



Minutes of
Queensland Racing Limited
Board Meeting



Friday 9 May 2008

Board Room, Queensland Racing
Racecourse Road, Deagon

Meeting Commenced at 8:00am
Meeting Concluded at 12:10pm

Board
Directors
Present:

Bob Bentley – *Chairman*
Tony Hanmer
Michael Lambert
Bill Ludwig
Bill Andrews

In attendance:

Mal Tuttle – *Chief Operations Manager*
Adam Carter – *Finance Manager*
Ron Mathofer – *Business Analyst*
Paul Brennan – *Racing Services Manager*
Reid Sanders – *Chief Stipendiary Steward*
Shara Murray – *Legal Compliance Counsel/*
Company Secretary

Minutes:

Laura Hains – *Board Secretary*

The Chairman commenced the meeting at 8.00am.

SECTION 1 – STANDING ITEMS

1.1 Apologies

There were no apologies.

1.2 Declaration of Conflicts of Interest

The Board NOTED Attachment “A”.

1.3 Confirmation of Minutes of Queensland Racing Limited BM#20 on 4 April 2008

The Board made the following amendments to the minutes:-

4.1 Performance Measurement for TAB clubs. Adam Carter & Ron Mathofer

The second sentence in the first paragraph to read:

“The system has the Financial and Key Performance indicator capabilities as well as the ability to compare the relative performance of clubs using various financial and non-financial metrics.”

4.5 Constitution of QRL -(In Camera) Chairman

The second paragraph is to now read:

“The Board discussed the matter and resolved to proceed with the Chairman, Tony Hanmer and Bill Andrews to brief designated Class “A” members on the proposal and to gauge their reactions. Subject to the feedback obtained the Chairman is to call an extraordinary meeting as soon as possible to change the constitution.”

4.7 Mount Isa Direction Shara Murray

The second paragraph is to now read;

“The Mount Isa situation is of concern to the Board and there appears to be little corporate governance implementation should Mt. Isa Club’s situation deteriorate in governance and financial viability the Board agreed that stronger action will be necessary.”

4.9 Country Racing Paul Brennan

The first paragraph is to now read:

“Mr Brennan outlined the meetings held with the CRC, with frequency and the amount of correspondence, demonstrating that QRL had consulted adequately with the CRC. Mr Brennan advised the Board that the outcomes achieved with the CRC were disappointing, the rationale of the decision taken, demonstrated that the objectives of non tab racing do not align with a commercial racing industry.”

4.16 Government Contribution to EI Marketing Initiative Tony Hanmer

The word “marking” on the last line of the first paragraph to be changed to “marketing”.

5.1 Letter from Mike Kelly re: proposed enhancements to policies or procedures due to integrity issues at RVL Chairman

The second sentence in the third paragraph be removed.

“The Board instructed the Acting Integrity Services Manager to write to Mr Mike Kelly setting out the Boards decision and noting that adequate safe guards are in place.”

5.1a Matters Arising from 5.1

The Chairman advised the Board that since the Board had taken the decision above the Parliament had passed the second reading in parliament of an amendment to the *Racing Act 2002* that it was now a legislative requirement for executive officers of a control body to declare any interest that they have in respect to the ownership of licensed animals.

The Board **MOVED** to rescind the minute under Item 5.1 of the April 2008 Board Meeting.

The Board to instruct the Director of Integrity Operations to keep an official register of all Betting accounts for executive officers of the Company and any interest in respect to ownership of any racing animals.

MOVED by Mr Tony Hanmer., **SECONDED** by Bill Andrews

The Board **RESOLVED** that the QRL Board Meeting Minutes of 4 April 2008 with the above amendments be received and confirmed.

MOVED by Mr Tony Hanmer., **SECONDED** by Bill Andrews

1.4 Action Sheet

The Board **NOTED** the action sheet

1.5 Correspondence / Matters for Noting

The Board noted the Correspondence in the Agenda.

SECTION 2 – DIRECTORS

2.1 EI Marketing Initiative

Tony Hanmer

Mr Hanmer provided a presentation to the Board titled 'Media Considerations' prepared by Mitchell Media.

Project timing was discussed with the Winter Carnival being ruled out due to time constraints, the Board agreed to commence the campaign to attract people back to the race course and incorporate a QTIS element leading in to the November - December - January Carnival .

Follow up meetings with Mitchell Media and QRL representatives will be arranged.

The Board **NOTED** the update provided.

2.2 2008 Yearling Sales Analysis

Chairman

The Board noted a paper provided on sales result comparisons on Interstate and Queensland Thoroughbred horses and what appears to be diminishing returns on the QLD product. The Chairman advised that this needs to be carefully considered as it has an overall bearing on the QTIS scheme. The Board advised that they would appreciate some further analysis on previous sales. The Board secretary advised that it was a time consuming exercise and she would endeavour to produce the comparisons as soon as possible.

ACTION

The Board Secretary to provide an analysis of 2005, 2006 & 2007 Yearling Sales & average service fee.

2.3 Palm Meadows Project

Michael Lambert

Mr Lambert updated the Board on the Palm Meadows Project advising the Board of the actions and meetings undertaken in the last month.

Meetings held for the Month of April were as follows:

- ▶ Friday, April 11, 2008 – Gold Coast Council Officers
- ▶ Friday, April 11, 2008 – Dept. of Infrastructure & Co-ordinator General's Office
- ▶ Thursday, April 17, 2008 – Gold Coast Turf Club
- ▶ Friday, April 18, 2008 – Stockland
- ▶ Friday, April 18, 2008 – Treasury Department
- ▶ Tuesday, April 28, 2008 - Treasurer

Mr Lambert advised that the meeting held on April 11, 2008 with Dept. of Infrastructure & Co-ordinator General's Office indicated that the project would be marginal in terms of being designated a Project of State Significance. In terms of State Significance projects are required to demonstrate a level of complexity.

