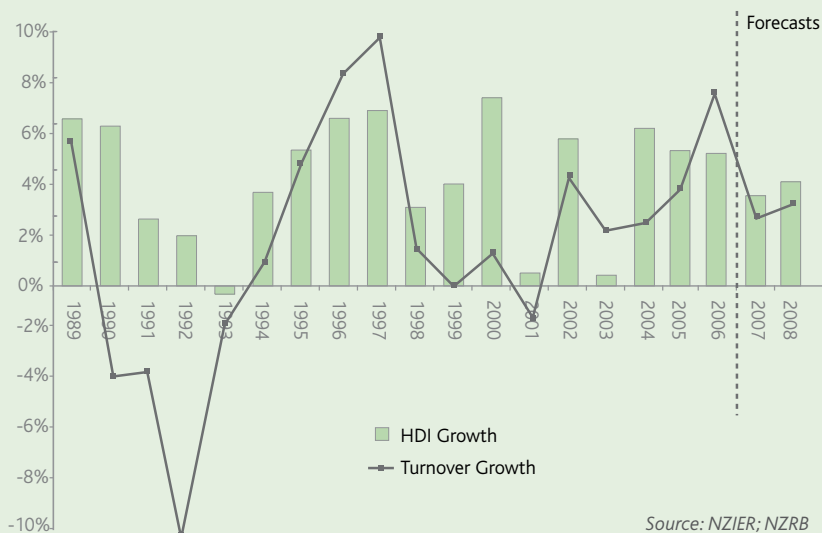


Chief Financial Officer David Walsh and Chief Executive Graeme Hansen

- Sky Channel to act as the international broadcast agent for the NZ Racing Board, allowing Sky to sell and market all New Zealand races to other countries where Sky Channel currently markets Australian racing.

The internationalisation of the New Zealand racing product is an inevitable consequence of the fiercely competitive environment in which we now operate. Racing and sports wagering is a global and borderless market with aggressive pricing and flexible funding models,

Household Disposable Income and Turnover Growth



Source: NZIER; NZRB

accelerated changes in technology options and changing customer spending patterns.

At the same time, our domestic market is exposed to prevailing economic conditions which suggest a tightening in disposable income in the period ahead. History shows us that our turnover is strongly correlated to the shifts in household disposable income. Therefore, we will have to be disciplined in managing our business in the face of any economic downturn.

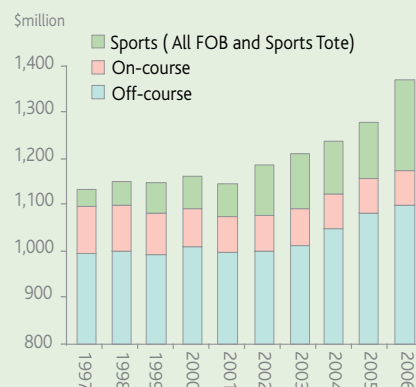
Later in this review, and elsewhere in this annual report, there is more detail on some of the specific work programmes and actions in play to address these challenges and to create our own opportunities. We are confident we have established strong foundations upon which to build and to defend our customer assets. In doing so, the demands on our management and staff have been immense. Every individual within the business who has contributed so willingly, and with determination and passion, deserves high praise.

Year In Review

The immediate impact of all these efforts can be measured through a number of highlights we experienced during the year.

- Total turnover has hit a new high of \$1,364.5 million, an increase of 7.2%, with the growth across the three primary sectors of our business: on-course, off-course and fixed odds betting (both racing and sport). This growth has continued the steady turnover gains we have experienced since the formation of the Board.
- Domestic tote turnover has been bouncing back over the past two years after a period of steady decline. This year in review, New Zealand domestic tote was \$790.3 million and overseas tote was \$381.7 million - for a 67/33 split.
- Fixed odds business is showing very strong growth, a result of further product development and the investment we have made in bringing a number of additional members into the team. FOB Racing reached turnover of \$54.4 million, up from almost \$30 million last year. FOB Sports reached turnover of \$136.1 million, up from \$97.4 million last year.

Total Turnover - 10 years



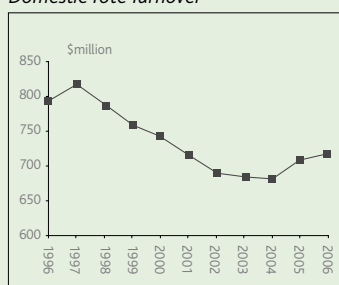
- Betting was available on a total of 24,000 races in the season, up from 17,000 three years ago.

- Net betting revenue rose by 4.1%. The difference in growth between turnover and net betting revenue is a result of strong growth in our lower yielding products.

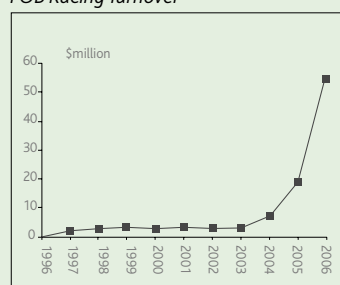
- The total number of bets placed increased by 2.3% for the year while the average bet value has increased by 4.8% to \$6.84.

Actual staff costs for this year exceeded budget by just over \$4 million. This variation reflected a number of changes including the first full period of costs since the introduction of Radio Trackside and the developing of our

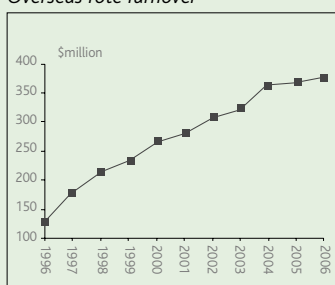
Domestic Tote Turnover



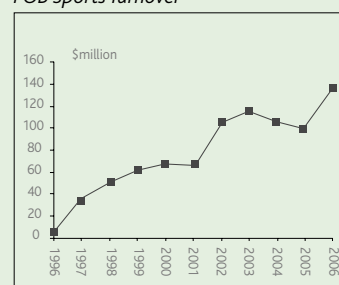
FOB Racing Turnover



Overseas Tote Turnover



FOB Sports Turnover



benchstrength, especially in mid-management and project resourcing.

Importantly, we have not yet driven through changes in our distribution network. The migration strategy to encourage wagering through our most cost efficient channels is continuing, as evidenced by the recent introduction of a minimum \$5 bet through our phonebet operators, as noted below.

We also investigated a Natural Language Voice Recognition system for automated answering, but elected not to proceed with that option.

Customer Focus Imperative

There is an immediate requirement to better understand, and therefore satisfy, our customers. Late in the year we conducted a series of Focus Groups for both customers and non-customers. These covered most areas of our business: retail, broadcasting, wagering, account opening and exits, website and raceform issues. The outcome will see the TAB becoming more customer-centric – a necessity if

we are to compete in the global market in the future.

We are committed to lifting our retail performance in the market by changing the approach of our network team – working harder at the point of sale across all of our network's touch points. An essential modification is to shift the emphasis from selling bet tickets to focusing on what our customers want – simple retail techniques such as cross-selling and up-selling must be employed at all levels. To stimulate this, and to encourage increased buy-in by our agents and social operators, the retailers' remuneration has been repackaged from 1 August 2006. Also, incentive payments are being made available for agents in reward for customer growth and improved service.

We are addressing aesthetic concerns raised by our retail customers through earlier research by introducing a new look TAB into selected areas. Features include more modern colours and finishes, the sports section demarcated

from the race betting area, flush mounted Sharp LCD monitors, touch screen information stations for sports options and Internet browsing facilities. A new look showcase store – Brandon Street, Wellington – opened in June 2006 and is already showing improved performance.

While striving to provide our customers with easier access to our services, we are also conscious of the need for low cost facilities where customer volume does not warrant a full service agency or social outlet. This has seen us roll out 120 new self-service units throughout the country. These units feature the latest in touch screen technology and have met with strong customer support. During the summer peak racing period, a number of these self-service units were utilised on-course to complement the club tote facilities. Recently, two of these machines have been installed at the Christchurch Casino, breaking new ground in our efforts to satisfy niche markets within our retail footprint. A further tranche of self-service units will be added to the retail network early in the new season.

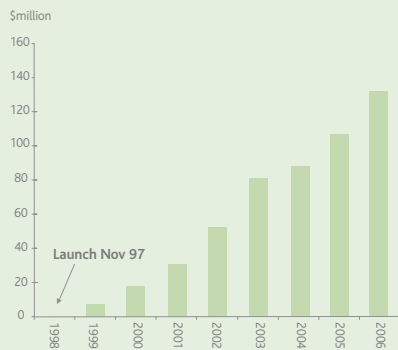
Electronic Channels Gaining Share

There has been rapid growth in our electronic transactional channels over the last three years. The Internet, Touch Tone and SKYbet are each cultivating their own dedicated customer following. As these channels continue to grow, customers

Brandon St - Wellington



Internet Growth



of our operator assisted Phonebet channel are being asked to refine their betting behaviour.

