

**QUEENSLAND RACING  
COMMISSION OF INQUIRY**

**AFFIDAVIT OF GERARD PATRICK BRADLEY**

I, **Gerard Patrick Bradley**, C/o Crown Law, State Law Building, 50 Ann Street, Brisbane, Chairman of the Capital Markets Board of Queensland Treasury Corporation in the State of Queensland state on oath:-

**Role**

1. I was the Under Treasurer in the Department of Treasury during the relevant period, 1 January 2007 to 30 April 2012.
2. The position of Under Treasurer in the Department of Treasury (Treasury) is equivalent to the position of Director-General in other Government departments.
3. By way of contemporaneous context, I note that during the relevant period, the Government and Treasury were occupied with, amongst other issues, managing the State Budget during the period of the global financial crisis, state government asset sales, State revenue collection, insurance and natural disaster recovery and the roll out of the shared services initiative. Treasury's involvement with the racing industry was a minor part of my day to day work during this period.
4. In my role, I would be required to review a large volume of correspondence including Cabinet and Cabinet Budget Review Committee Submissions, with attached briefing notes and supporting documentation.
5. On average, I would meet with the Treasurer on a weekly basis (some times more often) to discuss Treasury matters. However, during the period when the Office of Racing was within Treasury, my Deputy Under Treasurer, David Ford would process relevant briefs for and meet with the Treasurer to discuss racing and gambling regulatory matters.

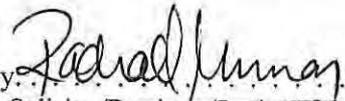
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Signed: .....  
Deponent



Taken by: .....  
Solicitor/Barrister/Justice of the Peace/  
Commissioner for Declarations



Affidavit of Gerard Patrick Bradley

GR Cooper  
CROWN SOLICITOR  
11<sup>th</sup> Floor, State Law Building  
50 Ann Street  
Brisbane Qld 4000  
Telephone 07 3239 3734  
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## The Department of Treasury

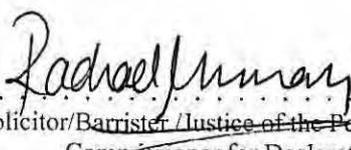
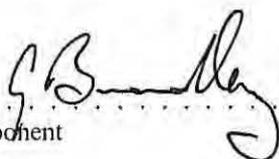
6. For business organisational purposes, Treasury is divided into Portfolio Offices, which include, for example, the Treasury Office, the Office of Economic and Statistical Research, the Office of Government Owned Corporations, The Office of State Revenue and Portfolio Services. Exhibit **GPB1** is a print out of the organisational structure, taken from Treasury's 2008-2009 Annual Report.
7. The Treasury Office is further divided into Government Business Branches. Each Business Branch is comprised of a group of Government departments. The departments comprising a business branch change as machinery of government changes occur.
8. Between 13 September 2007 and 26 March 2009 (the reporting period), the racing industry in Queensland was overseen by the Office of Racing, which was an administrative unit within the Treasury Office.
9. After 26 September 2007, Treasury interacted with the Office of Racing, via the Portfolio Offices. The Government Business Branch which was assigned the responsibility for the Racing Portfolio differed at different times during the relevant period.
10. Between 26 March 2009 and 3 April 2012, the Office of Racing was an administrative unit which formed part of the Department of Employment, Economic Development and Innovation. From 3 April 2012, the Office of Racing was an administrative unit which formed part of the Department of National Parks, Recreation, Sport and Racing.
11. During the reporting period, I held formal financial and administrative function delegations under the *Racing Act 2002*.
12. In my role as Under Treasurer, I delegated to my Deputy Under Treasurer, David Ford, some of my functional responsibilities under the *Racing Act*. The delegated responsibilities included signing briefing notes and other correspondence on my behalf.
13. During this period, the Office of Racing would report to David Ford, who would then report matters to me as the Under Treasurer, or directly to the Treasurer.
14. I also had oversight of Treasury Business Areas which would interact with Government departments, including Treasury, as clients. In this way, the relevant Business Area would also independently interact with the Office of Racing. By way of example, a Treasury Business Area is responsible for the administration of the *Statutory Bodies*

*Financial Arrangements Act 1982*, which governed some of the organisational structures within the Office of Racing or the racing industry.

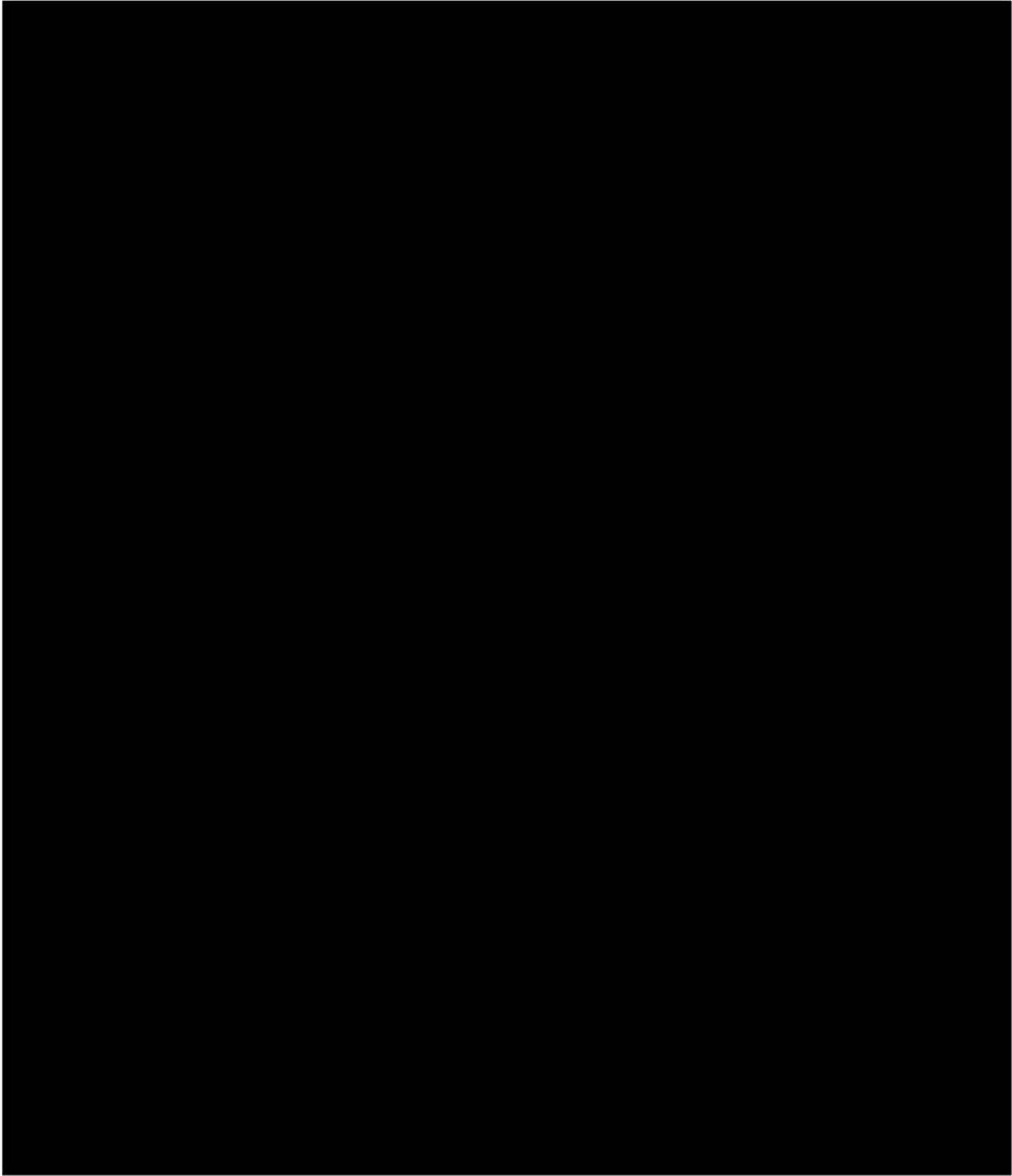
15. My Deputy Under Treasurer, Alex Beavers, had oversight of organisational units within Treasury Office which included the Business Branches which had responsibility for Treasury's relationship with the departments.

**Cabinet Submissions and Cabinet Budget Review Committee Submissions generally**

16. Cabinet submissions and Cabinet Budget Review Committee (CBRC) submissions are processed by Treasury via two processes.
17. If the submission originated within Treasury as the portfolio department:
  - a. In my weekly meetings with the Treasurer, I would talk through issues about which the Treasurer or Treasury wanted to make a submission.
  - b. The issue would then be managed through the Cabinet Legislation & Liaison Officer (the CLLO).
  - c. A first draft of the submission would be prepared, with a cover sheet for me to sign recommending approval by the Treasurer.
  - d. The Treasurer would review and sign, or amend the submission.
  - e. The final signed draft of the submission would then be lodged with the Cabinet Secretariat. The Cabinet Secretariat would circulate the submission to the relevant Ministers and departments as an advance copy prior to the Cabinet or CBRC sitting.
18. If the submission originated within another department as the portfolio department:
  - a. The Cabinet Secretariat would provide an advance copy of the submission to Treasury, in line with the process outlined in paragraph 17(e) of this statement.
  - b. The submission would be noted and distributed by the CLLO to the relevant area of Treasury. If the contents of the submission were noteworthy, the CLLO would also provide me with a copy of the submission in the first instance.
  - c. A Treasury Analyst would prepare a briefing note about the submission, in consultation with the team leader and Director of the relevant Branch.

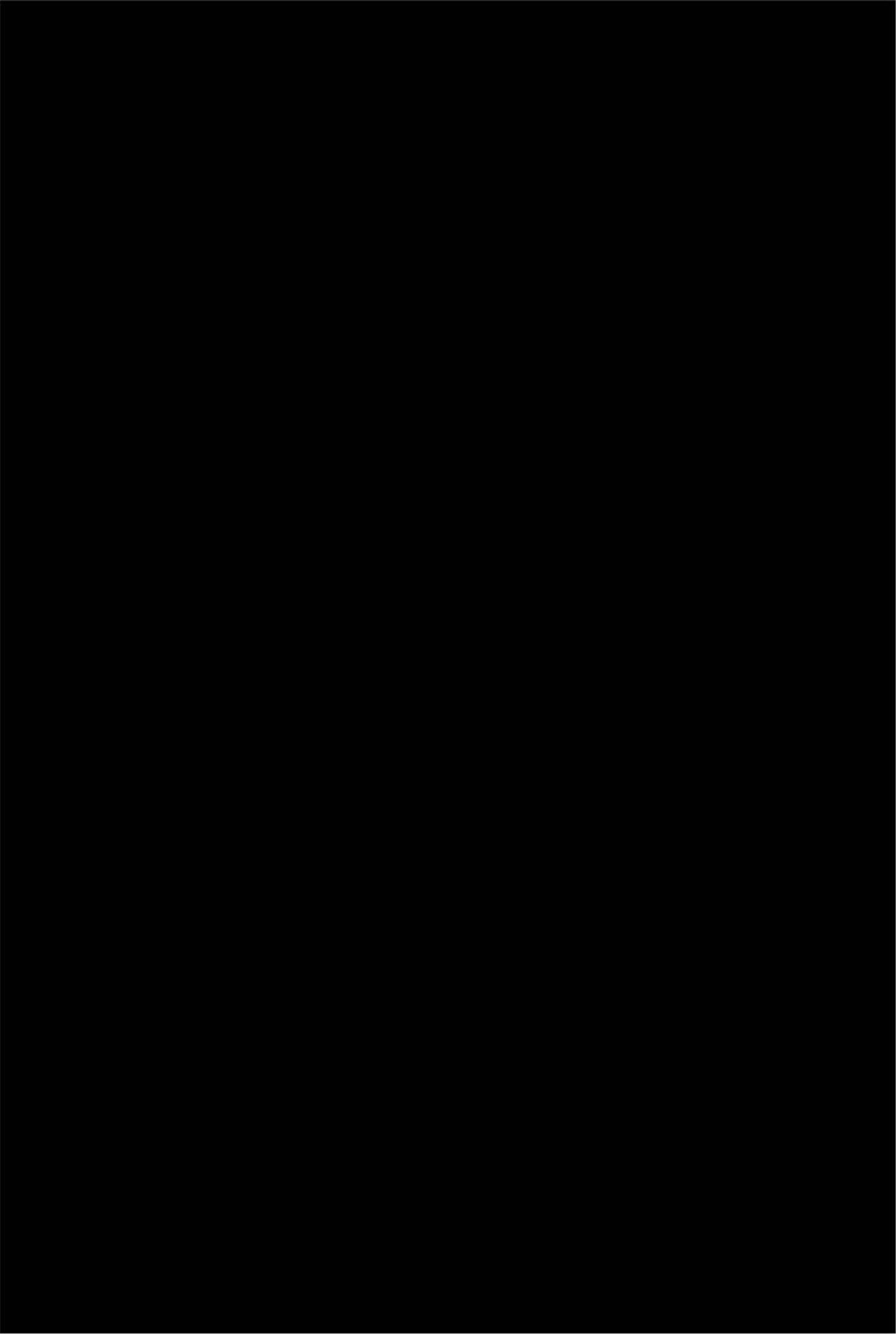


- d. The department making the submission is required to consult with the budget officers of the relevant Treasury Business Branch. This is recorded under the heading of consultation in the body of the submission.
- e. The briefing note would then be provided to the relevant Deputy Under Treasurer for endorsement, and if necessary, come to me for endorsement, before going to the Treasurer.



Signed: *J. B. ...*  
Deponent

Taken by: *Rachael Murray*  
Solicitor/Barrister/Justice of the Peace/  
Commissioner for Declarations



Signed: . . . *J. Bradley* . . .  
Deponent

Taken by: *Russell J. Murray*  
Solicitor/Barrister/Justice of the Peace/  
Commissioner for Declarations

**Cabinet Budget Review Committee Submission No 4210 for 7 July 2011**

35. I have a general recollection of this Submission. I again expect that I would have seen it, via the process referred to in paragraph 18 of this statement.
36. The submission addressed a number of issues, including the approval of the Mackay Business Case and the extension of the Racing Industry Capital Development Scheme (the Scheme).
37. Treasury was concerned that the racing industry wanted another “top up” of funds, considering the circumstances set out in paragraphs 3, 21, 25, 26 and 27 of this statement.
38. I recall that the extension of the Scheme included an attempt to gain early access to money for capital works by a loan facility of \$100 million.
39. This approach was opposed by Treasury. Treasury also did not support the extension of the wagering tax arrangements. The State’s budget was generally in deficit and was not in a fiscal position to support such a proposal.
40. Treasury’s policy position in respect of the submission is set out in paragraphs 82 to 84, on page 14 of the body of the submission.
41. I recall that it was not a practical option for Racing Queensland Limited to obtain a loan from a commercial vendor or to mortgage industry assets. It was a better option for Government to internally finance the request.
42. Treasury’s opposition to the submission was made on general fiscal principles, rather than racing industry specific issues. The request for the type of funding was not a high priority for Treasury. It also was an additional form of spending for a budget already in deficit.
43. Treasury’s opposition to a submission would usually carry considerable weight with CBRC. In this particular case, other policy goals must have outweighed fiscal considerations.
44. I have been shown a copy of the Treasury briefing note regarding this submission. It is self explanatory and sets out Treasury’s position and advice to the Treasurer. Exhibit **GPB3** is a copy of that briefing note.

**Matter to note of briefing on 30 January 2012**

45. I do not have any personal or specific recollection of a matter to note or a briefing on 30 January 2012.
46. I have been shown a copy of a draft briefing note prepared by other Treasury officers regarding this matter to note. I do not recall whether the final briefing note regarding the matter to note, which ordinarily would have been endorsed by me, remained in the same terms as the draft. I recall Treasury's general position was that the approval of CBRC should be sought for the proposed variations to the Industry Infrastructure Plan.

[REDACTED]

[REDACTED]

Signed: *[Signature]*  
Deponent

Taken by: *[Signature]*  
Solicitor/Barrister/Justice of the Peace/  
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## Business Cases

50. I do not have any recollection of the assessment or approval of the business cases for releasing funds. I was not personally involved in the assessment or approval of the business cases.
51. The relevant Assistant Under Treasurer would have had personal involvement in the assessment and approval of the business cases.
52. I would have supported the view of the Officers who undertook the assessments. I would expect they would have looked to ensure the business cases justified the spending of money on clubs with financial viability.
53. I remember there was an argument against the business cases because the clubs were unlikely to be financially viable even after the investment in capital works.
54. I recall Assistant Under Treasurer Stuart Booker discussing the possibility of keeping some of the money aside as a buffer.
55. I recall a draft letter which Treasury proposed to the Treasurer, which sought a letter of comfort from Racing Queensland Limited (RQL). The letter of comfort was to provide an assurance that RQL could subsidise the clubs into the future and no further State investment would be required.
56. I understand that once this letter from RQL was received, the Treasurer wrote to Minister Mulherin advising he agreed to the release of funds. I had no further involvement in the release of funds, once the Treasurer wrote to Minister Mulherin, agreeing to the release of the funds.

## Other relevant meetings

57. I recall two meetings with Robert Bentley.
58. The first meeting was a meeting with the Premier, Mr Bill Ludwig, Ms Anna Bligh (the then Deputy Premier) and Mr Bentley regarding a proposal to establish a racetrack at Wacol in 2007.
59. I do not any further particulars of that meeting.
60. Exhibit **GPB5** is a briefing note on this matter which speaks for itself.
61. The second meeting was on 10 September 2010, with the members of Racing Queensland Limited, when RQL presented a Strategic Asset Plan for Queensland All Codes, to free up funds (by way of early access to wagering moneys) in a detailed

proposal to sell or develop Albion Park. Exhibit **GPB6** is a copy of the presentation made by Racing Queensland.

62. I did not consider it to be a sound proposal and advised that RQL should come up with another solution.
63. This proposal was the precursor to the proposal which formed the substance of CBRC Submission 3255 and CBRC Decision 4210.
64. I do not recall any further particulars of that meeting.

#### **Other relevant matters**

65. In preparing this statement, I have seen numerous documents which relate to my interactions with Racing Queensland Limited. The main issues which I can recall which are relevant to the Commission's terms of reference are:
  - a. RQL seeking funding for the installation of synthetic tracks at Caloundra, Gold Coast, Brisbane and Toowoomba. Exhibit **GPB7** is a bundle of correspondence regarding this matter. These documents speak for themselves.
  - b. A complaint of misconduct against the Chair and Directors of Queensland Racing Limited. Exhibit **GPB8** is a bundle of correspondence regarding this matter. These documents speak for themselves.
  - c. Approval of the establishment of Queensland Harness Racing Limited and Greyhounds Queensland Limited as companies under the *Corporations Act 2001*. Exhibit **GPB9** is a bundle of correspondence, regarding this matter. These documents speak for themselves.
  - d. Submission to the Treasurer regarding the approval of Queensland Harness Racing Limited and Greyhounds Queensland Limited as control bodies. Exhibit **GPB10** is a bundle of correspondence, regarding this matter. These documents speak for themselves.
  - e. The Training Track Subsidy Scheme. I have only a vague recollection of this issue, and note that David Ford signed many of documents, as my delegate. He would have had the day to day management of the issue. Exhibit **GPB11** is a briefing note and attachments regarding this matter. These documents speak for themselves.
  - f. The 2007/2008 Assessment program of the OLGR on certain issues. I only have a vague recollection of this issue. Exhibit **GPB12** is a bundle of correspondence regarding this matter. These documents speak for themselves.



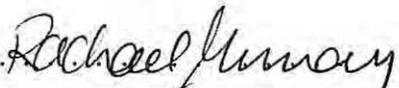
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- g. The RQL amendment to its constitution to alter recruitment clauses. Exhibit **GPB13** is a briefing note regarding this matter which speaks for itself.
  - h. The transfer of land at Logan to the Greyhounds Racing Authority. Exhibit **GPB14** is a bundle of correspondence regarding this matter. These documents speak for themselves.
  - i. RQL compliance with section 68M of the Racing Act. Exhibit **GPB15** is a briefing note regarding this matter, which speaks for itself.
  - j. The request from Racing Queensland Limited for ex gratia relief from transfer duty. Exhibit **GPB16** is a briefing note regarding this matter which speaks for itself.
66. Should the Commission have any further queries in relation to these matters, I am happy to provide further assistance.
67. All of the facts and circumstances deposed to in this affidavit are within my own knowledge and belief, except for the facts and the circumstances deposed to from information only, and my means of knowledge and source of information appear on the face of this my affidavit.

Sworn by GERARD PATRICK BRADLEY on 2 September 2013 at Brisbane in the presence of:

.....  .....

Deponent

.....  .....

Solicitor/Barrister/Justice of the Peace/  
~~Commissioner for Declarations~~

# QUEENSLAND RACING COMMISSION OF INQUIRY

## INDEX OF EXHIBITS

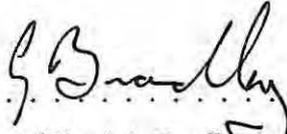
Bound and marked GPB1 – GPB13 are the exhibits to the affidavit of Gerard Patrick Bradley sworn on 2 September 2013.

Exhibit	Document	Date	Page
GPB1	Organisational Structure – Queensland Treasury and Trade	2008-2009	1
GPB2	[REDACTED]		
GPB3	Briefing note for CBRC Submission 4210	06.07.2011	4 - 6
GPB4	[REDACTED]		
	January 2012		
GPB5	Briefing Note re: meeting with Queensland Racing Limited regarding ongoing issues with the Brisbane Turf Club and Queensland Turf Club	19.03.2007	8 - 10
GPB6	Racing Queensland Limited presentation to Treasury re: Strategic Asset Plan for Queensland All Codes	10.09.2010	11 - 62
GPB7	Briefing Note re: Synthetic Race Tracks – Endorsement of Business Case and Approval of Initial Draw Down of Funds	20.11.2008	63 - 72
GPB8	Bundle of correspondence regarding a complaint of misconduct against the Chair and Directors of Queensland Racing Limited	Various	73 - 92
GPB9	Bundle of correspondence regarding the approval of the establishment of Queensland Harness Racing Limited and Greyhounds Queensland Limited as companies	Various	93 - 118
GPB10	Bundle of correspondence regarding the approval of Queensland Harness Racing and Greyhounds Queensland Limited as control bodies	Various	119 – 177
GPB11	Briefing Note re: 2007-08 Training Track Subsidy Scheme	14.02.2008	178 - 195
GPB12	Bundle of correspondence regarding the 2007/2008 Control Body Assessment Program	various	196 - 205
GPB13	Briefing Note re: Amendments to Queensland Racing Limited (QRL) constitution	22.08.2008	206 - 208
GPB14	Bundle of correspondence regarding the transfer of land at Logan to the Greyhounds Racing Authority	Various	209 - 217

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Affidavit of Gerard Patrick Bradley

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<b>Exhibit</b>	<b>Document</b>	<b>Date</b>	<b>Page</b>
GPB15	Briefing Note re: Non-TAB racing under section 68M of the Racing Act 2002	16.06.2008	218 - 219
GPB16	Briefing Note re: Racing Queensland Limited – Request for ex gratia relief from transfer duty	30.01.2012	220 - 222

  
 Gerard Patrick Bradley

  
 Solicitor/~~Barrister/Justice~~ of the Peace/  
 Commissioner for Declarations

## Queensland Treasury and Trade

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### Our organisation

Our structure (featured below as at 30 June 2009) is organised into portfolio offices, with each office producing the outputs that help deliver contemporary, accountable and responsive government, economic success, growth in our cities and regions and safer communities in line with the Queensland Government's priorities.