Mr Lambert also advised that at a meeting with the Chairman of Gold Coast Turf Club (GCTC) an alternative proposal was submitted. The proposal consisted of a full redevelopment of the Bundall site, involving the purchase of adjacent land, the development of racing facilities similar to that proposed for Palm Meadows and commercial development to help pay for the costs of new racing facilities. The Redevelopment proposal did not include oncourse stabling. Mr Lambert explained to the Board that PwC undertook an analysis on the two options which concluded that the GCTC redevelopment proposal was not financially feasible. Report attached as appendix "B".

The meeting with the Treasurer on April 28, 2008 went well with the Treasurer indicating support for the project and inviting QRL to write so that a mutual understanding could be documented of what was required to obtain QTC funding for the project. Mr Lambert advised that the Treasurer raised the matter of whether it was feasible to locate a harness racing track on the Palm Meadows site. The location of harness racing on the site is not financially feasible as it would substantially undermine

the ability to commercially develop the site. The presentation to the minister was tabled to the Board, also attached as appendix "B".

Mr Lambert highlighted the next steps for the project:

1. Obtain the results of the market testing for commercial development at Palm Meadows
2. Obtain in principle support from GCTC for the Palm Meadows development and the application of the process of the sale of Bundall for the development
3. Treasury to complete its highest and best use valuation of Palm Meadows
4. Jointly undertake with Treasury a highest and best use valuation of Bundall which will also require a hydrology and geo technical surveys of the site
5. Market test the commercial development of Bundall
6. Update of the financial feasibility assessment for all the above matters
7. Seek Treasury/QTC loan funding.

The Board NOTED the update, and thanked Mr Lambert and Mr Tuttle for the comprehensive update.

2.4 Ipswich Turf Club Submission

External

The Chairman & CEO with their advisers Wingate & Babcock Brown presented to the Board a development proposal for Ipswich Turf Club (ITC) to make a commercial use of what would be otherwise surplus land.

The Chairman of Ipswich advised that they were not seeking funding from the Control Body and they expected the project would be self funded. They will advise in due course the structure and outcomes of the final option.

The Board noted the presentation as included Appendix "C" and thanked Ipswich Turf Club for their proactive action for the betterment of racing in the Ipswich area.

The Board NOTED the presentation.

2.5 Change Resolution of Board Minute February 2008 Item 3.2

Chairman

The Chairman sought approval from the Board to amend item 3.2 of the February 2008 Board minute in relation to the contributions to the Beaudesert Race Club concerning flood damage.

The Chairman advised that the minute should read;

3.2 Contribution to Beaudesert Race Club – Flood Damage

Mr Brennan presented to the Board the preliminary advice received from Contour Consulting Engineers concerning the Sand Track at the Beaudesert Racecourse.

The Board approved an amount of up to \$200,000 for the repair of the Beaudesert Track. Mr Brennan outlined to the Board the strategic importance of Beaudesert and the contribution the Club is making to training.

It was **RESOLVED** that Option 1(C) of the advice (see Attachment "D") be adopted and the amount of \$200,000 be approved for the repair of the Beaudesert Track.

MOVED by Mr Bill Ludwig, **SECONDED** by Mr Michael Lambert

The Board **APPROVED** the amendment to Item 3.2 of the February 2008 Board Minute.

MOVED by Mr Bill Ludwig, **SECONDED** by Mr Michael Lambert

2.6 Toowoomba Synthetic Track

Chairman

The Chairman advised the Board that he had a preliminary meeting with the Toowoomba Turf Club (TTC) in relation to the installation of a Synthetic Track at Clifford Park. TTC presented a number of options

- 1) A Greenfield site on the old Gainsborough lodge site of 400 acres with a residential development supporting the construction of a new racing facility for Toowoomba. This option incorporated the sale of Clifford Park
- 2) The full development of Clifford Park with the purchase of the stabling land on the western end to incorporate in the redevelopment, this option would need the realignment of the course proper and a lengthening of the home straight. The redevelopment would also include an upgrade of the member and public facility and installation of new lights.
- 3) The installation of the Synthetic Track as a course proper with an ambulance track associated facilities.

The Chairman advised the Board of the TTC that options 1 & 2 would need to be self funded or a grant from the Government obtained. In light of the tight budgetary situation with the Queensland Government, Government funding was extremely unlikely. To progress the project and bearing in mind the terrain difficulties at Toowoomba QRL will fund a master plan with a contribution of \$30K to ensure that the Synthetic Track does not impede any future development at Clifford Park.

Following discussions with the TTC the most likely course of action will be option 3. A further meeting has been scheduled for Wednesday 21 May, 2008.

The Chairman advised the Board that the costs of the synthetic surface have risen considerably in the last 6 months due to the increase in oil costs and freight. The Chairman also advised that the Board should be aware that the instillation of the synthetic track with associated works at Clifford Park would be in the vicinity of \$10M partly off-set by a \$4M Government contribution.

The Chairman undertook to advised the Board once the letter of offer was approved

The Board **APPROVED** the commissioning of a master plan for \$30K and the construction of the synthetic track and associated works at Clifford Park to an amount of \$10M

SECTION 3 – DEPARTMENTS

3.1 Finance and Wagering Report – March 2008

Adam Carter

March 2008 resulted in a surplus of \$639K compared to budget of \$1 million. QRL surplus is up \$7.7 million from \$12.5 million YTD in FY 06/07 to \$20.2 million YTD in FY 07/08. Whilst revenue is down 3.7 million, or 4.7%, on FY 06/07 expenditure is also down 17%, or \$11.4 million on FY 06/07. The reduction in expenditure is largely due to EI which has resulted in 1,005 fewer races than YTD March 2007.

UNiTAB's revised full year off-course wagering forecast for FY07/08 has it increasing 1% on FY 06/07. This coupled with on-course wagering for the same period UNiTAB believe they may better FY 06/07 by 0.2%.

According to UNiTAB wagering reports Queensland shows thoroughbreds increasing for March at a 16.58% increase on the same period last year. This compares favourably with Harness with a 2.2% decline and Greyhounds with a 7.3% decline.

EI costs to date were \$1.021 million excluding \$457k for Equine Influenza inoculations from the DPI

Rockhampton, Mackay and Townsville off-course wagering was up year-to-date on prior year as the clubs benefited from the EI outbreak and from additional race meetings held.

