

QUEENSLAND RACING COMMISSION OF INQUIRY

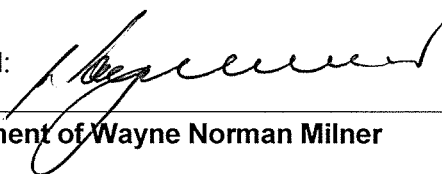
Commissions of Inquiry Act 1950

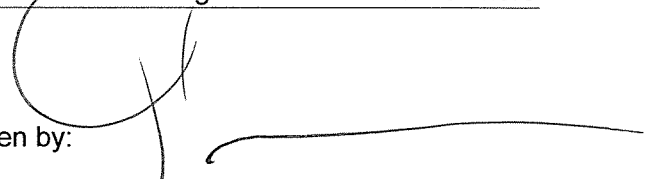
STATEMENT PURSUANT TO SECTION 5(1) (d).

I, **WAYNE NORMAN MILNER** of [REDACTED], General Manager, do solemnly and sincerely declare as follows:

1. I am the General Manager, Employer Banking for ME Bank Pty Ltd. I commenced working for ME Bank in April 2011 and have held my current role since December 2011.
2. My family had been connected with the Racing Industry for many years. I initially started working in the industry as a Bookmaker's Clerk in Mackay in about 1974 and then I worked as a Bookmaker's Clerk at various locations as I moved around the State – in Bundaberg from about 1976 – 1979, then Brisbane from 1980 – 1985 and then also in Rockhampton and Townsville. I worked around the State because my full time occupation, working for the ANZ Bank, required that I move to different locations from time to time.
3. In the early 1990's I had a part share in a syndicate that owned a race horse and subsequently I joined the Queensland Racehorse Owners Association. I was on the committee of that association in the late 1990's, holding the positions of Secretary and eventually President. I was also on the Australian Thoroughbred Racehorse Owners

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Signed: 
Statement of Wayne Norman Milner

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Council, being on the committee for further twelve months and then as Chair of that council for a period of two years.

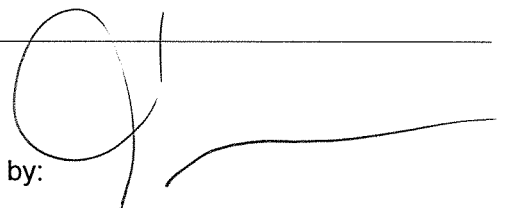
4. At one point I stood for the board of the Brisbane Turf Club and eventually became Chair of the club. Upon taking up the role of Chair, I engaged Mullins Lawyers to address the committee on directors' duties and responsibilities. Mullins also provided a handbook to each BTC director on this subject. I was in the role of Chair when the club merged with the Queensland Turf Club to become the Brisbane Racing Club and then I sat on the board of that club.
5. I applied for the role as a director of Queensland Racing Limited. There was an election held at which Neville Stuart (from Toowoomba) and I were elected. The election was challenged by Bill Andrews and so it went to a second election. I was again elected and I took the position in about September/October 2009. The process at that time was quite involved and required candidates to be interviewed.
6. I have been on the board of companies before. I ran a business, Northern City Finance, which then was acquired by Terrain Australia Limited, a public company. After the acquisition I sat on the board of that company. Then there was a script for script transaction where the businesses merged into City Pacific Limited.
7. I have been in business for many years and have been involved in companies and matters involving finance for all of my career. When I went onto the board of Queensland Racing Limited, I was impressed at how disciplined the procedures for the management of company business was in this organisation. There were detailed board papers prepared and circulated, extensive minutes were prepared and circulated in a timely manner for checking after meetings and in-house counsel for the company was in attendance at meetings to assist.