From 1 August 2006 we have increased the minimum bet (transaction) on operator assisted telephone calls, from \$2 to \$5. The decision to make this change has been driven by the need to address loss-making activity. The cost now exceeds the margin we generate from calls where the transaction is less than \$5. A significant percentage of calls we received fitted into this category while the turnover generated from those calls was relatively small.

As part of this change we have established two new services for those customers who are unable or unwilling to use alternate channels. A new "Early Bird" service is being trialled between 10am and 11am each day for customers who wish to place a bet of less than \$5 through an operator. And a specialist service will permit bets of less than \$5 to be processed for customers who are physically unable to use any other channel.

Marketing Roles And Responsibilities

There is always much discussion around the roles and responsibilities of the NZ Racing Board, Codes and clubs in many areas of our business. The marketing of racing events is one area that attracts almost constant debate around who should be responsible for what. In that context it is important to understand the difference between our internal marketing resource and our team tasked with developing brands such as Destination Summer Holiday Racing (DSHR). While DSHR is a brand developed by the NZ Racing Board to encourage on-course participation, our internal marketing team is tasked with driving wagering turnover, for both Sports and Racing brands, to allow the Board to meet its financial commitments to the industry.

The marketing of wagering will often have little in common with marketing on-course attendance at a local or even national race meeting. Thus, we do not actively aim to drive attendance at any single race meeting; rather, we encourage national participation in wagering. The brand of the on-course event is owned by the club hosting the event – the wagering products that facilitate wagering on the event are the responsibility of the TAB. This distinction requires the marketer to engage very different emotions requiring very different campaigns, a fact often misunderstood within

the industry. Related objectives for our marketing function include the communication of a positive image for the racing industry into the wider community and support for other NZ Racing Board business initiatives as required.

Informative And Entertaining Broadcasting

Our most potent marketing tool is our broadcasting network which has undergone substantial change during the last two years, with the establishment of Radio Trackside and the introduction of new programmes and 24-hour service on Trackside Television.

With an audience of some 250,000 our broadcasting network provides the vision, information and call to action that drive the industry's wagering engine.

In the years since Trackside Television first went to air we have seen extensive developments in graphic display technology and a rapid elevation in the expectations of television viewers. By using a component of the customer research project to establish the requirements of our wagering customers we are confident that we can incorporate intelligent changes to enhance the entertainment aspect of their viewing without compromising the wagering drivers. These changes are scheduled for a gradual roll out in this current season.

The next step, already under way, is to address production standards and service levels consistent with the racing events and the venues at which racing is conducted.

Cost Transparency

Our finance team has recently completed the first phases of a major analysis of the Board's broadcasting and venue costs for each racecourse. This enables us, the Codes and the clubs to measure the real costs of providing these services by raceday.

Whilst this work is well advanced, we will not be seeking to recover those direct costs in the 2006/07 season. However, we are encouraging the Codes to discuss these costs with individual clubs so that proper planning can be worked through prior to the 2007/08 season when it is expected these costs will be charged on a user pays basis.

Raceform

The highs and lows of the year under review are well evidenced in this important area. New ground was broken with improved New Zealand form coverage in the Sydney Daily Telegraph and a new format was progressively rolled out through the Otago Daily Times, The Press, the Dominion Post and the New Zealand Herald. At the same time, our Internet site (www.tab.co.nz) now offers a significantly improved form guide which has been well received by clubs and individual wagering customers.

The demise of the independent "Friday Flash", however, has provoked much comment. Some industry sectors are keen for the NZ Racing Board to produce and/or subsidise an industry publication to replace the "Flash". For our part, we are most concerned to have the gaps left by the loss of that publication filled in some way to ensure full and complete information is available to the wagering customer. However, there are downsides to the Board being the major television and radio broadcaster as well as print publisher. So, we would welcome an independent print publication and have been actively involved in discussions with some interested parties in that regard.

Fixed Odds Betting Sports (FOB Sports)

Later in this Annual Report we outline the growth we have seen in sports betting over the last year and the impact this has had on levy payments to New Zealand sporting bodies.

This year has been dominated by the Soccer World Cup. It is also pleasing to note that a large number of sports have experienced turnover growth over last year. Indeed this year has seen a sharp improvement in turnover for the sports business as we have worked hard on increasing the participation of casual customers, especially through our retail network.



Bookies on-course, Paul Lally

As noted elsewhere in this Annual Report, we experienced significant growth in this area of our business in the 2005/06 year. Whilst yield volatility has reduced, it is still relatively wide. This certainly brings into focus the differences in risks between the tote and fixed odds betting.

For the new season we are committed to a broader spread of FOB turnover growth across all Codes. We will also be rigorous in managing operating risks and balancing further growth with available resources. The priority will be to concentrate on yield, rather than simply to drive growth in turnover.

Betting Exchanges

We have been pro-active in developing an internationally competitive strategy in the face of powerful economic models such as betting exchanges. It is not the intention of the NZ Racing Board to ignore the existence of betting exchanges but to explore and develop the competitive strategy that optimises returns to the New Zealand racing industry. The fact that a small number of exchanges have been successful



indicates that they do service a niche market of customers - but that a very high level of liquidity is required to make them successful. We will continue to address the related issues as part of our core business planning and strategic positioning.

The preceding sections illustrate some of the challenges we are encountering. They merely scratch the surface in terms of the energy, effort and excitement of the year under review and the opportunities

ahead. The results achieved and progress to date are a foothold. The challenge is invigorating, as long as the industry is prepared to put some historic self-interest and prejudices aside. Universal harmony is unrealistic in such a diverse industry. But we have a huge opportunity right now which will evaporate if we cannot get a shared sense of purpose. From an operational point of view, some great strides have been made, but more are needed through a co-ordinated club, Code and Board effort. We know we want to

do better in the year ahead. We look forward to pursuing that goal with others of a like mind.

Graeme Hansen, Chief Executive

Senior Executives

➤ Graeme Hansen	Chief Executive Officer	➤ Gary Hooper	Channels
➤ David Walsh	Chief Financial Officer	➤ Chris Corke	Chief Information Officer
➤ Bill Colgan	Racing and Wagering	➤ Lynley Sinclair	Human Resources
➤ Simon Bailey	Marketing	➤ Glen Broomhall	Broadcasting

Code Champions



XCELLENT
➤ Thoroughbred Racing



MAINLAND BANNER
➤ Harness Racing



BIG SAM JUNIOR
➤ Greyhound Racing

Sports Betting and Sporting Body Levies

The year in review saw a record number of New Zealanders wagering on sporting events through the TAB. Bet sales for sports across most sporting codes have surpassed previous years' levels while the year set a record for new account openings for sports customers.

We were also very pleased to agree terms with five new sporting bodies. Swimming, Table Tennis, Badminton, Squash and Hockey all made their debuts as sports our customers can wager on. There are now 30 sports available for wagering on through the TAB.

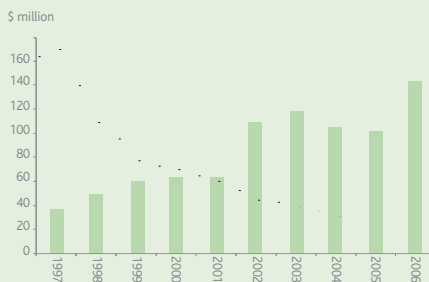
Total sports turnover for the season was \$138.1 million, a considerable increase on last year's \$99.9 million. Of this increase, \$22 million is the direct result of the Soccer World Cup while the rest was made up of very pleasing increases in turnover across a range of sports.

Historically, our strongest sports have been the two Rugby codes. This year Soccer split these two codes, the three sports accounting for 70% of total sports turnover. The year in review saw Rugby Union the most wagered on sport, reaching a solid 18% increase on last year's performance.

Rugby League on the other hand did not achieve the growth we had been looking for, in what was a very mixed bag for the sport in New Zealand. The success of the Kiwis in the Tri-Nations competition rewarded many faithful wagers who have been on the wrong end of Australian victories for many years. The loss of four competition points and poor early form saw the New Zealand Warriors fall in wagering support early in the season.

Not surprisingly, the 2005/06 season was dominated by the Soccer World Cup. The contribution of this event saw Soccer achieve a sharp increase over previous years. The tournament itself exceeded expectations with turnover reaching \$22m. It was envisaged that the unfriendly time-zone would hinder

Sports Betting - 10 years



Kevin Clarke CMGSPORT

the wagering activity. However, this proved to be incorrect as existing and new customers flocked to the TAB Internet site and metro retail outlets to place bets on the event.