The Board **APPROVED** the March 2 008 Finance and Wagering report.

MOVED by Tony Hanmer, **SECONDED** by Bill Ludwig.

3.2 Mount Isa Race Club

Adam Carter

Mr Carter updated the Board on the current financial position of the Mount Isa Race Club and reported on the Clubs compliance as per the Control Body Direction, which was issued on 7 March, 2008.

Deloitte has conducted a final review of the Club; the report communicates that the committee is in need to urgently review the policies and procedures currently in place. The report findings were that in all areas of assessment there were significant weaknesses in compliance and there was a distinct lack of control in place. Mr Carter conveyed Deloitte's opinion in that, the Club did not maintain effective control procedures in relation to their corporate governance and financial management.

Mr Carter detailed the options available to QRL should the Mount Isa Race Club be deemed to be unable or unwilling to comply with requirements.

- ▶ Revoke the Racing Licence of the Club
- ▶ Impose further deadlines for remedial actions to be undertaken.
- ▶ dissolve the current committee and elect a new committee
- ▶ Appoint an administrator to the club in order to implement necessary changes

- ▶ As a condition of issuing the licence for FY08/09 issue a temporary licence for 3 months and not renew the licence for the remainder FY08/09 unless all conditions are met by 30 September 2008
- ▶ Possibility of licensing Mr Isa City Council to run the club who should have the necessary paid in house expertise and not have the current volunteers.

Mr Carter asked the Board to bear in mind the options detailed above and should the Club not meet the following remedial actions then the Club license be suspended which will result in the removal of race dates and administration subsidy.

Remedial actions:

1. Rectify all Deloitte recommendations by 30 June 2008
2. Audited financials are completed by 15 August 2008
3. A business plan is completed by 30 June 2008 and
4. A budget and cash flow for FY2008/09 is completed by 30 June 2008.

The Board **AGREED** with the above actions 2-4 and suggested that action 1, the issues highlighted by Deloitte be filtered down to major issues.

3.3 Cairns Jockey Club

Ron Mathofer

Ron Mathofer updated the Board on the Cairns Jockey Club's (CJC) current financial position. Mr Mathofer advised that following the Corporate Governance and Financial Management Assessment carried out by Deloitte on behalf of QRL in June 2007, it was found that the CJC has a number of issues to address.

Mr Mathofer advised that the CJC has incurred successive operating losses of \$110,415 in FY 2006 and \$338,532 in FY 2007 and there remains an outstanding loan amount as at 30 April 2008 of \$200,000 and prize money advances net of administration subsidies of \$114,290 owed to Queensland Racing Ltd.

Mr Mathofer also advised the Board that the new treasurer Mr Bob Roberts has been very obliging with QRL. Mr Mathofer sought approval from the Board to give CJC an extension to 21 May 2008 to provide the following information:

- ▶ Forecasted income statement and cash flow statement to 30 June 2008.
- ▶ Budget income statement and cash flow statement for 2008/2009 financial year
- ▶ Detailed listing of debtors and creditors as at 31 March 2008
- ▶ Detailed trial balance as at 31 March 2008 as compared to 30 June 2007
- ▶ A revised and feasible payment proposal to repay the outstanding loan of \$200,000.

Mr Mathofer detailed the options available to QRL should the CJC be deemed to be unable or unwilling to comply with the requirements:

1. Revoke the Racing Licence of the Club
2. Impose further deadlines for remedial actions to be undertaken
3. Dissolve the current committee and elect a new committee

4. Appoint an administrator to the club in order to implement necessary changes
5. As a condition of issuing the licence for FY08/09 issue a temporary licence for 3 months and not renew the licence for the remainder FY 08/09 unless all conditions are met by 30 September 2008.
6. Possibility of licensing Cairns City Council or similar to run the club who should have the necessary paid in house expertise and not have the current volunteers.
7. Winding up the entity and transfer the assets to QRL and QRL leases the land and buildings to an approved management committee.

Mr Mathofer mentioned to the Board that in the absence of Tom Hedley, Bob Roberts and another committee person from CJC are willing to attend the June QRL Board meeting.

The Board **NOTED** the update and **APPROVED** the extension of the financial information to 21 May 2008. The Board also requested Mr Mathofer to have Bob Roberts and a member from CJC committee attend the June Board meeting.

ACTION

Mr Ron Mathofer to co-ordinate the attendance of Bob Roberts, the CJC Treasurer and a member of the CJC Committee at the June QRL Board Meeting.

3.4 Commercial Horses Assistance Payment Update (CHAPS) Adam Carter

Mr Carter updated the Board on the Commercial Horses Assistant Payment Scheme (CHAPS). Mr Carter advised that both CHAPS I & II have provided financial support for approx 1,000 trainers with over 6,000 horses for each period. Approximately 450 trainers and 3,600 horses were paid for CHAPS III. The total CHAPS paid to date for the 3 periods is approximately \$55M.

Mr Carter advised that Deloitte have been selected to conduct the independent audit before the Department of Agriculture, Fisheries and Forestry send in an independent auditor. The Deloitte report will be made available at the June 6 2008 QRL audit committee meeting.

The Board **NOTED** the updated.

3.5 Risk Management Policy Adam Carter

Mr Carter discussed a generic guide for the establishment and implementation of the QRL Racing Industry Risk Management Policy and Process.

The objects of the policy are to ensure that:

- ▶ A consistent approach to the management of risk is adopted within racing clubs
- ▶ All significant risks to racing clubs are identified, evaluated and managed
- ▶ The process of management of risk enhances the performance of racing clubs.

The Board suggested that the policy should be broken into a two-part policy for smaller TAB & Non TAB clubs.

The Board requested Mr Carter to re submit the policy at the July meeting providing a revised version for the smaller TAB & Non TAB Clubs.

ACTION
Mr Adam Carter to provide a revised Risk Management Policy for smaller TAB & Non TAB Clubs.

3.6 Event Management Policy

Adam Carter

This item was deferred for further discussion at the June 2008 Audit Committee meeting. The Policy will then be presented at the July 2008 Board Meeting.