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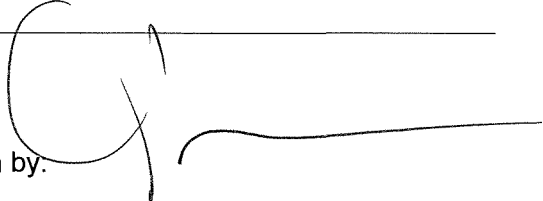


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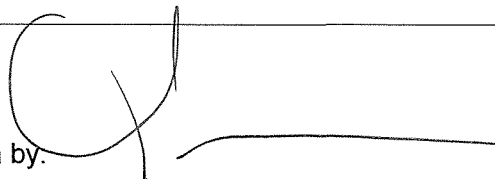
8. From my recollection, the board meetings occurred quite regularly. I would tend at the company premises at Deagon sometimes two to three times a week but certainly I would be there about once a week. While members of the board took an active interest in the conduct of the affairs of the company, we were supported by an executive management team who would come in and out of the board meetings when particular issues were discussed which effected their specific roles. The senior management team was fairly stable. Shara Reid (nee Murray) was the in-house counsel during the time that I was on the board. Mal Tuttle was the Chief Operations Manager/CEO of the company.
9. Discussions at board level were often quite robust. No member of the board, in my experience, was reluctant to express an opinion, no matter how controversial the opinion was or whether that opinion may not have been widely held. There was often disagreement during board discussions but the position that we all took was that once we reached a decision at board level, we would support it and be consistent in our approach. I can remember Bob Bentley who was Chair of the board making it quite clear in discussions when I first went onto the board that we were free to express our views at the board meeting but that once the board decided upon a matter then the board should consistently support the decision that was made. We did not want more than one message going out. For consistency, the Chairman of the board would be the spokesperson. I can understand that people outside of the company may have gained the impression that Bob Bentley was the only person running the operation but that was far from the case. Rather, because he was the spokesperson for the board, he would be the person who would cop the flack.
10. I was aware that the Racing Act required certain policies had to be in existence in relation to the business of the company as the control body. In addition, the company

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had numerous policies concerning the day to day operations of the business. I can recall a process where policies were prepared and brought to the board for approval or review from time to time.

11. In addition to the board, I also sat on the audit committee for a period of time. The audit committee was, from memory, chaired by Brad Ryan. Brad is an experienced accountant and partner in a CBD based accountancy firm and a former treasurer of the BTC. Bob Bentley was not on the audit committee. Further, I can say that while Bob Bentley was the chairman of the board of the company, he did not take part in any discussions at board level which may have involved the Tatts Group or the product and program agreement between the Tatts Group and Queensland Race Product Co Limited. The board of Queensland Race Product Co Limited were initially Tony Hanmer as the appointee for Queensland Racing Limited, with Bob Lette representing the Harness Racing and Kerry Watson representing Greyhound Racing. After the merger of the three codes, the board of Queensland Race Product Co Limited consisted of the directors who were also the directors of Queensland Racing Limited and also the chairs of Harness Racing Greyhound Racing, but Bob Bentley did not sit on that board. Meetings of the board of Queensland Race Product Co Limited were usually held on the same day as the board meetings for Queensland Racing but Bob Bentley did not attend any of the Queensland Race Product Co Meetings.

12. Racing Queensland Limited started on 1 July 2010. The merger of the three codes came together fairly quickly with various executives of Queensland Racing Limited devoting considerable time to the merger in the months leading up to 1 July 2010. The initial board consisted of all of the directors of Queensland Racing Limited as well as Bob Lette who was chair of Queensland Harness Racing Limited and Kerry Watson who was chair of the greyhound racing board. While all of the members of the new board had experience from their previous roles, I can remember thinking that with a

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fresh start, even experts need a refresher. Therefore, it was arranged that we would have some expert advice as to the responsibilities of directors and so on. I recall Clayton Utz came in and provided some training in that regard.