- State Parliament
  - Treasurer
    - Under Treasurer
      - Deputy Under Treasurers
        - Portfolio Offices
          - Treasury Office
          - Office of Economic and Statistical Research
          - Office of Government Owned Corporations
          - Office of State Revenue
          - Portfolio Services
- Stakeholders
  - Queensland Government agencies
  - Other levels of government
  - Business
  - Community

#### Did you find this information useful?

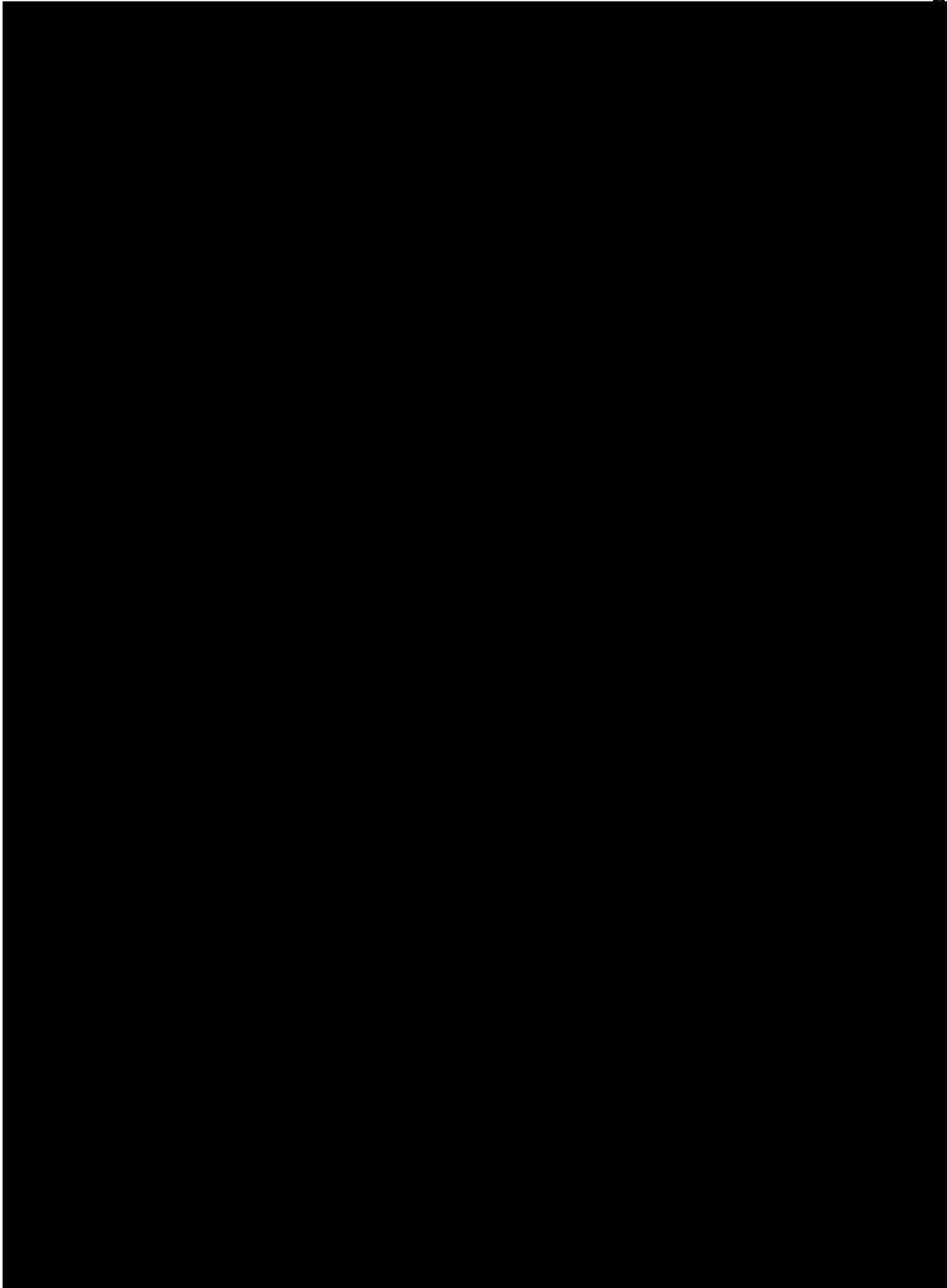
Yes  No  Somewhat

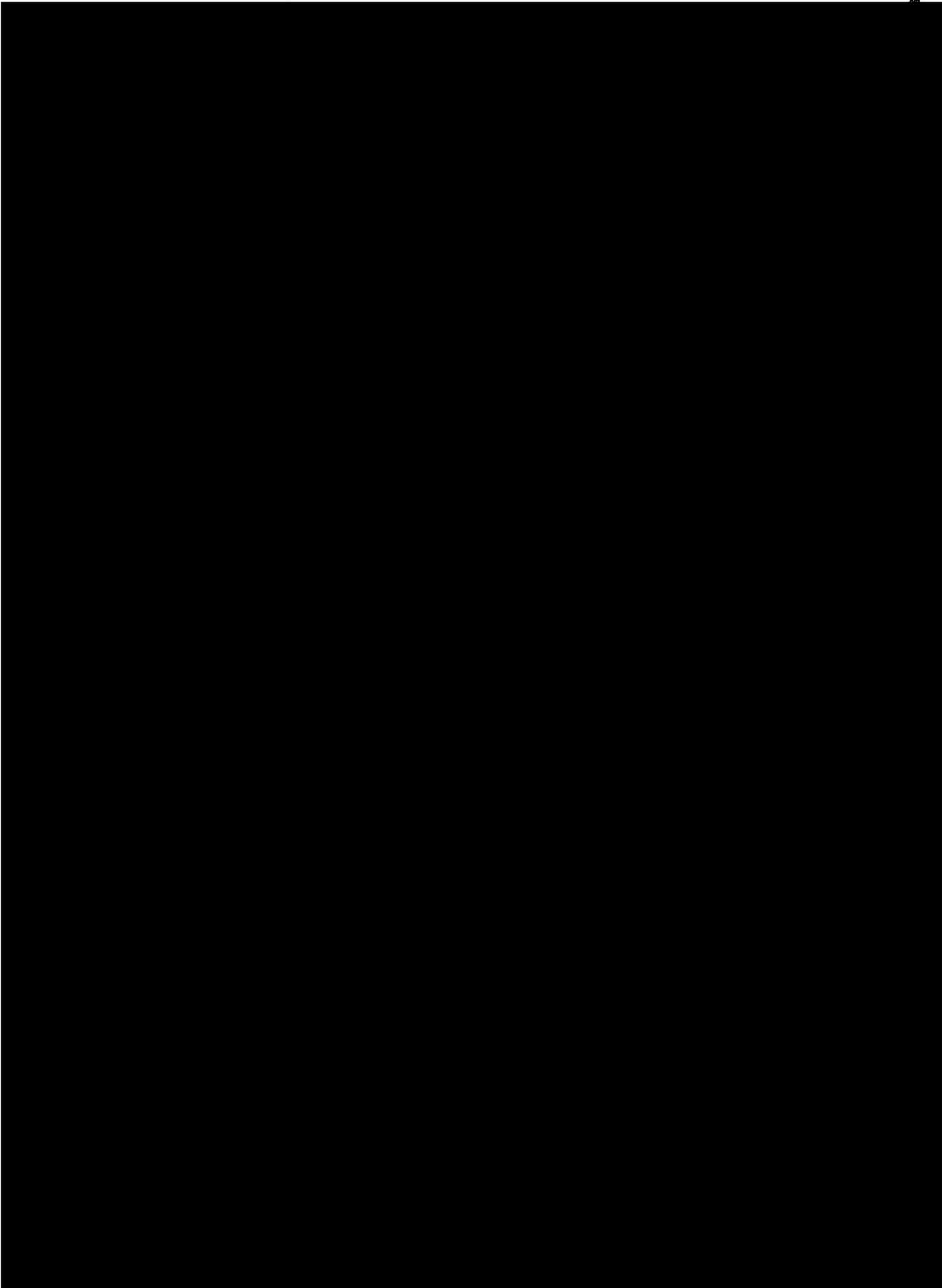
Your comments:

Last reviewed 22 October 2012

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## TREASURY DEPARTMENT

## CABINET BUDGET REVIEW COMMITTEE BRIEFING NOTE

Sub No: 4210 Minister: Mulherin Briefing Officer: Natalie Barber Tel: (W) (07) 322 44475  
XXXX (M) 0412 566 242

Racing Industry Capital Development Scheme (RICDS)**PURPOSE**

1. Seeks approval in principle for Racing Queensland Limited's (RQL) capital works program, and approval of a one year extension of the wagering tax sharing arrangement; an increase in the RICDS from \$85M to a maximum of \$104M; the business case for capital works at Ooralea Park Racecourse, Mackay and payment of \$4.946M from the RICDS; and \$100M borrowings for RQL.

**BACKGROUND AND ISSUES**

2. On 26 November 2009, CBRC (Decision 2863) approved the implementation of the RICDS, where 50% of the net wagering tax received is to be directed to the RICDS up to a maximum of \$85M over four years. A program of capital works was to be developed for CBRC consideration with funding on priority capital works based on the submission of business cases.
3. An amended program of capital works (program) is now submitted for CBRC approval. However the program totals \$110.7M, exceeding the RICDS limit by \$25.7M. Most of this shortfall is proposed to be met from a one year extension of the wagering tax sharing arrangement sought in this submission.
4. The program allocates \$35.5M to the Gold Coast, \$40M to Deagon to accommodate greyhounds (relocated from Parklands) and harness facilities, with the balance of \$35.2M distributed across other regional venues. Note that should the limit be held at \$85M, \$9.5M would be available for distribution amongst regional venues.
5. The submission and business case seeks \$7.443M over 2 years for Ooralea Park Racecourse (Mackay), with \$4.946M as an immediate payment. The business case advises that the venue would cease to operate as a TAB venue should the workplace health and safety issues not be addressed as a matter of urgency. Treasury has requested, but is yet to be advised, of the portion of the \$4.946M which relates to workplace health and safety associated works.

**FINANCIAL CONSIDERATIONS**

6. The submission's preferred Option 2 seeks a one year extension to the wagering tax sharing arrangement and an increase in the available funds from \$85M up to \$104M (an increase of \$19M). If Option 2 is approved it would result in a further \$19M in wagering tax revenue being redirected from the State's revenues to the RICDS.
7. It seeks a QTC loan of up to \$100M to be repaid from the tax revenue stream to enable funds to be drawn to meet the proposed infrastructure program. The submission does not include information on the cashflow needs of the proposed program but includes an estimate of \$6M for interest costs, presumably arising from the timing differences between drawdown of debt and the collection of tax revenues.
8. It also seeks a further \$9.852M from the balance of the State's \$10M compensation commitment arising from the closure of the Parklands Gold Coast venue (greyhounds). Funds are held in Treasury for this commitment.

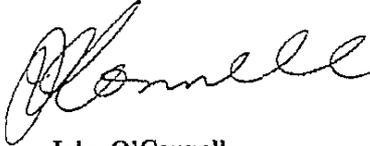
**TREASURY POSITION**

9. Treasury supports Option 1 which maintains the current wagering tax sharing arrangement of 4 years and up to \$85M. Treasury supports a QTC loan of up to \$85M to be repaid from the tax revenue stream to manage the cashflow needs of the program.
10. The balance of \$9.852M from the \$10M commitment to compensate for the closure of the Parklands Gold Coast (greyhounds) venue is currently held in Treasury Department and is available to be paid on agreement between DEEDI and Treasury.

11. Treasury considers that the Ooralea Park Racecourse business case only just meets the minimum standards for a business case and would benefit from the identification of the workplace health and safety related works and further details and information of the other proposed works and their costs. Treasury will work with DEEDI to discuss the minimum information it considers future business cases should include.

**RECOMMENDATION**

12. Treasury supports the alternate set of recommendations at Attachment A.



**John O'Connell**  
**Assistant Under Treasurer**

Date: 6-7-11

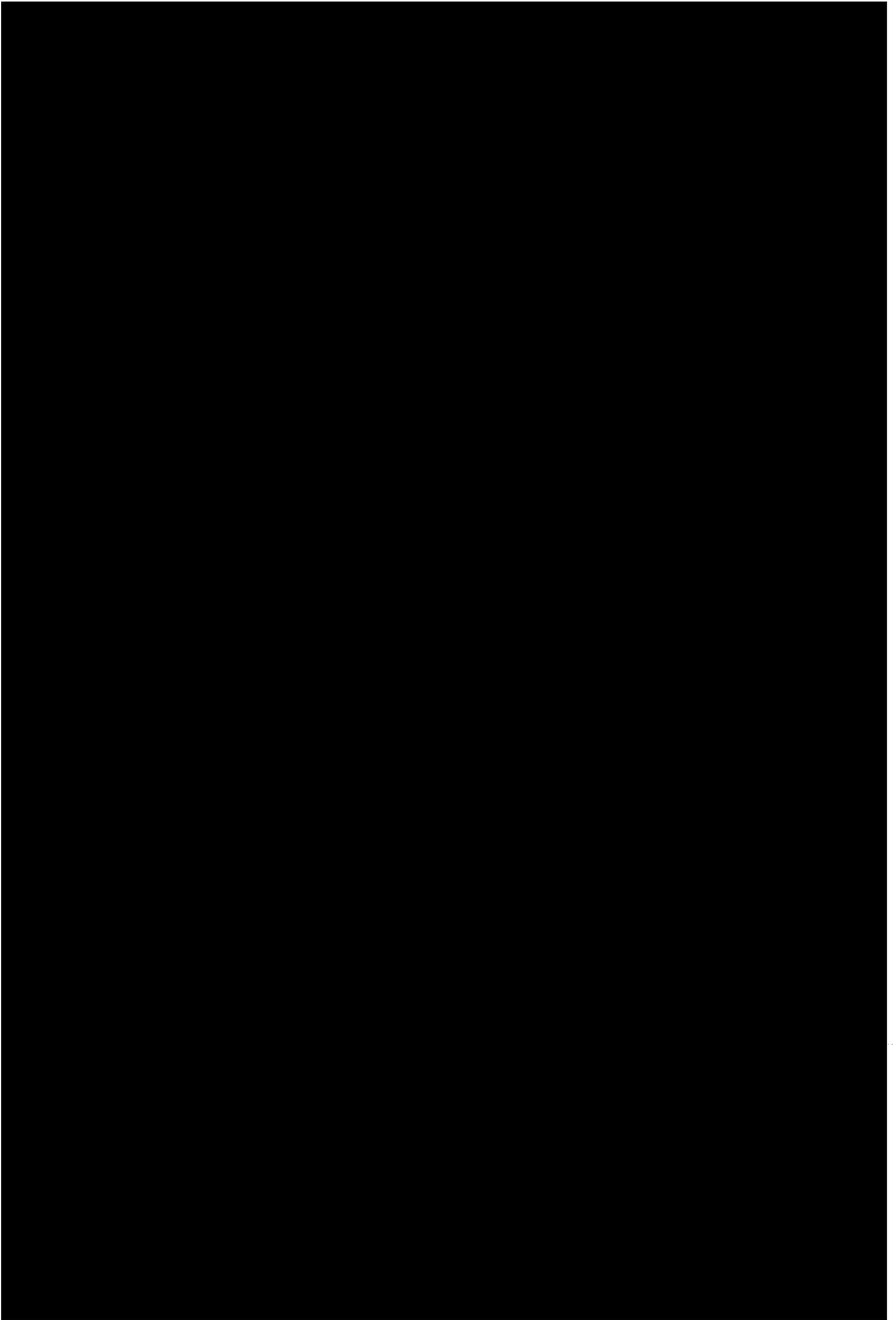


**Under Treasurer**

Date: 6.7.11

### Attachment A

1. Note the Racing Queensland's proposed capital works program, as outlined in the revised infrastructure plan (Attachment 1), noting that the total Government contribution will not exceed \$95 million;
2. Approve Option 1 as outlined in the submission being a loan of up to \$85 million from the Queensland Treasury Corporation (to be repaid through the assignment back to the State of the revenues arising from the wagering tax sharing arrangements), in addition to a previous Government commitment to provide the balance of a \$10 million grant as compensation for greyhounds vacating Parklands Gold Coast;
3. Note the business case (Attachment 2) totalling \$7.443 million for works under the Scheme at Ooralea Park, Mackay and approve:
  - funding to undertake urgent works necessary for maintaining worker and public safety, as identified in a safety audit to be undertaken by a Workplace Health and Safety Queensland approved auditor; and
  - the remaining proposed works and their costs be subject to an amended business case being provided to the Department of Employment, Economic Development and Innovation, Department of the Premier and Cabinet and the Treasury Department for approval by the Treasurer and Minister for State Development and Trade.
4. Approve Queensland Treasury Corporation lending to Racing Queensland up to \$85 million on the basis that the loan is to be repaid in full by 30 June 2014 through the assignment back to the State of revenues arising from wagering tax sharing arrangements;
5. Note that access to loan draw downs would only be available once a business case for each project has been provided to the Department of Employment, Economic Development and Innovation, Department of the Premier and Cabinet and the Treasury Department for approval by the Treasurer and Minister for State Development and Trade;
6. Note the provision of a one-off grant of \$9.852 million (the balance of the original grant of \$10 million) to Racing Queensland, subject to an approved business case, fulfilling a previous Government commitment to provide funding towards the establishment of a new greyhound racing facility as compensation for vacating the Gold Coast Parklands venue; and
7. Ratify the Treasurer's decision of 7 March 2011 to advance the allocation of \$2.35 million from the Scheme to Racing Queensland.



**BRIEFING NOTE**

<b>FROM</b>	<b>Treasury</b>		
<b>FOR</b>	<b>Deputy Premier, Treasurer and Minister for Infrastructure</b>		
<b>SUBJECT</b>	<b>Meeting with Queensland Racing Limited regarding ongoing issues with the Brisbane Turf Club and Queensland Turf Club.</b>		
Contact Officer:	Ashley Anderssen, Resources Branch, 3224 4960	Record No: TRO-19370, TRX-00774	Date: 19/3/2007
Requested by:	N/A	Date Approval Required By: 21 / 03 / 07	

**PURPOSE**

1. To note the possible issues for your meeting with Queensland Racing Limited on Wednesday 21 March 2007.

**BACKGROUND**

2. You are meeting with Mr Bill Ludwig and Mr Bob Bentley on 21 March 2007. Items for discussion include: an update on the Gold Coast Turf Club project; Metropolitan Race Club Merger; and a request to amend legislation and funding for synthetic tracks.
3. Bob Bentley (Chairman) and Bill Ludwig are both board directors of Queensland Racing Limited (QRL).

**ISSUES****Gold Coast Turf Club Project**

4. The QRL has submitted a proposal to the Minister for Local Government, Planning and Sport for the development of a world class track for horse racing at Palm Meadows. The commitments sought from the State include a \$76M loan to QRL on highly favourable terms, a \$2M grant for project development work, construction of a dedicated railway station near the new racetrack and stamp duty relief on the initial purchase.
5. Strategic Asset Management (SAM) has undertaken a review of the proposal and has identified a large number of issues in relation to the proposal. The key issues have been provided to you in a previous brief TRX-00709 (copy attached). SAM has recommended that the documentation provided on the proposal to establish a new thoroughbred racing facility on the Gold Coast does not justify Government support for the project.

**Metropolitan Race Club Merger**

6. Brisbane Turf Club Ltd (BTC) conducts race meetings at Doomben racecourse and Queensland Turf Club Ltd (QTC) conducts race meetings at Eagle Farm racecourse. BTC and QTC entered into a Joint Venture Agreement (note the Joint venture is not a legal entity) on 31 October 2005 to govern the future development of the Brisbane Racing Precinct, which encompasses both racecourses. Under the agreement the two clubs were to develop the racecourses to complement each other and to work towards a full merger in five to seven years.

7. On 6 February 2006 Cabinet noted (Decision No. 1628) the Joint Venture Agreement and approved funding of \$12M to address access, workplace health and safety and public safety issues within the precinct.
8. Cabinet also noted that in the event the merger between the BTC & QTC does not proceed, a component of the \$12M funding would be required to be repaid.
9. The *Racing Act 2002* authorises QRL to make policies for the sound management of the racing industry. QRL's Metropolitan Racing Policy for Brisbane came into effect on 2 January 2007 and states the need to establish a single international racing venue in Brisbane. In order to achieve this goal, the policy provides details for a merger between BTC and QTC.
10. QRL want Eagle Farm racecourse to be the single facility and to sell of Doomben racecourse. The proceeds from the sale, believed to be in the range of \$130M to \$140M, would go to the merged club and be used for the re-development of Eagle Farm racecourse.
11. The Doomben racecourse is freehold land owned by BTC Ltd. The Courier Mail reported on the planned sale and merger of the clubs last November 2006 and reported the BTC could launch legal action against any move to sell the land.
12. Previously, QRL explored the possibility of selling both courses and establishing a "supertrack" initially situated on a Greenfield site at Wacol.
13. The merger has received significant media attention due to the interests of members from both clubs, media reports have focussed on the loss of green space in inner northern suburbs and potential traffic problems caused by residential development in the event of the sale of the Doomben racecourse.
14. Members of BTC voted against merging and selling Doomben Racecourse at a Special General Meeting on Friday 16 February 2007. BTC has made it clear that any merger will not be considered whilst the Metropolitan Racing Policy is in place, and has emphasized that if there is to be any merger of the two clubs, the Doomben racecourse is to be retained.

