

Friday, 5 August 2011

Board Room, Racing Queensland
Racecourse Road, Deagon

Meeting Commenced at 9:00 am
Meeting Concluded at 2:10 pm

Board Directors Present:	Bob Bentley Tony Hanmer Bob Lette Bill Ludwig Wayne Milner Bradley Ryan	- <i>Chairman</i> - <i>Deputy Chairman</i>
In attendance:	Malcolm Tuttle Adam Carter Shara Murray Jamie Orchard Paul Brennan Ron Mathofer David Rowan	- <i>Chief Executive Officer</i> - <i>Chief Financial Officer</i> - <i>Senior Corporate Counsel/Company Secretary</i> - <i>Director, Integrity Operations</i> - <i>Director, Product Development</i> - <i>Business Analyst</i> - <i>IT & Communications Manager</i>
Item 2.3	Mr Robert McNaulty Mr Satiu Perese	- <i>via telephone</i>
Minutes:	Debbie Toohey	- <i>Board Secretary</i>

The Chairman opened the Meeting at 9:00am.

1.1 Apologies

Nil.

1.2 Declaration of Conflicts of Interest

Directors are required by the *Corporations Act 2001(Cth)* to disclose any material personal interest in a matter relating to the affairs of the Company.

There were no other additional Declarations of Conflicts of Interest. (See Attachment "A")

1.3 Confirmation of Minutes of RQL Board meeting of 8 July 2011

The Board made the following changes:

Page three, second paragraph change the word "copy" to "budget".

2.6 First paragraph to now read "Ms Murray updated the Board in relation....."

The Board **RESOLVED** that the RQL Board Meeting Minutes of 8 July 2011 be received and confirmed.

MOVED by Mr Wayne Milner **SECONDED** by Mr Bradley Ryan

Motion carried

1.6 Confirmation of Flying Minutes

There are **NOTED** the following Flying Minutes:

- RISA Resolution – Proposed amendments to the RISA and TTSC Constitution 11 July 2011
- Resolution to approve the Sale of Investment Land by the BRC 14 July 2011
- Resolution that the time for submissions in response to the notice served upon Mr McAnulty under AR179A on 11 July 2011 be extended from 25 July 2011 to 1 August 2011 14 July 2011

The above Flying Minutes were **CONFIRMED** by the Board.

2.1 Draft 2011/12 Business Plan

To be discussed at the next Board Meeting. The Board requested that Mr Malcolm Tuttle develop performance measures for the Company's four (4) key executives, these being:

- (a) Mr Tuttle
- (b) Mr Orchard
- (c) Mr Brennan, and
- (d) Ms Murray.

2.2 Rules Amendments

Mr Jamie Orchard sought the Board's approval to adopt the following Local Rules (All Codes) 1 and to seek the confirmation of recent changes to Australian Rules of Racing and the Australian Harness Racing Rules:

"Local Rule (All Codes) 1

- (23) *An appellant appearing before a First Level Appeal Committee may be represented by a legal practitioner or, in exceptional circumstances, by another person whom the First Level Appeal Committee consider to be an appropriate person to represent the appellant. An appellant must advise the appeals secretary at least 2 business days prior to the appeal of any intention to be so represented.*
- (24) *Notwithstanding Sub Rule (23), an apprentice jockey or any other person under the age of 18 years is entitled to be represented by his/her master at an appeal or, with the permission of the First Level Appeal Committee, such other person as a First Level Appeal Committee considers to be an appropriate person to represent the appellant."*

The Local Rules (All Codes) was **APPROVED** by the Board.

The National Rule changes and the Harness Racing Australia Rule were confirmed by the Board.

MOVED by Mr Wayne Milner **SECONDED** by Mr Bob Lette

Motion carried

2.3 New Zealand Judicial Committee – Robert McNulty

Mr Orchard addressed the Board on procedure: *the Board is to consider whether they are satisfied that there are "exceptional circumstances" in this case to not apply the rule in Queensland.*

Mr Robert McNulty joined the Board meeting at 11:00am with Mr Satiu Simativa Perese, Barrister via telephone.

The Chairman handed the meeting over to Mr Jamie Orchard to conduct the inquiry.