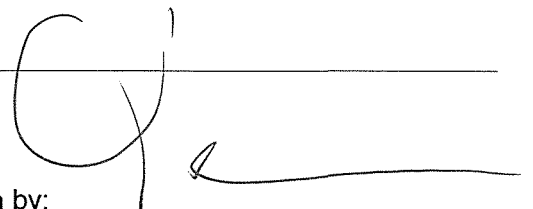
13. At about this time, work had been carried out on putting together a major infrastructure plan for the racing industry. One of the biggest issues that was confronting the racing industry was the problem of maintaining the necessary assets that were required for providing race product. One such problem was the track at Mackay. I can recall from my years in country Queensland that the "northern circuit" was built around the Townsville/Mackay/Rockhampton race meetings. The circuit was dependent on viable tracks in each location. If the track at Mackay was not viable so that races could not be conducted there, then that would have an adverse impact on owners and trainers who might be based in the other centres. For example, a trainer based in Townsville could take his horses to Mackay for a race meeting but it would be a much harder task for the trainer to take his horses all the way to Rockhampton for another meeting.
14. The track at Mackay was severely affected by rain and needed substantial work carried on it to be a safe and viable racetrack. That work was urgent.
15. While I was not directly involved in the contracting of works to be carried out, I recall that Contour Consulting Engineers Pty Ltd were engaged in some capacity in respect of that project. I cannot now recall the process that had been gone through by Senior Management in relation to the selection of the engineers. However, my belief is that in selecting suitable engineers and working out a programme for such works, there would have been a number of factors that would have to be taken into account. Any engineers that were selected for such a project would need to have experience in track design which carries with it issues such as appropriate order drainage, types of soil, the structure of the track (such as gradient and camber) and the fact that such works

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are not carried out frequently. As a result, I do not believe that one could expect to find a lot of different engineering companies that would have the necessary engineer experience for such works. Further, given the importance of keeping tracks operational as much as possible because of the vast sums of money at stake in the industry, it would be essential that any contractors used for such works would need to have the necessary experience to undertake the works quickly as we could not afford to gamble on inexperienced engineers and contractors.

16. Therefore, even though I cannot now recall the precise process by which Contour Consulting Engineers Pty Ltd were first selected to undertake works, as a responsible company director I would be more comfortable in ensuring that engineers with experience in this work were engaged. It is my understanding that Contour Consulting Engineers Pty Ltd had such experience.

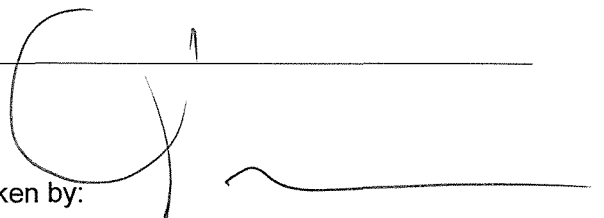
17. As mentioned above, at the time of the establishment of Racing Queensland Limited, an infrastructure plan was being developed which, if approved by government, would be funded by government so that various race course facilities around the State could be improved and utilised effectively. Given the open hostility that was rampant throughout the industry, were almost any suggestion for change was widely criticised by the media and race clubs even before plans could reach a reasonable development stage, it was necessary for the infrastructure plans being developed to be the subject of some confidentiality. I recall that it was a work in progress which was developed progressively and needed the input of engineers from time to time. I recall that Contour Consulting Engineers Pty Ltd who had already carried out work on the racetracks for Queensland Racing were called upon to provide some assistance in relation to putting together the confidential infrastructure plans. I doubt whether any tender process was adopted in order to select the engineer to assist in developing the infrastructure plan. I say that because, for the reasons expressed above, it would have been absurd for the

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control body to go to the market to publicise the fact that the government wanted an infrastructure plan to be developed in respect of various racecourses.