The excitement of the World Cup was felt daily throughout the whole organisation and an early start in the office to coincide with a 7am kick off was the choice of many over the three week period. Excitement was also a constant companion for the Sports Desk as the early run of winning favourites threatened the margin targets that had been forecast for the event. Ironically the exit of New Zealand favourites England and Brazil signaled a turn in the tournament and

ensured that the TAB would return a reasonable margin off the back of such strong turnover. A tournament such as this that brings so much profile to sports betting, also brings the risk of little financial return should the results go the wrong way – the sting in the tail of fixed odds betting.

It is very pleasing that records have also been set in levies being paid to New Zealand sporting bodies. In total more than \$2.3 million will be distributed to sporting bodies from wagering during 2005/06. This is a step change in payments, an increase of more than \$0.5 million on the last two years bringing total payments to sporting bodies, since sports betting began in June 1996, to more than \$14 million.

A key focus this year has been the development of a more product centric marketing platform. The fruits of this labour are on display in the



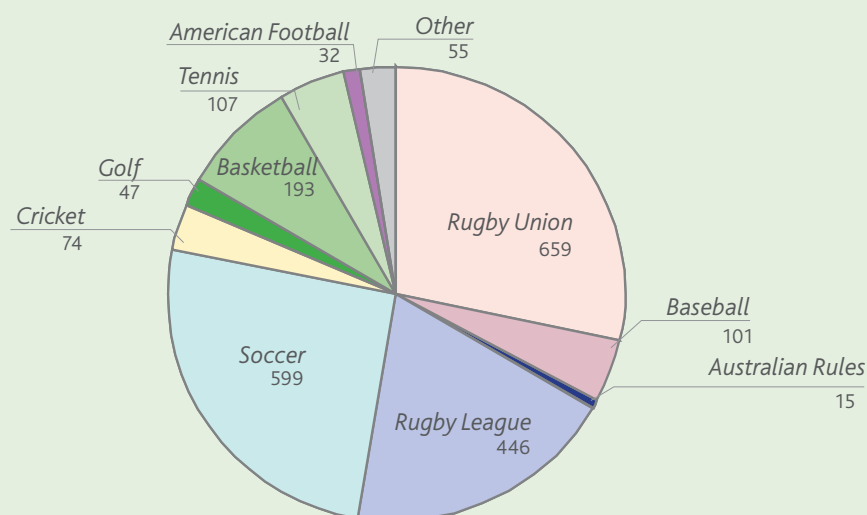
massive increase in wagering on our Multi product. Multi sales grew by approximately 75% over the previous season, showing the growing appetite that our customers have for more exotic products that have a higher risk and return profile than our more traditional products.

Ticket numbers sold is the best picture of participation and for the year we sold more than 2,000,000 individual Multi bets; an increase of 795,000 over the previous year.

The Multi product again delivered some healthy returns for many of our customers. The key to the Multi product is the multiplier effect that quickly sees the value of the wager grow, even when made up of a number of reasonably low priced options. A small number of customers received payouts of over \$200,000 from investing in Multi throughout the year.



Sporting Body Levies \$'000s



Governance

This Governance statement sets out the authority, responsibilities, membership and operation of the New Zealand Racing Board.

Board Structure and Composition

The management of the business and affairs of the NZ Racing Board takes place under the direction of its governing body, the Board. Under section 11 of the Racing Act 2003, the Minister for Racing appoints a Board of seven, consisting of:

- An independent Chairperson;
- Three members appointed on the nomination of each racing Code – one by each of New Zealand Thoroughbred Racing Inc, Harness Racing New Zealand Inc and the New Zealand Greyhound Racing Association (Inc);
- Three persons recommended by a nomination advisory panel consisting of the Minister, the Board Chairperson and the Chairpersons of the three racing Codes.

Board members are appointed for terms not exceeding three years.

Board Responsibilities

The Board is responsible for the overall direction and control of the NZ Racing Board's activities, and its key responsibilities are:

- Establishing goals and strategies with associated business plans;
- Monitoring performance against budget and other performance indicators;
- Ensuring integrity and transparency in reporting;
- Communicating with the racing Codes on a regular basis through CRIG (Combined Racing Industry Group) meetings, annual Statements of Intent, annual reports and other relevant reporting;
- Implementing policies to enhance the NZ Racing Board's performance;
- Identifying and managing business risks, including statutory compliance;
- Ensuring appropriate internal controls and the quality and independence of the external audit function;
- Monitoring management and its performance, including Chief Executive appointment, review, development, succession planning and delegations;
- Fostering an organisational culture that requires Board members, management and every staff member to adhere to high standards of ethics and corporate behaviour.

The NZ Racing Board delegates certain responsibilities to the Chief Executive and to committees of the Board. In accordance with section 19 of the Racing Act 2003, the Board submits a Statement of Intent for the coming financial year, setting out the NZ Racing Board's overall objectives, intentions and financial and performance targets. After due consultation with recognised industry organisations the finalised Statement of Intent is presented to the House of Representatives.

Board Processes

The Board met 12 times during the year to 31 July 2006. Policies are in place to ensure meetings are subject to formal agendas and reporting procedures. Meeting agendas are prepared by the Chief Executive and Board Secretary in conjunction with the Chairperson, with papers circulated in advance of the meetings.

The NZ Racing Board maintains an Interests Register in which the interests of its members are recorded. Members are expected to manage any conflicts of interest responsibly and to act ethically and in a manner consistent with the values of the NZ Racing Board and its objectives. These objectives, as set out in section 8 of the Racing Act 2003, are:

- To promote the racing industry;
- To facilitate and promote race betting and sports betting;
- To maximise its profits for the long-term benefit of New Zealand racing.

Board Committees

The Board has formally constituted four Board committees – the Dates Committee, the Audit and Finance Committee, the Compensation and Development Committee and the Integrity Committee. These committees support the Board by considering relevant issues at a suitably detailed level and reporting back to the Board.

All committees have written Charters setting out their roles and responsibilities, membership, functions, reporting procedures and the manner in which they are to operate.

Matters considered by the committees are reported back to the Board as recommendations, except where specific decision-making authority has been delegated by the Board. The structure and membership of each committee is reviewed annually.

Dates Committee

The Dates Committee is established in accordance with section 42 of the Racing Act 2003, which requires the committee to determine, following consultation with each of the recognised industry organisations:

- All of the dates in the subsequent racing year on which domestic betting races will occur;
- The allocation of those dates among racing clubs;
- Any conditions of allocation.

The committee consists of Julie Crengle (Chairperson), Alistair Sutherland (commencing April 2006), Thayne Green, Jim Wakefield and Warren Larsen (ex-officio). Murray Acklin was a member of the committee until his resignation in March 2006.

Audit and Finance Committee

The Audit and Finance Committee assists the Board in discharging its responsibilities with respect to financial reporting and the financial risk management practices of the NZ Racing Board, the work and performance of the internal audit function and the NZ Racing Board's external auditor, Deloitte.

The committee consists of Warren Bell (Chairperson) (commencing April 2006), Alistair Sutherland (commencing April 2006) and Julie Crengle. Anne Urlwin was Chairperson, and Murray Acklin was a member, of the committee until their resignations in March 2006.

Compensation and Development Committee

The Compensation and Development Committee's purpose is to monitor issues and determine policies and practices related to the remuneration and review of the Chief Executive and the senior management team.

The committee consists of Alan Jackson (Chairperson), Thayne Green and Warren Larsen.

Integrity Committee

The Integrity Committee was formed to provide leadership and oversight of initiatives to ensure exemplary standards of integrity for the racing industry, and for the NZ Racing Board's wagering-related operations. Its membership is Jim Wakefield (Chairperson), Thayne Green, Alistair Sutherland and Alan Jackson.

Taxation Committee

The NZ Racing Board previously also had a Taxation Committee. That committee was disbanded during the year after the Government's announcement of the taxation changes, as the committee's purpose had been achieved.

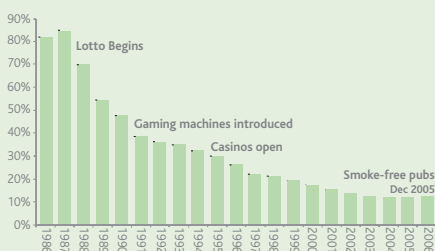
Responsible Gambling

The New Zealand Racing Board, under the Racing Act 2003 and associated Regulations, is required to report on programmes relating to problem gambling, is required to provide information and advice on problem gambling and is required to provide problem gambling training.

The Changing Face of New Zealand Gambling

The New Zealand gambling market has grown significantly over the last 15 years as the impact of gaming machines and casinos has taken effect. Since the introduction of Lotto in 1987, the significance of racing and sports wagering in the total gambling market has dramatically reduced. Prior to the introduction of Lotto, wagering made up approximately 85% of all New Zealand gambling. Today it accounts for close to 12%.