The Board **NOTED** the deferral of this item to the July 2008 Board Meeting.

3.7 Strategic Plan

Adam Carter & Malcolm Tuttle

Mr Carter and Mr Tuttle provided an overview of the Draft Strategic Plan for the period 1 July 2008 – 30 June 2012.

Mr Tuttle emphasised the importance of having an updated document highlighting the important strategies that QRL will pursue over the next 3 – 4 years.

Mr Carter advised that the Strategic Plan will be the document that will govern the development of the 2008/09 Business Plan.

The Board was asked to provide their comments on the draft Plan, a 2nd draft will be provided at the June 8 Board meeting with the final plan to be adopted at the 8 July 2008 Board Meeting.

Once the plan is adopted, it will be communicated to a wide range of industry stakeholders.

ACTION
The Board to provide comments on the draft Strategic Plan to Adam Carter by COE 26/05/08.

4.1 Training Partnerships

Reid Sanders

At the March 2008 Board meeting, the Board approved the introduction of Training Partnerships in Queensland from the next Licensing season – 2008/2009. To enable the Training Partnerships, it is essential that local Rule 47A and the associated 11 sub rules be approved.

The Board **APPROVED** the local Rule 47A and the associated 11 sub rules.

MOVED by Bill Andrews, **SECONDED** by Tony Hanmer

5.1 Sunshine Coast Stabling Project

Paul Brennan

Mr Brennan advised that a Development Application has been lodged with Council and Contour Consulting Engineers have been engaged to manage a response to the information request received from the council.

Mr Brennan advised that he and Chief Operations Manger, Mr Malcolm Tuttle attended a meeting on 9 April 2008, at which a strategy was developed to manage the information request from the Sunshine Coast Council. Mr Brennan advised that the information request contained only items of a minor nature and did not pose any significant risk to the viability of the project.

Lighting – Sunshine Coast Turf Club

Mr Brennan advised the Board that as the proposed Cushion Track installation on the course proper at Clifford Park was nearing approval there was an urgent need to install lighting at the Sunshine Coast in order to transfer Toowoomba programs to protect the Saturday twilight/evening broadcast slot.

Contour Consulting Engineers have been contacted for a quotation to act as project managers to install the lights at the Sunshine Coast and Mr Brennan sought Board approval to engage Contour at a maximum project rate of 2% of the project cost. The estimated cost of the lights is expected to range from approximately \$2.8M – \$3.6 M depending on whether both tracks are lit or just the Cushion track.

The Board approved the engagement of Contour Engineering at the above rate to install lights for the Cushion Track. The matter of lighting the Course Proper will be further considered by the Board.

MOVED by Tony Hanmer, **SECONDED** by Bill Andrews

5.2 Water Remediation Trial

Paul Brennan

Queensland Racing Limited has been working with Gold Coast Company Cumminscorp Limited to conduct a Water Remediation trial at Deagon Training Complex.

Mr Brennan advised that Cumminscorp and QRL have developed a draft Heads of Agreement (see board papers item 5.2) that provides for a 12 month trial with the following critical timelines.

- ▶ 3 month satisfactory test results – 20% payment
- ▶ 6 month satisfactory test results – 60% payment
- ▶ 12 month satisfactory test results - 20% payment

Mr Brennan recommended to the Board that QRL enter into a 12 month contract with Cumminscorp. The total costs of this initiative is \$214,500 (GST inclusive) should it be successful.

The Heads of Agreement with Cumminscorp stipulate that in the event of the remediation trail not being successful the total costs to QRL will be \$63K with the

balance refundable. Mr Brennan advised that he and Shara Murray have conducted due diligence on Cumminscorp and there was a reasonable expectation that QRL could cover their initial payment less \$63K of expense.

The Board **APPROVED** QRL to enter into a Heads of Agreement for a 12 month remediation trail.

MOVED by Michael Lambert, **SECONDED** by Bill Ludwig

6.1 WorkCover Queensland – Contract of Insurance *Shara Murray*

Ms Murray provided an update on meetings held with the Australian Jockey Association (AJA) in relation to workcover of licensed jockeys in Queensland.

In essence, the AJA are seeking to have jockeys deemed as employees and that WorkCover Queensland were prepared to accept this going forward. Ms Murray advised that if jockeys were deemed as employees of Queensland Racing than it would open up QRL to common law damages claims, that in return would increase our premiums and in addition would require amendments to legislation to change relevant Acts.

Ms Murray recommended to the Board that in her opinion, the best course of action would be to incorporate as part of the licensing process for jockeys to have death and disability cover.

7.1 Sunshine Coast Cushion Track Opening Day *Claire Power*

The Board noted the paper provided by Claire Power, Senior Media Communication Officer detailing the final outcome of the Sunshine Coast Cushion Track Opening which took place on Sunday April 6, 2008.

The Board **NOTED** the report.

8.1 Capital Works – Queensland Turf Club *Malcolm Tuttle*

Mr Tuttle advised the Board of the Capital Works request from the Queensland Turf Club. The works are to ensure Eagle Farm Racecourse is at its best for the Winter Racing Carnival.

Mr Tuttle advised that the works will be funded by the QTC, with the exception of the running rail costs of \$98K which will be funded by QRL.

The Board **APPROVED** the capital works expenditure for the QTC and the \$98K for the costs of the running rail.

ACTION

Mr Malcolm Tuttle to respond to the Queensland Turf Club on behalf of the Board

8.2 Sky Channel Broadcast Rights Agreement

Malcolm Tuttle

The Board noted the letter sent to all TAB clubs dated May 6, 2008.

Mr Tuttle advised that he had spoken with all the relevant major TAB clubs in relation to the aggregation and assignment of Broadcast Rights. Mr Tuttle further advised that a meeting would be held with all of the clubs during the month of May.

Mr Tuttle undertook to keep the Board briefed in relation to this matter.

The Board **NOTED** the update.

9.1 Licensing Report

Peter Smith

There were no issues with the Licensing Report.