18. At this juncture, I feel obliged to say something about what I consider to be in the best interests of racing. The racing industry has been going through a major change. In decades gone by, race clubs that were established with race courses provided an important entertainment niche. People would go to the races on a Saturday and other entertainment or sports events on other days. The industry survived on the gambling dollar. Race clubs survived by their patronage. But as new forms of gambling and new technology became available, people did not have to attend race tracks on the weekend to punt on the races. They could stay elsewhere and bet through the TAB and, in more recent years, they could stay at home, watch the SKY coverage and bet online/or phone with either the TAB (local or interstate) or corporate bookmakers.

19. As a result, there has been a competition developed between club facilities versus track maintenance or patron versus trainer and other persons working in the racing industry. Clubs need to develop entertainment facilities (club houses and the like). As the racing industry participants (owners, trainers, jockeys, animals, and bookmakers) rely on the race clubs to use their financial resources to maintain racing facilities, a competition for the funds (patron /member facilities v participant facilities) is created. We had already seen over the years some tracks deteriorate to the point where tracks were either unsafe or could not maintain race meetings after adverse weather.

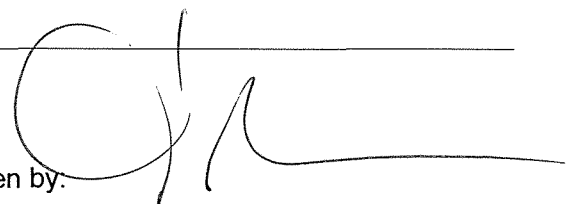
20. Therefore, the idea had emerged of seeking government money for a major infrastructure plan so that tracks could be upgraded without relying upon clubs' funds being spent to meet the cost of upgrades.

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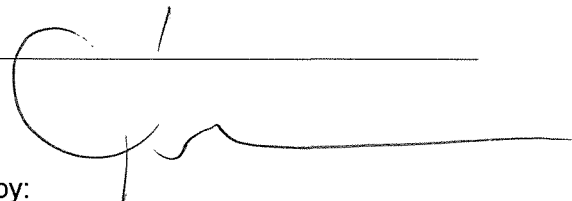


21. As mentioned above, the new board of Racing Queensland Limited came to be in July 2010. One of the first big projects confronting the board was to consider a draft infrastructure plan which was presented to the board by Bob Bentley and Paul Brennan. Mark Snowden who was working for the company was also involved and had significant experience. He had been a project manager with Watpac and had been contracted by the Brisbane Racing Club. He was by this time now working for Racing Queensland and I found him to be quite approachable and knowledgeable.

22. The basic idea behind the infrastructure plan was that Racing Queensland would develop a plan of works that had to be done on various racecourses. The funds for those works would be sourced by grants from the State government but Racing Queensland would then have to have a stake in those courses so that it could carry out of the works and continue to be responsible for the maintenance and upgrades of the courses. This was a model that was first done at Corbould Park on the Sunshine Coast where Queensland Racing took an equity stake in the course.

23. The draft plan was presented to the board in about September or October 2010. I clearly remember when Bob Bentley discussed the plan within the board meeting that he stressed to everyone in attendance that the plan was confidential. It needed to be considered by the board first and then if we all agreed to go ahead with it, we would then have to present it to government and it would have to be approved at Cabinet level. While we were aware of ongoing Board confidentiality, the Chair, Bob Bentley, went to extreme lengths to highlight the need for confidentiality around the draft plan. It was a document to go to Cabinet and confidentiality was paramount.

24. The plan was circulated to all the members of the board and discussed at the board meeting. All the members of the board including Kerry Watson voted in favour of the plan.