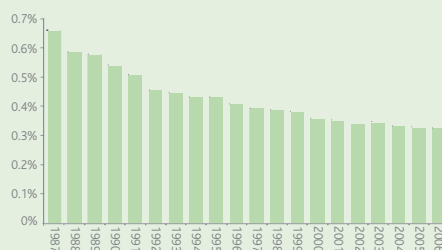
Racing and Sports Wagering Spend Market Share



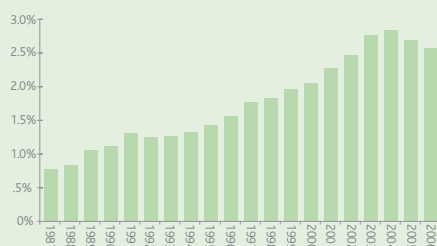
The reason for this loss of market share for wagering is the abundance of access New Zealanders now have to other forms of gambling. This ease of access coupled with new product innovation has seen the gambling industry mature. Total gambling as a share of household disposable income has been growing, with a levelling off of this growth only occurring in the past few years due to stricter gaming machine control and the introduction of controls on smoking in hotels, bars and restaurants.

The graphs below show how net wagering spend (Racing and Sports) by customers as a share of household disposable income (the income households have left to spend after paying tax) has been falling for at least

Racing and Sports Wagering Customer Spend as % of Household Disposable Income



Total Gambling Customer Spend as % of Household Disposable Income



20 years and now accounts for only 0.3% of household spending or 30c in every \$100, while the corresponding spend on all gambling peaked in 2004 at 2.8%.

Focusing on Harm Prevention

In the past twelve months the NZ Racing Board has continued to focus on its responsibilities for harm prevention and minimisation. Initiatives in this area have included continued training in problem gambling awareness for those responsible for supervising betting across the industry. The NZ Racing Board has always taken a proactive stance in this area commencing training prior to the introduction of the Act in 2003 and also the regulations that came into force on 1 October 2005. During the past financial year, 44 training workshops were held with 672 participants attending.

Staff Process for Intervention



The NZ Racing Board considers that the standard of training provided must be of a high quality and in a format which enables face-to-face interaction. Its selected external trainer is NZQA registered.

In the past year, the NZ Racing Board has also participated as part of an industry wide group to establish recognition of such training through the NZ Qualifications Framework, while the Hospitality Standards Institute is in the process of applying for unit standard recognition of this training.

The Harm Prevention and Minimisation policy established in 2005 was also reviewed during the past year, with the Board reinforcing its belief in the importance for all channels and services to customers to at least meeting these obligations.

During the year, the investment in responsible gambling measures by the NZ Racing Board was \$1.3 million. Of this, approximately \$ 1.2 million was paid to the Crown to recover the costs of Ministry of Health problem gambling management services. The NZ Racing Board is committed to Ministry of Health strategies and programmes in this area and this is illustrated by our representation and participation in the Expert Advisory Group established jointly by the Department of Internal Affairs and the Ministry of Health. This is an important opportunity to contribute, along with other industry

providers and parties, to the discussion on key issues within our sector from a harm prevention and minimisation perspective. The NZ Racing Board also maintains strong relationships with government officials as well as working alongside problem gambling support agencies to better understand customers' needs.

The remaining \$93,000 was predominantly invested in the provision of training on harm minimisation and prevention to staff in customer roles within the NZ Racing Board and the wider racing industry to ensure a leadership position is taken with this key responsibility.

The NZ Racing Board has also embarked upon a more precautionary approach with respect to the development of new products and services. This involves analysing the design of products from a harm prevention and minimisation perspective. One such intervention where this approach was applied was in the planning and analysis for

the introduction of an increase to the minimum bet value through the Phonebet channel introduced on 1 August 2006.

Customer interventions during the financial year have included up to 16 requests for self exclusion from NZ Racing Board venues. All requests for exclusion were actioned by closing the customer's TAB account and implementing a process so that the customer could not open further accounts. TAB retail outlets in the areas that the customer frequented were also notified of the exclusion from service. Twenty eight requests for assistance or advice on problem gambling have been received, and advice on how to obtain support for the problem was given to the customers along with details of the exclusion process.



Destination Summer Holiday Racing

The potential benefit of branding for New Zealand racing has been demonstrated through the highly successful inaugural season of NZ Still Destination Summer Holiday Racing.

The primary driver for the establishment of this racing brand was the realisation that an opportunity existed to attract more New Zealand families to the races over the summer months. By enhancing and promoting the entertainment aspect of the raceday, coupled with improvement to the services and amenities for them to maximise their enjoyment at an event. This requirement for consistency and reliability provided the framework for the Industry Revitalisation team to build a brand of franchised events.

Research collected at racing events showed that potential new racing customers feel confused by the plethora of racing messages and the complicated racing narrative. They don't know what to expect, and it puts them off giving racing a try. "We saw that there were three nationally recognised events consistently drawing large crowds: Kumara, Tauherenikau, and Omakau in early January. What they had in common was that they delivered quality entertainment, and a clearly defined customer experience, in their own unique setting. We wanted

to help develop more events like these," Industry Revitalisation team leader Tom Jamison said.

The research also showed that many summer picnic events attract large numbers of new customers, creating an opportunity to engage more people in racing. However, the total numbers at the events were not growing, signalling issues with customer satisfaction, and requiring much more than just a marketing campaign. Meeting the needs of the 'families-on-holiday' market requires a strong emphasis on quality control and the industry team worked closely with the participating clubs to establish critical event factors and quality standards, from toilets to music, kids' entertainment to rubbish control, uniforms to signage.

The DSHR brand promised racegoers a high standard of basic facilities and non-racing entertainment for all. Four primary sponsors were on board from the outset - NZ Still (a new brand of bottled water from NZ Quality



Waters), Sharp, Ford, and SunSmart. Operating across all three racing Codes, NZ Still Destination Summer Holiday Racing was linked together by a wagering product, the 'Summer Six-Pack', with on-course bonus prizes including two Ford Focus cars. Participating clubs signed up to the quality standards, in return for national and local mainstream marketing and implementation support. Clubs invested in live music, temporary upgrades to facilities such as toilets, and entertainment for adults and children, funded by gate fee revenue. Although many of the events were already successful in their own right, DSHR proved that boundaries can be pushed further.

First Year Results at a Glance

Number of Events	➤ 23, from Ruakaka to Riverton
Customer Satisfaction	➤ Feedback shows a lift across the board
Attendance	➤ 106,000 people, 9% increase over last year
Gate Takings	➤ All events charged either \$5 or \$10 gate fees ➤ Total gate revenue \$187,000, 48% increase on last year
On-course Turnover	➤ Total for 23 events increased by \$620,000, 14% increase on last year ➤ 10 of the 23 events had 10 Year on-course turnover highs ➤ Tickets issued increased by 7.6%: average bet increased by 6.4%
Summer Six Pack	➤ 2 Ford cars and 23 Sharp home entertainment systems won ➤ 15 pools of \$20,000 terminated ➤ 35% of tickets (by value) were sold on-course
Bottles of Water	➤ 100,000 bottles of NZ Still water consumed by racegoers

Financial Statements



CONTENTS	
Statement of Financial Performance	30
Statement of Movements in Equity	31
Statement of Financial Position	32
Statement of Cash Flows	33
Statement of Accounting Policies	34
Notes to the Financial Statements	36
Audit Report	49

Statement of Financial Performance

FOR THE YEAR ENDED 31 JULY 2006

		2006	2006	2005
	Notes	Actual \$'000s	Budget \$'000s	Actual \$'000s
REVENUE				
Betting Turnover (including GST)	1	1,364,492	1,328,810	1,272,839
Net Dividends (including GST)		(1,106,179)	(1,072,140)	(1,025,539)
Betting Deductions (including GST)	2	(74,284)	(73,451)	(70,512)
Net Betting Revenue (excluding GST)	3	184,029	183,219	176,788
Other Income	3	14,948	11,666	14,180
Operating Revenue	3	198,977	194,885	190,968
OPERATING EXPENDITURE				
Operating Expenses	4	119,069	116,235	114,051
OTHER INCOME				
Interest Income	3	5,835	4,699	5,139
NET RETURN FROM NEW ZEALAND RACING BOARD OPERATIONS		85,743	83,349	82,056
INDUSTRY EXPENDITURE				
Industry Operating Expenses	20	18,986	18,564	17,750
Industry Revitalisation Expenses	21	2,462	3,940	270
NET SURPLUS		64,295	60,845	64,036

ANALYSIS OF TOTAL NEW ZEALAND RACING BOARD INDUSTRY CONTRIBUTIONS

The New Zealand Racing Board provides funding to the Industry through operational earnings and utilisation of reserves. The New Zealand Racing Board initially expenses all industry revitalisation costs and reimburses the Operating Result by transferring a like amount from reserves.