The Board **APPROVED** the April 2008 Licensing Report

MOVED by Bill Ludwig, **SECONDED** by Michael Lambert

9.2 457 Visas for Track Riders

Peter Smith

The Board noted the paper provided regarding employment of foreign track riders under 457 visa arrangements.

The Board **RESOLVED** to be updated pending further investigation of the options provided.

ACTION

Mr Smith to keep the Board updated pending further investigations of 457 Visas for Track Riders.

SECTION 10 – GENERAL BUSINESS

10.1 Revised Agenda - Feedback

Chairman

The Board advised that the revised agenda format should be continued.

The Board **AGREED** to continue with new format until further notice.

10.3 Crime and Misconduct Commission

Shara Murray / Reid Sanders

Ms Murray and Mr Sanders advised the Board that recent conduct concerning Townsville Senior Steward, Mr Stephen Rowe and casual Steward, Mr Mark Rielly has been deemed to constitute official misconduct, and as such, their services will be terminated, effective as at 12 May 2008. The official misconduct arose out of fraudulently altering drug sample documentation.

As required, notification and a final report was provided to the CMC. A confidential report is available to Board members, if required.

10.4 OTIS – 3YO

Paul Brennan

Mr Brennan advised the Board that he had undertaken a review as to the impact of the shut down to racing caused by Equine Influenza had on three-year-old QTIS horses. Mr Brennan confirmed with the Board that these horses had significantly restricted opportunities to compete in QTIS races during the period from the end of August to the end of December.

Mr Brennan recommended that the Board extend QTIS races for this category of horse for the period 1 August to 31 December 2008 by way of providing a four-year-old QTIS bonus of \$30k at every Metropolitan Saturday and Public Holiday and the conduct of 40 x \$7,000 QTIS bonuses for four-year-olds at South-East corner Provincial meetings.

Mr Brennan advised the Board that this provided \$1M in additional bonuses and that he expected the rate of payout to be in the vicinity of 40%, which would come at a cost to QRL of \$400k

The Board approved Mr Brennan's proposal to extend the QTIS races for this category of horse for the period 1 August to 31 December 2008.

MOVED by Bill Ludwig, **SECONDED** by Bill Andrews

10.5 Mackay Regional Events Centre – alternative site feasibility *Malcolm Tuttle*

The Board agreed to provide it's 'in principle support for a relocation of racing in Mackay, subject to it approving the financial model, which would underpin the potential move. The Board also agreed that the relocation would need to be self funding.

MOVED by Bill Ludwig, **SECONDED** by Bill Andrews

MEETING CONCLUDED AT 12:10PM

CONFIRMED AS A TRUE RECORD.



R.G. Bentley
Chairman

Dated...../...../2008

ATTACHMENT "A"

Mr Bob Bentley

Director of Tattersall's Limited
Director of Sunshine Coast Racing Pty Ltd (ACN 120 875 363)
Director of Australian Racing Board
Chairman of the Australian National Racing Committee

Mr Tony Hanmer

Member of the Sunshine Coast Turf Club

Mr Michael Lambert

Director of RISA

Mr Bill Ludwig

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

Mr Bill Andrews

Member of the Brisbane Turf Club
Member of the Queensland Turf Club
Member of the Thoroughbred Breeders Queensland Association.
Member of the Racehorse Owners' Association

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CUSHION TRACK

Australia Pty Ltd.

Manufacturers & Suppliers of Synthetic Riding Surfaces

Mr Malcolm Tuttle
Queensland Racing Limited
PO Box 63
Sandgate
QLD4017

16th September 2008

Dear Malcolm

In the letter of 10th September, I received from Mr Bentley, he suggested I contact you in order that we might resolve outstanding issues.

I have attached to my email, the outline proposal for the costing of the Deagon/Toowoomba projects sent to Reid Sanders on 16/5 and which was reviewed at the meeting where Mr Bentley, yourself, Reid Sanders and Paul Harper were present.

The proposal outlined draft costings for both racecourses as:

- a) Individual project basis
- b) Combined project basis.

The combined project costing offered certain financial concessions based on the economies of scale our company would achieve by carrying out both projects consecutively. The combined project costing offered Cushion Track at a discounted rate of \$455/ton and \$462/ton for the Deagon and Toowoomba projects respectively compared with the individual costing of \$459 and \$467/ton.

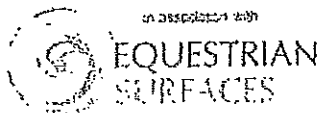
Our company agreed at the meeting that a price of \$450/ton would apply to the combined contract of 23,000 tons of Cushion Track on the understanding that the manufacture of Cushion Track for the two racecourses would run consecutively.

In good faith and before a contract was drawn up, our company commenced the shipment of raw materials and maintenance equipment (for both racecourses), dispatching the first containers of synthetic fibre from the UK on 30th May, 2008.