#### **Request to Amend Legislation**

15. QRL advise that current legislation does not provide the Control Body (QRL became the Control Body on 1 July 2006) with clear authority in some areas. These include: picture and broadcast rights where the clubs have their own contracts with Sky Channel; intellectual property rights where the clubs claim ownership; and the ability to cause race clubs to do certain things. The issue for the QRL is that the club members are seen to stifle industry progress.
16. Treasury's Legal Services Unit has examined QRL's submission (copy attached) that the *Racing Act 2002* be amended to cover ownership of intellectual property, picture and broadcast rights. Their advice is this falls outside the sphere of the State's legislative power. Intellectual property and the associated rights are governed by Commonwealth legislation (for example, under the Copyright Act 1968 and the Trade Marks Act 1995).
17. Most intellectual property relevant to the racing industry would be subject to copyright protection (for example, broadcasts and picture rights). The position under the Copyright Act is that copyright is owned by the author of the work, unless another ownership arrangement has been entered into. The Copyright Act leaves it to the parties to negotiate an agreement for the ownership of copyright.

18. So the State of Queensland cannot pass legislation containing deeming provisions for the ownership of intellectual property rights, as this is inconsistent with the provisions of the Commonwealth legislation, and will therefore be invalid under section 109 of the Commonwealth Constitution.
19. The proposal for legislation to vest the management and exploitation of industry assets in the QRL and not individual race clubs would involve the State in the compulsory acquisition of private assets.

**Funding For Synthetic Tracks**

20. Mr Bentley wrote to the Minister for Local Government, Planning, Sport and Recreation on 6 March 2007 (see attached letter) canvassing the Government's commitment to possibly diverting the \$12M approved funding (Decision No. 1628), for safety and access issues, to providing synthetic tracks for two of the four proposed racetracks (Caloundra, Gold Coast, Brisbane and Toowoomba). The QRL advise the current cost to lay down one racetrack is approximately \$6M - \$7M per track.
21. Cabinet noted (Decision No. 1628) that the works that can be funded under the \$12M allocation is not to include capital improvements that are normally the responsibility of the BTC and QTC.
22. Accordingly, if the approved funding was to be applied to an alternate use, a new approval would be required.

**RECOMMENDATION**

23. That you note the possible issues for your upcoming meeting with Queensland Racing Limited.

Gerard Bradley  
Under Treasurer Date / /

Approved ف	Not approved ف	Noted ف
Deputy Premier's Comments		
Anna Bligh Deputy Premier / /	Senior Policy Advisor / /	Policy Advisor / /

Name	*Action Officer/Author	Director	(Initials)	ED/AUT	(Initials)	DUT	(Initials)
	Michael Webster	Bob McAulay		John O'Connell			
Branch/Division	Resources	Resources					
Telephone	322 42643	322 44475		322 51665			
Date	16/3/2007	/ /		/ /		/ /	

\* This officer may be required to provide further detailed information regarding the issue

**RACING QUEENSLAND LIMITED**  
**PRESENTATION TO TREASURY**

**Strategic Asset Plan**  
**For Queensland All Codes**

10 September 2010

# DISTRIBUTION OF RACE TRACKS



# INTERLOCKING OF PROVINCIAL & COUNTRY RACING



The asset plan is predicated on the multi use of venues operating at the greatest possible capacity with modest facilities

### RATIONALISATION OF THE NUMBER OF VENUES

- DEAGON Multi use Harness & Greyhounds 2 Code Primary Venue and full training for both codes
- IPSWICH Multi use 3 Code racing facility. (Training for Greyhound & Harness only)
- CAIRNS Multi use Greyhounds & Thoroughbreds, including training
- TOWNSVILLE Multi use Greyhounds & Thoroughbreds, including training
- ROCKHAMPTON Multi use Greyhounds & Thoroughbreds, including training
- BEAUDESERT Thoroughbred Racing & training and conversion to TAB status

## THE ABOVE RATIONALISATION

- Compensates for the loss of Parklands Greyhounds
- Compensates harness and greyhounds for the loss of Parklands Harness – tax redirection for 6 years compensates for any perceived loss to the racing industry of Parklands
- Gives both harness and greyhound codes a Parklands style venue with back to back grandstands and racing on trackside in the metro area
- Vacates the Ipswich Show Grounds for proposed hospital use
- Redcliffe ceases as TAB harness racing venue and reduced reliance by the industry.
- Sale of Albion Park to contribute to the asset plan funding
- Returns the Logan land to Government for other allocation
- Allows Queensland industry to maintain its position in Australian Racing as part of the Big 3

## PROPOSED CONSULTANTS

<b>Project Manager</b>	RQL will employ on a full time basis a experienced Project Manager to manage projects. Expected engagement 1 <sup>st</sup> October, 2010
<b>Civil Engineer</b>	RQL will contract a Civil Engineer to oversee all projects in the field
<b>Media</b>	Sequel Communications <i>Please note media strategy is in draft form</i>
<b>Other Consultants</b>	Professionals will be hired when required

## FINANCIAL MANAGEMENT

- Tax direction paid directly into a special purpose account on a monthly basis.
- Compensation funds from Logan Greyhounds paid to the special purpose account on 1st November, 2010.
- Albion Park negotiated commercial bank loan funds will have a draw down facility to the special purpose account providing the Government's agreement to underwrite the value of Albion Park. It will be required to be finalised by the 1st November, 2010 with commercial facility to allow the start of the Gold Coast development for completion January, 2012.
- Financial Management – RQL will appoint a sub-committee to review all invoices prior to payment against each infrastructure project.
- RQL provides project plans for each project.
- Government approves expenditure total per project as per plan.
- RQL pays all project costs as per government approved expenditure guidelines.
- RQL will provide 6 monthly reports for treasury audit.

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## FUNDING FLOW

- State Government to underwrite \$100m loan facility  
Commercially underwritten by Government to an approved lender on the sale price of Albion Park (\$100m) to commence operations and begin to deliver projects by second half of 2011. Valuation of Albion Park included in report.
- Tax redirection:

» Year 1	2010/11	50%
» Year 2	2011/12	50%
» Year 3	2012/13	50%
» Year 4	2013/14	50%
» Year 5	2014/15	50%
» Year 6	2015/16	50%
- Redirection of \$10m Logan project compensation from Parklands cessation of racing.
- The State Government to agree to redirect \$10m allocated to Logan Greyhounds to be used in overall asset development plan.
- Stamp duty relief on any assets transfers from clubs and RQL to the joint partnership company to facilitate the partnership agreement with clubs. Prior to commencement of the strategic asset plan development a duty free transaction of assets will need to be facilitated to the new partnership company, from the club.

## FINANCIAL TIME LINES

ACTION	EXPECTED COMPLETION DATE
Submission of Albion Park valuation to the Treasurer	COB 10 <sup>th</sup> September, 2010
Submission of Cash Flow analysis and concept drawings of projects	COB 10 <sup>th</sup> September, 2010
Decision of Treasurer on <u>underwriting</u> Albion Park land and approval of the asset plan	ASAP by 30 <sup>th</sup> September, 2010
Confirmation of extended tax direction 2010	ASAP by 30 <sup>th</sup> September, 2010
Negotiation of Commercial Loan on Albion Park covenants with financier	During October, 2010

## POTENTIAL PROJECT TIMELINES

Beaudesert	November 2010 to July 2011
Cairns	December 2010 to April 2011
Gold Coast	January 2011 to November 2012
Rockhampton	January 2011 to June 2012
Townsville	April 2011 to November 2011
Deagon Greyhound & Harness Primary Venue & associated works	May 2011 to May 2012
Ipswich	June 2011 to May 2012
Mackay	July 2011 to May 2012

Gold Coast development is urgent due to workplace safety concerns and a completion for the 2012 Magic Millions Carnival.

Deagon development is critical for the ongoing viability of metropolitan harness and greyhound racing and the requirement to provide disabled access to facilities (currently 3 outstanding complaints).

## CURRENT GREYHOUND / HARNESS LOCATION

	AREA	GREYHOUNDS	HARNESS
<b>GOLD COAST</b>	Oxenford to NSW Border	76	147
<b>WEST</b>	Canungra to Ipswich	1504	849
<b>SOUTH</b>	Oxenford to Brisbane	695	296
<b>NORTH</b>	Brisbane to Gympie	496	384
	<b>TOTAL</b>	<b>2771</b>	<b>1676</b>

This slide is provided to show that the greyhound and harness population is best managed from Deagon and Ipswich and is critical when explaining the non replacement of Parklands.

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## PROJECTS FUNDED FROM PROPOSED SALE OF ALBION PARK

\$57.69m

- DEAGON DEVELOPMENT (Greyhound & Thoroughbred)
  - Primary venue for the Greyhound & Harness codes racing
  - Administration facilities for the Harness & Greyhound Clubs
  - Multi use facility operating minimum 5 days
  - Training & trial infrastructure for Harness & Greyhounds
  - Oncourse stabling for harness horses to alleviate loss of Parklands
  - Training centre for industry apprentices – all codes
  - Rehabilitation facility for jockeys
  - Relocated Science Centre for drug testing all codes
  - Continuing Head Office for all codes Racing Queensland
  - Maintain approx 60% green space on completion of these works

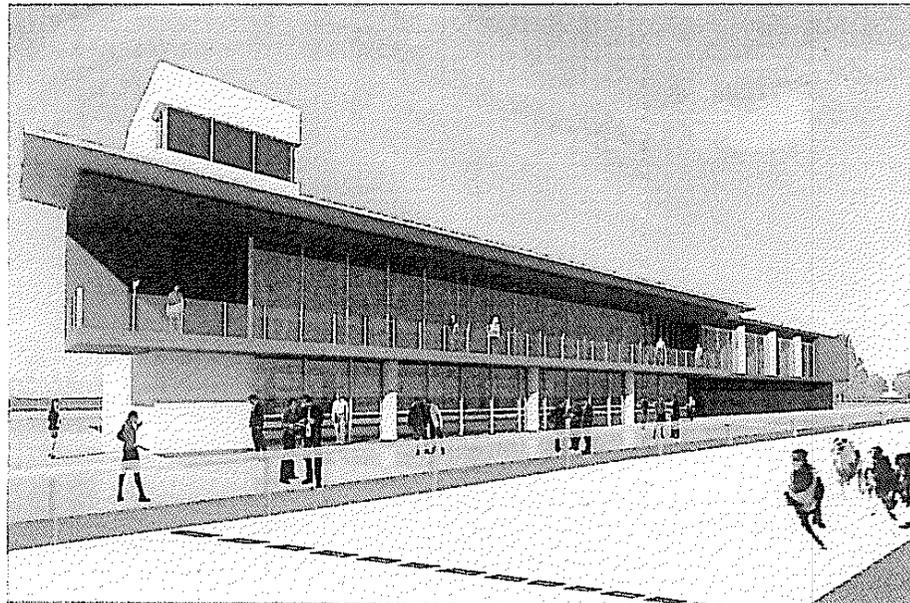
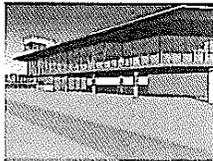
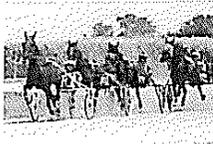
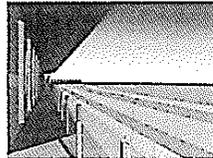




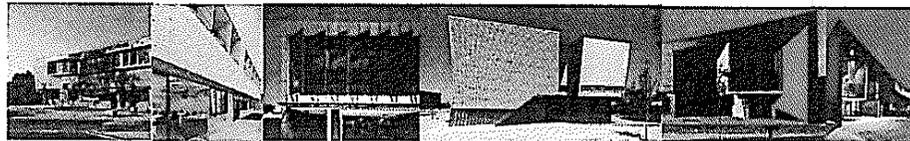
# DEAGON – PROPOSED DEVELOPMENT (ARTISTS IMPRESSION)

Racing Queensland

function building concept



corporate function building



concept images

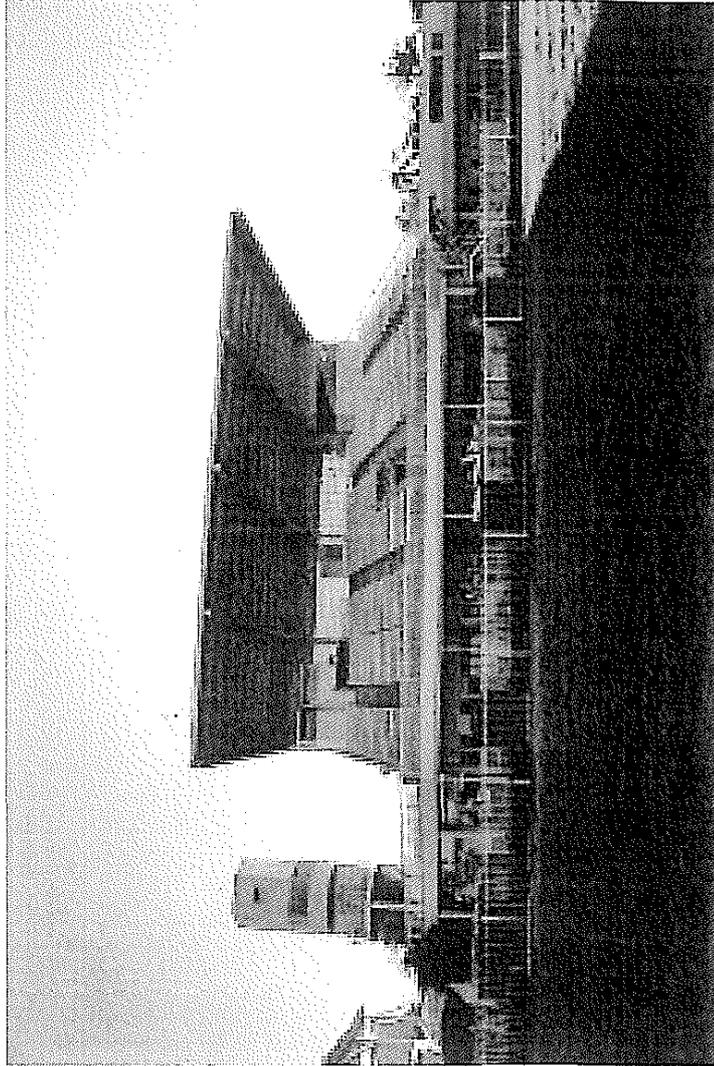
\$28.6m

- IPSWICH DEVELOPMENT (Thoroughbred, Greyhound & Harness)
  - Provincial Greyhound track with lights
  - Provincial Harness track with lights
  - Training track Greyhounds
  - Training track Harness
  - Tunnels for off road parking
  - Conference centre (400 capacity) and Harness & Greyhound race day
  - Approx 5.24 hectares grassed and contoured green space for community fields
  - Continuing use as a Thoroughbred race course

## IPSWICH – CURRENT



## IPSWICH – CURRENT



## IPSWICH – CURRENT

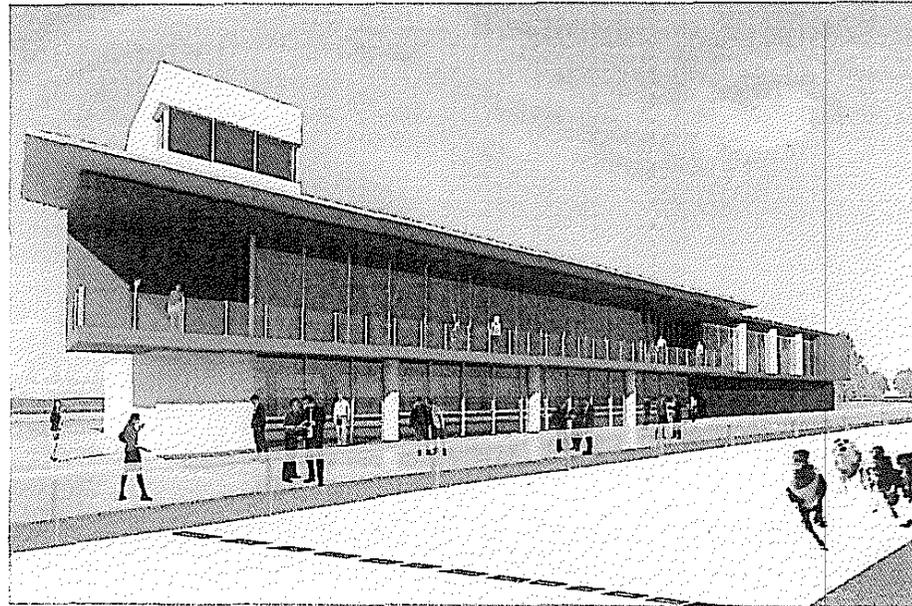
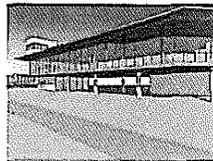
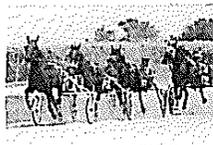
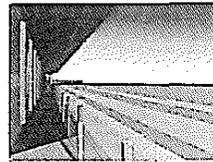
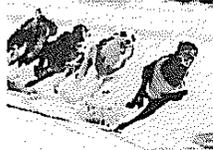




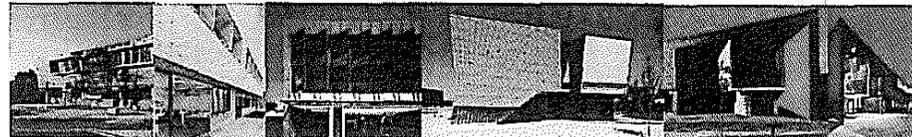
# IPSWICH – PROPOSED DEVELOPMENT (ARTISTS IMPRESSION)

Racing Queensland

function building concept



corporate function building



concept images

\$14.5m

- TOWNSVILLE (Thoroughbred & Greyhound)
  - Transfer of Greyhound track and facilities to Cluden Park for multi purpose venue.
  - Renovation of the course proper, irrigation and drainage.
  - 100 stables and associated infrastructure, new swab stall.
  - Townsville Turf Club Machinery

TOTAL PROJECTS FUNDED BY ALBION PARK \$100.79m

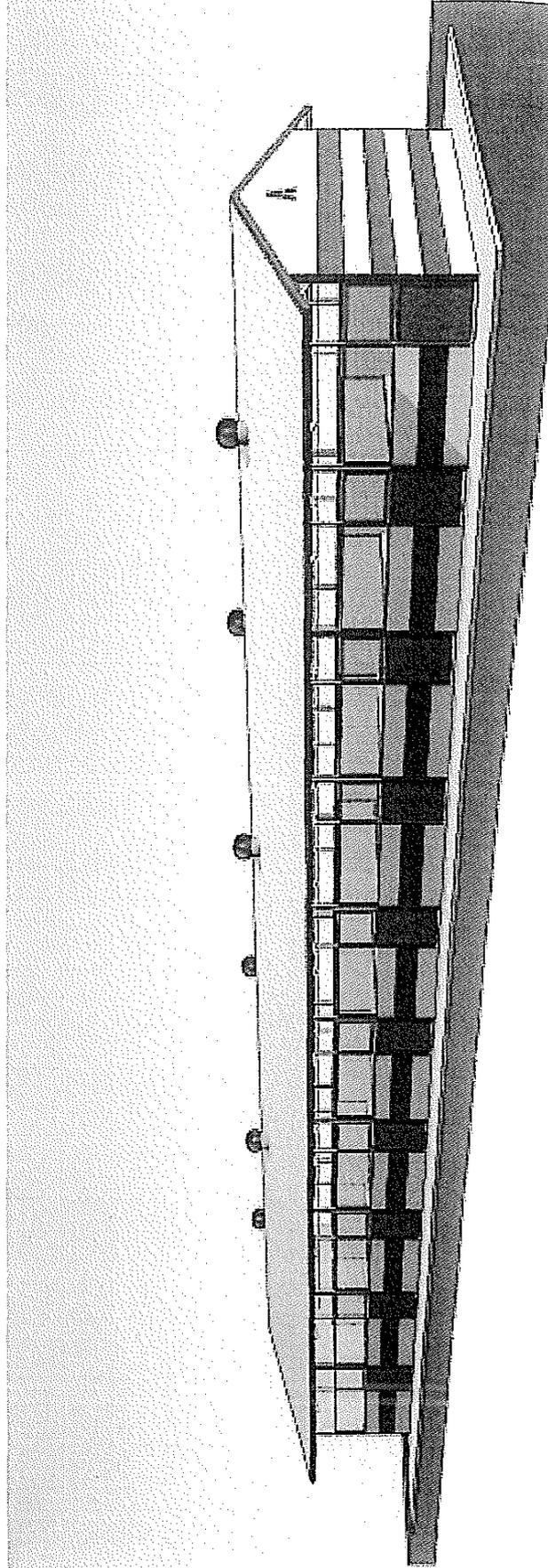
***Interest component will be accounted for in the combined cash flow***

# TOWNSVILLE – CURRENT





TOWNSVILLE – PROPOSED STABLE  
DEVELOPMENT



20 Module Stable Building

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## PROJECTS FUNDED FROM GOVERNMENT TAX REDIRECTION

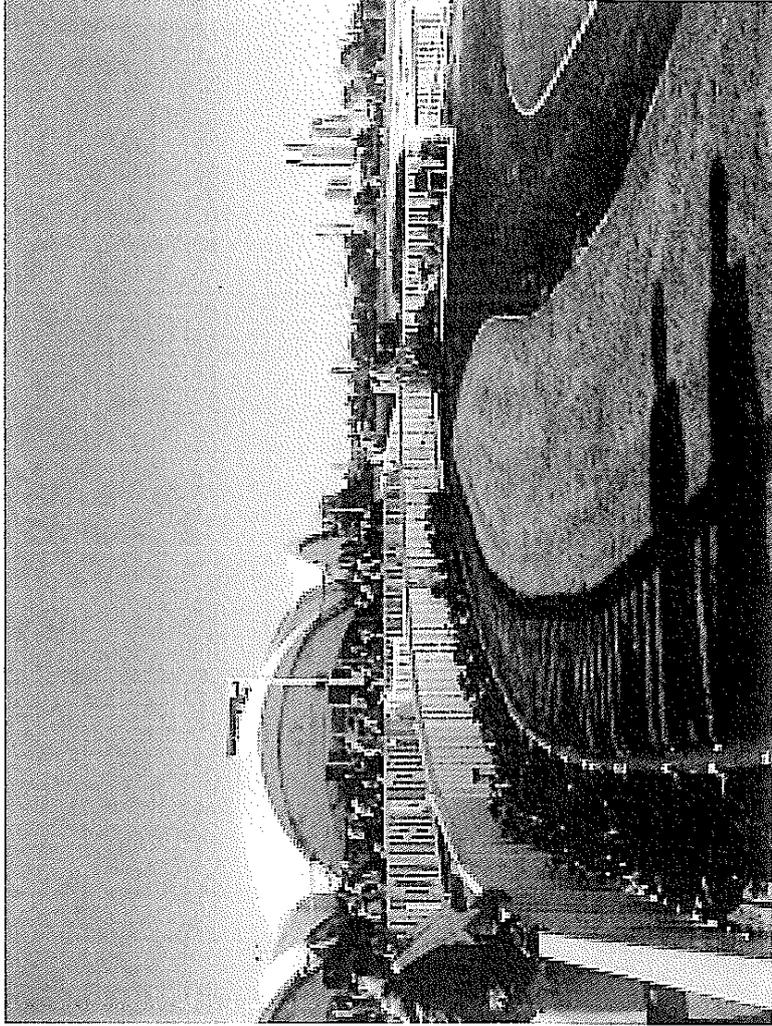
- GOLD COAST (Thoroughbred only venue)
  - Metro standard course proper
  - New synthetic track
  - New sand track
  - New No 2 grass track
  - Mounting yard reconfiguration
  - Major drainage upgrades and stormwater
  - Horse and pedestrian tunnel
  - Trafficable tunnel, pedestrian & vehicular access
  - Fencing & landscaping
  - Equine swimming pool
  - Upgrade of fibre optic communicate cable
  - Upgrade of members facilities
  