FROM OPERATIONS

Code Proportional Share		66,437	64,461	63,992
Direct Code/Industry Expenses	20	18,986	18,564	17,750
Amenities Levy (Retained)		320	324	314
		85,743	83,349	82,056

FROM RESERVES

Industry Revitalisation Contribution from Reserves*	21	2,462	3,940	270
Other	21	-	-	360
		2,462	3,940	630
TOTAL INDUSTRY CONTRIBUTION		88,205	87,289	82,686

* The Industry Revitalisation Reserve expenditure refers to targeted New Zealand Racing Board initiatives to improve industry performance. To date, these include support of the Destination Summer Holiday Racing programme, Thoroughbred maiden starter incentives, Sponsorship incentives, and the provision of Big Screens on-course. As at 31 July 2006, \$7.8m of the initial \$10m has been committed.

THE ACCOMPANYING ACCOUNTING POLICIES AND NOTES FORM PART OF THESE FINANCIAL STATEMENTS

Statement of Movements in Equity

FOR THE YEAR ENDED 31 JULY 2006

		2006	2006	2005
	Notes	Actual \$'000s	Budget \$'000s	Actual \$'000s
Reserves at Beginning of Year		101,664	101,664	101,980
Total Recognised Income and Expense (Net Surplus for the Year)		64,295	60,845	64,036
Distribution from Reserves for Industry Revitalisation		2,462	3,940	630
Net Surplus Available for Distribution		66,757	64,785	64,666
Interim Distributions to Codes		(61,694)	(62,114)	(63,746)
		5,063	2,671	920
Final Distribution Payable to Codes		(4,743)	(2,347)	(606)
Transfer to Reserves		320	324	314
Distribution from Reserves	21	(2,462)	(3,940)	(630)
NET DECREASE IN RESERVES		(2,142)	(3,616)	(316)
Reserves at End of Year		99,522	98,048	101,664

THE ACCOMPANYING ACCOUNTING POLICIES AND NOTES FORM PART OF THESE FINANCIAL STATEMENTS

Statement of Financial Position

AS AT 31 JULY 2006

		2006	2006	2005
	Notes	Actual \$'000s	Budget \$'000s	Actual \$'000s
EQUITY				
Reserves	21	99,522	98,048	101,664
Total Equity		99,522	98,048	101,664
<i>Represented By:</i>				
CURRENT ASSETS				
Cash and Short Term Investments	6, 22	80,189	43,900	65,665
Inventory		183	161	161
Receivables and Prepayments	7	3,651	5,960	5,573
		84,023	50,021	71,399
CURRENT LIABILITIES				
Payables	8	24,561	23,965	22,935
Account Betting Deposits and Vouchers	6	12,157	11,056	11,056
Unpaid Dividends and Jackpot Retentions	9	5,364	6,003	5,393
		42,082	41,024	39,384
WORKING CAPITAL		41,941	8,997	32,015
NON CURRENT ASSETS				
Loans and Advances to Clubs	10	1,749	1,893	2,021
Long Term Investments	6, 22	5,011	14,669	14,681
Property, Plant & Equipment	12, 22	47,209	70,917	50,815
Broadcasting Licences and Intangibles	11	5,526	4,722	5,282
		59,495	92,201	72,799
NON CURRENT LIABILITIES	14	1,914	3,150	3,150
NET ASSETS		99,522	98,048	101,664

The members of the New Zealand Racing Board authorise these Financial Statements for issue on 19 September 2006.



Warren Larsen
Chairman of the New Zealand Racing Board



Warren Bell
Chairman of the Audit and Finance Committee of the New Zealand Racing Board

THE ACCOMPANYING ACCOUNTING POLICIES AND NOTES FORM PART OF THESE FINANCIAL STATEMENTS

Statement of Cash Flows

FOR THE YEAR ENDED 31 JULY 2006

		2006	2006	2005
	Notes	Actual \$'000s	Budget \$'000s	Actual \$'000s
OPERATING ACTIVITIES				
<i>INFLOWS</i>				
Betting Turnover		1,364,718	1,327,684	1,272,926
Racing Services Income		4,606	4,542	4,475
Current Dividends and Deposits		1,073	-	442
Interest Received		5,927	4,350	5,214
Other Income		7,786	7,120	5,471
		1,384,110	1,343,696	1,288,528
<i>OUTFLOWS</i>				
Betting Duty Paid		44,277	40,483	42,300
Dividends Paid		1,106,926	1,074,285	1,025,539
Payments to Suppliers		77,439	84,426	72,545
Industry Distributions		67,259	66,784	66,251
Industry Expenses		18,986	18,564	17,750
Sporting Bodies' Levies		2,334	1,857	1,774
Payment to Employees		26,390	27,554	24,411
Net Goods and Services Tax		26,886	21,765	25,601
		1,370,497	1,335,718	1,276,171
Net Cash from Operating Activities	16	13,613	7,978	12,357
INVESTING ACTIVITIES				
<i>INFLOWS</i>				
Disposal of Property, Plant & Equipment		185	-	100
Repayments of Club Loans		252	150	302
Repayments of Long Term Investments		17,666	13	8,171
		18,103	163	8,573
<i>OUTFLOWS</i>				
Purchase of Property, Plant & Equipment	22	9,181	29,868	8,247
Purchase of Long Term Investments		7,995	22	-
Loans and Advances to Clubs		-	-	50
		17,176	29,890	8,297
Net Cash from Investing Activities		927	(29,727)	276
Net Increase/(Decrease) in Cash Held				
		14,540	(21,749)	12,633
Cash Brought Forward		65,665	65,665	53,034
Effect of Exchange Rate Change on Foreign Currency Balances		(16)	(16)	(2)
Closing Cash		80,189	43,900	65,665
<i>Represented By:</i>				
Cash and Short Term Investments	6	80,189	43,900	65,665
Closing Cash	22	80,189	43,900	65,665

THE ACCOMPANYING ACCOUNTING POLICIES AND NOTES FORM PART OF THESE FINANCIAL STATEMENTS

Statement of Accounting Policies

FOR THE YEAR ENDED 31 JULY 2006

ENTITY REPORTING

The financial statements report on the operations of the New Zealand Racing Board. The Racing Act 2003 requires disclosure of budgeted amounts approved by the Board.

STATUTORY BASE

The New Zealand Racing Board is a statutory body established pursuant to the Racing Act 2003. Financial Statements are prepared in accordance with the Racing Act 2003.

GOING CONCERN

The members of the Board have adopted the going concern basis for preparation of the financial statements.

MEASUREMENT BASE

The financial statements have been prepared on the historical cost basis, modified for the revaluation of land and buildings. The reporting currency is the New Zealand Dollar.

ACCOUNTING POLICIES

These financial statements are prepared in accordance with New Zealand Generally Accepted Accounting Practice. The accounting policies that materially affect the measurement of financial performance, financial position and cash flows are set out below.

Revenue and Net Dividends

Descriptions of specific terms stated in the Statement of Financial Performance are as follows:

Betting Turnover - refers to all turnover generated from betting.

Racing Services Income - refers to income the New Zealand Racing Board derives from providing on-course raceday services to racing clubs.

Net Dividends - refers to Dividends Paid and Payable to customers less Fractions and Unclaimed Dividends.

Revenue is recognised at the time the betting event takes place.

Goods and Services Tax (GST)

The Statement of Financial Performance and Statement of Cash Flows are prepared on a GST exclusive basis except for Betting Turnover and Dividends Paid to Customers. The GST component in betting turnover represents the GST payable on betting deductions and net betting revenue. All items in the Statement of Movements in Equity and Statement of Financial Position are stated net of GST, with the exception of Trade Receivables and Payables, which include GST as invoiced.

Property, Plant & Equipment and Depreciation

Except for land and buildings, Property, Plant & Equipment is stated at cost less accumulated depreciation, unless a diminution in value below cost occurs, in which case Property, Plant & Equipment is valued at the lower value. Land and Buildings have been revalued in accordance with FRS 3, Accounting for Property, Plant & Equipment, by registered valuers to their fair value.

Depreciation is calculated on a straight-line basis to allocate the cost of assets over their estimated useful lives. These rates are reviewed annually by the New Zealand Racing Board. The current annual depreciation rates are as follows:

Buildings at Valuation	1.0%	-	2.5%
Leasehold Improvements	10.0%	-	15.0%
Furniture, Office Equipment and Plant	10.0%	-	20.0%
Motor Vehicles	20.0%	-	33.0%
Operations and Trackside Equipment	10.0%		
Computer Equipment and Software	15.0%	-	50.0%

Financial Instruments

Financial Instruments carried on the Statement of Financial Position include cash and bank balances and investments. These instruments, with the exception of investments, are stated at their estimated fair value.