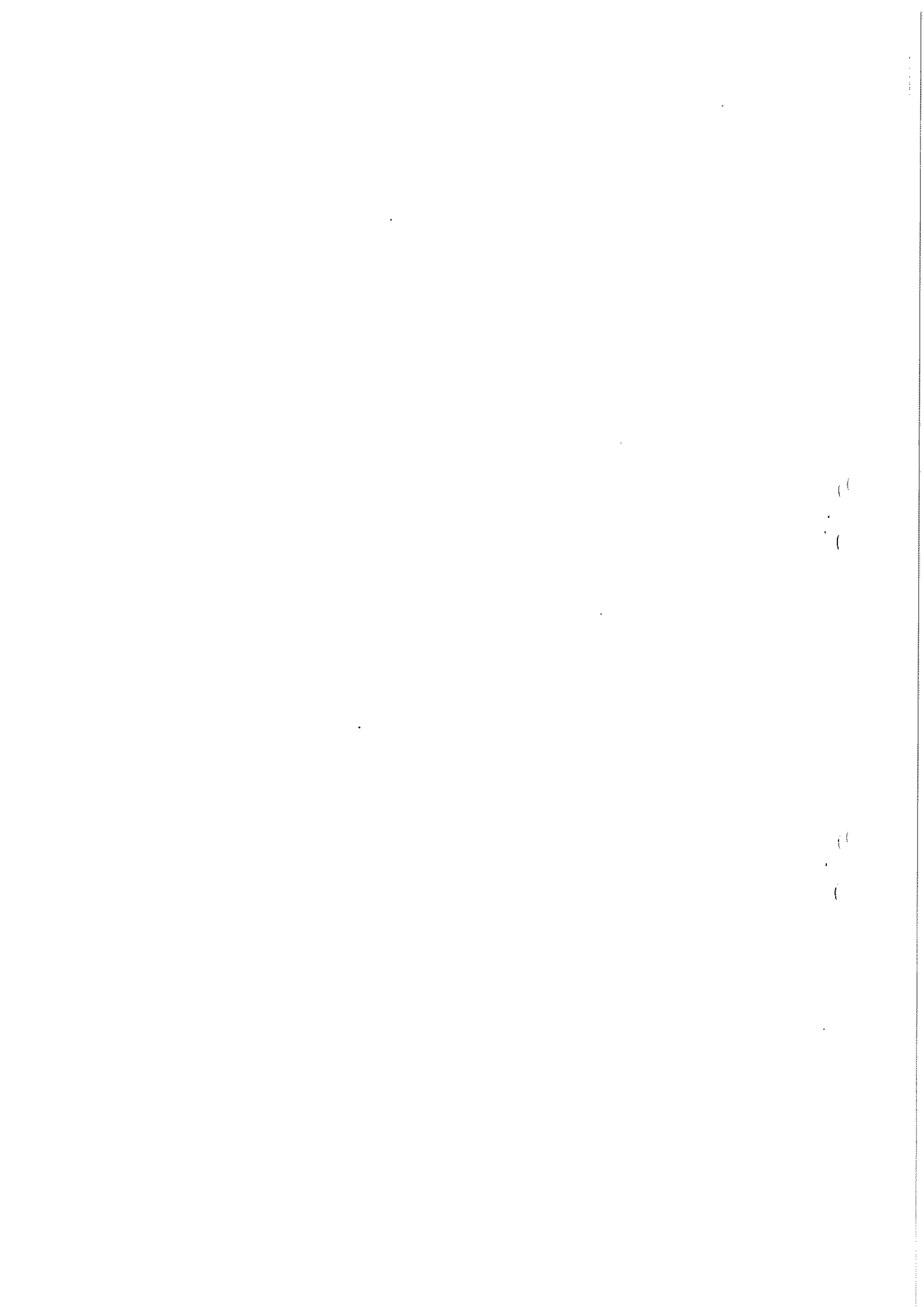
On 10th July, 2008 a contract was emailed by your legal counsel, Shara Murray which included the Toowoomba track only. The Toowoomba track due to distance from Brisbane and subsequently increased haulage costs, is the more expensive of the two tracks. The rate/ton quoted in the contract was however the discounted rate of \$450/ton that would apply to a contract for both tracks running consecutively. On raising this issue with Shara Murray, I was informed that the only formal order placed at that point in time was in relation to Toowoomba.

Cushion Track Australia Pty Ltd.

www.cushiontrackfooting.com



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To mitigate the lower price of \$450/ton for the combined project of 23,000 tons, we obtained price concessions from our main suppliers based on the production volume of the two combined racecourses. The discounted prices of raw materials do not, of course apply to a quantity of 11,500 tons for Toowoomba.

Taking into consideration that the negotiated price of \$450/ton included only two of each model of maintenance equipment instead of 4, the price of Cushion Track for the reduced quantity being manufactured for Toowoomba should be \$458.50/ton instead of \$450/ton, giving a total contract price of \$5,272,750 instead of \$5,175,000 as shown in the contract. The margin in this project is extremely small and is expected to service a 7 year warranty.

With this in mind may I respectfully suggest that the contract value be amended to \$5,272,750.

Furthermore, it was agreed at the meeting that raw materials be shipped from the UK as soon as possible. Shipping commenced on 30th May on the assumption that a mixing site would be available from the arrival of raw materials into port. The preparation of the site was however delayed by two weeks during which time our men and equipment were on site unable to commence mixing.

The additional costs we have incurred as a result of the delay are as follows:

14 days labour and machinery	\$16,210
Two weeks wax purchased at the September Rate, 13% higher than August	\$51,456
Total extra cost caused by delay	\$67,666

This cost will be invoiced to Queensland Racing Limited.

The implications of any delays were outlined to Reid Sanders on 8th July and were confirmed as having been received by Shara Murray.

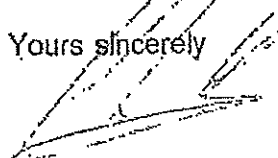
The mixing site we were allocated was not ideal. It is a long narrow site with the presence of trees and difficult access for large trucks. This was pointed out to Reid Sanders and Shara Murray. We agreed to work with Clifford Park on this as no other site was available. Due to the presence of trees, it was impossible to tarmac the entire site and we have therefore purchased membrane to lay on the grassed area being used to store the manufactured Cushion Track.

To prevent contamination from the underlying soil, 3 rolls of membrane have been purchased at a cost of \$1,950. ✓

The cost of this will be invoiced to Queensland Racing Limited.

It is important that these matters are resolved before we enter the final phase of the project and I therefore look forward to receiving your comments at your earliest convenience.

Yours sincerely


Philip Bond, Overseas Business Manager



FILE COPY

08092251k

September 22, 2008

Mr Phillip Bond
Overseas Business Manager
Cushion Track Australia Pty Ltd
GPO Box 1078
BRISBANE QLD 4001

Dear Mr Bond

Reference is made to your correspondence to Mr Malcolm Tuttle dated September 16, 2008, in relation to various costs as they relate to the Toowoomba Turf Club's Cushion Track project.

In my view, the agreed price in accordance with the attached invoice for the Cushion Track at Toowoomba was AUD \$5.175M. This represents an amount of \$450 per ton.

You outline in your correspondence that the amended amount should be \$458.50 per ton rather than \$450 per ton, on the basis that a lesser amount of material is being supplied. The difference in these two prices is AUD \$97,750.

