

QUEENSLAND RACING COMMISSION OF INQUIRY

Commissions of Inquiry Act 1950

STATEMENT PURSUANT TO SECTION 5(1) (d).

I, **WILLIAM PATRICK LUDWIG OAM** of c/- level 13, 333 Adelaide Street, Brisbane QLD 4000, do solemnly and sincerely declare as follows:

BACKGROUND

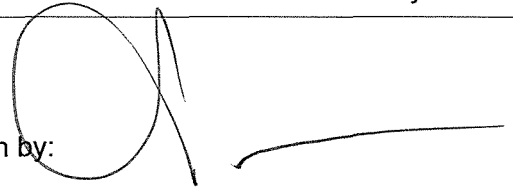
1. I began in the racing industry appropriately thirty years ago, both breeding and racing horses. I have a small acreage property near [REDACTED] where I currently have two yearlings and 1 one horse that I am racing.
2. My involvement in Queensland Racing Limited ('QRL') started when I applied to become a board member as a result of seeing an advertisement for that role. I submitted an application. I had two or three interviews before a panel of three people. I had police clearance checks and other criteria that I needed to meet. I was actually unsuccessful the first time that I had applied because there were more applicants than me. However on my second application and interview process, I was approved.
3. Prior to being on the QRL board I had been on the Workcover board as well as the board for the Portable Long Service Leave Fund for the Construction Industry. I was

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Statement of William Patrick Ludwig

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also a director of the Sunsuper superannuation fund for approximately 20 years; I resigned in my position as director in early 2013. Needless to say, I have had experience dealing with boards in the past. I have also been active in the union movement, being part of the AWU administration since 1982. So I believe I am well aware of and familiar with the process and conduct of board meetings and what was required of me as a board member.

4. As a breeder, particularly in country racing, and due to my union background, I had a concern about workplace health and safety. It was a huge issue for me. I saw tracks and facilities that were not well maintained and I was concerned that accidents could happen.

5. Toowoomba was in significant drought and I was aware that the track at Toowoomba needed a substantial upgrade. The track was so drought affected that when it did rain, even minimal rain could render it unusable. To my recollection this happened about four or five times a year. As a racehorse owner myself, I thought that this was unacceptable. If races had to be cancelled then that would adversely impact on not only horse owners, but also trainer, jockeys, bookmakers and clubs. Similar problems were encountered with the course at Corbould Park on the Sunshine Coast.

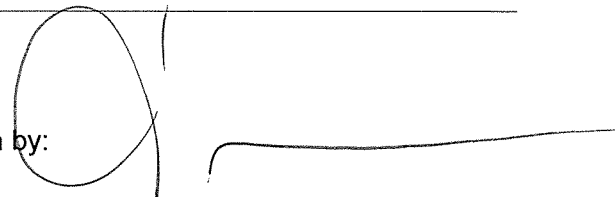
6. It was decided by the QRL board that we would undertake some infrastructure projects to make racing sustainable at places such as Toowoomba and Sunshine Coast. We had to obtain government money for that work. The board and specifically Bob Bentley, Tony Hanmer and myself took advice about specialist synthetic tracks and we even visited specialists in the United Kingdom, and had a look at all different types of synthetic tracks. It seemed that the synthetic tracks were the best tracks so that the horse did not suffer injuries as compared to others.

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7. Synthetic tracks were built at Toowoomba and Sunshine Coast. So Corbould Park has a wet and a dry track so basically it was decided by the board to implement the synthetic tracks and both Corbould Park and Toowoomba. There was government funding given to this.
8. It seemed that once it was decided these tracks were to be put in place that Contour, who from my understanding are specialist engineers with expertise in this area, were contracted to do these tracks.
9. I now make specific comments in relation to the broad categories of information that I have been asked to address by the Commission. My comments set out in this statement are to the best of my recollection, having regard to the fact that in the very short time that I have had to make this statement I have not had an opportunity to review much by way of source documents, minutes of meetings or other documents that may be in the possession of the control body. When I left Racing Queensland Limited ('RQL'), I did not retain any documents of the control body so I have had to rely on my memory in making this statement.

POLICIES, CONTRACT MANAGEMENT AND PROCUREMENT

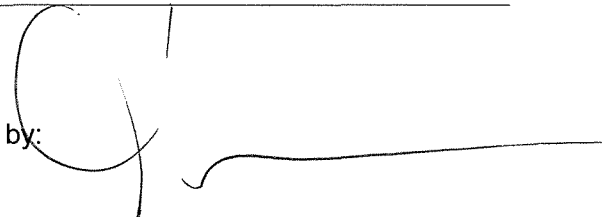
10. QRL and the RQL definitely had policies that were adhered to. Some policies were required by the Racing Act while others were part of the day to day operations of the company. Policies came to the board from time to time for approval and review. I believe that copies of all policies can be obtained from the control body.
11. Basically it was such that the board would make the decisions and the executive management team would ensure that those decisions were carried out.