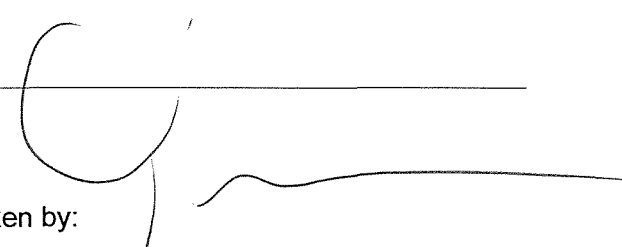
25. However, shortly after the board had voted in favour of proceeding with the plan, I learned that Kerry Watson was actively trying to white ant the plan. I received a call from Steven Hawkins, the race caller at the Gold Coast (who is now on the greyhound racing board). He rang me and said, "You need to speak to Paul Felgate". Mr Hawkins indicated to me that Ms Watson had contacted Mr Felgate and was attempting to white ant the plan. I then spoke to Mr Felgate by telephone on 4 November 2010. I was informed by Mr Felgate that Ms Watson was seeking support for greyhound training to lobby the Minister to reject the infrastructure plan.

26. I was surprised by this because Kerry Watson had not spoken against a draft plan in the board meeting and in fact had voted with the rest of us in favour of going forward with the plan. Further I was quite concerned that the plan at this stage was still to be kept confidential because it had to be considered by the government.

27. I also learnt from discussions in our board that Kerry Watson had written to Bob Bentley on 30 October 2010 and had copied the letter to both Mike Kelly, the executive director of Racing, and the responsible Minister, Peter Lawlor, in relation to the matter. While I thought that was quite serious misconduct, the issue of Ms Watson going to people outside the board and government and seeking to actively work against the decision of the board to proceed with the infrastructure plan was inexcusable.

28. At the next board meeting, the matter was raised and Ms Watson advised that she had changed her mind and was acting on the wishes of a number of greyhound stakeholders who were lobbying to have the draft infrastructure plan changed so that the Logan development would replace Deagon as the possible headquarters for greyhound racing. In other words, she did not deny that she was actively working against the decision of the company but rather confirmed that was her objective.

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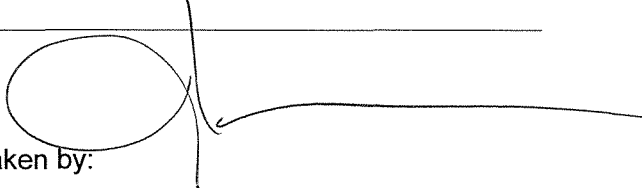
29. Subsequently, Ms Watson was given an opportunity to show cause why she should not be removed as a director. She engaged solicitors to make submissions on her behalf. The matter went to a members meeting and she was removed as a director. She then commenced legal action claiming damages for breaching anti-discrimination laws. Racing Queensland Limited opposed the claim. I left the board of Racing Queensland Limited in June 2012. Up until that time, the claim had not been settled but I was concerned that when control of the board changed and Mr Dixon became Chair, he expressed the intention to settle the claim. I subsequently learned that Ms Watson was paid a settlement sum even more than the last settlement offer that Racing Queensland had rejected earlier in the year.

30. In my view, it was proper corporate governance to seek the removal of a director who had breached confidentiality and was actively working against the decisions that had been made by the company.

31. As mentioned earlier in this statement, the board processes in Queensland Racing and later Racing Queensland were quite disciplined. In particular, there were clear processes in place for managing conflicts of interest. Those processes were:

a. At the start of every board meeting, one of the first points of business was to consider a conflicts of interest register in the form of a document that was attached to every board minute. That document recorded the organisations in respect of which board members may have an involvement. At every board meeting that document was reviewed.

b. If any board member had any possible involvement in a matter of business then that board member would excuse himself from the meeting while that

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point of business was discussed. For example, there was litigation in place between Racing Queensland Limited and Queensland Harness Racing Limited. Bob Lette was the director on the board of Racing Queensland Limited who had come from the Harness Racing board. No matter how small or short the discussion was at the board level in respect of those proceedings, Bob Lette would always leave the meeting and then come back after we had finished that discussion.

