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Dear Minister

I am in the receipt of a letter from Bill Carter dated the 6th August that claims that the selection of directors process carried out was inconsistent with the QRL Constitution, lacked procedural fairness, was anti-discriminatory, possessed elements of cronyism and as such was illegal.

I note with considerable concern that the letter written by Bill Carter in line 2 seeks to have you believe that he expresses "the racing community views" and in paragraph 3 of that page, line 5 he speaks of the "many respected racing stakeholders and others."

Further on page 2 second paragraph he purports to set out the "factual matters which give rise to industry concern". On page 3, third paragraph he sets himself up as the independent recruitment consultant by telling you what he "knows" without giving any facts about who they are or how he made that assessment.

In page 3 the fourth paragraph he "knows" there were some who were not Shortlisted and whose eligibility was beyond question." He does not say how he "knows" about their eligibility. On page 10 in the last line he states that "many good racing people have simply had enough". On the last page in the top paragraph he states "the racing industry wants you to act and to intervene."

For a person so concerned as to "factual matters" it is concerning that in 11 pages of his letter he did not submit what you as Minister might ask, namely by what right does he make these statements. By what means would you Minister consider a submission not from an identity within industry whose role is clear, but from someone so concerned with facts and a correct application of them that he cannot inform you of the obvious concern as to the basis on which this person purports to speak for industry. Or is it that he speaks for himself and maybe one

or two others and uses the royal plural as if he has a base of authority behind him to try to sway the Minister.

These are matters of considerable concern given the history of complaining that is a matter of public record by Bill Carter and the cost to which he has put industry, to demonstrate that there have been no transgressions of the law on any occasion.

Dealing however with some issues raised:

Candidate Eligibility

The eligibility and criteria set out in the Act and the Constitution have been made as wide as possible at the request of government at the time the Constitution was drafted. The criteria and eligibility may fit a wide range of applicants.

The notion that the criteria in Appendix A was the only basis for determining candidate suitability is palpably erroneous. Basic common sense tells anyone that issues such as availability is also an important selection matter to be considered in determining who may be appropriate. The control body needs a functional Board of individuals who meet the needs of the industry from time to time. The IRC engagement is to Shortlist those who meet the Appendix A qualification and who fill the needs of that required for the proper functioning of the Board.

That is, if the IRC found all accountants who were Appendix A approved, would the company be served best by putting forward those. It is entirely appropriate for the IRC to ascertain the best skills mix for relevantly qualified candidates to enable the Shortlist to have persons who can contribute to decision making in a way the control body has to carry out its functions and powers under the Act and its Constitution efficiently and effectively during the control body's term of office. The process was independent of QRL.

If the IRC did not do so it could result in the Board being unable to properly carry out its role.

Interview Process

There must be a gap in Bill Carter's life experiences or maybe he has not been part of the real world of normal working people. The reality is that while you consider that you are qualified to apply for a position it does not necessarily mean that you receive an interview. In his case it would be unrealistic, time consuming and costly for the IRC to grant all 26 applicants an interview. The basis on which the IRC selects those for interview is a matter for the IRC.

The IRC would consider the written CV of each applicant and make an assessment on the written material, independently of the Board and any personnel at QRL.

Shortlist Numbers

This seems to be a matter of interpretation that the Shortlist should have been greater than 4. The Constitution says that there must be without question 'no less'-that is all vacant positions must be filled and an additional 2 over vacancies.

Carter's comment is ill-considered and wrong in the last sentence. The final decision was that of the IRC. No guidance or direction was given to the IRC by QRL.

A Shortlist of four candidates meets the requirements of the Constitution.

Capacity

This is intended to reduce the list of candidates to a Shortlist. The paragraph goes on to lament that Carter's choices were not Shortlisted and that there were other candidates who Carter says were more suitable. The IRC made an assessment as per the Constitution and developed a Shortlist. In view of the Independence of the IRC, we have not asked for an explanation of the latter.

