

QUEENSLAND RACING COMMISSION OF INQUIRY

Commissions of Inquiry Act 1950

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

I, **PAUL BRENNAN**, of [REDACTED] Chief Executive Officer, states on oath:

BACKGROUND

1. I have been involved in the racing industry, in Queensland, for a period of approximately 23 years. I started my career in the racing industry at the Sunshine Coast Turf Club in 1989 as a handicapper and racing manager. In 1998, I moved to the Queensland Principal Club which, through various changes eventually became Queensland Racing Limited ('QRL') in 2006. In 2010, when Racing Queensland Limited ('RQL') was established as the control body for all three codes of racing, I became employed by RQL. I resigned from RQL on 26 March 2012.
2. I am currently employed as the Chief Executive Officer of Contour Consulting Engineers Pty Ltd ('Contour').

MY ROLES AND DUTIES WITHIN RQL


3. My last role at QRL was Racing Services Manager, whilst at RQL I was employed as Director of Product Development. Prior to 1 July 2010 my responsibilities only related

Page 1

Signed

Statement of Paul Brennan

197907

Taken By 
RODGERS BARNES & GREEN
Lawyers
Level 10, 300 Adelaide Street
Brisbane QLD 4000
Tel: + (61 7) 3009 9300
Fax: + (61 7) 3009 9399
Email: admin@rbglawyers.com.au
Ref: GWR:AKM:130250

to thoroughbreds, whilst from 1 July 2010 I was responsible for providing services across all 3-codes. As such, my role as both Racing Services Manager and Director of Product Development related to the following areas:

(a) Management of both TAB and non TAB Racing both pre and post integration

- (i) I would develop for the consideration of the Board the race calendar for the year, and the budget of prize money, this required the allocation of approximately 11,850 races and \$100,000,000 in prize money. Once approved I would ensure that the racing for the year followed the calendar and the budget was managed.

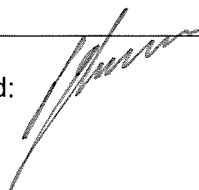
(b) Management of Breeding Investment Schemes such as ('QTIS') ("Q-Bred") and ("RQIS").

- (i) I would develop strategies for the consideration of the Board to enhance the appeal for investors to purchase Queensland bred yearlings and puppies. This was designed to continue the viability of racing in Queensland and also, the breeding industry.
- (ii) I would manage the allocation of bonuses as well as the annual budget for each scheme.

(c) Developed Racing Policies and Procedures

- (i) I assisted in developing and implementing a number of racing policies and procedures including:

Signed:



Taken by:



- a) Entry processes to ensure optimum field sizes for weekly race meetings;
- b) Minimum venue and equipment standards for racing and training venues; and
- c) Development of handicapping and grading policies and weight scales. I also monitored this to ensure that weights and fields were being released in accordance with the policy

(d) Liaised with Stakeholders on queries and also complaints relating to racing, grading and handicapping issues

(e) Manager of the Deagon Training Facility and following RQL assuming responsibility for the management of the racing and training facilities at Corbould Park and Rockhampton, I was also required to manage these facilities.

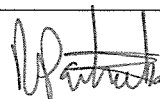
(f) Provide advice to both the Board in relation to racing and training infrastructure

- (i) I would provide advice on infrastructure requirements, based on my industry knowledge and experience.
- (ii) As my role required me to have in depth knowledge of each of the tracks and racing venues, I had input into many infrastructure projects, not just from a design/practicality aspect but with a view to delivering continuity with the racing calendar to minimise interruptions to the industry and

Signed:



Taken by:



stakeholders. As the Chairman had a keen interest in infrastructure, I often worked closely with him on these projects.

(g) Once the decision was made to integrate the 3 race codes I assisted in the integration process. This involved:

- (i) Meeting with key stakeholders;
- (ii) Answering queries;
- (iii) Integration of staff into one organisation;
- (iv) Assisting in change management; and
- (v) Promotion of the new integrated code

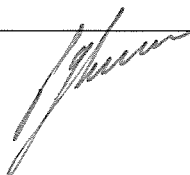
(h) I also managed, after the integration, the following facilities:

- (i) Albion Park;
- (ii) Capalaba Greyhound; and
- (iii) Redcliffe Harness

4. I performed these roles often in an environment where my presence, suggested changes, and ideas for opportunity were unwelcomed. I would be subject to, along with other members of QRL/RQL, open dislike, threats and an attitude to rebuff any ideas of change, development and progression. Further, there was negativity towards QRL and RQL as it sought to manage racing and training facilities, providing standardised infrastructure and management practices across Queensland.