On 29 April 2011 the New Zealand Judicial Committee handed down a decision in the matter of NZTR v Robert McNulty. McNulty was disqualified for a period of 11 months (from 29 April 2011), fined \$6000 and ordered to pay costs totaling \$17500. The penalties were imposed on the basis on a finding that Mr McNulty was guilty of misconduct in using foul, insulting and offensive words directed to Mr Michael Stiassny, Chairman of the New Zealand Racing Board and that he committed a serious racing offence by way of voicemail messages he uttered foul, insulting and offensive words directed towards Chief Stipendiary Steward Cameron George.

The decision was served on each Principal Racing Authority by the New Zealand Racing Integrity Unit. Australian Rule of Racing 179A provides a scheme for the consideration of the application of international penalties. Once one jurisdiction in Australia has either applied the decision in their jurisdiction or otherwise declared the decision will not be applied, the decision of that PRA is immediately applied in every jurisdiction in Australia.

On 1 August 2011, Mr McNulty, through his counsel, made submissions to the effect that the penalty should not be applied in Australia.

Mr McNulty (in person) and Mr Perese (by telephone) both orally presented Mr McNulty's submission to the Board.

Mr McNulty and Mr Perese left the meeting at 11:35am.

The Board confirmed that it was satisfied that there were **no** exceptional circumstances in this case to amend the penalty and therefore, Mr McNulty's penalty should be applied in Australia.

Mr Orchard to formally notify Mr McNulty of the Board's decision.

At the conclusion of this matter, the Chairman asked Mr McNulty if he was satisfied that the Board had given him adequate time for explanation of his issues. Mr McNulty personally thanked the Board for their time, thanked them for the length of time they had spent on this issue and also confirmed his appreciation that the matter had been dealt with fully and to his satisfaction.

2.4 QTIS 600 Payment and Refunds

Mr Brennan sought the Boards approval in relation to the following two queries regarding payments and refunds for the QTIS 600 Scheme.

1. Mr Rob Heathcote is seeking a refund from RQL in relation to Horse – "Outback Prince" – Bashaer yearling) as the horse has been diagnosed with an injury and as a result will "unlikely to become an athlete". This injury was diagnosed 5 days after the QTIS 600 Scheme deadline.

2. Mr Murray Murdoch (Jet Spur – Star of Asia Yearling) – Mr David Chester was advised by Mr Murray Murdoch during the April QTIS 600 sale to deduct proceeds and pay up for the race series. RQL has never received the registration for this horse and has not been included in the QTIS 600 Scheme.

The Board **RESOLVED** not to:

1. Provide a refund of \$3,300 (inc GST) refund to Mr Heathcote for the Outback Prince yearling, and
2. Enable entry into the QTIS 600 scheme for the Jet Spur yearling of Mr Murdoch's.

2.5 Employment Agreements/Redundancy Policy

Further to the Chairman's Report of 20 July 2011, concerning Employment Agreements/Redundancy Policy the Board **RESOLVED**:

1. Board Minute of 6 May 2011 to be Rescinded

The Board to rescind the Board Resolution of 6 May 2011 Board Meeting, which reads:

Remuneration & Nominations Committee Meeting Minutes and Recommendations

The Board today noted the draft minutes of the April 14, 2011, meeting of the Remuneration & Nominations Committee.

The Chairman advised Board Directors that he and Mr Ludwig had considered the situation and the amount of work that the executive staff will have to do between now and 2014 with the changing wagering landscape and the approach to the end of the exclusivity of the TattsBet license.

RQL will be required to commence negotiations of a Product Fee with TattsBet post 2014 and the Board needs to understand that key staff will be integral to a successful outcome.

These key executive staff need security of tenure as well as their assistants so as to not be distracted by innuendo and rumour about the period between now and 2014. Board members unanimously agreed with the recommendation with the Remuneration and Nominations committee.