Statement of Accounting Policies

FOR THE YEAR ENDED 31 JULY 2006

Investments

Investments are carried at cost. Premiums and discounts on debt securities are amortised from purchase to maturity on a yield to maturity basis. Within the Statement of Financial Performance interest income is recognised on an accrual basis, and dividend income is recognised when declared.

Inventories

Inventories are stated at the lower of net realisable value or cost, as determined on a weighted average basis.

Broadcast Licences and Intangible Assets

The New Zealand Racing Board acquired intangible assets relating to radio frequency broadcasting licences when it took over Radio Trackside operations from Canwest NZ Radio Holdings Ltd.

Broadcasting Licences are recognised at cost and are amortised on a straight line basis over the remaining term of the licence period (equivalent to 5.0% and 17.0% per annum). When the carrying amount of an intangible asset exceeds its recoverable amount, it is written down to its recoverable amount.

Jackpot Retentions

These accounts are established in accordance with the Racing Rules pursuant to section 52 of the Racing Act 2003. Transfers to these accounts comprise amounts set aside from the dividend pools of Pick6, Six Pack and Pools betting. Funds accumulated in these accounts are used exclusively for the purpose of supplementing the dividend pool on some occasions when the same form of betting is offered subsequently.

Income Tax

The New Zealand Racing Board is exempt from income tax pursuant to section CW40(1)(a) of the Income Tax Act 2004.

Foreign Exchange

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency bank balances held at year end are translated at exchange rates current at year end.

Exchange differences and hedging costs arising on contracts entered into as hedges for specific expenditure are deferred until the date of settlement at which time they are included in the measurement of the purchase.

In some cases the New Zealand Racing Board may enter into foreign currency forward contracts. The purpose of these instruments is to reduce the exposure to fluctuations in foreign currency by establishing the rate at which the assets or liabilities will be settled. Because these hedging contracts have the effect of offsetting gains or losses on the underlying transactions in the physical market, there is no recognition in the financial statements until maturity of the contracts.

Cash

Cash is considered to be Cash on Hand, Current Accounts in banks net of bank overdrafts and corporate notes. In accordance with FRS 10, Statement of Cash Flows, long term government stock and corporate bonds are excluded.

Netting

Current dividends and betting deposits have been presented net in the Statement of Cash Flows as transactions are settled over a short period of time.

COMPARATIVE FIGURES

Certain comparative information has been reclassified, where necessary, to achieve consistency in disclosure with the current year, none of which are considered to be material.

Other Income and Other Operating Expenses have been reported at gross value in both current and the prior year comparative figures to reflect non-cash service agreements with certain suppliers.

CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policies during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 1 BETTING TURNOVER (INCLUDING GST)

	2006 Actual \$'000s	2006 Budget \$'000s	2005 Actual \$'000s
Off-course Racing - Totalisator (Tote)	1,096,690	1,104,704	1,079,580
Off-course Racing - Fixed Odds Betting (FOB)	54,361	29,606	18,906
On-course Racing	75,352	76,716	74,457
Total Racing Turnover	1,226,403	1,211,026	1,172,943
Sports - Totalisator (Tote)	2,030	2,029	2,520
Sports - Fixed Odds Betting (FOB)	136,059	115,755	97,376
Total Sports Betting	138,089	117,784	99,896
Total Betting Turnover	1,364,492	1,328,810	1,272,839

NOTE 2 BETTING DEDUCTIONS (INCLUDING GST)

	2006 Actual \$'000s	2006 Budget \$'000s	2005 Actual \$'000s
Betting Duty	44,277	43,927	42,300
Goods and Services Tax	27,673	27,454	26,438
Sporting Bodies' Levies	2,334	2,070	1,774
Total Betting Deductions	74,284	73,451	70,512

NOTE 3 TOTAL OPERATING REVENUE

	2006 Actual \$'000s	2006 Budget \$'000s	2005 Actual \$'000s
Net Betting Revenue	184,029	183,219	176,788
Racing Services Income	4,606	4,528	4,475
International Racing	3,783	3,397	3,588
Net Gain on Disposal of Assets*	103	-	1,640
Other Income	6,456	3,741	4,477
Total Other Income	14,948	11,666	14,180
Operating Revenue	198,977	194,885	190,968
Interest Income	5,835	4,699	5,139
Total Operating Revenue	204,812	199,584	196,107

* See Note 4

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 4 OPERATING EXPENSES

	Notes	2006 Actual \$'000s	2006 Budget \$'000s	2005 Actual \$'000s
Amortisation of Intangible Assets	11	1,132	1,132	429
Auditor's Remuneration	5	167	80	128
Bad Debts Written Off		34	17	36
Board Members' Remuneration and Expenses		302	291	274
Depreciation	12	11,843	12,694	11,915
Foreign Exchange (Gains)/Losses		(84)	16	2
Insurance		852	841	961
Net Movement in Provision for Doubtful Debts		21	-	41
Other Operating Expenses		33,044	33,525	30,342
Overseas Racing Rights		12,130	11,340	11,430
Problem Gambling Levy and Expenses		1,289	1,274	1,257
Property and Equipment Leases		3,568	3,663	3,364
Retail and Internet Fees		23,388	24,209	23,061
Staff Costs		31,383	27,153	27,746
Impairment of Assets*		-	-	3,065
Total Operating Expenses		119,069	116,235	114,051

* The Writedown on Impairment of Assets for 2005 includes an impairment adjustment on Broadcast Licences of \$1.4 million. Included in Note 3 is an offsetting Gain on Disposal of Broadcast Licence assets of \$1.6 million.

NOTE 5 AUDITOR'S REMUNERATION

	2006 Actual \$'000s	2006 Budget \$'000s	2005 Actual \$'000s
Auditing Services	83	80	95
Other Services	107	-	37
Less amounts Capitalised or in Work in Progress	(23)	-	(4)
Auditor's Remuneration	167	80	128

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 6 CASH AND INVESTMENTS

		2006 Actual \$'000s	2006 Budget \$'000s	2005 Actual \$'000s
Foreign Currency Bank Accounts		197	200	181
Foreign Currency Betting Accounts		312	250	203
NZ Dollar Bank Accounts and Call Deposits		32,300	7,196	8,556
Short Term Investments		47,380	36,254	56,725
Cash and Short Term Investments		80,189	43,900	65,665
Corporate Bonds		5,011	14,669	14,681
Long Term Investments		5,011	14,669	14,681
Total Cash and Investments	22	85,200	58,569	80,346

Effective interest rates at 31 July 2006 range between 2.25% and 7.92%.

\$13,000,000 is held in Trust to cover the amounts owing to customers for Account Deposits and Unpresented Betting Vouchers (2005: \$13,000,000).

The balance of these items as at 31 July 2006 was \$12,157,186 (2005: \$11,056,008).

NOTE 7 RECEIVABLES AND PREPAYMENTS

	Notes	2006 Actual \$'000s	2006 Budget \$'000s	2005 Actual \$'000s
Current Portion of Advances to Clubs	10	272	252	252
Sundry Receivables		2,641	5,011	4,860
Trade Receivables		738	697	461
Total Receivables and Prepayments		3,651	5,960	5,573

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 8 PAYABLES

	2006 Actual \$'000s	2006 Budget \$'000s	2005 Actual \$'000s
Code Liability	6,048	6,755	4,408
GST and NRWT	1,672	720	1,691
Accruals	8,597	7,789	8,788
Trade Payables	5,854	5,824	6,042
Annual and Long Service Leave*	2,390	2,877	2,006
Total Payables	24,561	23,965	22,935

* The New Zealand Racing Board policy is that all annual leave is taken within two years and long service leave taken within five years of entitlement accruing.

NOTE 9 UNPAID DIVIDENDS AND JACKPOT RETENTIONS

	2006 \$'000s	2005 \$'000s
Current Unpaid Dividends	3,287	3,031
Jackpot Retentions		
Balance at Beginning of Year	2,362	1,769
Amounts Retained from Dividend Pool	1,697	2,031
Amounts Released to Dividends	(1,982)	(1,438)
Balance at End of Year	2,077	2,362
Total Unpaid Dividends and Jackpot Retentions	5,364	5,393

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 10 LOANS AND ADVANCES TO CLUBS

	Note	2006 \$'000s	2005 \$'000s
Avondale JC		1,722	1,872
Canterbury JC		35	70
Race Inc		20	40
Racing Southland		30	40
Wanganui GRC		214	251
Total Loans and Advances to Clubs		2,021	2,273
Current Portion of Loans and Advances to Clubs	7	272	252
Non Current Portion of Loans and Advances to Clubs		1,749	2,021
		2,021	2,273

Interest rates on these loans range from 0% to 5% (2005: 0% to 8%). The New Zealand Racing Board is satisfied as to the ultimate collectability of these loans.