- c. As another example, it is widely known that Bob Bentley is on the board of Tatts Group. The major source of funds for Racing Queensland the money that is paid to it through Queensland Race Product Co Limited from the product and programme agreement with Tatts. Whenever such matters were discussed, Bob Bentley would not take part in those discussions and in fact would leave the meeting. Further, he did not sit on the board of Queensland Race Product Co Limited and never took part in deliberations of which I am aware related to that company.
- d. Such was our preoccupation with managing the interests of propriety that Racing Queensland Limited (and Queensland Racing Limited before that) maintained a gifts register whereby any gifts received from parties in any way associated with the industry would have to be declared.

32. Whilst on the subject of corporate governance, I note in the terms of reference that a query is raised as to whether there were in place terms of employment contracts restraining former directors and executives from seeking employment with Racing Queensland Limited's contractors and suppliers. I find such a suggestion unusual. Rather, it is quite often the case in the business community that employees of companies may leave a company and go to work for a contractor or a supplier. I can

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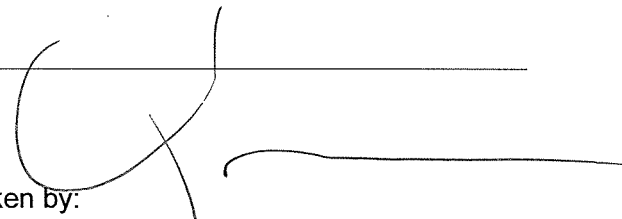
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understand that it would often be appropriate to seek restraints from employees going to work for competitors but I have not seen similar restraints placed upon employees seeking employment from contractors or suppliers. For example, in the finance industry it is commonly the case that employees of banks may leave the bank and go to work for a finance broker and thereby would continue to deal with banks in a commercial setting. Further, it can often be an advantage to a company where an employee leaves a company and commences work with a client or customer of that company.

33. The terms of reference inquire into oversight of the operations of control bodies by the responsible Minister, executive government and the chief executive. While I had met the responsible Minister and officers from the racing office from time to time, I was not materially involved in discussions between Racing Queensland and the Queensland Government.

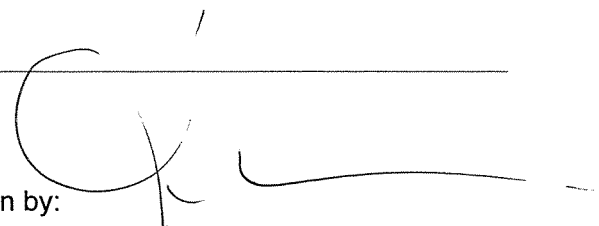
34. In the middle of 2011, I can recall that the employment contracts of four senior executives (Malcolm Tuttle, Jamie Orchard, Paul Brennan and Shara Reid (nee Murray)) were reviewed. Those members of the executive team were carrying out significant tasks and had done so for the control body for a significant period of time. They had managed the merger of the three codes. A lot of work had gone into the draft infrastructure plan which had been given the go ahead by the government and which would then continue to require a lot of work to be done. I also note that when the three codes merged and Racing Queensland was established, new contracts were done for the senior executives but my recollection is that the contracts did not receive a major or substantial review even though the responsibilities of the senior executives increased substantially. There was also the added pressure brought to bear by the ongoing issues surrounding race information fees which had to be resolved and collected. Shara Reid and Mal Tuttle, in particular, were working on this issue and



through their efforts they had generated many millions of dollars in back payments from bookmakers.

35. I was also aware (as everyone was who was involved in Racing Queensland was aware) that it was not only the members of the board but also the senior executive team who were under immense attack by the media and some sections of the industry. The attacks were relentless. Frequently articles would appear in the Courier Mail openly criticising the work being done by Racing Queensland and its officers. Hate mail was regularly received at the office. Some sections of the media and the industry made it quite clear that if the government changed from Labour to LNP then they would be out of a job. Given the significant work that was required to be undertaken by the control body, I admired the members of the senior executive team who continued to carry out their duties in the face of such hostility. I was also cognisant of the hardship that these senior members of staff would face if they had to leave the control body after a change of government. Given my first hand observations of the hostility that they were facing, I can understand their concern as to whether or not they should have stayed with the control body.