- FACILITIES (as discussed and agreed with GCTC)
  - Demolish dome & rebuild facility for 500 members
  - Extension to members
  - 10 corporate boxes
  - Contribution by Club of \$2m (agreed)
  - Contribution by Club of two blocks (agreed) \$5m
  - Asset Plan contribution \$7m
  - GCTC Plan \$7m (funded by GCTC)

\$48.3m

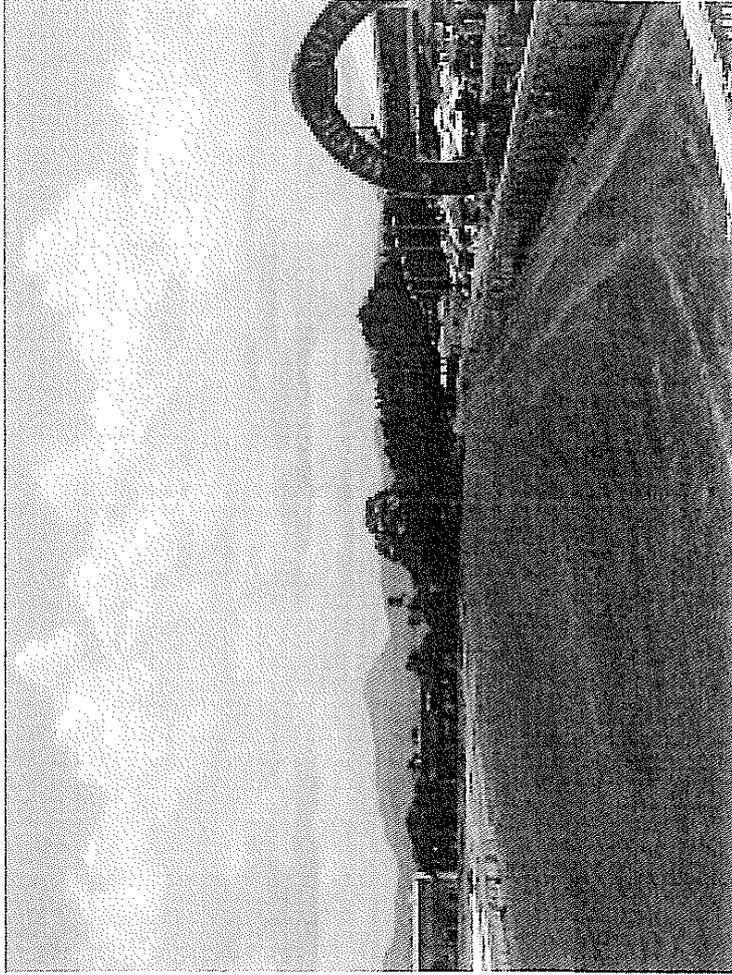
# GOLD COAST – CURRENT



## GOLD COAST – CURRENT

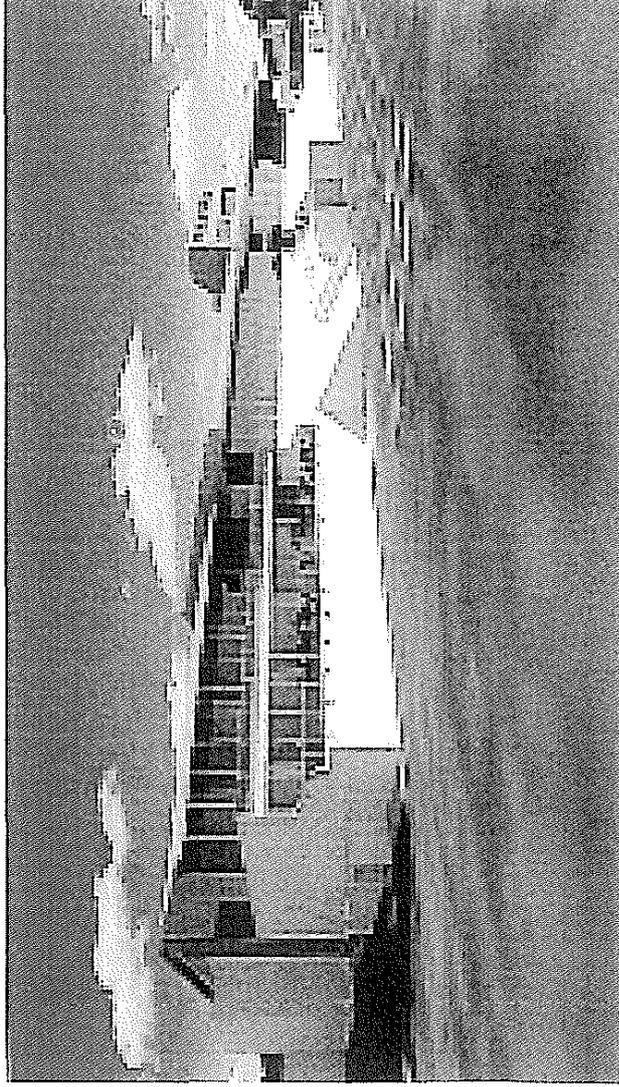


## GOLD COAST – CURRENT



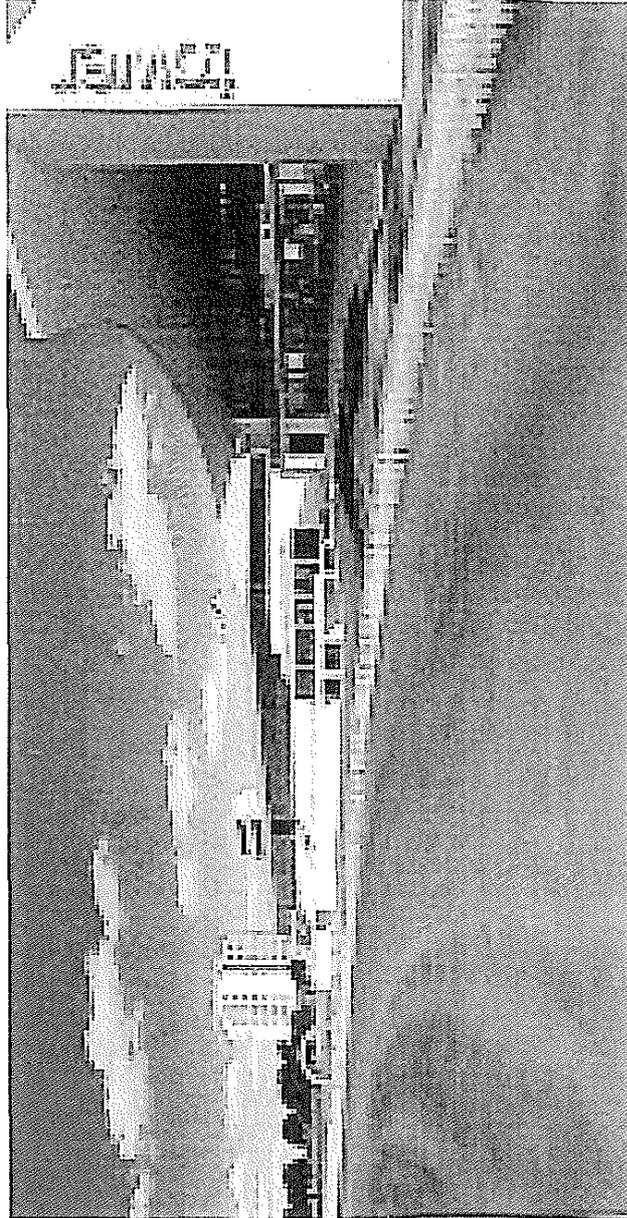


## GOLD COAST – PROPOSED DEVELOPMENT (ARTISTS IMPRESSION)





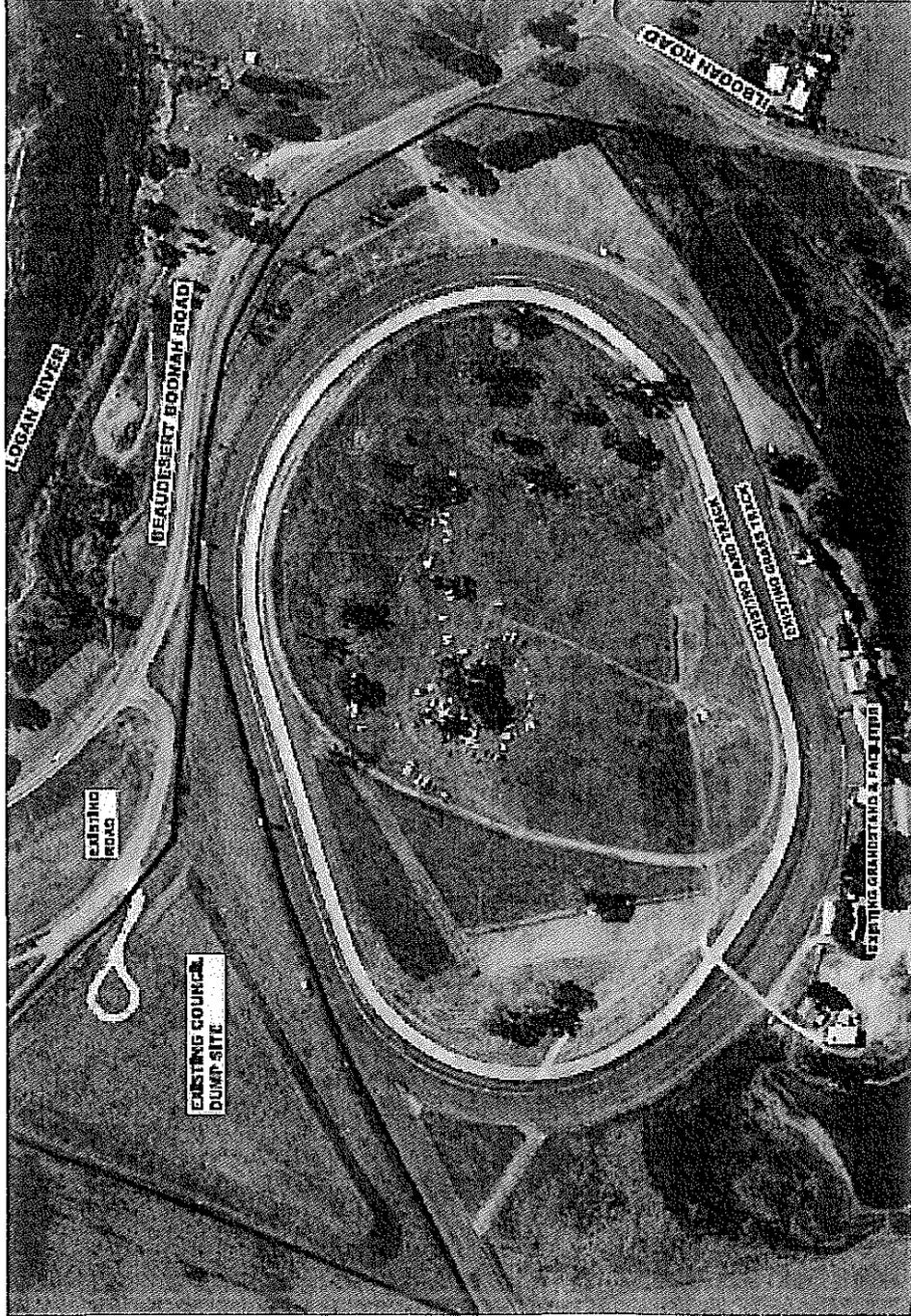
# GOLD COAST – PROPOSED DEVELOPMENT (ARTISTS IMPRESSION)



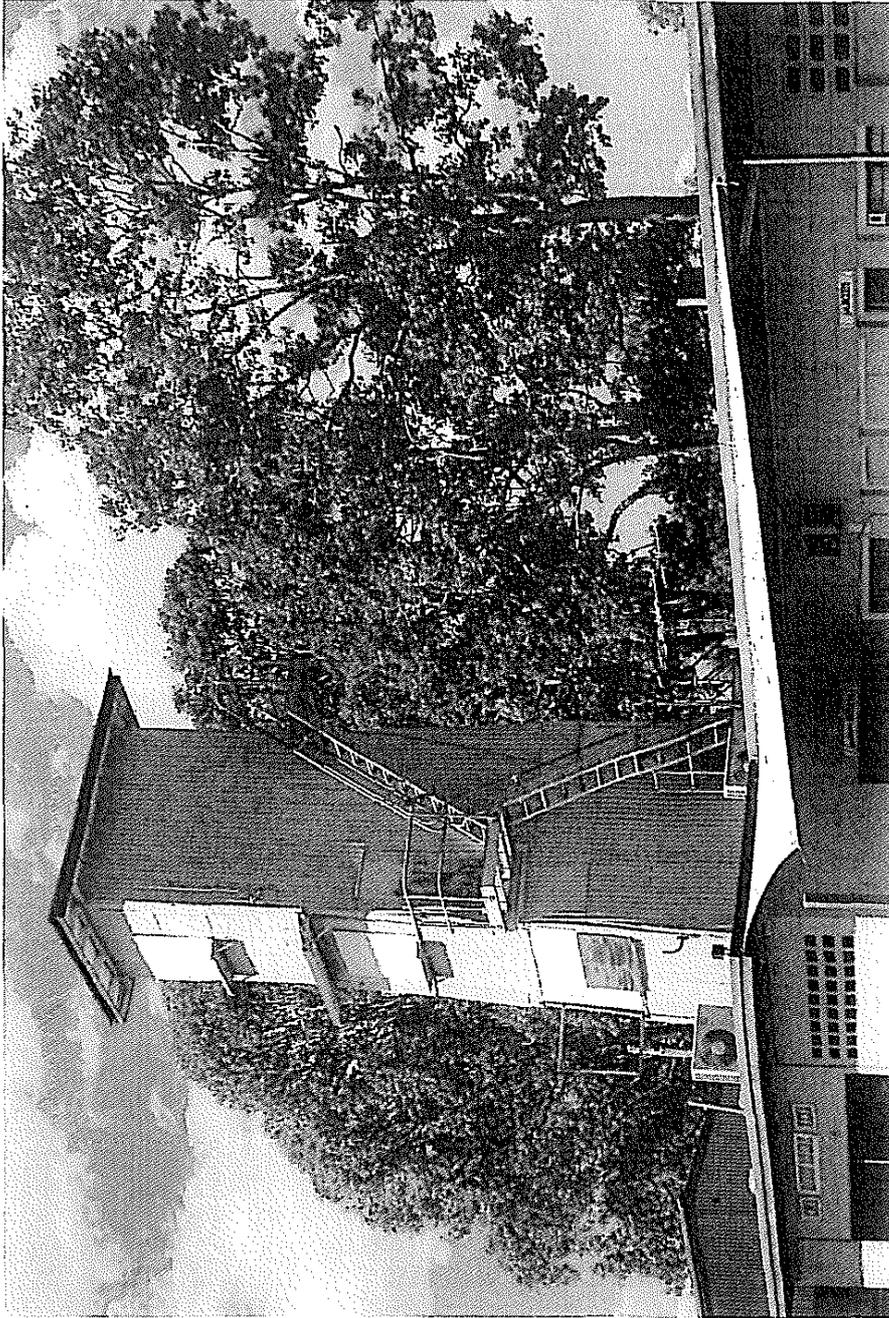
\$20.8m

- BEAUDESERT (Thoroughbred only venue)
  - Widen and renovate the course proper
  - Modest race day amenities
  - 100 stables construction
  - Upgrade of training tracks for 100% increase in horse numbers

# BEAUDESERT – CURRENT



## BEAUDESERT – CURRENT





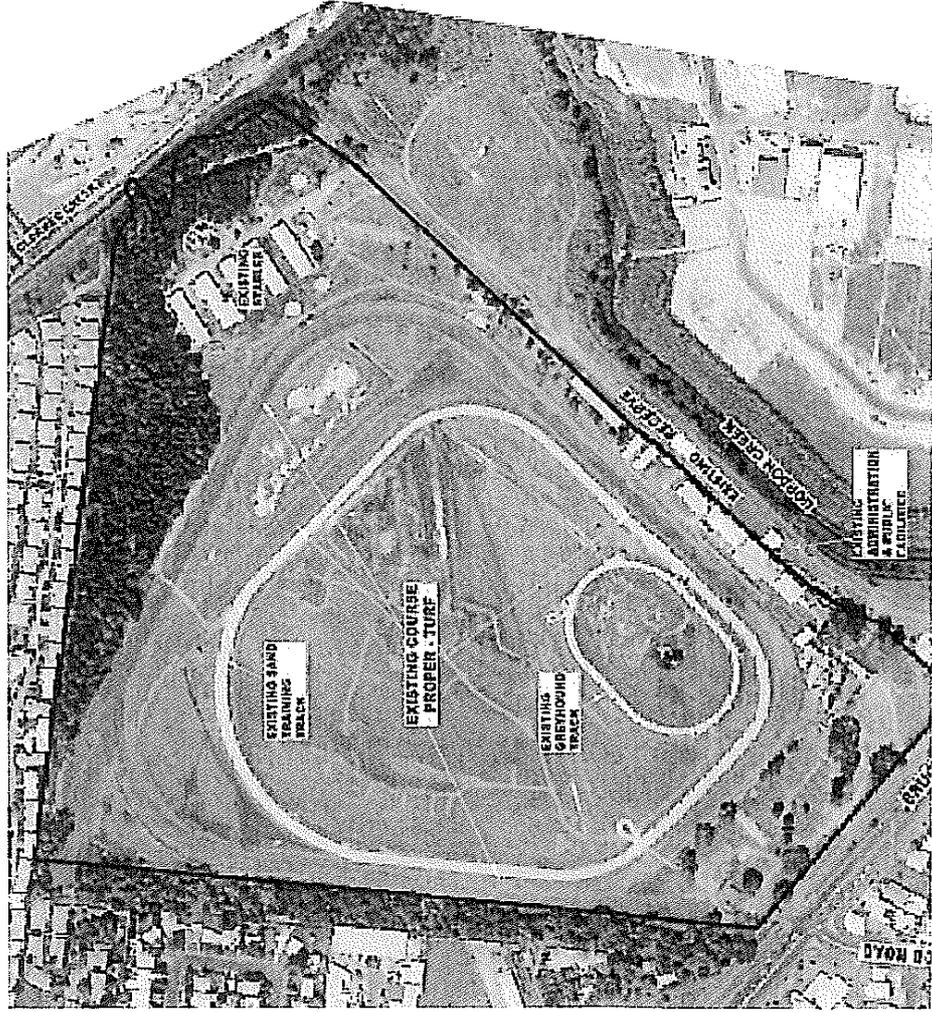
# BEAUDESERT – PROPOSED PUBLIC FACILITY



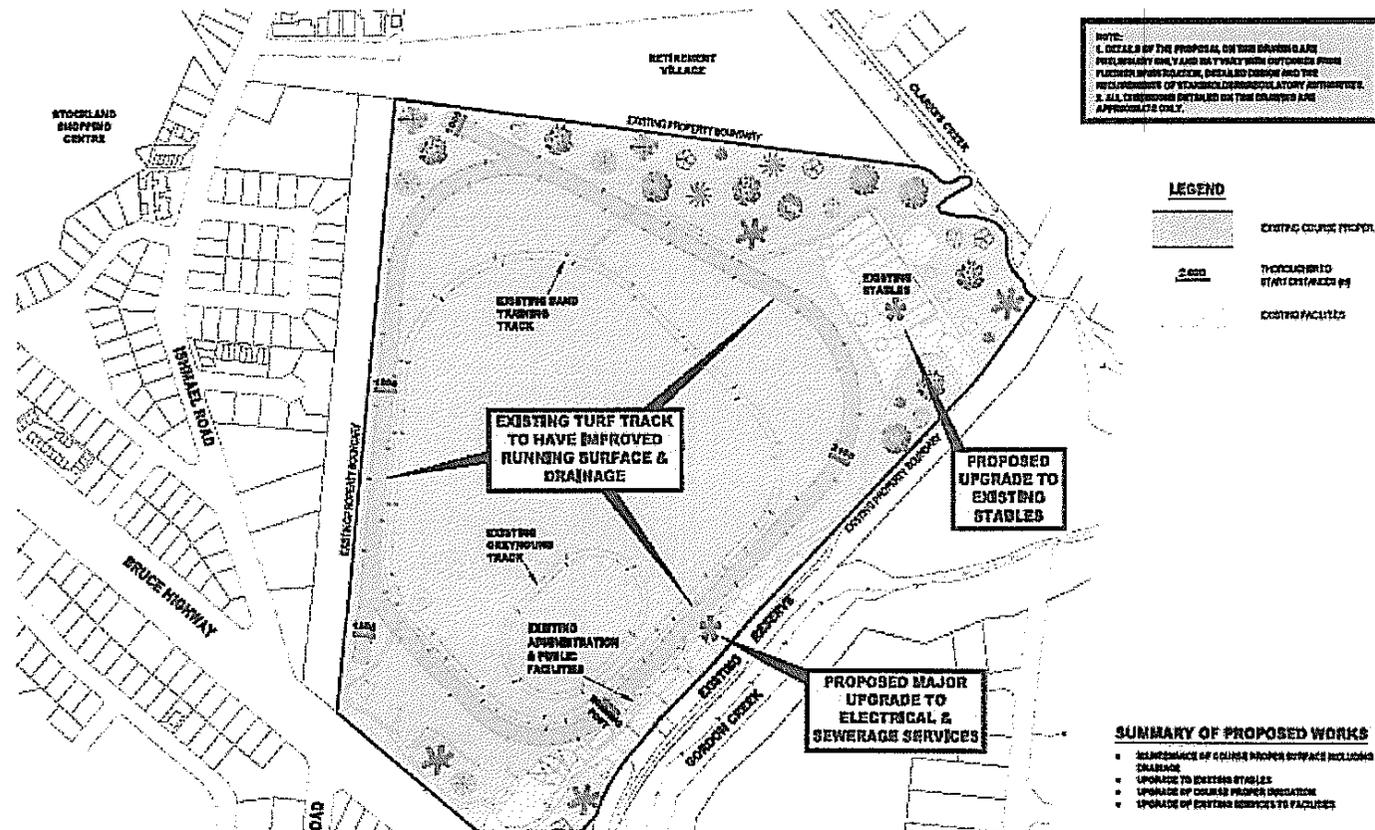
\$4.3m

- CAIRNS (Thoroughbred only venue)
  - Course proper drainage and flood mitigation
  - Remediation of stables
  - Electrical & communications upgrade
  - Rescue financial package