In addition, the Board considered a recommendation from the Remuneration & Nominations Committee, which led to the following resolution:

*The Board **RESOLVED** that:*

- (a) *The existing employment agreements be extended by 12 months up to and including June 30, 2014, for the following employees:*

- *Malcolm Tuttle*
- *Adam Carter*
- *Jamie Orchard*
- *Paul Brennan*
- *Shara Murray*
- *David Rowan*
- *Peter Smith*
- *Col Truscott, and*
- *Warren Williams.*

- (b) *Wade Birch be offered an employment agreement to expire on June 30, 2014.*
- (c) *Employment agreements be offered to the following employees to expire on June 30, 2013:*
- *Wendy Thomas*
 - *Kearra Christensen*
 - *Toni Fenwick*
 - *Ali Wade*
 - *Debbie Toohey*
 - *Jaime Knight*
- (d) *The Chairman to approve the terms relevant to the agreements and the extension of the agreements.*
- (e) *Ms Murray to draft Employment Agreements for the Executive Assistants to expire 30 June 2013.*
- (f) *Ms Murray to draft an Employment Agreement for Mr Wade Birch to expire 30 June 2014.*

MOVED by Mr Wayne Milner **SECONDED** by Mr Bradley Ryan

Motion carried

This was unanimously **APPROVED** by the Board.

MOVED by Mr Tony Hanmer **SECONDED** by Mr Bradley Ryan

Motion carried

2. Variation to Employment Contracts

The Board confirmed that they had received and read the following legal advice:

- (a) Norton Rose – 20 July 2011
- (b) Clayton Utz – 1 August 2011, and
- (c) Norton Rose – 3 August 2011.

Please see **attached** legal advice (see Attachment 'A')

The Board **NOTED** that the only amendments to the employment agreements of the following Company executives were as per 2.1 (i) – (vi) below. The balance of the terms and conditions of the employment agreements remained the same.

2.1 That the employment agreements for the following Company executives:

- (a) Malcolm Tuttle;
- (b) Jamie Orchard;
- (c) Paul Brennan; and
- (d) Shara Murray,

are varied to include:

- i. A 30% increase to each executive's TRV, effective from 1 July 2011;
- ii. The inclusion of a material adverse change clause with a trigger that includes a change in the Queensland State Government, RQL ceasing to be the approved Control Body under the *Racing Act 2002* (Qld), a material adverse change in the make-up of the RQL Board of directors, or your reporting lines, or an organisational restructure that materially impacts on the Executives role at RQL in a manner adverse to the Executive;
- iii. A payment of a sum equivalent to the TRV the Executive would have been entitled to receive had they remained employed until the end of the term of their contract, however not exceeding a sum equivalent to 14 months of their TRV;
- iv. A severance payment calculated in accordance with the relevant scale contained in any redundancy policy of RQL;
- v. Any accrued but unpaid entitlements; and
- vi. Retention of the current 3 year term with an obligation on RQL to renegotiate before 31 December 2012.

Mr Bob Lette requested that Mr Tuttle develop performance measures for the above listed four (4) key executives.

2.2 The employment agreements for Adam Carter, David Rowan, Peter Smith, Col Truscott and Warren Williams be styled and formatted in accordance with any recommendations from Clayton Utz on the basis that there is no change to the existing terms and conditions of their current employment agreements.

2.3 Wade Birch to be offered an employment agreement with a term until 30 June 2013 based on his current terms and conditions with the agreement to be styled and formatted in accordance with any recommendations from Clayton Utz.

This was unanimously **APPROVED** by the Board.

MOVED by Mr Tony Hanmer **SECONDED** by Mr Bradley Ryan

Motion carried

3. Introduction of Company Redundancy Policy

That a Redundancy Policy is introduced for all employees of the Company.

This was **APPROVED** by the Board.

MOVED by Mr Tony Hanmer **SECONDED** by Mr Bradley Ryan

Motion carried

3.1 2010/11 Business Plan

Mr Tuttle presented to the Board the 2010/11 Business Plan.

The Board **NOTED** the 2011/11 Business Plan.

3.2 Remuneration & Nomination Committee Minutes

Mr Tuttle distributed the draft Minutes of the Remuneration and Nomination Committee of Wednesday, 3 August 2011.

This was **NOTED** by the Board.

3.3 Greyhounds Australasia National Data Repository Development Update

Mr David Rowan updated the Board in relation to the development of the Greyhounds Australasia National Data Repository System.

This was **NOTED** by the Board.

4.1 CEO's Report

Industry Infrastructure Plan

The Industry Infrastructure Plan Control Group is currently looking at resources and the delivery of the Plan. A regular monthly report will be presented to the Board.