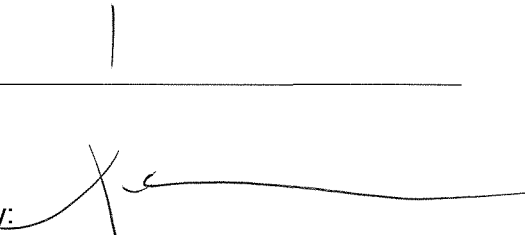
36. I can recall that advises were obtained from both Clayton Utz and Norton Rose in relation to the proposed terms of a revision of the employment contracts of these senior staff members. I recall that the two real issues raised at the time were the appropriateness of a substantial increase in pay and also a provision which would allow them to take voluntary redundancy in the event that there was a change of government. In relation to those two issues, my view was, firstly that the increased amount of work that was involved after taking over the functions of the merged codes together with the additional issues that were confronting the control body at the time (as mentioned above) justified the increase in pay, especially if it meant that we were able to keep them onboard in the coming months when further work was required.



Secondly, we were concerned that we had to keep these senior staff members and if it meant giving them "golden handshake" in the terms of employment so as to keep them working in the coming months then that was justified. Given that the hostility surrounding anyone who has worked with the old board would be such that they would find it very difficult to work in the industry after a change of government (and the fact that it was quite certain at that time, from all of the press releases and political agitation that a change in government would inevitably lead to their sacking), the offer of voluntary redundancy in the event of a change of government was justified. In my view, it is quite acceptable in business that senior executives be given the opportunity to leave in the event that there is a change of control in the company.

37. The terms of reference inquire into the fee arrangements concerning fees paid by Tatts Group for Queensland wagering on interstate races and how Queensland Race Product Co Limited responded to the introduction of race information fees. That issue arose before I came onto the board of Queensland Racing Limited however, I am aware that as a consequence of the change of legislation, steps were taken to work out appropriate processes for charging and collecting race information fees from parties who are using such information.

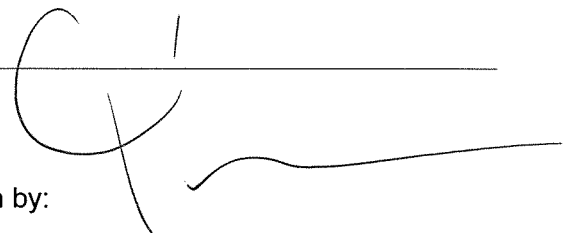
38. The terms of reference also inquire into the circumstances surrounding the approved transfer of funds by the Queensland Government to Queensland Racing Limited Infrastructure Trust Account in February 2012 and whether any directors of Racing Queensland Limited exercised any influence in relation to having the transfer of funds made. I was not involved in any of the processes concerning that matter. However, as it was in the best interests of Racing Queensland Limited to receive any such funds from the government, I would have expected that parties on the Racing Queensland side, acting responsibly, would be doing all that was proper and necessary for the collection of monies that were due.



39. The terms of reference also seek to raise any other issues of relevance. I have already referred to the issue concerning the activities of Kerry Watson on the board of Racing Queensland. I believe that her dismissal from the board was clearly justified on the facts to which she had admitted. I left the board of Racing Queensland Limited in June 2012. I could not have ever agreed to settle the claim that Ms Watson had brought against Racing Queensland and members of the board on any basis other than, perhaps, to avoid further costs of a trial.

40. Another matter of corporate governance falling within the relevant period (ending 30 April 2012) which I believe is important to consider is the conduct of various parties at the time of the transition from the board chaired by Bob Bentley to the board chaired by Kevin Dixon. At that time, Clayton Utz were solicitors engaged by Racing Queensland in respect of several matters and we often took advice from Barry Dunphy, a partner of that firm. I was therefore surprised when he came to a meeting at Deagon in April and met with us and said words to the effect that he had been sent to see us by the government. He said that the government was pulling the Auditor-General in and that if there is not a smooth transition from Bentley, Hanmer and Ludwig to new appointees then the Auditor-General will stay in until he can find a ten cent error that he can take action over.