The IRC has a role which involves Shortlisting on the basis of those willing and able to act as a director and the role cannot be limited to those stated in Appendix A. Some persons may be Appendix A qualified but may not be suitable to act in Board positions for other reasons and it is the role of the IRC to come up with a Shortlist which the IRC believes can do the job of a director of a company whose responsibility is to regulate and oversee the operations of the thoroughbred code of racing without fear or favour, and to do so as an independent, i.e. without influence or interference from the present QRL Board or anyone within industry.

The press release attached from Northern Recruitment answers the next accusation on the top of page 4.

Appendix A

This is mandatory but in addition the IRC must form a view on who can perform the role of director independently of industry.

Candidates Known to Directors of QRL

In paragraph 3 Carter says:-

'The relevant facts are that 2 candidates who were Shortlisted were known to the Chairman'

I do know all 4 on the Shortlist plus 3 more who were not Shortlisted. As Chairman of QRL and a person who has 30+ years experience in the racing industry there are many industry persons known to me. That is why it is important that the process for selection of directors continues to involve the IRC.

Eligibility

The time for eligibility of candidates is at the date of their appearance before the selection committee. If a person was appointed 'a director (e.g. to fill a vacancy on the Board, the date for eligibility could be the date of his or her "appointment" it is different from the selection process, a point Mr Carter seems unable or unwilling to comprehend.

By clause 17.11 of the Constitution the decision of the selection committee shall effect the election of directors from the close of the next AGM.

All Shortlisted directors are now eligible Stewart and Millner having resigned from their club positions. The A and B Class selection process will commence next Friday the 14th August.

Anti Discrimination Act

I am certainly not aware of the allegation and note that no particulars are given by Bill Carter. QRL has received no complaint about the matter to which Carter refers.

Independence of the IRC

Northern Recruitment has had only two assignments in the last three years of its operation. There have been no assignments whatever given to them in the past 12 months other than the director's Shortlist role.

QRL is a company incorporated under the Corporations Act and we are governed by that Act and the constitution, details of which were given to all members at meetings throughout Queensland prior to its incorporation.

The end result is 4 candidates have been selected who meet the criteria, satisfied the IRC on ability to perform, some missed out but this is normal. The

only problem is Carter does apparently not approve of the selection candidates. But again I raise the question as to what the concerns of Bill Carter are and there is nothing that provides any basis upon which you can form a view that his allegations are in any sense representative of industry in the way he suggests they are. The upshot is if the Class "A" members do not want any of these candidates then they do not vote for them, it is as simple as that.

W Carter spends a great deal of time raising legal questions and suggesting answers. He full knows that there is an independent judiciary of which he was formerly a member whose role it is to decide matters brought before it and if Carter has any concerns and if he has Locus Standi to bring a matter before the courts he is free to do so. If the court made any findings that were of concern to you Minister you would consider them at the time. He asks you to accept his submissions as the correct view of the law and to act even if he is wrong. That is I believe a most unusual position for a lawyer to take knowing the processes of the law. I find that Bill Carter is yet again seeking to use the resources of the State to push his own agenda when he has never succeeded in the past.

For your information, I set out the history of W Carter's activities over recent years.

His latest attempt to again disrupt the industry is even more frivolous than the last attempt and certainly audacious in threatening a Minister of the Crown with "accordingly for the Minister to fail to intervene here involves a failure to recognise the Ministerial responsibilities in chapter 1, part 4, divisions 1, 2 and 3 of the Racing Act [sections 46-58]. August 6th. In addition on page 1 Carter proclaims "my submission is that not only should you intervene [your comment concerning "misconduct" is noted], but that you have failed to exercise your Ministerial responsibilities under the Act " August 6th.

The current complaint lacks any credibility and the concerns expressed in Bill Carter's letter of the 6th August have never been discussed with the control body as a matter of process. Carter is obviously part of the political agenda currently aiming to destabilise the proper process, and in his letter attempts to twist the interpretation of the process, adds credence to his motives.

Carter's motives are well documented, he will continue to delay and disrupt the current control body by what ever means to achieve his long term goal of returning the industry to club control and cronyism that was endemic in the club system of industry control.