Single National System – RISA

RISA has now received approval to proceed with the Single National System Project from all Principal Racing Authorities. RISA is in the process of providing a new Service Level Agreement to each PRA to commence from 1 August 2012.

Trots TV

Mr Blair Odgers will be reviewing the Trots TV initiative and will report back to the CEO with a summary report.

Queensland Race Information

Ms Shara Murray updated the Board in relation to the actions and initiatives being undertaken by the Queensland Race Information Committee.

- Mr Jamie Nettleton will be attending RQL to give a half day training session on wagering/race Information in August 2011. Mr Nettleton has confirmed that he holds no Conflict of Interest, and as such, is in a position to respond to the Tabcorp Holdings and Tabcorp Limited on behalf of RQL.
- The Committee will be writing to the top 20+ interstate bookmakers who exceeded the \$5M turnover to request retrospectivity.
- Ms Murray to draft Deeds to send to a number of Corporates in the next 7 -10 days.

The Board **NOTED** the CEO's Report.


4.2 Legal & Compliance Report

First Level Appeals

There has been one (1) First Level Appeal for the month of July 2011.

Anti- Discrimination Commission matters

- Bobby Chrystal – this matter has been referred to QCAT. A hearing date has not been set as yet.

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- Heather Warland – RQL has responded to the allegations. No response has yet been received from ADCQ.

Australian Human Rights Commission matter

- Alisha Winfield – A conciliation conference has been scheduled for Wednesday, 14 September 2011.

Litigation matters

- Qld Harness Racing Limited v RQL & Anor – other clubs have now joined the action.
- McHarg & Rolfe v RQL – this matter is now closed.
- Gold Coast Greyhound Racing Club Inc. (**GCGRC**) v Greyhounds Qld Ltd (**GQL**) & RQL – this matter is now closed, however, RQL received correspondence from GCGRC advising that they believe that RQL is liable to pay the ongoing commitment of \$2,000 per month made to GCGRC by GQL prior to 1 July 2010. GCGRC have been advised that the Deed of Settlement was signed and finalised which included full and final settlement of this matter.

Other matters

- Ms Murray met with HRBS concerning RQL taking action against Ms Jeannette Hannah. HRBS informed Ms Murray that RQL cannot prove any fraudulent matters. This matter is now closed.
- Ms Murray is finalising one clause with AON concerning the Director's D & O Insurance. Once finalised, Ms Murray to distribute the policy wording to the Board for their consideration and review.

The Board **NOTED** the Legal & Compliance Report.

4.3 Finance Report

Mr Adam Carter updated the Board in relation to the management accounts for the month ended 30 June 2011.

Key highlights for FY2011:

- Revenue down \$7.2M on budget and down \$3.1M (2%) on prior year.
- Product and Program Fee – finished \$2.6M (1%) down on RY0910 result and \$1.7M (2%) down on budget YTD.
- Race Information Fees are \$2.3M (29%) below budget.
- Expenditure down \$4.3M (3%) on budget and down \$548K (0.5%) on prior year.
- Prizemoney is \$5.1M (5%) below budget for FY1011. This is a result of unexpended prizemoney of \$3.2M on thoroughbred races, \$408K on harness races and additional prizemoney expended of \$133K on greyhound races.
- Legal fees are \$978K (188%) above budget.

Mr Carter informed the Board that the Auditors were due on 22 August 2011.

Mr Carter tabled a proposed schedule for FY11/12 for the Audit, Finance and Risk Committee.

The Board **NOTED** the Finance Report.

4.4 Product Development Report**New QTIS Scheme**

RQL has reached agreement with the Thoroughbred Breeders' Queensland Association after consultation with the Australian Trainers' Association, Queensland Racehorse Owners' Association and the Thoroughbred Breeders' Queensland Association on the new QTIS scheme from 1 August 2012. This new scheme will deliver a saving of \$1m to RQL.

Flood, Cyclone and WH&S Funding

Mr Brennan informed the Board that there has been a lack of response from Clubs and only a few have applied for funding from RQL. Mr Brennan to keep the Board updated.