41. The transition to the appointment of new members of the board was not done in accordance with the manner in which previous board members had been appointed previously. We had to attend an interview process so that there could be no doubt that those seeking appointments were suitably qualified and able to fulfil their positions. However, the transition to the new board resulted in Kevin Dixon being appointment interim chairman of the board (along with, at that time myself and Brad Ryan as the only remaining directors) and then Greg Hallam was appointed as a nominee of the

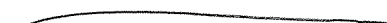
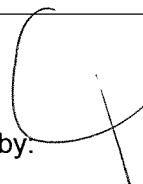



thoroughbred industry, Warwick Stansfield was appointed at the behest of the harness racing board and John Falvey was appointed for the greyhound board. There was no process adopted around those appointments.

42. The Racing Queensland Constitution provides that if a person is a licensee or club official then he or she cannot sit on the board, yet Mr Falvey is as far as I am aware a licensee (a handler of greyhounds). I raised this issue with Mr Dixon at the time. His response was simply words to the effect that we'll get around it.

43. Also, one of the first orders of business in the new board was to pay the Brisbane Racing Club approximately \$1.8 million. The purpose, using the words of Mr Dixon was "to right a wrong". I can remember having a quite heated discussion with Mr Dixon about this issue that he pushed aside. The real purpose behind the payment was that after the merger of the BTC and QTC, there did not need to be two grants to racing clubs but rather only one grant had to be made. At the time of the merger, Mr Dixon (my then deputy chairman of the BTC) did not see any issue around the single administration fee as he commented to me that overall savings in the merger would offset this amount. Even though the merger of the two clubs happened several years earlier, he obviously considered that the extra payment was long overdue.

44. At a later meeting after the government had expressed concerns about the payment, steps were taken to show that the payment was to be applied against marketing for the future winter carnival (even though the payment had already been made).



45. As mentioned above, following the introduction of the race information fee legislation, steps had to be taken by Racing Queensland to collect fees from various bookmakers. I recall that there was litigation between Racing Queensland Limited and Lindsay Gallagher, a well-known bookmaker in Brisbane. At the time of my departure from the board, that litigation had not yet been resolved but as far as I am aware the matter is now concluded. I do not know whether those fees were ever collected. However, given the open hostility that Lindsay Gallagher expressed to Racing Queensland over the matter and his threats that we will be gone with the change of government, I am concerned to see whether or not those race fees were ever collected. The issue behind this was that whatever fees were imposed had to be universally applied for constitutional reasons, we could not seek to apply different rates of charge to different bookmakers in different States. That seemed to be a matter lost on some people.

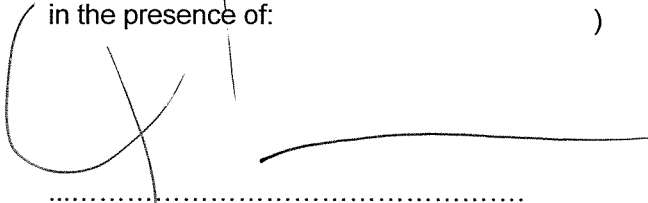
And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the *Oaths Act 1867*.

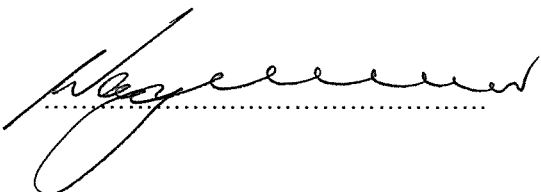
SIGNED AND DECLARED)

at Brisbane)

on 26 July 2013)

in the presence of:)




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Solicitor / Justice of the Peace