In addition to this, you also outline in your correspondence that there is an amount of \$67,666 payable for additional labour and machinery plus two weeks of wax, purchased at the September rate, which is 13% higher than the August rate.

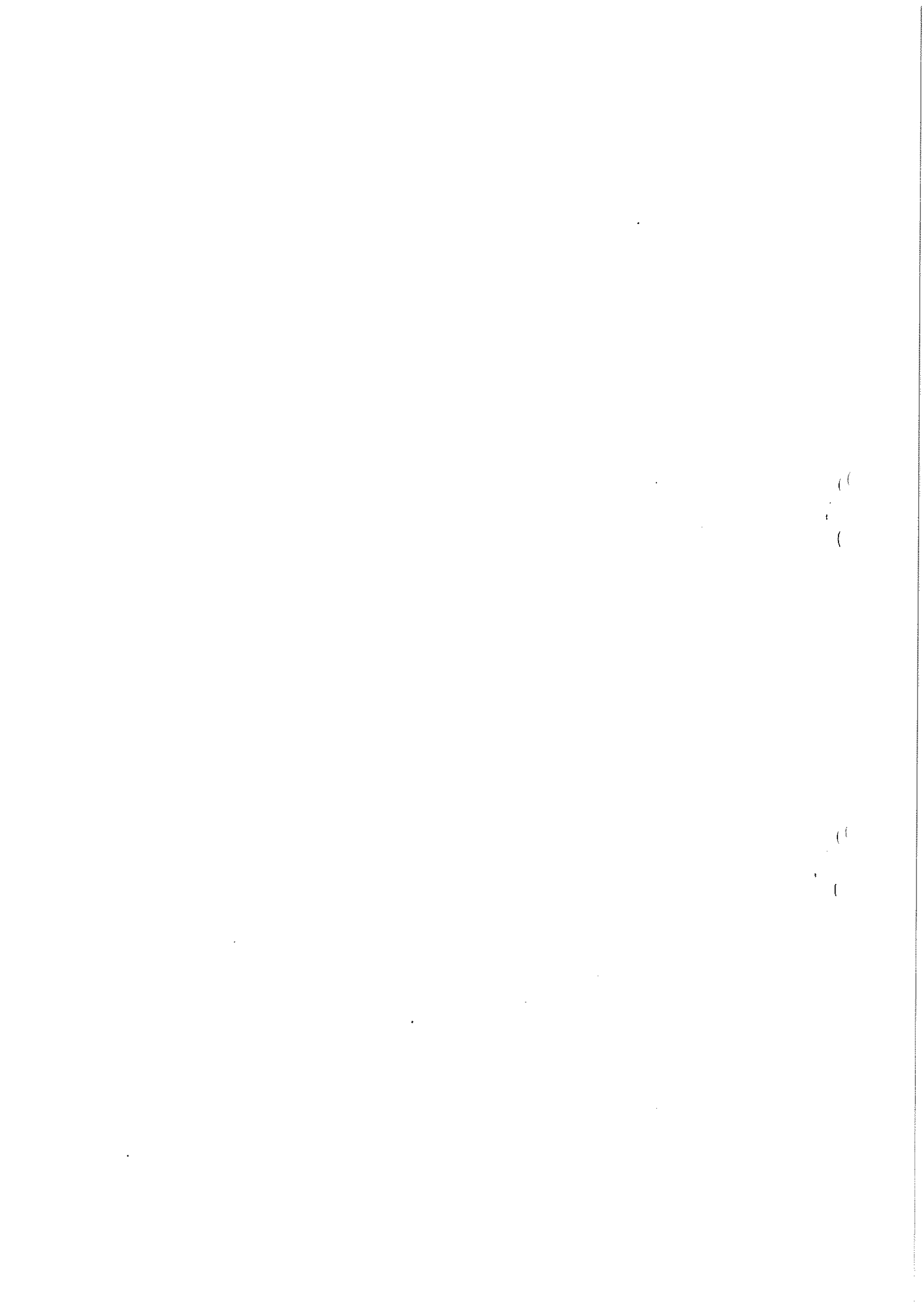
In an email from yourself to Mr Reid Sanders dated Wednesday, July 9, 2008, you outline that the additional cost associated with the wax, at a September rate, was to be 5% higher than the July/August rate. However, in your most recent correspondence, you outline that the percentage increase is 13%.

Further, in your correspondence, you outline that three rolls of membrane were purchased at a cost of \$1,950 which is also an amount to be paid by Queensland Racing Limited ("QRL").



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In good faith and in an endeavour to keep this project moving forward, I propose that the agreed rate as per the attached invoice of \$450 per ton or \$5.175M continue to apply with the following taken into account.

As mentioned earlier, there is also other amounts outstanding as outlined above, one of which we query in respect of a 13% increase when it had been formally outlined that the increase for wax would be in the order of 5% over the August rate. The variances outlined in your recent correspondence, include:

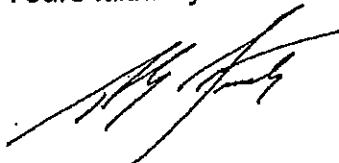
- the difference in the per ton rate;
- the amount you claimed for the additional labour and machinery;
- the 13% increase in the cost of wax; and
- the additional costs of three rolls of membrane.

In all, these amount to AUD \$167,366.

I propose that half of these costs be met by Equestrian Surfaces and half of these costs be met by QRL. In essence, I propose that the \$450 per ton continues to apply for a total price of AUD \$5.175M, but you invoice QRL for an amount of AUD \$83,683, which is half of the total amount claimed in your correspondence of September 16, 2008.

Your early response in relation to this will be appreciated.