# CAIRNS – CURRENT



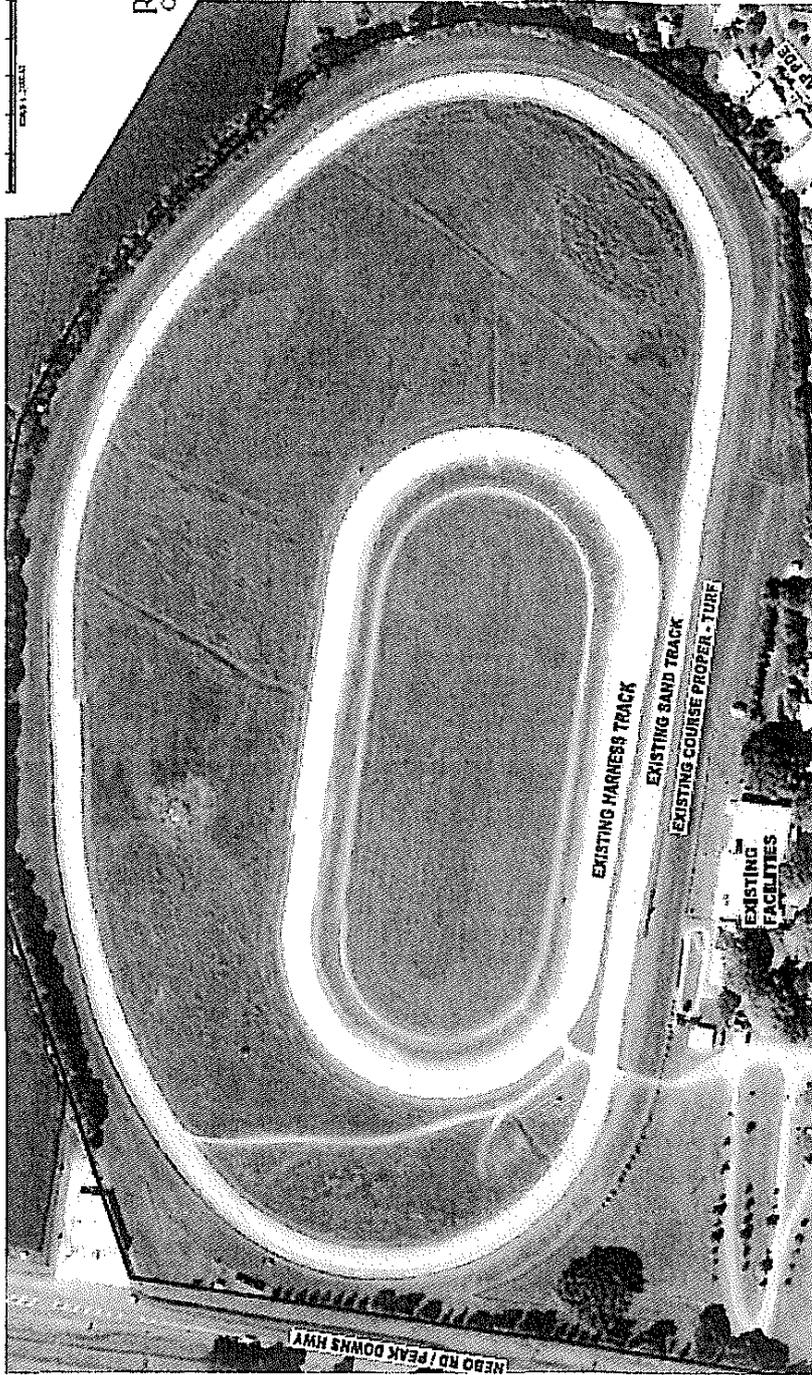
# CAIRNS – PROPOSED DEVELOPMENT



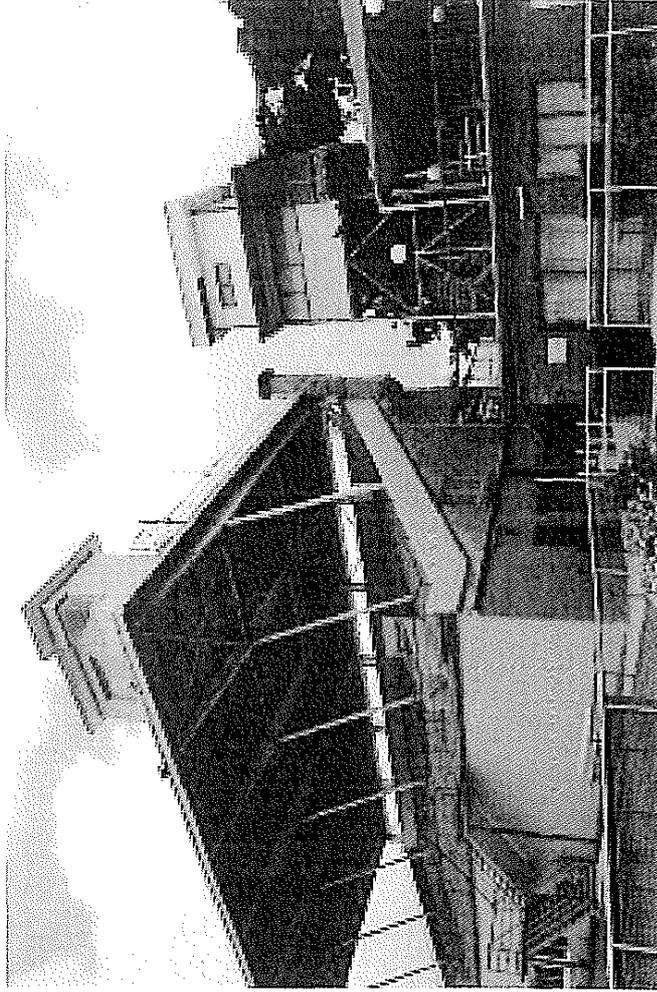
\$18.3m

- MACKAY (Thoroughbred only venue)
  - Reconstruct grass track
  - Reconstruct training facilities
  - Communications & electrical upgrade
  - Off street car park
  - 80 stables and associated works
  - New swab stall
  - New tie up stalls
  - Modest upgrade of Mackay infrastructure

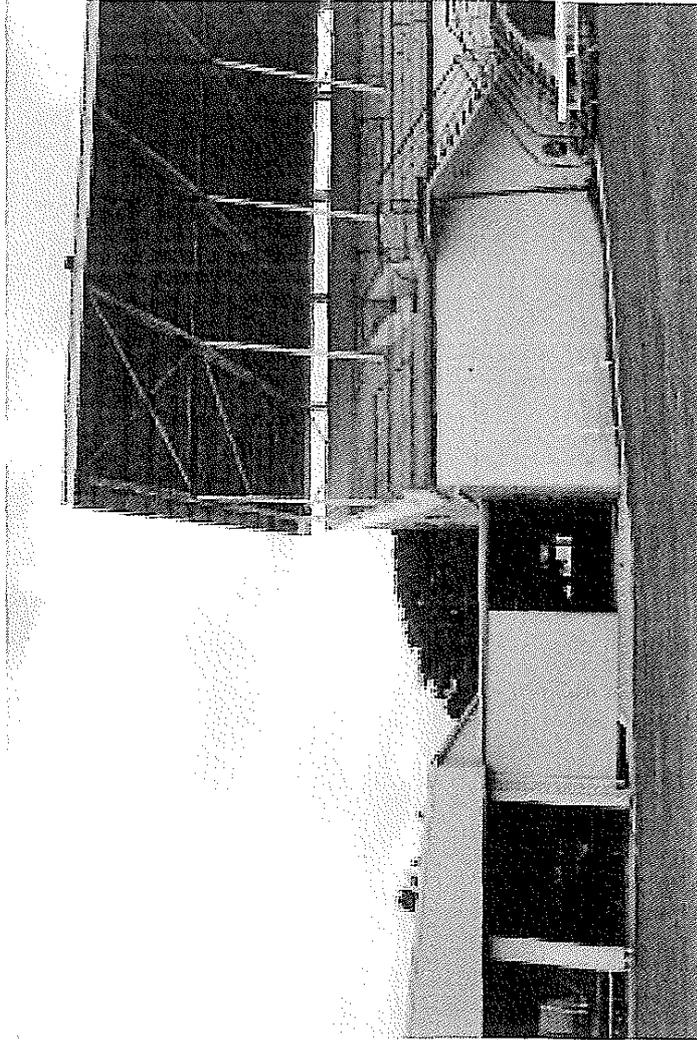
# MACKAY – CURRENT



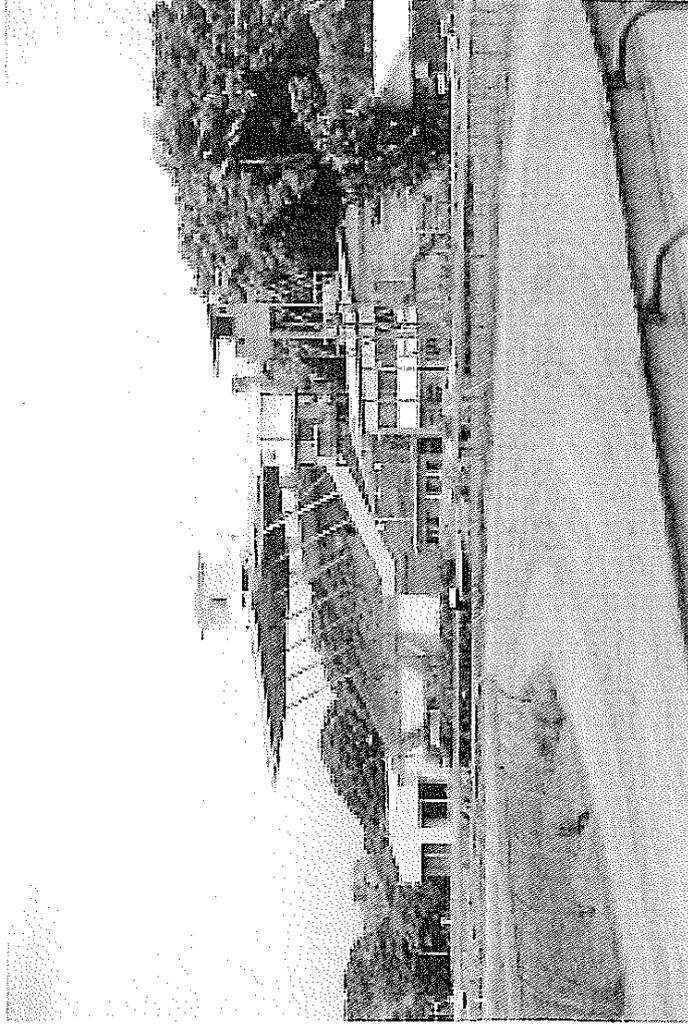
## MACKAY – CURRENT



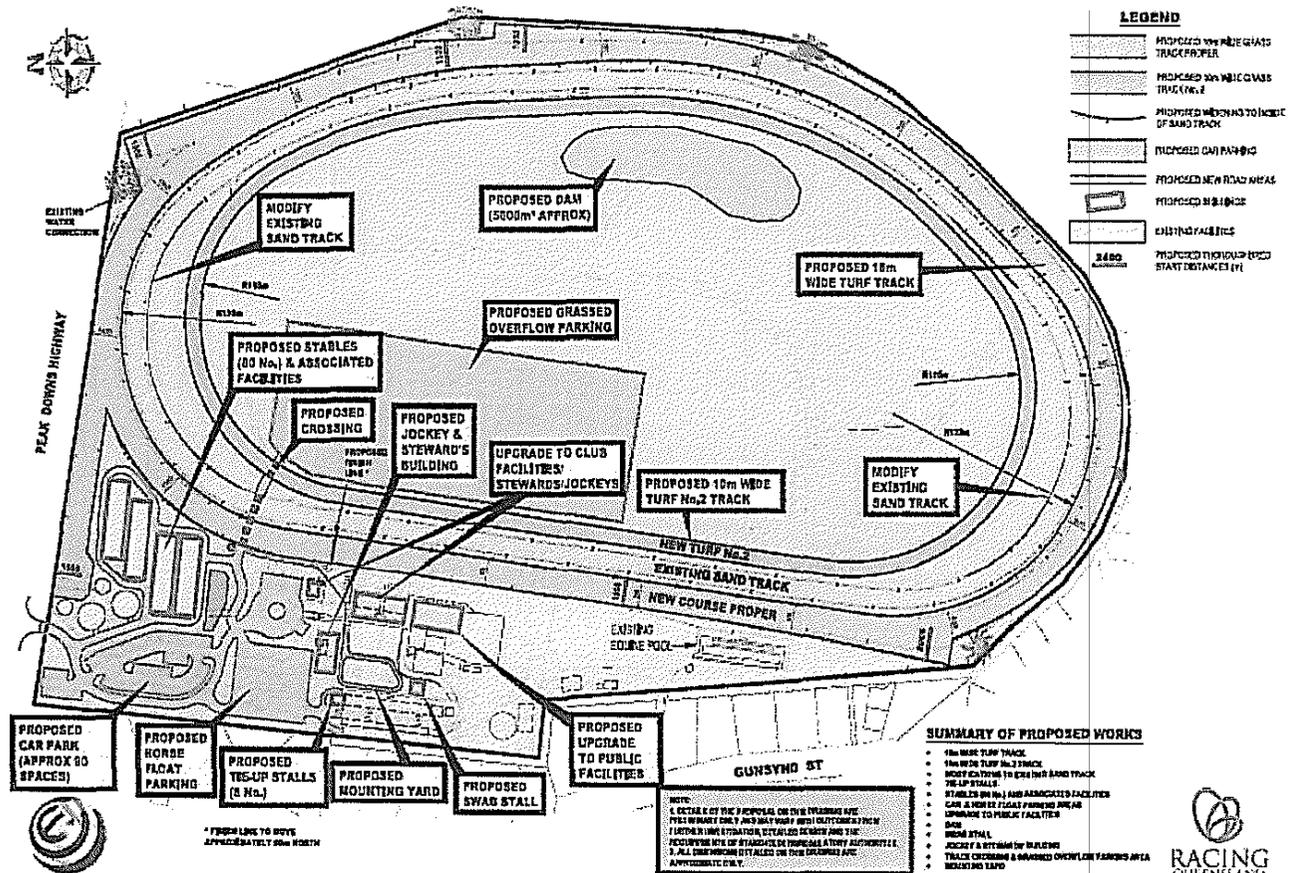
## MACKAY – CURRENT



## MACKAY – CURRENT



# MACKAY – PROPOSED DEVELOPMENT



- ROCKHAMPTON
  - Greyhound facilities
  - Upgrading the supply of recycled water

\$4.2m

COUNTRY RACING	\$0.9m
– Country Club’s WH&S contribution	
• INTEREST ON LOANS	\$23.0m
– The combined cash flow will spread the interest component between all projects	
<b>TOTAL FROM TAX REDIRECTION</b>	<b><u>\$119.8m</u></b>

## ISSUES ARISING FOR RQL

- DEAGON
  - Trainers will need to be provided free rent for 6 months at another venue
  - Project is too important for Harness & Greyhounds not to have this facility
  
- IPSWICH
  - Thoroughbred trainers will need to transfer – transfer to Gatton or Beaudesert – some compensation – full support by Ipswich Turf Club
  
- LOGAN
  - Proposed development was not self sustaining as a stand alone track, not really supported by stakeholders – Stakeholders surveyed are not concerned at exact location. One track northside, one track southside
  
- TOOWOOMBA
  - Not included
  
- ALL PROJECTS
  - Fully supported

## PROJECTS NOT FUNDED

<b>Sunshine Coast</b>	<b>\$21.50m</b>
<b>Toowoomba</b>	<b>\$4.2m</b>

It is requested that should savings be made from projects committed than any surplus will be applied to the unfunded projects.

RQL will not exceed budgets on other projects.

ALBION SALE  
SEPARATE  
PRESENTATION



OVERALL CASHFLOW  
BUDGETS  
SEPARATE PRESENTATION

G:\SRRI\ORR\Common\QR\Synthetic Tracks Project\Approval for first QRL funding drawdown for Caloundra recovered v2.doc

**BRIEFING NOTE**

<b>FROM</b>	Treasury		
<b>FOR</b>	Treasurer		
<b>SUBJECT</b>	Synthetic Race Tracks – Endorsement of Business Case and Approval of Initial Draw Down of Funds		
Contact Officer:	Anna Herwig, Office of Racing Regulation	Record No: RAC-1002	Date: 20 November 2008
Requested by:	N/A	Date Approval Required By: / /	

**PURPOSE**

The purpose of this submission is to seek your:

- Endorsement of the Business Case (Attachment 1) submitted by Queensland Racing Limited (QRL) for the construction of the first synthetic race track at Corbould Park at Caloundra; and
- Approve the draw down of \$4.328M (includes \$0.328M interest earned) by QRL against \$12.0M of funding provided by the Government. The sum of \$4.328M is the State's contribution towards the cost of construction of the synthetic track at Caloundra. *K*

**BACKGROUND**

1. On 27 June 2007, the State of Queensland entered into a Funding Agreement with QRL for the purpose of providing funding for three synthetic race tracks to be installed at Caloundra (commissioned on 6 April 2008), Toowoomba and at a third site, being either Brisbane or the Gold Coast.
2. In June 2007, \$12.0M was provided by the State to QRL. The \$12.0M was invested with Queensland Treasury Corporation and is held in trust pending the Minister's endorsement of the Business Case.
3. Among other things, under the terms of the Funding Agreement, the funds provided by the State:
  - Must not be distributed by QRL until the Minister has endorsed the Business Case;
  - Must be distributed in accordance with the scope of works in the Business Case;
  - Must be spent on Eligible Expenditure as defined under the Funding Agreement; and
  - Any interest earned on the funds must be applied towards construction of the three synthetic race tracks.

*ANNA  
Do we have  
all documents  
required with  
correct figures in  
them?  
PP*

	<b>*Action Officer/Author:</b>	<b>Director:</b>	<b>(Initials)</b>	<b>ET</b>
Name:	Anna Herwig	Mike Kelly		
Branch/Division:	Office of Racing	Office of Racing		
Telephone:	3405 5073	3234 1376		
Date:	December 2008	/ 12 /2008		

\* This officer may be required to provide further detailed information

## ISSUES

### Business Case

4. The Business Case submitted by QRL was referred to the Queensland Treasury Strategic Asset Management Unit (SAMU) for analysis and assessment. SAMU raised a number of issues in relation to the Business Case. These issues have been addressed in conjunction with QRL (refer Attachment 2) without the need to amend the Business Case submitted by QRL.
5. It is appropriate for you to endorse the Business Case for Corbould Park at Caloundra as submitted by QRL.
6. SAMU advised a specific issue should be raised at the time of seeking the Treasurer's endorsement of the Business Case regarding the timing of construction of the third synthetic race track. The Funding Agreement states QRL must return to the State any uncommitted funds within three years of the commencement date of the Funding Agreement ie, by June 2010, unless otherwise agreed by the parties. Consequently, given the current status of the Palm Meadows proposal and uncertainties surrounding Brisbane racing venues, this matter may require consideration and agreement to alternative timing arrangements for funding of the proposed third synthetic race track. QRL will provide an updated scope of works for Toowoomba and the third race track proposed. Office of Racing will continue to monitor the situation.

### Draw Down of Funds

7. QRL has requested approval to draw down funds of \$4.328M (includes interest earned of \$0.328M) against \$12.0M of funding provided by the Government. The \$4.328M will be applied to reimburse QRL for the costs paid for the construction of the Caloundra synthetic race track.
8. The total cost of establishing the Caloundra synthetic race track to date is \$6,174,572.87. QRL has advised there is still 5% or \$114,618.92 of the Contract to be paid to the Civil contractors after 12 months of the track being fully operational (April 2009). This means total costs incurred for Caloundra synthetic racetrack will be \$6,289,190.97. DOT / DASH
9. In accordance with the Funding Agreement, QRL has provided:
  - An acquittal of eligible expenditure incurred constructing the Caloundra synthetic track in accordance with the scope of works. Office of Racing has noted that \$27K of ineligible expenditure was included for travel and associated costs. This difference does not affect the draw down request as eligible expenditure spent is well above \$4.328M.
  - Audited financial statements of funding approved by the QRL Board and certified by BDO Kendalls.
  - Details of QRL's expenditure totalling \$1,959,191 for costs related to the installation of the synthetic race track at Caloundra in excess of funding of \$4.328M provided by the State.
  - The QRL 2008 Annual Report includes details and information on the operation of the funding for the installation of the synthetic tracks.
10. QRL has confirmed that Sunshine Coast Racing Pty Ltd acting trustee for Sunshine Coast Racing Unit Trust owns the Caloundra synthetic race track.