CONTRACT MANAGEMENT AND FINANCIAL ACCOUNTABILITY (paragraph 3(a) of the Terms of Reference)

Signed:

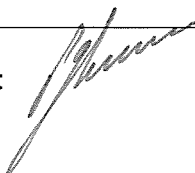


Taken by:

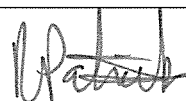


5. During the 'Relevant Period' referred to in the terms of reference, there were policies relating to contract and financial management. Whilst I can remember that there were policies, I cannot recall specific titles or details of all policies.
6. In relation to my role, the relevant policy for me when approving procurements or invoices was that I could sign off up to \$10,000 up until 30 June 2010, whilst at or around 1 July 2010 this figure increased to \$50,000. Anything above these amounts would either go to the CFO, CEO or the Board for approval.
7. I can recall from discussions around QRL as far back as even before 2007 that the Board had concerns that the Race Clubs were directing their discretionary allocations that they received from the control body to member and public facilities, rather than providing appropriate investment in racing and training facilities, as was the expectation of the Board. As a result, there were racing and training facilities around the state that were in disrepair, were unsafe and in the instance of drought, unusable.
8. The Board obtained the allocation of \$12 million from the State Government for the installation of 3 synthetic tracks, and at or around this time the Board took the decision that QRL would seek ownership and management of future capital investment.
9. This announcement was not well received, as Race Clubs wanted to maintain control over these assets. Many clubs also saw the allocation of funds by QRL to infrastructure projects for certain clubs and not their clubs as the QRL favouring some Race Clubs and Codes over others.
10. The first synthetic track to be installed was at the Sunshine Coast. I was not directly involved in this project but, from my recollection, a company known as Arben Management (**'Arben'**) was engaged for the project management of the synthetic track

Signed:



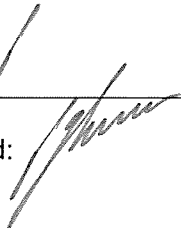
Taken by:




and they put to tender for both engineering design of the sub-base, drainage and track configuration and the civil construction works. As part of that tender process, Contour was awarded the engineering design and Blacklaw Civil Contractors were awarded the civil works. I understand that Arben was a Sydney based firm which created logistical issues for the project, primarily for onsite supervision of the civil works contractor. As such, Arben contracted Contour to undertake project management of some areas of the civil works.

11. Contour was also instructed by Arben to provide a cost estimate for the Stables at the Sunshine Coast, and also to prepare a Development Application for the stables that was lodged with Council.
12. I recollect that Adam Carter, as Finance Manager of QRL would prepare reports to the State Government confirming the synthetic track expenditure, its appropriate allocation and an update on the project's progress and remaining funds.
13. The Sunshine Coast synthetic track installation was successful.
14. I was advised by the Chairman that the Board's view was that it was more effective, particularly from a financial perspective, to have a locally based project management company but more importantly, it was sensible to continue with a company that had already developed the necessary intellectual property for doing engineering design work for racing facilities. As such, Contour was utilised on future projects requiring engineering and project management services. This included ongoing projects at the Sunshine Coast, and projects in Rockhampton and Toowoomba.
15. Further, in addition to the added financial benefits, Contour had proven trustworthy and reliable in maintaining confidentiality of project details and information.

Signed:



Taken by:

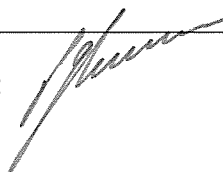


16. Prior to July 2010, QRL engaged external project management specialists as there was no-one, until the appointment of Mark Snowden in July 2010 with specialist contract management/ project management experience in-house.
17. The specialist project managers/ contract managers, such as Contour, were responsible for tender processes and would review any invoicing from contractors on projects and then forward them for approval from RQL.
18. In relation to the development of the infrastructure plan provided to Government in 2010, it was an evolving body of work where over a period of time there were variations to those designs constantly. It would have been difficult to scope out the entire amount of professional engineering services that may have been required at an early stage.

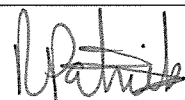
MANAGEMENT AND CORPORATE GOVERNANCE (paragraphs 3(b) and (c) of the Terms of Reference)

19. Working within RQL and QRL was a 'team' environment. Although the staff all had our separate duties and responsibilities, we communicated together and worked collaboratively assisting each other where we could.
20. While the day to day operations of the business of the control body was left to the senior management team, it is fair to say that RQL and QRL had a very active Board. Directors were involved in a range of areas where their knowledge and expertise delivered value to the management team. Instances of this relevant to my role included Bob Bentley's involvement in infrastructure development as well as racing and breeding matters, Tony Hanmer's extensive marketing background was called

Signed:



Taken by:



upon to assist in the promotion of the QTIS 600 scheme and racing industry awards, and Wayne Milner's involvement was useful on owner's initiatives, breeding schemes, infrastructure and changes to greyhound grading restrictions.

21. As far as I was aware, the Chairman was responsible for settling the agenda for Board meetings and I would discuss my proposed inclusions for my monthly Board paper with him. I only attended the Board meetings when my papers were being discussed, or where I had some relevance to issues being discussed by the Board or other managers.

22. As far as I am aware, the entire team, both board and management levels, acted in the best interests of racing in Queensland.