NOTE 11 BROADCASTING LICENCES AND INTANGIBLES

	Note	2006 \$'000s	2005 \$'000s
Broadcasting Licences			
Opening Net Book Value		5,282	711
Purchases at Cost		-	5,000
<i>plus</i> Reclassifications from Property, Plant & Equipment		1,376	-
Current Period Amortisation	4	(1,132)	(429)
Total Intangible Assets		5,526	5,282

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 12 PROPERTY, PLANT & EQUIPMENT

	Cost / Revaluations \$'000s	Accumulated Depreciation \$'000s	Book Value \$'000s	Current Year Depreciation \$'000s
2006				
Buildings	22,258	11,667	10,591	1,130
Land	2,591	-	2,591	-
	24,849	11,667	13,182	1,130
Computer Equipment and Software	76,371	56,051	20,320	8,106
Furniture, Office Equipment and Plant	7,687	6,066	1,621	673
Leasehold Improvements	3,453	998	2,455	459
Motor Vehicles	3,695	2,968	727	557
Operations and Trackside Equipment*	17,658	13,834	3,824	918
Work In Progress	5,080	-	5,080	-
Total Property, Plant & Equipment	138,793	91,584	47,209	11,843

* Broadcast Licences previously included in Property, Plant & Equipment have been reclassified to Broadcasting Licences and Intangibles as shown in Note 11.

	Cost / Revaluations \$'000s	Accumulated Depreciation \$'000s	Book Value \$'000s	Current Year Depreciation \$'000s
2005				
Buildings	21,697	10,619	11,078	1,208
Land	2,593	-	2,593	-
	24,290	10,619	13,671	1,208
Computer Equipment and Software	71,269	48,610	22,659	8,901
Furniture, Office Equipment and Plant	7,490	5,414	2,076	687
Leasehold Improvements	2,075	540	1,535	35
Motor Vehicles	3,742	2,813	929	355
Operations and Trackside Equipment	18,033	13,058	4,975	729
Work In Progress	4,970	-	4,970	-
Total Property, Plant & Equipment	131,869	81,054	50,815	11,915

A valuation of assets was conducted as at 31 July 2002 by CB Richard Ellis, registered valuers. Assets were valued at fair value. Valuation of these assets will be conducted every five years from this date.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 13 COMMITMENTS

	2006 \$'000s	2005 \$'000s
Capital Commitments		
Contracts entered into for capital expenditure within the next 12 months which have not been provided for in the Statement of Financial Position.	876	4,746
Lease Commitments		
The New Zealand Racing Board has the following commitments under all leases as at 31 July 2006:		
Current	3,271	3,155
One to Two Years	2,423	2,253
Two to Five Years	3,039	3,044
Over Five Years	450	669
Total Lease Commitments	9,183	9,121

NOTE 14 NON CURRENT LIABILITIES

	2006 \$'000s	2005 \$'000s
Repayable within one to two years	700	1,467
Repayable within two to five years	1,214	1,683
Total Non Current Liabilities	1,914	3,150

The non current liability relates to the deferred settlement on the purchase of the Radio Trackside Network from Canwest NZ Radio Holdings Ltd. The current portion of this liability (\$1,166,667) is reflected in trade payables (2005: \$1,475,000).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 15 FINANCIAL INSTRUMENTS

The New Zealand Racing Board is subject to a number of financial risks which arise as a result of its investment activities. To manage and limit the effects of those financial risks, the members of the Board have approved policy guidelines and authorised the use of various financial instruments. The policies approved, and the financial instruments being utilised at balance date, are outlined below.

Credit Risk

The New Zealand Racing Board incurs credit risk from transactions with trade receivables and financial institutions in the ordinary course of business. There is no significant concentration of credit risk. The New Zealand Racing Board's policy is to hold investments with institutions that have a Standard & Poor's short term credit rating of not less than A1+. Long Term investments require a Standard & Poor's long term credit rating of not less than AA-. Receivables do not have a concentration of credit risk, due to the number and spread of customers in relationship to the size of the balance.

Liquidity Risk

The New Zealand Racing Board holds betting deposits and has exposure to issued unredeemed betting vouchers. This factor, along with the proposed timing of capital expenditure in the new financial year, requires the Board to hold a significant amount of its investment portfolio on a short term maturity basis.

Currency Risk

The New Zealand Racing Board enters into foreign currency forward exchange contracts to manage exposure to fluctuations in foreign currency exchange rates on major items of expenditure. Total forward cover under forward exchange contracts at balance date was \$nil (2005: \$nil).

The New Zealand Racing Board also holds foreign currency bank accounts and foreign currency denominated accounts with overseas betting agencies. Total foreign currency contained in Cash and Short Term Investments at balance date was:

	2006 \$'000s	2005 \$'000s
Australian Dollars	357	299
Pounds Sterling	10	58
United States Dollars	142	27
	509	384

FINANCIAL INSTRUMENTS

	2006 Carrying Value \$'000s	2006 Fair Value \$'000s	2005 Carrying Value \$'000s	2005 Fair Value \$'000s
Current Assets				
Cash and Short Term Investments	80,189	80,189	65,665	65,742
Receivables and Prepayments	3,651	3,651	5,573	5,573
Current Liabilities				
Payables	24,561	24,561	22,935	22,935
Account Betting Deposits and Vouchers	12,157	12,157	11,056	11,056
Unpaid Dividends and Jackpot Retentions	5,364	5,364	5,393	5,393
Long Term Assets and Liabilities				
Loans and Advances to Clubs (non current portion)	1,749	1,521	2,021	1,660
Long Term Investments	5,011	5,094	14,681	14,889
Non Current Liabilities	1,914	1,678	3,150	2,675

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

MATURITY PROFILE

2006	Interest Rate per annum	Current \$'000s	One to Two Years \$'000s	Two to Five Years \$'000s	Over Five Years \$'000s
Cash and Short Term Investments	2.25% to 7.52%	80,189	-	-	-
Receivables and Prepayments		3,379	-	-	-
Payables		24,561	-	-	-
Account Betting Deposits and Vouchers		12,157	-	-	-
Unpaid Dividends and Jackpot Retentions		5,364	-	-	-
Loans and Advances to Clubs	0.00% to 5.00%	272	187	561	1,001
Long Term Investments	6.64% to 7.92%	-	-	5,011	-
Non Current Liabilities		-	700	1,214	-

2005	Interest Rate per annum	Current \$'000s	One to Two Years \$'000s	Two to Five Years \$'000s	Over Five Years \$'000s
Cash and Short Term Investments	2.25% to 7.42%	65,665	-	-	-
Receivables and Prepayments		5,321	-	-	-
Payables		22,935	-	-	-
Account Betting Deposits and Vouchers		11,056	-	-	-
Unpaid Dividends and Jackpot Retentions		5,393	-	-	-
Loans and Advances to Clubs	0.00% to 8.00%	252	252	581	1,188
Long Term Investments	6.64% to 7.75%	-	11,665	2,020	996
Non Current Liabilities		-	1,467	1,683	-

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 16 STATEMENT OF CASH FLOWS

Reconciliation of Net Surplus to Net Cash Flows from Operating Activities

	2006 Actual \$'000s	2006 Budget \$'000s	2005 Actual \$'000s
NET SURPLUS	64,295	60,845	64,036
<i>Impact of Non Cash Items:</i>			
Amortisation of Intangible Assets	1,132	1,132	429
Amortisation of Investment Premiums	(186)	170	88
Bad Debts Written Off	34	17	36
Depreciation	11,843	12,694	11,915
Foreign Exchange (Gains)/Losses	(84)	16	2
Net Movement in Provision for Doubtful Debts	21	-	41
Impairment of Assets	-	-	3,065
<i>Impact of Movements in Working Capital:</i>			
Account Betting Deposits and Vouchers	1,101	-	145
Final Distributions to Codes	(4,743)	(2,347)	(606)
Interim Distributions to Codes	(61,694)	(62,114)	(63,746)
Payables	1,626	1,030	1,831
Receivables and Prepayments	1,922	(387)	(859)
Inventory	(22)	-	68
Unpaid Dividends and Jackpot Retentions	(29)	610	298
<i>Impact of Items Classified as Investing Activities:</i>			
Current Portion of Loans and Advances to Clubs	20	20	40
Current Portion of Non Current Liabilities included in Payables	(1,166)	(1,166)	(1,475)
Property, Plant & Equipment Purchases in Accruals	(354)	(2,542)	(1,311)
Net Gain on Disposal of Assets	(103)	-	(1,640)
Net Cash from Operating Activities	13,613	7,978	12,357

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 17 RELATED PARTY TRANSACTIONS

A number of members of the New Zealand Racing Board have interests in organisations which have commercial transactions with the New Zealand Racing Board. These are recorded in an Interests Register maintained by the Board.

Alan Jackson is a Director of The Boston Consulting Group.