*Anna  
please  
check  
these  
figures*



**ISSUES RAISED BY STRATEGIC ASSET MANGEMENT UNIT IN RELATION TO  
QUEENSLAND RACING LIMITED BUSINESS CASE –  
INSTALLATION OF SYNTHETIC RACE TRACKS**

	Issue	Response
1	<p>The Government has committed \$12 million to the establishment of three synthetic tracks. Given the staged nature of construction of the tracks, and the preliminary nature of the costs estimates for the second and third surfaces, it is important that Government funds remain available for each of the tracks.</p>	<p>QRL has committed up to \$4.0M of the \$12.0M provided by the State to each of the three synthetic race tracks to be installed at Caloundra, Toowoomba and either Brisbane or the Gold Coast.</p>
2	<p>The Funding Agreement states that the ownership of the synthetic tracks will vest with the race club or a unit trust, however, the Business Case provides no clarification as to who will ultimately own the surfaces.</p>	<p>QRL has confirmed that the Caloundra synthetic race track is owned by Sunshine Coast Racing Pty Ltd acting as trustee for Sunshine Coast Racing Unit Trust.</p>
3	<p>There may be an issue between QRL and Toowoomba Turf Club and the location of the Toowoomba racing facility. If any uncertainty exists which may impact on the installation of the synthetic surface, this will need to be noted.</p>	<p>There is no uncertainty regarding the location of synthetic track at Toowoomba. It is to be installed at the current Toowoomba Turf Club site at Clifford Park.</p>
4	<p>In the Business Case section "Corbould Park Project" (p.25), the list of works required includes two phases: (1) construction of a dedicated ambulance track and service road, and (2) new synthetic track and associated accesses.</p> <p>The Business Case does not contain detailed information regarding the track layout and why a new ambulance and service road is required. During completion of the entire program, it is important that QRL ensure that the Government funding is used on works that comply with the definition of eligible expenditure in the Funding Agreement.</p>	<p>The scope of works for construction of the Caloundra synthetic race track includes construction of a dedicated ambulance and service road.</p> <p>QRL advised this work was required to allow quick access by emergency vehicles to the synthetic track and considers it falls within the definition of "Eligible Expenditure" under the Funding Agreement.</p> <p>In any event, the total expenditure for construction of Caloundra is \$6.289M. The cost of the ambulance track (\$617K) is contained within the \$1.959M expenses funded by QRL.</p>

## BRIEFING NOTE

<b>FROM</b>	<b>Treasury</b>		
<b>FOR</b>	<b>Treasurer</b>		
<b>SUBJECT</b>	<b>Synthetic Race Tracks – Endorsement of Business Case and Approval of Initial Draw Down of Funds</b>		
<b>Contact Officer:</b>	Anna Herwig, Principal Compliance Officer, Office of Racing Regulation	<b>Record No:</b> RAC-00079	<b>Date:</b> 23 December 2008
<b>Requested by:</b>	N/A	<b>Date Approval Required By:</b> / /	

### PURPOSE

The purpose of this submission is to seek your:

- Endorsement of the Business Case submitted by Queensland Racing Limited (QRL) for the construction of the first synthetic race track at Corbould Park, Caloundra; and
- Approval for the draw down of \$4.328 million (includes \$0.328 million interest earned) against the \$12.0 million total funding provided by the Government, to be applied to reimburse QRL for the costs associated with the construction of the Corbould Park, Caloundra synthetic race track.

### BACKGROUND

1. On 27 June 2007, the State of Queensland entered into a Funding Agreement with QRL for the purpose of providing funding for three synthetic race tracks to be installed at Caloundra (commissioned on 6 April 2008), Toowoomba, and at a third site to be identified, being either Brisbane or the Gold Coast.
2. In June 2007, \$12.0 million was provided by the State to QRL. The \$12.0 million was invested with Queensland Treasury Corporation and is held in trust pending the Minister's endorsement of the Business Case.
3. Among other things, under the terms of the Funding Agreement, the funds provided by the State:
  - Must not be distributed by QRL until the Minister has endorsed the Business Case;
  - Must be distributed in accordance with the scope of works in the Business Case;
  - Must be spent on Eligible Expenditure as defined under the Funding Agreement; and
  - Any interest earned on the funds must be applied towards construction of the three synthetic race tracks.

Queensland Treasury Corporation  
 100 Queen Street, Brisbane  
 Queensland 4000  
 Australia  
 Tel: +61 7 3234 2000  
 Fax: +61 7 3234 2001  
 Email: [treasury@qtc.com.au](mailto:treasury@qtc.com.au)  
 Website: [www.qtc.com.au](http://www.qtc.com.au)

## ISSUES

### Business Case

4. The Business Case (**Attachment 1**) submitted by QRL was referred to the Queensland Treasury Strategic Asset Management Unit (SAMU) for analysis and assessment. SAMU raised a number of issues in relation to the Business Case. Those issues have been addressed with QRL (refer **Attachment 2**) without the need to amend the Business Case submitted by QRL.
5. It is now considered appropriate for you to endorse the Business Case for Corbould Park, Caloundra as submitted by QRL.
6. SAMU advised that the specific issue of timing of construction of the third synthetic race track should be raised at the time of seeking the Treasurer's endorsement of the Business Case. The Funding Agreement states QRL must return to the State any uncommitted funds within three years of the commencement date of the Funding Agreement ie, by June 2010, unless otherwise agreed by the parties.
7. Given the uncertainties surrounding the Brisbane and Gold Coast (i.e. Palm Meadows) racing venues, this matter may require further consideration of alternative timing arrangements for funding of the proposed third synthetic race track.
8. QRL will provide an updated scope of works for Toowoomba and the proposed third synthetic race track. The Office of Racing will continue to monitor the situation and liaise with QRL.

### Draw Down of Funds

9. QRL has requested approval to draw down funds of \$4.328 million (including interest earned of \$0.328 million) against the \$12.0 million total funding provided by the Government. The \$4.328 million will be applied to reimburse QRL for the costs associated with the construction of the Corbould Park, Caloundra synthetic race track.
10. The total expenditure to date for establishing the Caloundra synthetic race track is \$6,174,572.27. QRL has advised there is still 5%, or \$114,618.92, of the contract to be paid to civil contractors once the track has been fully operational for a 12 month period (April 2009). Accordingly, the total costs incurred for Caloundra synthetic racetrack will be \$6,289,191.19.
11. In accordance with the Funding Agreement, QRL has provided:
  - An acquittal of eligible expenditure incurred constructing the Caloundra synthetic race track in accordance with the scope of works.
  - Audited financial statements of funding approved by the QRL Board and certified by BDO Kendalls;
  - Details of QRL's expenditure totalling \$1,959,191 for costs associated with the installation of the synthetic race track at Corbould Park, Caloundra in excess of funding of \$4.328 million provided by the State; and
  - The QRL 2008 Annual Report, which includes details and information on the operation of the funding for the installation of the synthetic race tracks (**Attachment 3**).
12. It should be noted that \$27,529 of ineligible expenditure was included in QRL's acquittal of expenditure for travel and associated costs. This difference does not affect the draw down request as eligible expenditure spent is well above \$4.328 million;
13. QRL has confirmed that Sunshine Coast Racing Pty Ltd, acting trustee for Sunshine Coast Racing Unit Trust, owns the Caloundra synthetic race track.

**RECOMMENDATION**

It is recommended that you:

- Endorse the Business Case (Attachment 1) submitted by QRL for the construction of the first synthetic race track at Corbould Park, Caloundra; and
- Approve the draw down of \$4.328 million (includes \$0.328 million interest earned) against the \$12.0 million total funding provided by the Government, to be applied to reimburse QRL for the costs associated with the construction of the Corbould Park, Caloundra synthetic race track.

\_\_\_\_\_  
**Gerard Bradley**  
 Under Treasurer Date / /

<input type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
<b>Treasurer's Comments</b>		
_____ <b>Andrew Fraser</b> Treasurer / /		

	*Action Officer/Author	Director	(Initials)	ED/AUT	(Initials)	DUT	(Initials)
Name:	Anna Herwig	Mike Kelly					
Branch/Division:	Office of Racing	Office of Racing					
Telephone:	3405 5073	3234 1376					
Date:	23 December 2008	/ 12 /2008					

\* This officer may be required to provide further detailed information regarding the issue

## BRIEFING NOTE

<b>FROM</b>	<b>Treasury</b>		
<b>FOR</b>	<b>Treasurer</b>		
<b>SUBJECT</b>	<b>Synthetic Race Tracks – Endorsement of Business Case and Approval of Initial Draw Down of Funds</b>		
<b>Contact Officer:</b>	Anna Herwig, Principal Compliance Officer, Office of Racing Regulation	<b>Record No:</b> RAC-00079	<b>Date:</b> 23 December 2008
<b>Requested by:</b>	N/A	<b>Date Approval Required By:</b> / /	

### PURPOSE

The purpose of this submission is to seek your:

- Endorsement of the Business Case submitted by Queensland Racing Limited (QRL) for the construction of the first synthetic race track at Corbould Park, Caloundra; and
- Approval for the draw down of \$4.328 million (includes \$0.328 million interest earned) against the \$12.0 million total funding provided by the Government, to be applied to reimburse QRL for the costs associated with the construction of the Corbould Park, Caloundra synthetic race track.

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2. In June 2007, \$12.0 million was provided by the State to QRL. The \$12.0 million was invested with Queensland Treasury Corporation and is held in trust pending the Minister's endorsement of the Business Case.
3. Among other things, under the terms of the Funding Agreement, the funds provided by the State:
  - Must not be distributed by QRL until the Minister has endorsed the Business Case;
  - Must be distributed in accordance with the scope of works in the Business Case;
  - Must be spent on Eligible Expenditure as defined under the Funding Agreement; and
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## ISSUES

### Business Case

4. The Business Case (Attachment 1) submitted by QRL was referred to the Queensland Treasury Strategic Asset Management Unit (SAMU) for analysis and assessment. SAMU raised a number of issues in relation to the Business Case. Those issues have been addressed with QRL (refer Attachment 2) without the need to amend the Business Case submitted by QRL.
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13. QRL has confirmed that Sunshine Coast Racing Pty Ltd, acting trustee for Sunshine Coast Racing Unit Trust, owns the Caloundra synthetic race track.

**RECOMMENDATION**

It is recommended that you:

- Endorse the Business Case (Attachment 1) submitted by QRL for the construction of the first synthetic race track at Corbould Park, Caloundra; and
- Approve the draw down of \$4.328 million (includes \$0.328 million interest earned) against the \$12.0 million total funding provided by the Government, to be applied to reimburse QRL for the costs associated with the construction of the Corbould Park, Caloundra synthetic race track.

\_\_\_\_\_  
**Gerard Bradley**  
 Under Treasurer Date / /

<input type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
<b>Treasurer's Comments</b>		
_____ <b>Andrew Fraser</b> Treasurer / /		

	Action Officer/Author	Director	ED/AUT	DUT
Name:	Anna Herwig	Mike Kelly	<input checked="" type="checkbox"/>	
Branch/Division:	Office of Racing	Office of Racing		
Telephone:	3405 5073	3234 1376		
Date:	23 December 2008	/ 12 /2008	/ /	/ /

\* This officer may be required to provide further detailed information regarding the issue

PO Box 70  
ARAMAC 4726

11 August 2008

The Honourable Andrew Fraser  
Treasurer  
and Minister for Racing  
Queensland Government  
George Street  
BRISBANE 4000

Dear Minister

I am writing to you with concerns regarding the recent vote taken on the change of the constitution taken by Queensland Racing Limited.

Minister, the reason for my concern is that Noel Brosnan and myself, as the elected Class A members representing the Country Racing committee, never got the chance to vote on this change to the constitution. It is my understanding that Bill Ludwig voted on our behalf without any consultation with Noel Brosnan or myself or any other Country committee member.

Minister, I am asking for clarification if, firstly, it is legal and secondly, do you agree with this attitude of Queensland Racing Limited, that anyone who maybe has a differing opinion to Queensland Racing Limited have their legally elected right to vote taken away by whatever means. The Constitution of Queensland Racing Limited has been deliberately established to ensure different parts of the State are adequately and fairly represented. The Constitution appears to have been openly flouted. Mr Ludwig has advised me that he did not consult the members of the Country Racing committee as he otherwise satisfied himself as to what position should be taken.

The Country Racing committee had given Noel Brosnan and myself direction on how we were to vote on this constitution change. Bill Ludwig was not elected to take that vote forward but he did and the way he voted was totally opposite to the views of the Country Racing committee.

This change to the constitution is to entrench Bob Bentley, Bill Ludwig and others as Directors of Queensland Racing Limited for many years. This is an extraordinary step for any Board to take, particularly one which was established by the State Government. It also appears that the methods that have been employed in relation to the vote are under considerable question.

The Courier Mail has reported that the Queensland Racing Stakeholders voted 14-1 in favour of this constitution change. This is very misleading when some of the Class A members never got to vote on the issue. As far as the Country Racing committee is concerned it further adds to the distinct impression that the country has been sold out. This comes at a time when there are many suggestions from Queensland Racing Limited that it proposes to further decimate race meetings and prize money in country areas. Minister, you would appreciate that thoroughbred racing is at least as important, in all probability more important, to country areas as it is to city areas.

Minister, could you please inform those of us on the Country Racing committee on the legalities of what's taken place and what is your opinion of our exclusion from this decision.

Yours faithfully

Gary Peoples  
Member of the Queensland Country Racing Committee

OFFICE OF THE  
22 AUG 2008  
UNDER TREASURER

101 Hawdon Street  
WILSTON QLD 4051

19 August, 2008

The Honourable Andrew Fraser MP  
Treasurer and Minister for Racing  
GPO Box 611  
BRISBANE QLD 4001

RECEIVED  
20 AUG 2008  
OFFICE OF THE UNDER TREASURER

Dear Minister,

**Re: Queensland Racing Limited (QRL)**

You will recall that on Wednesday 6 August 2008 there was a General Meeting of QRL which resolved to amend the Constitution of QRL to provide that the terms of the current Directors be extended for what might be seen to be an exceptional period without challenge. Prior to this meeting there was held a meeting of the Class A Members.

I attach a summary of the governance history of the Queensland Thoroughbred Racing Board (QTRB) from 5 April 2002, which was supplanted on 1 July 2006 by QRL. By reason of the amendments proposed at the above meetings, the current Directors will exercise the regulatory powers of the statutory control body until 2018/2020 with only one opportunity for the industry members of the company to determine the composition of the board - in 2012/2014.

There are aspects of what occurred at the above meetings, and generally, which need to be drawn to your attention. I will refer to them in turn:

1. The Country Racing Committee proxy

I am informed that at the Class A Meeting Mr Ludwig, a Director of QRL and a Class B Member of the company, purported to exercise a proxy on behalf of the Country Racing Committee (CRC) in favour of the resolution.

The circumstances in which this occurred, if correctly reported, raise serious doubts about the validity of this proxy and the matter is currently the subject of considerable industry concern. I am informed by a member of the CRC that the matter has been referred to solicitors.

Minister, as you are no doubt aware, QRL is, by section 59 of the Racing Act 2002, a "unit of public administration" under the Crime and Misconduct Act. It is submitted that the circumstances relating to the purported exercise of the above proxy should be referred to the Crime and Misconduct Commission (CMC) for independent and proper investigation and/or to the Australian Securities and Investments Commission (ASIC). There is a further concern in relation to this and other proxies being held by another Board Class B Member and an employee of QRL which I will deal with below.

## 2. The Townsville Turf Club (TTC)

TTC is a Class A Member of the company. On the morning of 6 August 2008, the day of the meeting, Mr Alan Parry the chair of TTC, who is well known to me, and is a highly respected businessman in Townsville, attended at the meeting venue as the representative of the TTC. He was refused admittance to the meeting by a QRL official. I do not know the identity of that person. Mr Parry was informed that, because he had not been nominated as a proxy by the TTC, of which he is the Chairman, he could not attend the meeting. My understanding is that he was instructed by his Board to attend the meeting and to vote against the resolution.

You are probably aware that the vote in favour was 14-1. There are 16 Class A Members. Mr Parry's non attendance on behalf of the TTC confirms the fact that he was refused admission by a person on behalf of QRL. He returned to Townsville later that day.

This raises further questions about QRL's involvement in what was to be a meeting only of the Class A Members.

In the Notice of Meeting to Class A Members, the "Notes" at the foot of the Notice include the following:-

1. A member may appoint a proxy.

Note the use of the permissive "may". The Notes then add some relevant matters to be addressed, on the assumption that the Class A Member wished to take advantage of the proxy provision.

Clause 12.2 (b) of the Constitution of QRL provides that: "A member may vote in person or by proxy...". Clause 14 details the requirement for the use of a valid proxy.

I am informed that in the case of TTC, Mr Parry was excluded from the meeting on the basis that he did not hold the proxy of the TTC even though he was present as the representative of the Club. The action of excluding him ignores the obvious fact that Mr Parry had travelled from Townsville to attend the meeting in person on behalf of his club and was present at the meeting venue when he was excluded. He was the accredited person to attend on behalf of his Club/Company of which he was the Chairman and the Chairman of Directors. In short he was present in person at the Class A Members meeting on behalf of a Class A Member. The fact that a Company only acts through its Directors and that Mr Parry's presence at the meeting was in accordance with the decision of his Board was also wrongly ignored. Mr Parry's Board obviously did not wish to use the proxy provision because the Directors decided that the Club's vote would be cast "in person". Hence the use of a proxy was unnecessary.

In short, Mr Parry on behalf of the TTC was wrongly excluded.

Furthermore, given Mr Parry's presence at the meeting and the meeting venue, it was clearly a matter for the meeting of the Class A Members to consider and decide, if there was any doubt, whether Mr Parry should be permitted to attend. This did not occur. My understanding is that it was the QRL official who decided that Mr Parry could not attend the meeting, not the Class A Members. It was the QRL official who excluded him.

### 3. The appointment of proxies

Mr Ludwig, a QRL Board member and a Class B Member was, as pointed out above, the purported proxy of the CRC a Class A Member. Mr Bentley, the chair of QRL Board and himself also a Class B Member, held proxies from the Breeders Association and the Trainers Association. The proxy for the Mackay Turf Club was held by Miss Murray, a QRL employee. Both Messrs Ludwig and Bentley and Ms Murray attended the meeting of Class A Members from which Mr Parry, the Chair of TTC, a Class A Member, was excluded.

The subject matter of the relevant resolution at the meeting of Class A Members was directly relevant to the future tenure and to the financial benefit of Messrs Ludwig, Bentley and the other three Directors. Whether the proxies held by these two Directors were "open" or "directed" proxies is not known. In either case for the Class B Members Messrs Ludwig and Bentley, in the circumstances of this particular company and, more particularly, of this particular resolution, a serious and disturbing conflict of interest necessarily arises. In the case of "open" proxies, these two Class B Members could, in the exercise of their own discretion, vote in favour of their own personal beneficial interests. So too, if the proxies were "directed", the potential for serious conflict is clear.

The Chair and Board of QRL and the relative status of Class B and Class A Members, inter se, takes this case well outside what might be seen to be normal commercial practice in the affairs of an operating commercial corporation.

You may or may not be aware of the express written statements of QRL to your predecessor, Minister Swarten in early 2006, in the context of substantial objections made by the Queensland Turf Club (QTC) to the Minister when he had under consideration the question of QRL's application for the Control Body Approval. In response to the QTC's objections to vital components of the proposed QRL constitution, the written response of QRL to the Minister included the following:

*"(The Queensland Racing Limited proposal) does not provide members (that is the industry shareholders who are members of Queensland Racing Limited), who are the subject of regulation which the company is responsible to apply to them, to have control over the decisions of who constitutes the Board nor of the way in which the Board carries out its duties."*

In short, the Class A Members are "the subject of regulation" by the Directors. They are the subordinates: QRL Directors exercise in respect of them regulatory power and control; hence the Class A Members should have no "control over the decisions of who constitutes the board nor of the way in which the Board carries out its duties". If so, should QRL Directors be permitted to accept and exercise for their own pecuniary benefit the proxy of a Class A Member, who is a subordinate and one who is the "subject of regulation".

The peculiarities of this Company and of this Board require no further emphasis.

In particular the peculiarities of this relationship emphasise the degree of influence the Chairman either himself or through his officers, can exercise, for example, in respect of the Mackay Turf Club, a Club licensed by QRL, as is its racing venue – a matter emphasised recently in the media. And yet a staff member of QRL accepted the proxy for the Mackay Turf Club. How that occurred is not known and is a fit subject for independent investigation.

Again the proxies held by Mr Bentley on behalf of the Breeders and the Trainers is a curiosity. Both of these organisations are metropolitan based with a broad membership, many of whom would have been readily available to attend the Class A Members meeting either in person or on behalf of the respective bodies or if necessary by proxy. Indeed, a member of Trainers executive, a leading Brisbane Trainer was actually present at the meeting but left it when Mr Bentley walked into the meeting. Why then appoint Mr Bentley as proxy, and how did that situation come about? – another proper subject for investigation.

Both organisations well knew that Mr Bentley was an immediate beneficiary of a favourable resolution. They must have recognized that for Mr Bentley to be involved as a proxy in these circumstances on their behalf was, for him a conflict of interest. Yet they condoned it. Why? It is known that both associations enjoy a close relationship with the Chair QRL. More importantly QRL, its Directors and employees have the capacity to suborn Class A Members and to influence them whether by fear or favour.

Clearly, whether the proxies of these three Class A Members were open or directed, for these Directors and an employee to accept proxies when, in any case, proxies were not necessary, raises the serious concern that for them even to accept such proxies represents for them serious conflicts of interest.

#### 4. Directors Remuneration

The resolution put to the meetings were directly related not only to the tenure of these directors but also to their continued remuneration, possibly for many years. It is therefore timely to draw to your attention matters within the QRL constitution which bear directly on the issue of Director's remuneration.

By Clause 15.4 of the Constitution, the aggregate fees payable to Directors is to be determined by members in a general meeting of the Company and at such a meeting only the Class A Members may vote on the issue and "each" Class A Member has one vote, a notable exception to the general voting rights for classes of members. Reading Clauses 15.3 and 15.4 together, the Directors thereupon are able to decide for themselves how the aggregate amount of fees approved by the Class A Members is to be apportioned between such Directors. But the Class A Members must determine the aggregate amount.

This company was formed on or about 26 April 2006 and operated as the Control Body from 1 July 2006. My enquiries reveal that the issue of the aggregate fees to be paid to Directors has never ever been considered by a general meeting of the Company since its incorporation. Nothing is known by the Class A Members regarding the remuneration of Directors either as an aggregate amount nor individually. Nor do the Annual reports of QRL reveal this detail. The relevant parts of these reports are designed to render obscure not only this detail but also such other matters such as the expenses claimed on behalf of individual Directors including the Chairman.

As a result, the real nature and extent of the financial interest, which a favourable resolution at the meeting, conferred on each of the Directors was and remains unknown to those Members who voted on the resolution and presently cannot be ascertained. It is reasonable to expect that this information should be fully disclosed not only to members but also to the racing industry generally.

After all, this involves the disbursement of industry funds. Why, therefore, is the racing industry to be denied access to such information? It is submitted that you should consider a specific request to the auditor-general under section 60 of the Racing Act to audit the Control Body and in particular the remuneration, expenses and any other amounts paid by the Company or any other person to each Director.