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12. I was not really involved in dealings with Contour Consulting Engineers Pty Ltd ('Contour'). I am aware that they were involved in several projects and had particular expertise that was needed in relation to the work that was being carried out. They were also involved in the preparation of the industry infrastructure plan which I discuss below.

THE INFRASTRUCTURE PLAN

13. The industry infrastructure plan was developed over a period of several months. As mentioned above, there was a need for a lot of money to be spent upgrading infrastructure for the industry. Poor facilities that were not being maintained by the racing clubs were causing losses to owners, trainers and bookmakers when race meetings were cancelled and I was particularly concerned about workplace health and safety issues. I observed from some Victorian race meetings that if an accident occurred, then the inspectors could come in and halt the races until their investigation was complete. I was concerned that some of the facilities in Queensland were so bad that there was a significant risk of accident and losses.

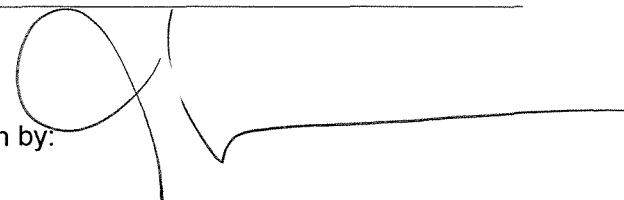
14. Bob Bentley had discussions with the government and the idea of a broad industry infrastructure plan was raised which would require substantial funds from the government. The first suggestion of a large plan, which would have required over \$200 million, had been leaked to the media, leading to a CMC investigation. Due to the open hostility that we suffered, where just about anything that was raised would be roundly criticised by some sections of the industry such as some racing clubs, as the industry infrastructure plan was worked on, it was important to maintain confidentiality until the plan was presented to the government for its views.

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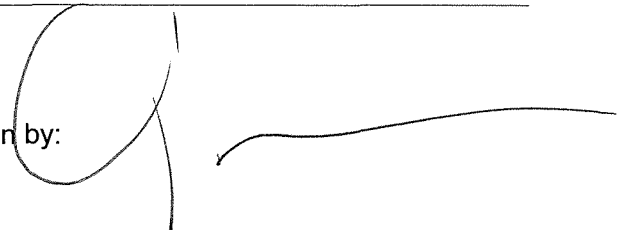
15. In the infrastructure plan there were details about costings, about who Contour are, what they did, as well as the PR people and sub-plans for each of the racetracks that we were in the plan. I recall the infrastructure plan needing to be confidential as there would be, if the plan was made public, criticism from clubs who weren't getting funds or believed they should be getting funds. The reason that funds weren't just handed out to the clubs themselves by the government or the control body was because if the clubs were given money then they may not necessarily spend it on the required infrastructure but they may spend it on clubs and members services. As I mention above, workplace health and safety was a primary concern of mine. If something did happen at a race meeting, it would be the control body, being the board, that would be held responsible, not the club. Given the need for confidentiality and yet the need to have a fair amount of design and costing detail in the plan, it was necessary that Contour be involved.

16. The board of RQL, being the control body of the merged codes, started from 1 July 2010. One of the first main issues confronting us was the industry infrastructure plan. The plan was tabled for a board meeting on 24 September 2010 with each member given a full copy of the plan. It was then confirmed at a board meeting on 28 September 2010. It was made clear at that meeting as it had been at previous meetings that the infrastructure plan was to remain under wraps and was not to be discussed with clubs or the press until was confirmed and presented to the government (as it had to go to cabinet for approval). The board unanimously agreed to the plan. However, after the board had approved it, Ms Kerry Watson wrote a letter to Bob Bentley and copied it to the Minister for Racing and the Treasurer to basically attack the plan. It also emerged that she had been in contact with people outside of the board who were involved in greyhound racing and she was actively trying to white-ant the plan.

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17. We all considered Ms Watson's conduct to be in breach of her duties as a board member. She was asked to explain her conduct. Part of her explanation was that this was just the way she operated. I was amazed. We later held a members' meeting where it was resolved that she be removed as a director. She subsequently sued the board. I understand that the action has now been settled by the new board.

CORPORATE GOVERNANCE

18. In terms of my role in the corporate governance of Racing Queensland, I would attend board meetings at Deagon and maybe some meetings for trainers, but other than that I wasn't there to run the show. I was just there as a board member to 'direct the ship'. I left the actual work to be done to the executive management team who were getting paid to do that.

19. Bob Bentley though, as chairman of the board and our representative of the board, was basically there to ensure that the executive management team did what the board wanted and basically undertook to make sure that they did their job in accordance with what the board had decided.