Yours faithfully

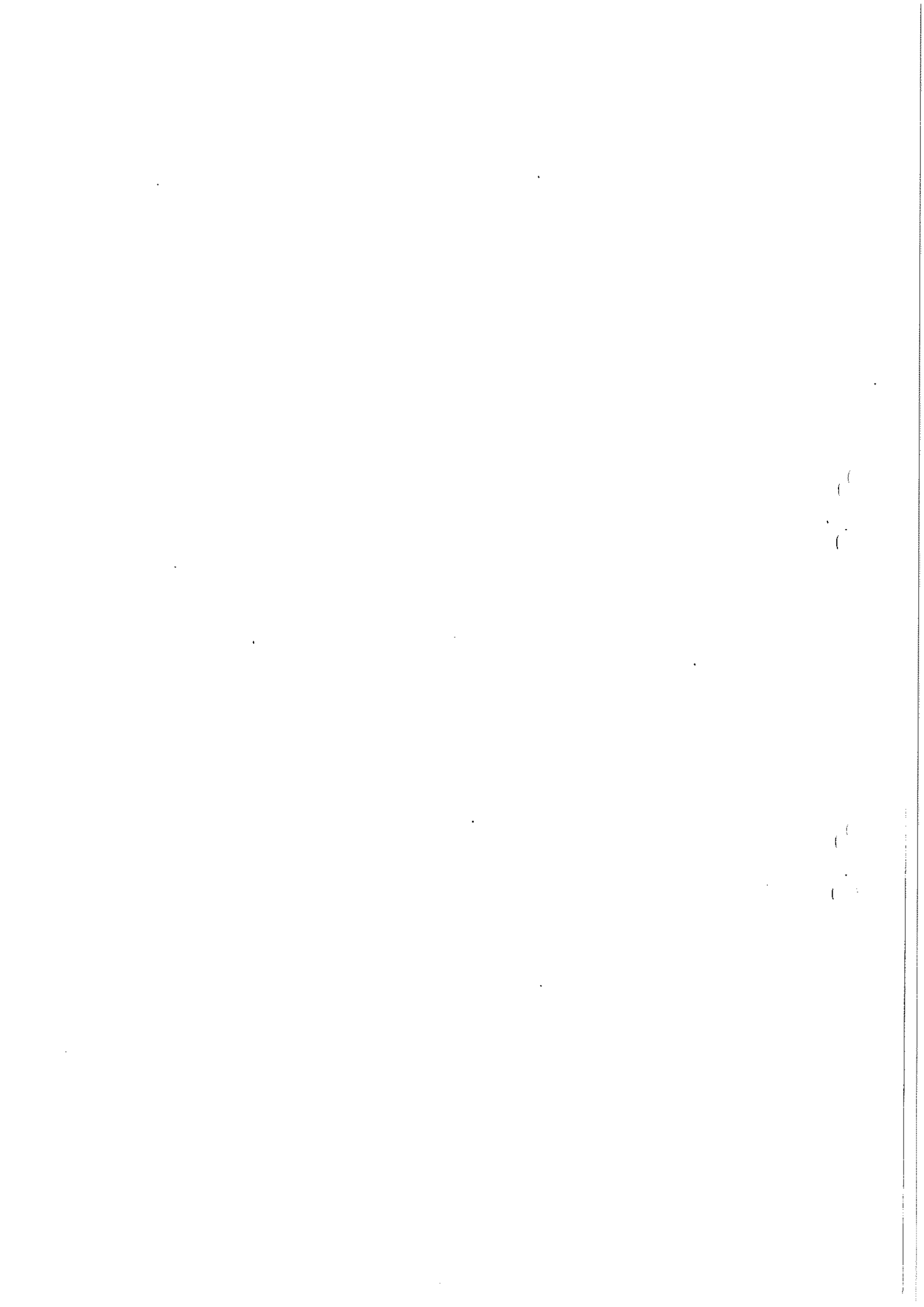


R G BENTLEY
Chairman

Cc. Ms Shara Murray (hand delivered)
Legal Compliance Counsel and Company Secretary, QRL

Cc. Mr Reid Sanders (hand delivered)
Chief Stipendiary Steward, QRL

Cc. Mr Adam Carter (hand delivered)
Finance Manager, QRL



CUSHION TRACK

Australia Pty Ltd.

Manufacturers & Suppliers of Synthetic Riding Surfaces

Mr R G Bentley
Queensland Racing Limited
PO Box 63
Sandgate
QLD 4017

6 October 2008

Dear Mr Bentley

Thank you for your letter dated 22nd September 2008. My sincere apologies for the delay in responding, but I have been out of the office for the past 10 days.

We appreciate the spirit of cooperation that your letter implies and would emphasise that Cushion Track Australia are totally committed to the successful completion of this and other projects with Queensland Racing Ltd and will ensure that the current manufacturing phase at Toowoomba be completed in a timely manner to the full satisfaction of Queensland Racing Ltd.

Firstly, with regard to the discrepancy in the contract price per ton for the material currently being manufactured for the racecourse at Toowoomba, we agree to your compromise on the cost per ton and subsequently, to a price of \$454.25 per ton. This would give rise to an additional charge of \$48,875.

As to the additional costs we have incurred for labour, machinery and wax, we feel that these costs have arisen through no fault of our company. Containers had already been shipped when we were advised of delays in site preparation at Toowoomba. We would therefore request that these costs be met in full by Queensland Racing Limited.

The 5% increase in the September cost of wax that I outlined to Reid Sanders in my email of July 9, 2008 was an indication provided by our wax supplier. This was further qualified in my letter to Shara Murray of July 25, 2008 in which I suggested that the increased cost of wax purchased in September be calculated as and when it arises. This being fairer and in the hope wax prices might be lower in September. In reality the AUD fell against the USD resulting in an overall increase of 13% in September.

I am more than willing to provide further backup of this from our supplier should you so wish.

Cushion Track Australia Pty Ltd.
www.cushiontrackooling.com



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CUSHION TRACK

Australia Pty Ltd.

Manufacturers & Suppliers of Synthetic Riding Surfaces

Including the cost of membrane which had the mixing area at Toowoomba been more suitable for purpose, would not have been necessary, the additions outlined herein amount in total to \$118,491.

We agree to your suggestion that the existing invoice would continue to apply at the rate of \$450/ton and that the additional costs of \$118,491 are invoiced separately to Queensland Racing Limited.

I look forward to hearing from you at your earliest convenience.

Yours sincerely,


Philip Bond, Overseas Business Manager

Cushion Track Australia Pty Ltd.
www.cushiontrackfooting.com

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SURFACES

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