## 5 Conclusion

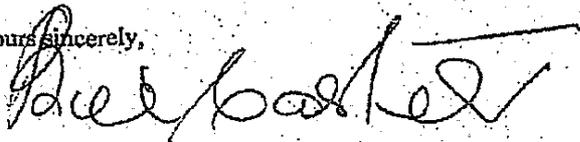
Minister you will recall that on 19 April 2007 I wrote to you concerning the commercial relationship between QRL and the Sunshine Coast Turf Club. Your undated reply received by me on or about 6 July 2007 stated the Integrity Commission's alleged satisfaction with the relevant arrangements. I replied to your letter on the date on which I received it. It was in the nature of a personal hand written reply in which I sought from you the basis for his alleged satisfaction and requested a copy of the advice. Regrettably I was not afforded the courtesy of a reply. This surprised me and has led me to believe that you probably never saw my letter.

Needless to say later events concerning QRL and Caloundra in relation to matters, such as race dates and on course development, only confirm expressed concerns relating to that obvious conflict of interest. Please note also that I have never had a response to the question as to whether QRL has the statutory power under the Racing Act to enter into commercial arrangements with any of its licensees.

Finally Minister I would urge you to initiate independent enquiry into matters relating to the 6 August meetings and that such enquiry be undertaken, not by the Racing Division, but preferably by the CMC and/or ASIC since the matters of concern comprehend the statutory jurisdiction of one or the other.

I would appreciate your response.

Yours sincerely,



W. J. Carter QC

QUEENSLAND RACING LIMITED (QRL) GENERAL MEETING –  
6 AUGUST, 2008

QRL PROPOSALS FOR AMENDING ITS CONSTITUTION  
A SUMMARY

1. Messrs Bentley Hamner Lambert were appointed members of QTRB ON 5 April 2002.
2. Messrs Ludwig and Andrews were appointed members of QTRB in December 2004.
3. QRL (the Company) was incorporated by QTRB in October 2005 and applied for and was granted the Control Body Approval under the Racing Act on about 24 December 2005 to operate on and from 1 July 2006.
4. QTRB (a statutory body) was the control Body for thoroughbred racing in Queensland from 5 April 2002 to 30 June, 2006. On 1 July 2006 QRL (the company) became the Control Body. QTRB and QRL respectively exercised the same powers as the Control Body for thoroughbred racing in Queensland. QRL's term as the Control Body is for 6 years – expiring 30 June, 2012.
5. The Constitution of QRL (operative from 1 July 2006) in its unamended form provides:-
  - That the above 5 directors remain unchallenged for 3 years – to the 2009 AGM when 2 must retire; 2 more must retire at 2010 AGM; one must retire at the 2011 AGM.
  - At the 2012 AGM and at all subsequent AGMs one third of the 5 (rounded up to 2) must retire by rotation.
6. The proposed amendments which QRL intended to put to a General Meeting of QRL Members on 30 May, 2008 (the meeting was not held because proper notice of the meeting was not given) QRL proposed –
  - That the present 5 directors remain free from election until the 2012 AGM
  - That 2 directors retire thereafter at each AGM every 2 years by rotation
7. The amendments which QRL propose to put to the General Meeting of members on 6 August 2008 provide –
  - That the present 5 directors remain free from election until 2012
  - That, if QRL is granted a further term of 6 years by the Minister (the “subsequent Control Body Term”) as the Control Body, 3 of the 5 directors must retire, are eligible to apply for re-election at the 2012 AGM and if elected, do not have to stand for election again during the 6 years term, that is, they remain directors until 30 June 2018 without further challenge
  - The remaining 2 directors retire at the third AGM (2014), are eligible for re-election and if elected are free from election until 2018.

8. Therefore in respect of the 5 Directors of QRL (who were previously the members of QTRB) who were self appointed as the 5 founding directors of QRL (the Company)

- All 5 will be free from election until 2012 AGM
- At the 2012 AGM 3 must retire and if elected are free from election for another 6 years till 2018
- That 3 therefore will have stood for election only once between 2006 and 2018 – a period of 12 years
- The other 2 have to retire at the 2014 AGM (they will by then have been free from election for a period of 8 years i.e. since their first appointment on 1 July 2006)
- That 2 are eligible for re-election in 2014 and if elected remain free from election until 2018
- They too, like the other 3, will have stood for election only once between 2006 and 2018 – a period of 12 years.

9. Accordingly

- Messrs Bentley Hanmer and Lambert, either as a member of QTRB or of the Company QRL, will, if elected at the only election to which they are subject, have exercised the powers of a Control Body Director from 5 April 2002 to 30 June 2018 – a period of 16 years continuously
- Messrs Ludwig and Andrews will either as a Member of QTRB or of the Company QRL will, if elected at the only election to which they are subject, have exercised the powers of a Control Body director from December 2004 to 30 June 2018 – a period of almost 13½ years continuously

10. The Jackson QC Opinion

The substance of this opinion is –

- There are no provisions in the Corporations Act prescribing the time limits for which a director of a Company may hold office.
- There is no universal objective standard against which general issues of corporate governance can be measured
- This is a question of fact and degree and must be assessed against the competing considerations of consistency and stability of governance on the one hand and a need to guard against complacency and entrenched inefficiency on the other
- A term of 8 years without a requirement for being subject to re-election is at the outer limits of an appropriate range for such an appointment
- There is nothing in the opinion to suggest that Jackson QC knew that 3 of the Directors had been in office as QTRB Members for 4 previous years prior to the formation of the company nor the other 2 since December 2004

11. Messrs Bentley Hamner and Lambert will have exercised the regulatory powers of the Control Body unchallenged for 10 years (5 April 2002 – 30 June 2012) and then, subject to one only process of re-election, until 2018 – a period of 16 years.

Messrs Ludwig and Andrews will have exercised the regulatory powers of the Control Body unchallenged for 9½ years (December 2004 – 30 June 2014) and then subject to one only process of re-election until 2018 – a period of 13½ years

**QRL Directors – Length of Service (LOS)**

As a Member of the Queensland Racing Control Body, either Queensland Thoroughbred Racing Board (QTRB) or Queensland Racing Limited (QRL) at Annual General Meeting 2008, 2012, 2014, 2018.

**Age (Age)**

At 30 May, 2008, 2012, 2014, 2018

	Date appointed	2008		2012		2014		2018	
		LOS	Age	LOS	Age	LOS	Age	LOS	Age
Bob Bentley	2002	6	(65)	10	(69)	12	(71)	16	(75)
Tony Hamner	2002	6	(61)	10	(65)	12	(67)	16	(71)
Michael Lambert	2002	6	(59)	10	(63)	12	(65)	16	(69)
Bill Ludwig	2004	4	(74)	8	(78)	10	(80)	14	(84)
Bill Andrews	2004	4	(59)	8	(63)	10	(65)	14	(69)

**ClarkeKann**  
LAWYERS

Office Brisbane  
Contact Tim Ferrier  
Direct Line 07 3001 8215  
Email tferrier@clarkekann.com.au  
Our ref 16140483

19 August 2008

**FACSIMILE TRANSMISSION - 7 PAGES**

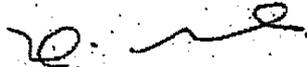
Mr Michael Dart  
Office of the Treasurer and  
Minister of Racing  
Facsimile 3229 0642  
BRISBANE

Dear Mr Dart

**Queensland Racing Limited**

As discussed, I enclose a copy of my email to Cooper Grace Ward as  
solicitors for QRL of 15 August and the reply to that email received from the  
Chairman of QRL today.

Yours faithfully

  
Tim Ferrier  
Partner  
Property & Projects

CK

BRISBANE  
Level 7  
300 Queen Street  
Brisbane 4000  
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Brisbane 4001  
AUSTRALIA

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816380\_1

**Tim Ferrier**

**From:** Tim Ferrier  
**Sent:** Friday, August 15 2008 5:02 PM  
**To:** 'David Grace'  
**Subject:** RE: QRL Limited - Copy of Constitution

Thankyou for your email.  
We confirm that we have received instructions from certain of the members of the Queensland Country Racing Committee (QCRC) a class A member as referred to in the Constitution of Queensland Racing Limited. I would be grateful if you would urgently provide evidence of the appointment of the representative of the QCRC at the meeting of Class A Members held on 6 August at which a vote was taken on the matters considered in the general meeting of the company later that day

Regards

**Tim Ferrier**  
Partner | Property & Projects  
**Clarke Kerr**  
LAWYERS

Tel: | 61 7 3001 9215 | Fax: 61 7 3001 9298 | Mob: 0412 626 061 | [www.clarkekerr.com.au](http://www.clarkekerr.com.au)  
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---

**From:** Heidi Churchill [mailto:[Heidi.Churchill@cgw.com.au](mailto:Heidi.Churchill@cgw.com.au)]  
**Sent:** Thursday, August 07 2008 11:19 AM  
**To:** Tim Ferrier  
**Cc:** David Grace  
**Subject:** QRL Limited - Copy of Constitution

Dear Tim

David has asked me to forward the attachment to you on his behalf, thank you.

Kind regards

**Heidi Churchill** | Administration Assistant | Ph (61-7) 3231 2469 | Fax (61-7) 3221 8469 | Email [heidi.churchill@cgw.com.au](mailto:heidi.churchill@cgw.com.au)

**Cooper Grace Ward Lawyers** Central Plaza Two, Level 23, 66 Eagle Street, Brisbane 4000 | GPO Box 634, Brisbane 4001  
[www.cgw.com.au](http://www.cgw.com.au)

\*\*\* Please consider our environment and print this email only if it is necessary. \*\*\*

<<Constitution pages.PDF>>

19/08/2008



Queensland Racing Limited  
ABN 51 116 719 371  
Racecourse Rd, Doonon QLD 4017  
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T 07 3869 9777  
F 07 3289 6404  
E [info@queenslandracing.com.au](mailto:info@queenslandracing.com.au)  
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19 August 2008

Mr Tim Ferrier  
Partner  
Clarke Kann Lawyers  
Level 7  
300 Queen Street  
BRISBANE QLD 4000

Dear Mr Ferrier

**RE: QUEENSLAND RACING LIMITED**

I refer to your recent correspondence with Mr David Grace of Cooper Grace Ward, concerning the above matter.

I note your comment in your e-mail dated 15 August 2008 to Mr Grace, that you have received instructions from certain members of the Queensland Country Racing Committee (QCRC), a Class 'A' Member, as referred to in the Constitution of Queensland Racing Limited (QRL).

I further note your request of evidence of the appointment of the representative of the QCRC at the meeting of Class A Members held on Wednesday, 8 August 2008, at which a vote was taken on the matters considered in the General Meeting of the Company later that day.

By way of background, I advise the following:

***Constitution Vote – 6 August 2008***

I advise that on Wednesday, 6 August 2008, four (4) meetings were held in relation to the Special Resolutions to amend the Constitution of QRL, these being:

- (a) Class A Member Representative Meeting
- (b) Class A Member Meeting
- (c) Class B Member Meeting, and

(d) General Meeting.

At the meeting of Class A Members and the General Meeting, the Member Representatives were not required to take part in meetings (b) – (d) above, unless a Class A Member Representative was the appointed Class A Member Authorised Representative – who was to carry the vote of the Class A Members at the General Meeting.

I confirm that Mr Gary Peoples was aware of these meetings, and in fact, he attended one of these meetings, being the Class A Member Representative Meeting at 10:30am via phone conference.

Mr Peoples, as a Class A Member Representative received an e-mail from QRL's Company Secretary, Ms Shara Murray, advising Mr Peoples that:

*Dear Class A Member Representatives*

*Re: Authorised Representative of Class A Members*

*I note that Mr Bob McHarg is currently the Authorised Representative of the Class A Members. I advise that Mr McHarg is currently overseas.*

*At the General Meeting the only vote will be cast by the Class A Member Authorised Representative and the Class B Member Authorised Representative in accordance with the quorum provisions of clause 11.2 and the provisions of clause 12.1 of the QRL Constitution.*

*In light of the above, it will be necessary to hold a Class A Member Representative Meeting prior to the Class A Member Meeting, in order to appoint a new Authorised Representative of Class A Members.*

*I have set the following Class A Member Representative Meeting: Wednesday, 6 August 2008 at 10:15am at the Office of Queensland Racing Limited at Racecourse Road, Deagon.*

*Please RSVP by return e-mail by close of business, Thursday, 31 July 2008 as to whether you will be able to attend.*

*Please do not hesitate to contact me, should you have any queries in relation to this meeting.*

*I look forward to receiving your reply.*

*Regards*

*Shara*

Mr Peoples had numerous telephone conversations with Ms Murray concerning the procedures involved in relation to the voting process.

In addition, during the Class A Member Representative Meeting, Mr Peoples was asked by Mr Neville Stewart, whether he had anything to add to the meeting. Mr Peoples reply was his concern in relation to the reduction of race dates for country racing. At no time during the meeting did Mr Peoples raise any issues of

concerns relating to the additional meetings being held later that day and/or any concerns he had with the voting process.

The situation was explained to Mr Peoples that he was not required to attend any further meetings that day. Once again, Mr Peoples did not raise any issues of concerns about the proxy process or his necessity to attend further meetings.

In conclusion, at the Class A Member Representative Meeting, the majority of Class A Member Representatives elected Mr Neville Stewart as the Class A Member Authorised Representative to vote in accordance with the majority wishes of the Class A Members at the General Meeting of QFL.

At the Class A Member Meeting, a poll was conducted, which 75% or more of Class A Members approved the changes to the Constitution by Special Resolution (14 votes 'In Favour' and 1 vote 'Against').

By Ordinary Resolution, it was resolved that the poll papers be destroyed.

At the General Meeting, the only vote was cast by the Class A Member Authorised Representative and the Class B Member Authorised Representative in accordance with the quorum provisions of clause 11.2 and the provisions of clause 12.1 of the QFL Constitution.

#### **Telephone Call – Mr Gary Peoples – 7 August 2008**

On Thursday, 7 August 2008, I received a telephone call on my mobile phone at approximately 5:45pm from Mr Gary Peoples.

I note Mr Gary Peoples, along with Mr Noel Brosnan, is a Class A Member Representative of the QCRC.

It is my understanding that the purpose of this telephone call by Mr Peoples, was to advise me that he, as a Class A Member Representative, had not had a vote at the Class A Member Meeting on Wednesday, 6 August 2008 and that he wanted a meeting of the QCRC called for Wednesday, 13 August 2008.

I advised Mr Peoples that in accordance with legal opinion received from DF Jackson QC and Andrew Herbert SC, that QFL had secured the best possible advice on procedure, concerning the voting process. This advice stated that:

*'...changes cannot be made unless they are supported by a special resolution of the affected classes of members; and further, cannot be made unless the changes gain the support of both the Class A Member Authorised Representatives and the Class B Member Authorised Representative.'*

This did not seem acceptable to Mr Peoples.

I advised Mr Peoples that a QCRC meeting could be called by the Chairman of the Committee on the written request of at least three (3) Members of the Committee. I strongly informed Mr Peoples that it was not my position as the Chairman of QRL to call a meeting of the QCRC. However, I did advise Mr Peoples that I would advise Mr Bill Ludwig, as the Chairman of the QCRC, that Mr Peoples had telephoned and requested a meeting.

Mr Peoples advised that he wanted the meeting called without the Chairman of the QCRC. I informed Mr Peoples that it was my understanding that it was not possible to call a meeting and exclude a Member, in particular, the Chairman of the QCRC. A Member could be excluded from the meeting once called if the body of membership considered that there was a conflict.

I went on to advise Mr Peoples that if he had a problem, he should follow the correct channels and set out in writing his issues of concern to the Chairman of the QCRC. I reiterated to Mr Peoples that in accordance with good corporate governance, there was a process for the calling of a meeting of the QCRC, and that he should follow this process.

I again advised Mr Peoples that as Chairman of QRL, I do not have the authority nor am I willing to call a meeting on the verbal request of a single Member of the QCRC who feels aggrieved.

I informed Mr Peoples that QRL would be conducting an extensive consultation meeting with all Country Racing Participants on 20/21 October 2008 and if he wished, his concerns could be placed on the agenda.

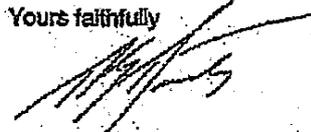
The recent seminars conducted in regional Queensland revealed a concern that country racing was being controlled by the minor clubs to the detriment of the major country clubs, owners and trainers. Country stakeholders also expressed their concerns as to the failure of the QCRC to act as a cohesive Committee and work in co-operation with QRL.

After the above discussion with Mr Peoples, our telephone call ended.

My view on this issue is that if there is a request for information to be provided, then a properly convened meeting of Members of the QCRC should be called, the request considered and appropriate action taken.

Should you wish to discuss this matter further, please do not hesitate to contact Ms Shara Murray of this Office on (07) 8869 9712.

Yours faithfully



**RG BENTLEY**  
*Chairman*

cc. Queensland Country Racing Committee, Chairman and Members



**Queensland  
Government**

---

Treasury

*Our Reference: Under Treasurer*

23 August 2008

Mr R Needham  
Chairperson  
Crime and Misconduct Commission  
GPO Box 3123  
BRISBANE QLD 4001

Dear Mr Needham

I have been made aware of allegations of misconduct against the Chair and Directors of Queensland Racing Limited which the Treasurer's Office has referred to my Department for review.

As I believe that the matter may constitute official misconduct I am referring the complaint to the Commission in accordance with the requirements of Section 38 of the Crime and Misconduct Act.

Details of the allegations are contained in the attached documents.

Further details can be provided by Mr Chris Turnbull on 3224 5805 or email [chris.turnbull@treasury.qld.gov.au](mailto:chris.turnbull@treasury.qld.gov.au).

Yours sincerely

A handwritten signature in black ink, appearing to read 'G. Bradley'.

**Gerard Bradley**  
**Under Treasurer**

Encl.

Executive Building  
100 George Street Brisbane  
GPO Box 611 Brisbane  
Queensland 4001 Australia  
Telephone +61 7 3224 2111  
Facsimile +61 7 3221 5488  
Website [www.treasury.qld.gov.au](http://www.treasury.qld.gov.au)  
ABN 90 856 020 239

CRIME AND MISCONDUCT COMMISSION

GPO Box 3123  
Brisbane Qld 4001

Level 2, North Tower  
515 St Pauls Terrace  
Fortitude Valley, Qld

Tel: (07) 3360 6060  
Fax: (07) 3360 6333

Toll Free:  
1800 061 611

Email  
mailbox@cmc.qld.gov.au

www.cmc.qld.gov.au



Our Reference: MI-08-1942 / HIC  
Contact Officer: Ms Helen Couper

**FAXED**  
25.8.08

OFFICE OF THE  
27 AUG 2008  
UNDER TREASURER

25 August 2008

Mr Gerard Bradley  
Under Treasurer and Under Secretary  
Queensland Treasury  
GPO Box 611  
BRISBANE QLD 4001

By Facsimile Transmission 3221 1781

Dear Mr Bradley

**RE: QUEENSLAND RACING LIMITED**

I refer to our telephone conversation, and to your letter to me, both of 23 August 2008 concerning allegations made against the Chair and Directors of Queensland Racing Limited [QRL]. I also refer to Mr Chris Turnbull's telephone conversation with Ms Helen Couper, Director Complaints Services this morning and to the further material that he subsequently forwarded to me.

Having considered section 59 of the *Racing Act 2002* and the material provided, I am of the opinion that this matter is not within the jurisdiction of the Crime and Misconduct Commission (CMC). I understand that Mr Turnbull and Ms Couper briefly discussed that this may be the case.

I note that section 59 provides that a control body is a unit of public administration under the *Crime and Misconduct Act 2001* to the extent of the control body's operations for the purposes of performing its function under this Act.

The allegations do not concern QRL's operations for the purposes of performing its function as the thoroughbred control body, but rather issues relating to the voting process to amend the corporation's constitution.

In that regard I note that QRL is an 'eligible corporation' registered under the Corporations Act, which is within the jurisdiction of the Australian Securities and Investment Commission (ASIC). I also note that there are provisions under the Racing Act for the chief executive to investigate the suitability of a control body to continue to manage its code of racing.

It seems that ASIC and/or the chief executive may be best placed to deal with the concerns raised.

Yours sincerely

**ROBERT NEEDHAM**  
Chairperson

QUR			Brief Required	
D/OUT			FYI	✓
MLU	✓	<i>Eds</i>	Ack Ltr	
AUT/ED	✓	<i>Timble</i>	Referral	
F&TP		H&CS	Key Word:	
FMB		EIGR		
E&J		CRAM		
RESOURCES		SAM		
T&I		PS	✓	Due:
OUT		SSIO		
CORPTECH		LSU		Notes:
GSO		QOGR		
MAIC		OSR		
QESP		OGOC		



**Queensland  
Government**

Our Ref: DG07.1518  
 Contact: Mike Kelly  
 Telephone: 323 41376  
 Facsimile: 323 41411  
 Email: Michael.kolly@racing.qld.gov.au

Office of the  
**Director-General**

Department of  
**Local Government, Planning,  
 Sport and Recreation**

**11 SEP 2007**

Mr Gerard Bradley  
 Under Treasurer  
 Queensland Treasury  
 GPO Box 611  
 BRISBANE QLD 4011

Dear Mr Bradley

The Queensland Harness Racing Board (QHRB) and the Greyhound Racing Authority (GRA) are continued in existence under the *Racing Act 2002* (the *Racing Act*) and are statutory bodies under the *Statutory Bodies Financial Arrangements Act 1982* (SBFAA).

The QHRB and the GRA are, until 30 June 2008, the 'continuing control bodies' for the harness and greyhound codes of racing, respectively, in Queensland under the *Racing Act*. From 1 July 2008 onwards, corporations approved by the Minister for Local Government, Planning and Sport under chapter 2 of the *Racing Act* are to act as the control bodies for harness racing and greyhound racing in Queensland.

Under section 8 of the *Racing Act*, a corporation will be an eligible corporation to become a control body if it is registered under the *Corporations Act 2001* (Cth) and has a constitution that requires at least three directors. Also, the persons appointed or employed as executive officers of the corporation must be eligible individuals (as that term is defined in the *Racing Act*).

By letter dated 1 August 2007, the QHRB advised that it is seeking to form a new company, Queensland Harness Racing Limited as a company limited by guarantee under the *Corporations Act 2001*(Cth). By letter dated 17 August 2007, Mallesons Stephen Jacques, lawyers acting on behalf of the GRA advised that the GRA is seeking to form a new company, Greyhounds Queensland Limited as a company limited by guarantee under the *Corporations Act 2001*(Cth). It is proposed that these companies would make application to the Minister for Local Government, Planning and Sport under the *Racing Act* to be the control body for the harness and greyhound codes of racing, respectively.