20. It was also well-known that Bob was the public face of Racing Queensland. This didn't mean that all board meetings went Bob's way. Meetings would often go most of the day and they would be full and frank discussions. There were no shrinking violets on the board and everyone was free to express their views. Once a decision was made by the board the chairperson, as the one speaking for the board, would be in a very difficult position of having to deal with the different race clubs, trainers, group bodies and just general punters who may want to complain about what direction the board had decided.

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CONFLICTS OF INTERESTS

21. The board had a very structured way of managing potential conflicts of interest. At the start of every board meeting, one of the first points of business was the declaration of any conflicts of interest. We maintained a list of potential conflicts, that is, a list of other bodies that directors may be involved in. We reviewed that list at every meeting.
22. If there was any business that could possibly put a board member in conflict, then that member would excuse himself from the meeting for that discussion. This happened on many occasions. For example, Bob Bentley who was on the board of Tatts Group would not take part in any discussion where there may be dealings between RQL and Tatts Group or where there may be discussion about information that may in any way advantage or disadvantage Tatts Group. Bob did not sit on the board of Queensland Race Product Co Limited. If Tony Hanmer was reporting to the board about Product Co business, then my recollection is that Bob would be absent.

OVERSIGHT BY THE GOVERNMENT


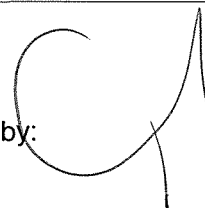
23. I was not involved in the day to day dealings that members of the executive management team may have been having with the Office of Racing. On occasions, I did have discussions with the Minister or other people in government mainly about the upgrades that needed to be done to facilities as a matter of urgency. I sometimes went along to meetings with Bob Bentley to support him and the things that the board was seeking to present to the government and have approved. In informal discussions with government people, I may have taken the opportunity to put forward my opinion that things needed to be addressed and it was not just for the control body but also for the maintenance workers and the track workers who had to work in the industry.

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EMPLOYMENT CONTRACTS

24. In April/May 2011 I was aware that there were four senior executives within RQL that were dissatisfied with the present circumstances where they had to work under immense pressure. There'd been intense media hype. There was a lot of work required for carrying out the infrastructure plan, the race information legislation issue had arisen and many of these senior executives were being told that if there was a change of government then their jobs would be gone. As a result of that, Bob Bentley presented a paper to the board regarding a change to the employment contracts of those four executives, Mal Tuttle, Paul Brennan, Shara Murray and Jamie Orchard. As a result of that board discussion, the board asked Bob to make some inquiries about what similar executives were being paid interstate. My recollection is that we were underpaying them.

25. We did this because we'd seen in the past that stewards from Queensland had been poached by control bodies interstate and we realised that in this critical time it was important that we keep our key personnel.

26. I understand that there was legal advice given about the proposed changes to the employment contracts. I recall that a key point for review of the contracts was to provide a trigger for taking redundancy if there was a change of government. Despite the polls at the time, there was never a guarantee that the government would change. But my view was that if we didn't look after these four people and they decided to leave then we would not be able to find people to replace them quickly, given the hostility and adverse media attention that we were always experiencing. I also appreciated that if there was a change of government the following year then these

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people would have zero job prospects within the industry and it may take them quite a while to find suitable employment if they were sacked by an incoming board.

RACE PRODUCT CO AND TATTS BET


27. I remember an issue arising at the time of the introduction of race information legislation and advice being obtained about what the position may be collecting money from Tattsbet. My recollection was that the agreement between Queensland Race Produce Ct Limited and Unitab went back to 1999. The real issue as I saw it at that time was the corporate bookmakers that were making money off the industry but not putting anything back in.

FUNDS FROM QUEENSLAND GOVERNMENT TO RACING QUEENSLAND ACCOUNT

28. I can't recall having any dealings with anyone from Queensland government in relation to the transfer of funds from the government to RQL in the lead up to the election in 2012.

RESIGNATION

29. I resigned from the board of RQL in April 2012 after the election. A few days after the election I had a meeting along with other people on the board with Barry Dunphy of Clayton Utz. Barry Dunphy came to our board to give us a message on behalf of the Queensland government. That message was along the lines of if we didn't resign and leave our positions on the board then the Auditor-General would be sent in to go through anything it could find to cause trouble.

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30. I was a bit annoyed about this approach. RQL was a separate a company and we were not appointed by the government. But we were being threatened by the government to force us out.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the *Oaths Act 1867*.

SIGNED AND DECLARED

at Brisbane

on 26 July 2013

in the presence of:

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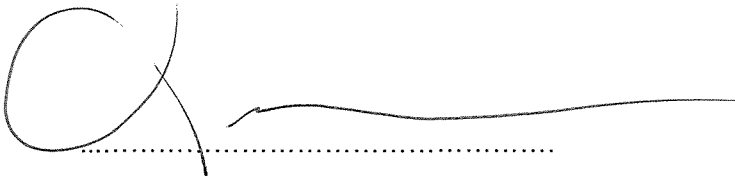
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Solicitor / Justice of the Peace