Deagon Trainers

Mr Brennan has met with Mr Pat Duff and Mr Jim Murdoch who represent the Deagon Thoroughbred Trainers to discuss the closure of the Deagon facility as a thoroughbred training complex. Discussions are still ongoing with Mr Brennan to draft correspondence to be sent to both Mr Duff and Mr Murdoch concerning alternate stabling and the consideration of the suggestion from the representatives on a 1000m sand training track proposed at Deagon.

Australian Pattern Committee

Mr Brennan informed the Board that the Toowoomba Cup had been downgraded due to poor performances over the past three years. However, the BJ McLachlan Plate held at Doomben had been upgraded.

Mr Ron Mathofer updated the Board in relation to the 2010/11 Wagering Report.

The Board **NOTED** the Product Development Report.

4.5 Integrity Services Report**QCAT matters**

Mr Orchard updated the Board in relation to the matters that have been before QCAT for the month of July 2011.

Bookmakers Audit

Inquiries will commence into the breach of rules concerning bookmakers, Bob McHarg, Vince Aspinall and Pat Kynoch next week.

Odds Fluctuation Monitoring Application

The development of a real time betting surveillance tool is continuing with the software developer working closely with RQL's IT and Integrity Departments.

Toowoomba Turf Club

The investigation by Ms April Freeman is commencing on Friday, 5 August 2011 and should be finalised by the end of next week.

The Board **NOTED** the Integrity Services Report.

Other Matters**RQL website**

The Board has requested Mr Rowan to update the Board at the September 2011 Board meeting with a budget and timeframe for the development of a new RQL website.

Mr Tuttle to contact Mr Myles Foreman, CEO of RISA on the issue of coordinating stewards reports in a timely manner to be available on the RQL website after a race.

Queensland Racehorse Owners' Association (QROA)

Mr Milner updated the Board in relation to the background of the assistance provided to the QROA, which included the provision of an administration resource for two days per week and the use of all RQL equipment, stationary etc. Following the discontinuation of the Owner's Card earlier in the year Mr Milner had previously sort the approval of the Board to revise this agreement and cap the contribution at \$100,000 per annum for administration costs and promotional activities to be undertaken by the QROA. This proposal was conveyed to the Chairman of the QROA in February 2011, at which time he has requested to provide a business plan outlining the manner in which the QROA proposed to expend the \$100,000. Mr Milner confirmed that the business plan has not been forthcoming and that it is not RQL's obligation to chase the QROA if they did not have sufficient appetite to act on this request during the previous six months.

Mr Milner proposed to the Board to terminate the agreement with QROA and relocate the Administration Assistant to the RQL Finance Department.

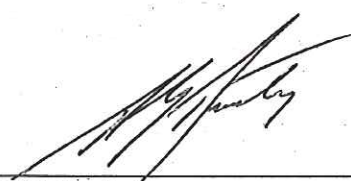
Mr Milner to inform QROA at his earliest convenience that RQL will be providing a \$25,000 grant to the QROA from 1 October 2011, and that they would be required to provide their own resources from this date.

This was **APPROVED** by the Board

MOVED by Mr Tony Hanmer **SECONDED** by Mr Bradley Ryan

Motion carried

Confirmed as a true record.



R G Bentley
Chairman

Dated...../...../2011

Mr Bob Bentley

Director of Tatts Group
Director/Chairman of Sunshine Coast Racing Pty Ltd
Director/Chairman of Australian Racing Board

Mr Tony Hanmer

Member of the Sunshine Coast Turf Club Inc.

Mr Bob Lette

Life Member Albion Park Harness Racing Club Inc.
Member of Brisbane Racing Club
Consultant to Mullins Lawyers
Non Executive Director Watpac Limited

Mr Bill Ludwig

Secretary of the Australian Workers' Union (including signing of all correspondence and Industrial Instruments)
Board Member of WorkCover Queensland
Member of Brisbane Racing Club

Mr Bradley Ryan

Member of Brisbane Racing Club
Member of Tattersalls Club

Mr Wayne Milner

Member of the Brisbane Racing Club
Member of the Sunshine Coast Turf Club
Member of the Ipswich Turf Club
Member of the Victoria Racing Club
Life Member of QROA
Holder of Victoria Owners Gold Card
ME Bank Consultant