EMPLOYMENT CONTRACTS: TUTTLE, ORCHARD, BRENNAN AND REID (paragraph 3(c) of the Terms of Reference)

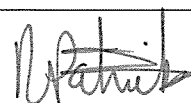
23. In or about May 2011 I was having a discussion with Malcolm Tuttle about my future in both RQL and the racing industry. At that time, I recall highlighting to Malcolm the tireless work undertaken by RQL to get the Albion Park facilities back to being operational following the January 2011 floods, and the fact that although this received industry wide praise, it did not change industry perception of RQL. It was clear that even though we worked tirelessly for the industry, there was an overwhelming sense that whatever we did, it would never stop the constant attacks and whinging in some sections of the industry, brought about by media and other speculation regarding changes to the control body after the State election.

24. The public perception of the then Labor government was dwindling and we knew that upon a change of government we would be removed or at least pushed to resign from

Signed:



Taken by:



our positions. It was clear to me that the Board of RQL was viewed as being aligned with the Labor Government.

25. Regularly, telephone conversations with key stakeholders would finish with comments noting that my time at RQL was running out and that I would be gone when the new Government was elected the new Board would not keep me. This was extremely disappointing to me as I was being crucified for my loyalty to my employer.

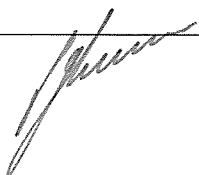
26. The media around that time was also making similar comments, and there was speculation that Mr Kevin Dixon would be the new Chairman of the Control Body and that the new CEO would also be sourced from the Brisbane Racing Club. Due to RQL's poor relationship with Mr Dixon and the Brisbane Racing Club, I was extremely concerned how this would impact my future.

27. I recall speaking with Malcolm about the dilemma I faced. I had worked exclusively in the Queensland racing industry for over 20 years. I was despised by many of the key players in all three codes for my involvement and support in the integration of the 3 codes, the infrastructure changes and upgrades, and amendments to racing programs and breeding schemes promoted by the Board. I felt that if I didn't leave then but instead continued with RQL until the election which was expected the following year, I would be unemployable in the racing industry in Queensland. I was particularly worried as I had a family, a young child in primary school, a mortgage and a life here in SEQ.

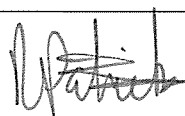
28. During my conversation with Malcolm, Bob Bentley walked in. I told him what my concerns were.

29. Bob told Malcolm and I that he wanted to speak with Malcolm, Jamie, Shara and myself about this issue. I reiterated my concerns or alternatives:

Signed:



Taken by:



(a) Leave now and try and find employment;

(b) Stay and be pushed or sacked from a job with minimum entitlements; or

(c) Stay until the election but renegotiate contracts that will compensate us for being unemployable in the industry after the election.

30. Bob asked that we all put our concerns in writing.

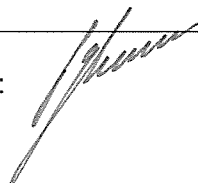
31. I understand that the Board engaged the services of Clayton Utz as to the terms of a renegotiated employment contract and that the Board provided funds to enable further legal advice to be sought by Malcolm, Jamie, Shara and myself about this issue. I recall Jamie recommending Norton Rose to provide this advice. I believe I was invited to attend an initial briefing meeting about the employment terms with Norton Rose and as I was unavailable to attend in person I recall attending this meeting via telephone.

32. I recall meeting on a few occasions with Malcolm, Jamie and Shara to discuss this issue and the advice provided by Norton Rose, and I was then presented with a new employment contract which I signed. I was locked in but at least I had some security for when everything ended.

33. For the next 8 months I provided my full support to the Board in relation to its reform and infrastructure agenda. I did so in the knowledge that this was making me extremely unpopular within the industry.

34. On 26 March 2013 I resigned from my position with RQL. This was a day after the State Election. RQL waived the notice period and Adam Carter provided me with my Termination Payment summary.

Signed:



Taken by:



35. Ten days prior to my resignation I had been in a meeting with Contour about Russell Thompson leaving Contour to work for RQL directly as a Project Manager.
36. Contour were upset that their resource had been poached, and that RQL had not contacted them to discuss this matter before engaging Russell Thompson. The directors of Contour informed me that they were concerned that Russell Thompson's departure at such short notice would have a significant impact on their business, due mainly to Russell's management of the Mackay project, and also as he was to assist in the management of their company during leave that had been scheduled by both directors.
37. I mentioned in my meeting that once the election was over if there was a change of government then I would more than likely leave RQL or be pushed out by the new Board. I indicated that I would most probably seek to consult to a body in the racing industry but if not, my family would need to relocate to another state. During discussions the directors of Contour outlined that following Russell Thompson's departure that they would be required to be more hands-on in the company and that this would impact the management of the company. They asked whether I would be interested in assisting Contour in this regard. I didn't take the discussion with Contour any further but after I resigned, I then met with the directors of Contour on 27 March 2012 to take a position with that company.

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

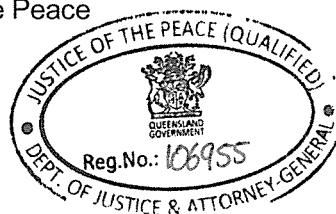
SIGNED AND DECLARED

at *Kawana*

on 26 July 2013 in the presence of:

Rebecca Patrick - Rebecca Patrick

Solicitor/ Justice of the Peace



[Handwritten signature]