Alistair Sutherland is a Director of NZ Thoroughbred Racing and the Auckland Racing Club.

Anne Urlwin (retired 31 March 2006) is a Director of New Zealand Cricket.

Jim Wakefield is an Executive Member of Harness Racing New Zealand.

Julie Crengle is a Partner in Crengle, Shreves & Ratner, law firm.

Murray Acklin (retired 31 March 2006) is a Trustee of The Trusts Charitable Foundation.

Warren Bell is a Director of Selwyn District Council business units and Timaru District Council Holdings Limited.

Warren Larsen is a Director of Air New Zealand and Chairman of the Massey University Foundation.

The New Zealand Racing Board in the normal course of business has or may have transactions with all these organisations, which are made on a normal commercial basis. The following distributions have been made to the Codes and clubs (inclusive of the Industry Operating Expenses as outlined in Note 20):

	2006 Distribution Actual \$'000s	2006 Code Liability Actual \$'000s	2005 Distribution Actual \$'000s	2005 Code Liability Actual \$'000s
New Zealand Thoroughbred Racing and clubs	48,971	2,850	47,118	1,944
Harness Racing New Zealand and clubs	26,768	1,892	25,502	1,131
New Zealand Greyhound Racing Association and clubs	9,411	1,306	8,558	1,333
Non Code Specific	273	-	564	-
	85,423	6,048	81,742	4,408

NOTE 18 CONTINGENT LIABILITIES

The members of the New Zealand Racing Board are not aware of any condition or situation as at balance date that would require the disclosure of a material contingent liability (2005: Nil).

NOTE 19 SEGMENTAL REPORTING

The New Zealand Racing Board's objectives are to promote the racing industry in New Zealand, to facilitate and promote racing betting and sports betting and to maximise its profits for the long-term benefit of New Zealand racing. Domestic racing and racing industry development programmes are co-ordinated through the three racing Code bodies (New Zealand Thoroughbred Racing, Harness Racing New Zealand and the New Zealand Greyhound Racing Association) and other recognised industry organisations.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 20 INDUSTRY OPERATING EXPENSES

	2006 Actual \$'000s	2006 Budget \$'000s	2005 Actual \$'000s
Final Field FOB Racing Levies	2,146	1,223	185
Industry Interest Paid**	201	190	195
Local Club Payments - International Racing	3,054	3,145	3,112
On-course Commission Payments to Clubs	9,800	9,973	9,679
Other Industry Expenses*	142	402	1,016
Owners/Breeders Incentives	480	480	427
Premier Marketing Subsidies	2,218	2,195	2,183
Racing Services Rebates	149	158	147
Research, Training and Education	192	232	208
Stakes Support to Codes	604	566	598
Total Industry Operating Expenses	18,986	18,564	17,750

* Other industry expenses in 2005 included a payment of \$360,000 to New Zealand Greyhound Racing Association to settle an historic funding disagreement.

** The New Zealand Racing Board agreed to pay or charge interest on outstanding funding balances owed to or by the racing Codes (code liability in Note 17) on a monthly basis from 1 August 2004. Interest is charged at a rate equivalent to the average call deposit rate achieved by the Board on its deposit investments during the month.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2006

NOTE 21 RESERVES

	2006 \$'000s	2005 \$'000s
General Reserve		
Opening Balance	91,934	101,980
Transfers to Reserves from Net Surplus	320	314
Less		
Distributions	-	(360)
Transfer to Revitalisation Reserve	-	(10,000)
Closing Balance	92,254	91,934
Industry Revitalisation Reserve		
Opening Balance	9,730	-
Transfer from General Reserve	-	10,000
Less		
Revitalisation Expenditure *	(2,462)	(270)
Closing Balance	7,268	9,730
Total Reserves	99,522	101,664

* The Industry Revitalisation Reserve was established at a value of \$10m in 2005. To date, \$2,462,220 (2005: \$269,595) has been incurred from specifically identified initiatives of \$7.8m.

NOTE 22 ASSET AND CASH BUDGET COMPARATIVES

Actual cash balances are higher than budget due to the deferral of a number of capital projects. This has had a corresponding impact on the Property, Plant & Equipment balances against budget.

NOTE 23 ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

On 24 November 2004 the Accounting Standards Review Board approved the stable platform of New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). All reporting entities must comply with NZ IFRS for reporting periods beginning on or after 1 January 2007.

The New Zealand Racing Board has commenced reviewing its accounting policies and financial reporting to comply with NZ IFRS. The New Zealand Racing Board has allocated internal resources and has engaged external consultants to conduct impact assessments to identify key areas that will be impacted by transition to NZ IFRS.

Until this review is completed the New Zealand Racing Board will be unable to conclude if the impact of adopting NZ IFRS will result in a material variation to the financial statements of the New Zealand Racing Board.

The New Zealand Racing Board must publish its first set of financial statements prepared under NZ IFRS for the year ending 31 July 2008.

Audit Report



TO THE MEMBERS OF THE NEW ZEALAND RACING BOARD

We have audited the financial statements on pages 30 to 48. The financial statements provide information about the past financial performance of the New Zealand Racing Board and its financial position as at 31 July 2006. This information is stated in accordance with the accounting policies on pages 34 to 35.

Board Members' Responsibilities

The Board members are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which fairly reflect the financial position of the New Zealand Racing Board as at 31 July 2006 and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express to you an independent opinion on the financial statements presented by the Board members.

Basis of Opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements.

It also includes assessing:

- the significant estimates and judgements made by the Board Members in the preparation of the financial statements, and
- whether the accounting policies are appropriate to the New Zealand Racing Board's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Other than in our capacity as auditor and the provision of accounting advice, we have no relationship with or interests in the New Zealand Racing Board.

Unqualified Opinion

We have obtained all the information and explanations that we have required.

In our opinion the financial statements on pages 30 to 48 fairly reflect the financial position of the New Zealand Racing Board as at 31 July 2006 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 19 September 2006 and our unqualified opinion is expressed as at that date.

Chartered Accountants
Wellington, New Zealand

This audit report relates to the financial statements of the New Zealand Racing Board for the year ended 31 July 2006 included on the New Zealand Racing Board's website. The Board members are responsible for the maintenance and integrity of the New Zealand Racing Board's website. We have not been engaged to report on the integrity of the New Zealand Racing Board's website. We accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. The audit report refers only to the financial statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and related audit report dated 19 September 2006 to confirm the information included in the audited financial statements presented on this website. Legislation in New Zealand governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Employees and Remuneration

	As at 31 July 2006	As at 31 July 2005
The NZ Racing Board employed the following staff:		
Salaried full time employees	219	211
Phonebet operators (rostered shift work)	378	422
Hourly rate staff		
- part time	180	179
- casual	63	124

A number of individuals employed by the NZ Racing Board received over \$100,000 in total remuneration including "at risk" components, as explained below. For the full year ending 31 July, the salary bands and number of employees within each band were as follows:

\$'000s	No. of Employees as at 31 July 2006	No. of Employees as at 31 July 2005
Total Remuneration		
100-110	9	1
111-120	4	2
121-130	3	2
131-140	1	1
141-150	1	1
151-160	-	2
161-170	-	1
171-180	3	1
201-210	1	-
241-250	1	-
251-300	1	1
501-550	1	1
Total	25	13

The remuneration of some employees includes an "at risk" component, the payment of which is dependent upon attainment of specific performance targets. The Compensation and Development Committee of the Board oversees (1) the level of remuneration, including any "at risk" component, for senior management, (2) the annual establishment of performance targets and measures related to the "at risk" component of senior management remuneration, (3) annual assessment of senior management performance against targets and measures, (4) recommendations to the full Board on the amounts of "at risk" components payable (if any) to individual senior management.

Such payments, although made after 31 July, are included in the total remuneration figures above.

Readers should note that a number of staff in these bands were employed part way through the financial year. Therefore future reporting will have changes in banding as full year remuneration is recognised.

Board Meetings and Remuneration

	Total Members Remuneration	Board Meetings	Meetings attended		Compensation & Development Committee	Integrity Committee
			Audit & Finance Committee	Dates Committee		
Warren Larsen	66,483	11	-	-	5	2
Alan Jackson	39,000	10	-	-	5*	1
Alistair Sutherland (Appointed 1 April 2006)	13,833	4	1	-	-	2
Anne Urlwin (Retired 31 March 2006)	24,792	6	4*	-	-	-
Jim Wakefield	40,000	11	-	7	-	2*
Julie Crengle	40,000	12	5	7*	-	-
Murray Acklin (Retired 31 March 2006)	26,167	8	5	5	-	-
Thayne Green	40,000	12	-	7	5	2
Warren Bell (Appointed 1 April 2006)	11,667	4	1*	-	-	-
	\$301,942	12	6	7	5	2

An asterix denotes chairperson of the committee.



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