History of Carter's disruptive Activities

1992 - 2002

Constantly lobbied successive governments to revert back to the old club structure

2002

The QTC and Bill Carter with the assistance of the Courier Mail conducted a campaign of misinformation on the 2002 Board selection process and refused to accept that there was proper process undertaken. Carter reported the matter to the CMC even though the Minister of the day gave assurances that there was in fact proper process and all directors were validly elected through the industry selection process.

The underlying issue was: Who was on the board and who had control?

2003 - 2004

Bill Carter constantly lobbied the Australian Racing Board to exclude Queensland from the national body, surely inconsistent with his 'concerned stakeholder pleadings'.

2005

The new government was lobbied by Carter again under false accusations forcing the government to hold the 'Shanahan Inquiry'. The underline issue the control body was not validly elected and the industry needs a new club controlled model. Cost to government in excess of \$1 million cost to industry \$500k.

Result - was that there was no finding against the control body
Cost - \$1.5 million

2006

Bill Carter still not satisfied he again agitated and through publicity in conjunction with the Courier Mail's Tuck Thompson, the LNP opposition in question time and the attempted undermining of Minister Swarton by the then Minister for Health Gordon Nuttall placed Minister Robert Swarton in an impossible position and the government was again on the backfoot and forced to call the "Daubney Rafter inquiry"

In Parliament Minister Robert Swarton said:

"It was this attack along with others raised by the opposition which was the last straw that forced me to pursue this expensive inquiry"

He went on to say

"It was the most extensive inquiry into racing ever conducted in the history of this state"

RESULT

No evidence of any unlawful behaviour or misconduct on behalf of anyone at Queensland Racing.

COST

Government in excess of \$4 Million
Industry \$3 Million
Total cost \$7 million

2007

Bill Carter again writes to the Australian Racing Board to have Queensland excluded on a technicality. No substance Queensland now holds the chair of the ARB the first time in racing history.

2008

Bill Carter accuses the Qld Racing Board of improper voting practices in seeking changes to the QRL Constitution.

There was no ground for complaint a simple explanation was all that was required.

The industry and the government I am sure is still counting the cost of the last Bill Carter vindictive fishing expedition on the QRL Constitution changes, where a similar complaint to the 6th August letter led to a referral by the Minister to the CMC, ASIC and finally the police fraud squad.

It is worth noting the outcomes, the CMC passed it back in under a week as they do not have jurisdiction, it is an ASIC matter. The complaint was a passed to ASIC who passed it back again with no action and noting that they had previously given approval for the procedure and clearing the director involved. Not to be deterred Bill Carter had the matter referred to the police. The police engaged 6 officers for 4 months, tied up the staff at QRL for the full duration.

Notwithstanding the embarrassment to the individual, QRL reputation trashed and a defamation case pending.

Result - full clearance
Cost - \$1.2 million

Bill Carter sat back and watched proceedings while the government wasted \$1 million and the industry \$200k. Bill Carter cunningly by manipulating the system and succeeded in having the government refer the matter thereby having government and industry pick up the costs.

Consequences of Delay

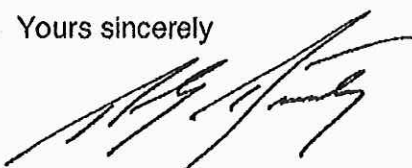
The Constitution has timelines that must be adhered to and to date this has been done. Any delay causes a whole set of new issues. Two directors cease office at the AGM and the director's selection process is critical to maintaining the five elected persons as directors.

I believe that, for the reasons set out above, the Minister does not have sufficient grounds to and therefore should not interfere.

QRL is not subject to the CMC as demonstrated in the Bill Ludwig issue over the application of the Constitution.

Minister this continuous disruption to the activities of the racing industry and control body by this person who represents no one but himself has to stop. QRL requests that you advise Bill Carter that if he has any evidence of wrong doing or illegal actions in this latest matter or any future matter he refer the issue to the relevant authority personally, and in this latest fishing expedition the authority is ASIC.

Yours sincerely



R G BENTLEY
Chairman

Cc: David Grace, Partner
Cooper Grace Ward