The SBFAA provides that a statutory body may, with the Treasurer's approval, enter into a "type 1 financial arrangement" which under the SBFAA, includes "forming, or participating in forming" a corporation. It is considered that the formation of the corporations by the QHRB and GRA would be type 1 financial arrangements, which require approval by the Treasurer under the SBFAA.

While the Racing Act does not specify the type of company structure that may apply for a control body approval, it is considered that a company limited by guarantee is the most appropriate structure for a control body as individual members of the corporation are not entitled to dividends or to participate in the distribution of its assets on dissolution.

Enclosed for your consideration are:

- the letter dated 1 August 2007 from the QHRB (and attachments) seeking approval under section 60A of the SBFAA to form Queensland Harness Racing Limited (**Attachment 1**);
- the letter dated 17 August 2007 from Mallesons Stephens Jacques (and attachments) on behalf of the GRA seeking approval under section 60A of the SBFAA to form Greyhounds Queensland Limited (**Attachment 2**); and
- a detailed assessment of each application by this Department in accordance with the applicable requirements of the Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies dated September 2005 issued by Queensland Treasury. (**Attachment 3**)

The applications comply substantially with the applicable requirements of the Guidelines and it is recommended that the applications under the SBFAA be approved.

It would be appreciated if these matters could be dealt with as a matter of urgency as an application for a control body approval cannot be made until after the corporation has been formed. In addition, it is anticipated that legislation will be required by 30 June 2008 to facilitate the transfer of all assets and liabilities of the QHRB and the GRA to the corporations approved as control bodies.

Should you require any further information, please do not hesitate to contact Mike Kelly, Executive Director, Office of Racing on telephone 323 41376.

Yours sincerely

  
Michael Kinnane ESM FAIM  
Director-General

UP		Reply	<input checked="" type="checkbox"/>
DU		Brief Required	<input type="checkbox"/>
D/OUF		FYI	<input type="checkbox"/>
MLU	<input checked="" type="checkbox"/> JB	Ack Ltr	<input type="checkbox"/>
AUT/ED	<input checked="" type="checkbox"/> O'Connell	Referral	<input type="checkbox"/>
F&TP	<input checked="" type="checkbox"/> HRCGS	Key Word:	Local Government
FMB	FIGR		
E2J	GRAH	Due:	27/09/07
RESOURCES	SAM	Notes:	
T&I	LS		
OUT	SSIO		
CORPTECH	LSU		
G30	QOGR		
MAIC	OSR		
OESR	OGOC		

Your Ref: {Ref. No.}  
Our Ref: {DG06..xxxxx} TRIM Number (Optional)  
Contact: {your name}  
Telephone {your telephone number}  
Facsimile: {your facsimile number}  
Email: {your email number}

Mr Gerard Bradley  
Under Treasurer  
Queensland Treasury  
GPO Box 611  
BRISBANE QLD 4011

Dear Mr Bradley

The Queensland Harness Racing Board (QHRB) and the Greyhound Racing Authority (GRA) are continued in existence under the *Racing Act 2002* (the Racing Act) and are statutory bodies under the *Statutory Bodies Financial Arrangements Act 1982* (SBFAA).

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While the Racing Act does not specify the type of company structure that may apply for a control body approval, it is considered that a company limited by guarantee is the

most appropriate structure for a control body as individual members of the corporation are not entitled to dividends or to participate in the distribution of its assets on dissolution.

Enclosed for your consideration are:

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- the letter dated 17 August 2007 from the Mallesons Stephens Jacques (and attachments) on behalf of the GRA seeking approval under section 60A of the SBFAA to form Greyhounds Queensland Limited; and
- a detailed assessment of each application by this Department in accordance with the applicable requirements of the Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies dated September 2005 issued by Queensland Treasury.

The applications comply substantially with the applicable requirements of the Guidelines and it is recommended that the applications under the SBFAA be approved.

It would be appreciated if these matters could be dealt with as a matter of urgency as an application for a control body approval cannot be made until after the corporation has been formed. In addition, it is anticipated that legislation will be required by 30 June 2008 to facilitate the transfer of all assets and liabilities of the QHRB and the GRA to the corporations approved as control bodies.

Should you require any further information, please do not hesitate to contact Mike Kelly, Executive Director, Office of Racing on telephone 323 41376.

Yours sincerely

**Michael Kinnane ESM FAIM**  
**Director-General**

10 July

Dear

**APPLICATION FOR THE FORMATION OF A COMPANY**

The Queensland Harness Racing Board (QHRB) is seeking approval to form a new company to be the control body for the Harness Code of racing under the *Racing Act 2002* (The Racing Act).

Pursuant to Section 60A of the *Statutory Bodies Financial Arrangements Act 1982* (SBFA) a Statutory body may, with the Treasurers approval, enter into a type 1 Financial Arrangement.

The SBFA defines type 1 Financial Arrangements, one of which includes forming or participating in forming a corporation.

**1. Company Structure**

- a. The name of the Proposed company is Harness Racing Queensland Ltd (HRQL).
- b. HRQL will be a company limited by guarantee.
- c. The Racing Act requires an eligible corporation which is a corporation registered under the *Corporations Act 2001* (Cth) and has a constitution under the Corporations Act that requires at least 3 directors and the persons appointed or employed as executive officers to be eligible individuals as defined in section 9 of the Act.
- d. The Racing Act does not prescribe the type of corporation required. The Board of the QHRB has considered two types of corporations namely a company limited by shares and a company limited by guarantee. The Board decided that a

company limited by guarantee is the most suitable entity to be the control body for harness racing in Queensland.

2. Risk assessment

- a. The QHRB has developed all mandatory policies under the Racing Act ..... (TLH needs to develop and review CG Charter)

3. Constitution of company

- a. Company objectives. A copy of the draft constitution for HRQL is attached (Appendix ?). Clause ? in the constitution provides:

*3.1 The objects for which the Company is established are, in addition to those powers conferred by section 124 of the Corporations Act, to exercise the powers and perform the functions of a control Body.*

*3.1 The income and property of the company must be applied solely towards the promotion of the objects of the company as set forth in this Constitution and no portion of it can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the Members.*

- b. Amendments to the constitution. Any amendments to the constitution with the exception of clauses ? (which deal with the operations and internal workings of the Board) must be approved by the members at a general meeting in accordance with clause (10?)?. The Provisions of clause ? of the Constitution are consistent with the Corporations Act.

Make reference to winding up clause !

While the constitution does not provide for the Treasurers approval for any amendment to the Constitution it is expected that the Minister for Local Government, Planning, Sport and Recreation may impose a condition on the control body approval that will require the Minister to be notified of any proposed change to the Constitution and require the Ministers written approval before any change to the Constitution can be made.

The constitution provides a mechanism for breaking deadlocks ..... (refer to constitutions )..

- c.

#### 4. Members of the Company

- a. As HRQL is a company limited by guarantee it will have no shareholders only members. In developing the HRQL model the Board of the QHRB considered:
  - i. The need to maintain a separation between the regulating body and industry participants
    1. Justifications of how achieving this ...;
  - ii. The control body licensing regime established under the Racing Act
- b. The Board of the QHRB does not consider that the industry would be best served by a control body constituted as a Corporation comprised solely of racing stakeholder members. Rather the maintenance of a balance between the Directors as one class of member and the industry representatives as a separate class with rights to vote on all things within the Constitution except for matters regulating the functions of the Board is considered to provide the best balance.
- c. Accordingly, it is proposed that the HRQL will have two classes of members :
  - i. Class A Members
  - ii. Class B Members

The Class A Members will be comprised of the following members:

TAB Clubs  
Non TAB Clubs  
BOTRA ....  
The Queensland Bookmakers Association

The Class B Members will be the Directors. After a three year transitional period the Directors will be selected on an ongoing basis by a selection committee. The membership of the selection committee will be drawn from member representatives of the Class A Members and those Directors not subject to consideration for reappointment.

Accordingly the constitution provides that the position of member and Director must be held concurrently so that Directors that are replaced or resign automatically surrender their role as a member.

- d. Right of members. The Constitution provides for the following voting rights:
- i. Class A Voting Right: which is an entitlement of one vote for the entirety of the Class A Members.
  - ii. Class B Voting Right: which is an entitlement of one vote for the entirety of the Class B Members.

Pursuant to clause 5? Of the Constitution, the voting rights of both the Class A and Class B Members are identical with the exception being amendments to the Constitution which deal with the internal affairs of the company. Class A Members do not have a right to vote on amendments to the Constitution which deal with the internal workings of the company such as proceedings of the board.

#### 5. Directors of company

- a. The current Board of the QHRB considers that a skills based Board with range of relevant skills in necessary to enable the process of reform to be fully implemented. The current Chairman and one other current Board member will be founding directors to ensure continuity throughout the transitional period and the remaining two current directors will fulfil senior advisory roles within the new structure.
- b. To ensure that the new Board has the requisite portfolio of skills it is proposed that two new founding Directors be appointed.
- c. The Founding Directors will be appointed for an initial period of three years to ensure continuity. After this period in keeping with sound corporate governance principles, Directors would commence a rotation process with two Directors to be considered for re-election each year. The duration of subsequent appointments being a term of three years.
- d. Founding Directors :
  - i. Mr Robert Lette (Chairman)
    1. Para on each re experience and skills
  - ii. Mr Kevin Seymour
  - iii. Mr David Knudson
  - iv. Ms Janice Dawson
- e. The experience of each of the founding Directors complies with the Director selection requirements set out in appendix ? to the Draft Constitution of HRQL.
- f. The proposed constitution for HRQL requires that a Director selection process be established prior to the completion of the

first term of the founding Board. The selection committee will be comprised of :

- i. Board members not up for re-election and
  - ii. Member representatives of the Class A Members
- g. The Constitution provides that the selection committee will work within predetermined guidelines and criteria for the advertising a fulfilling of a vacancy on the Board of HRQL.
- h. Independence and conflicts of interest : The four directors are non-executive directors of the Board. The Chief Executive is responsible for the day to day management of the company and reports directly to the full Board.
- i. Governance : Director code of conduct and Board Charter.....
- j. Remuneration : The QHRB has obtained independent advise on appropriate levels of remuneration for the Directors of the HRQL from Mercer Human Resource ????? (whoever we use) consultants. The lower range of the levels has been accepted as follows :

i. Chairman	\$
ii. Deputy Chairman	\$
iii. Non-executive Director	\$

These amounts are inclusive of superannuation but are not inclusive of the reimbursement of travel or accommodation expenses or other out of pocket expenses paid to the board. In the case of the Chairman and Deputy Chairman, it does not include the provision and costs of use of a mobile phone and other communications equipment.

The Chairman is also the representative of the Board on the Australian Harness Racing Council.

## 6. Administrative and Secretarial arrangements

- a. Appropriate administrative and secretarial arrangements have yet to be fully determined however it is proposed to appoint Tracey Harris as Company Secretary.
- b. Ms Harris holds a Bachelor of Business (Accounting and Finance) with Distinction and is a current member of CPA Australia. Currently Ms Harris is the Finance and Administration Manager of the QHRB with 25 years experience in the accounting and financial sector in senior roles with the following organisations :

- i. Price Waterhouse
- ii. Rio Tinto
- iii. Crane Group (trading and Tradelink)
- iv. Publishing Services

Accordingly it is considered that Ms Harris is appropriately qualified to perform the duties of company secretary and is conversant with all corporate issues that may confront the Board.

- c. It is not proposed to pay Ms Harris any additional remuneration for this duty.
- d. It is proposed that the registered office will be at the current offices of the QHRB, 3 Amy Street, Albion. Fill in re p 11 of guidelines

#### 7. Funding guarantees and indemnities :

- a. If successful in its application to become the approved control body for Harness Racing in Qld, HRQL will receive its funding via arrangements provided for in the Product and Program agreement and the intercode agreement (Carol to add some words) . Under these agreements the QHRB received approximately \$18m in 2006-2007.
- b. There will be no financial contributions or guarantees required by the Government.
- c. There are no proposed indemnities for officers of HRQL.

#### 8. Taxation

- a. As stated earlier it is proposed that the company will be limited by guarantee. One of the major advantages of a company limited by guarantee is that it will generally be exempt from the payment of income tax provided that its functions are the encouragement of animal racing and it is not carried on for the purpose of profit or gain by its individual members.
- b. Income Tax Exempt Status ("ITES") cannot be applied for until the constitution of the company has been formally adopted by the company. It is not expected that this will occur until the Minister considers and approves the Control body application.

#### 9. Audit

- a. HRQL will not be a controlled entity. There will be no impact on the Department Local Government, planning, sport and Receptions financial operations as a result of the formation of HRQL.
- b. If HRQL is successful in obtaining a control body approval under the Act, its operations will be monitored and audited under the Act.
- c. In addition, section 59 of the Act provides that it will be a unit of public administration under the *Crime and Misconduct Act 2001*. Under section 60 of the Act, the Minister for Local Government, planning, sport and recreation may request the Auditor-General to audit the company.

10.

**Assessment of the Greyhound Racing Authority's application for approval  
under the *Statutory Bodies' Financial Arrangements Act 1982*  
to form a corporation**

The Greyhound Racing Authority (GRA) is a statutory body established under the *Racing Act 2002* (the Racing Act).

The GRA is until 30 June 2008, the 'continuing control body' for the greyhound code of racing in Queensland under the Racing Act. A corporation approved by the Minister for Local Government, Planning and Sport under chapter 2 of the Racing Act is to act as the control body for greyhound racing in Queensland from 1 July 2008.

By letter dated 17 August 2007 (copy enclosed) Messrs Mallesons Stephens Jacques, Lawyers acting on behalf of the GRA advised that the GRA is seeking to form a new company, Greyhounds Queensland Limited (GQL). It is proposed that this company would make application to the Minister for Local Government, Planning and Sport under the Racing Act to be the control body for the greyhound code of racing.

Section 60A of the *Statutory Bodies Financial Arrangements Act 1982* (SBFAA) provides that a statutory body may, with the Treasurer's approval, enter into a "type 1 financial arrangement" which, under the SBFAA includes, "forming, or participating in forming" a corporation. The GRA is a statutory body for the purposes of the SBFAA. It is considered that the formation of the corporation, GQL would be a type 1 financial arrangement, which requires approval by the Treasurer under the SBFAA.

The GRA's application has been assessed in accordance with the applicable requirements of the Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies dated September 2005 issued by Queensland Treasury (the Guidelines). It is noted that the Guidelines refer to the formation of companies by Government departments. Therefore, not all of the requirements in the Guidelines are applicable to the formation of GQL as the Department is not involved in forming the company and the Government will not be a member or shareholder in the company. Public moneys as defined in the *Financial Administration and Audit Act 1977* will not be provided to the company.

This assessment does not constitute an assessment of an approval application under Part 2 of the Racing Act. If the Treasurer's approval is given to form the company, GQL, the company will be in a position to apply to the Minister for Local Government, Planning and Sport for a control body approval under the Racing Act for the greyhound code of racing. An application for a control body approval includes a detailed assessment under the Racing Act as to the applicant's suitability to become a control body. The Minister for Local Government, Planning and Sport may impose conditions on an approval of a corporation to be a control body under the Racing Act.

This assessment does not constitute an assessment of an approval application under Part 2 of the Racing Act.

The assessment of the application has been prepared in accordance with the numbering and headings contained in the Guidelines.

## **2.2 Company structure and Risk Assessment**

### **2.2.1 Company Structure**

The GRA seeks approval to form GQL, as a company limited by guarantee, for the purpose of applying to the Minister for Local Government, Planning and Sport for a control body approval under the Racing Act.

A company limited by guarantee established under the *Corporations Act 2001* (Cth) (the Corporations Act) limits the liability of the members to contribute to the company's debts in the event of its winding up. Under clause 22.3 of the draft constitution of GQL, the members agree (guarantee) that if the company is to be wound up they will pay the company up to \$10.

The Racing Act provides that an eligible corporation may apply for a control body approval. Pursuant to section 8 of the Racing Act, an eligible corporation is a corporation that:

- is registered under the Corporations Act; and
- has a constitution under the Corporations Act that, at all times, requires—
  - (i) at least 3 directors; and
  - (ii) the persons appointed or employed as executive officers of the corporation to be eligible individuals.

The meaning of 'eligible individual' is defined in section 9 of the Racing Act.

The Racing Act does not specify the type of company structure that may apply for a control body approval. The GRA's application refers to a report commissioned by the Queensland Government in 2003 by KPMG regarding the best governance structure for the greyhound and harness codes of racing in Queensland. This report found that a company limited by guarantee would be the best model. It is considered that a company limited by guarantee is the most appropriate structure for a control body as:

- individual members of the corporation do not benefit from the profits of the corporation;
- the profits of the corporation are to be wholly used for the benefit of the greyhound racing industry; and
- the control body for the greyhound code of racing receives its income from UNITAB Limited under commercial agreements (the Product Program Agreement and the Intercode Agreement) and uses its income to manage and regulate the greyhound code and to provide prize money for greyhound racing.

### **2.2.2 Risk Assessment**

If GQL is successful in obtaining a control body approval under the Racing Act, Government will be further removed from direct responsibility for greyhound racing. The role of Government, as stated in the Racing Act, is to monitor and audit the control body to ensure compliance with the Act. This role is carried out by the Office of Racing, Sport Recreation and Racing Division of the Department of Local Government, Planning, Sport and Recreation.

Subject to obtaining approval to form the company and obtaining a control body approval under the Racing Act, it is proposed that legislation will be passed that will transfer all of the assets, liabilities and employees of the statutory body to the corporation, GQL.

GQL will not receive any public funding. GQL will be the successor to the GRA under the Product and Program Agreement and the Intercode Agreement. The revenue that the GRA received in 2007 under these agreements was approximately \$12 million and was approximately \$11.1 million in 2006.

A copy of the GRA's Budget and Business Plan for 2007/08 is included with the application.

It is proposed to transfer the GRA's current insurance coverage to the company.

The formation of GQL will not adversely affect the risk and accountability profiles of the Government. The Department is not involved in forming the company, the Government will not be a member or shareholder in the company and Government funds will not be provided to the company.

## **2.3 Constitution of Company**

A copy of the draft constitution of GQL is included in the application.

### **2.3.1 Company Objectives**

Clause 3 of the draft constitution of GQL states:

"The objects for which the Company is established are, in addition to those powers conferred by section 124 of the Corporations Act, to exercise the powers and perform the functions of a Control Body.

The income and property of the Company must be applied solely towards the promotion of the objects of the Company as set forth in this Constitution and no portion of it can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the Members."

### **2.3.2 Constitution Amendments**

While the constitution does not state that the Treasurer's approval is required for any amendment to the 'objects' of the company, it is proposed that the Minister for Local Government, Planning and Sport will impose a condition on the control body approval that the company must notify the Minister of any proposed change in its constitution and seek the Minister's written approval for any change to the constitution.

Clause 10.9 of the draft constitution provides that in the case of an equality of votes, the Chair does not have a second or casting vote on a resolution to amend the constitution. Therefore, a decision to amend the constitution must be unanimous.

## **2.4 Members of Company**

As it is proposed that GQL will be a company limited by guarantee it would not have shareholders, only members.

The draft constitution of GQL provides for two classes of members, Class A Members and Class B Members.

The proposed Class A members are:

- (a) each of the TAB clubs (Brisbane, Gold Coast and Ipswich)
- (b) each of the non-TAB clubs (Bundaberg, Cairns, Capalaba, Mackay, Rockhampton and Townsville)
- (c) Queensland Greyhound Breeders, Owners and Trainers Association.

The proposed Class B members are the directors of the company.

There will be no Government member of the company.

In accordance with clause 6.2 of the constitution, the ten (10) Class A members can appoint six (6) Member Representatives:

- (a) each TAB club (3) has the right to appoint one (1) Member Representative;
- (b) the non-TAB clubs (3) located in the Queensland North Region collectively have the right to appoint one (1) Member Representative
- (c) the non-TAB clubs (3) located in the Queensland South Region collectively have the right to appoint one (1) Member Representative;
- (d) the Queensland Greyhound Breeders, Owners and Trainers Association has the right to appoint one (1) Member Representative.

In accordance with clause 12 of the constitution, the six (6) Member Representatives of the Class A members may, by ordinary resolution, collectively appoint one Authorised Representative. The Class B members (directors) may, by ordinary resolution, appoint one Authorised Representative.

The Class A voting right is only exercisable by the Authorised Representative appointed by the Class A Members (clause 11.2(b)). The Class B voting right is only exercisable by the Authorised Representative appointed by the Class B Members (clause 11.2(c)).

At general meetings, the Authorised Representatives will exercise one vote each (the Class A and Class B Voting Rights).

Pursuant to clause 6.1, the role of a Member Representative is to act in a consultative capacity in providing to the Board, at the request of the Board, information to assist the Directors make informed and guided decisions. The information to be given by Member Representatives to the Board includes:

- feedback on the agenda items to be discussed at general meetings of Members;
- the views of the greyhound racing industry and the views of the club or clubs that the Member Representative represents; and
- any other information relating to matters affecting the greyhound racing industry.

Pursuant to clause 11.3, a Member Representative has the following rights only to vote at a meeting of the company:

- on the removal of a member;
- on a motion to increase the aggregate remuneration paid to directors (directors have no voting right on this matter).

The development of a company structure for the greyhound code required a consideration of the need to balance the requirement to have racing industry representation on the company with the need to have persons with a range of suitable skills and experience.

The model contained in the draft constitution of GQL is very similar to the Queensland Racing Limited model that was approved as the control body for the thoroughbred code of racing effective 1 July 2006. While the model is quite complex, it provides for an appropriate level of industry stakeholder representation on the company.

## **2.5 Directors of Company**

It is proposed that the Class B members will be the directors who, beyond a transitional 12 month period, will be selected on an ongoing basis, by a Selection Committee whose membership will be drawn from member representatives of the Class A Members and those directors not subject to consideration for reappointment.

To ensure continuity for a period of at least 12 months, it is proposed that the current Board members of the GRA, Mr Phillip Bennett, Ms Kerry Watson, Mr Christopher Williams and Mr David Stitt be appointed as founding directors of GQL and the current Chair of the GRA, Mr Phillip Bennett be appointed as Chair of the company.

The directors will be required to retire on a rotational basis commencing at the first Annual General Meeting of the company. The directors will be eligible for re-election.

The draft constitution of GQL provides that it is a mandatory requirement for a director to have two or more of the following:

- five or more years experience as a director or senior manager of a large proprietary company, a public company or a public sector entity;
- five or more years experience in a senior administrative role;
- five or more years experience at a senior level in the fields of finance, law, marketing or commerce;
- five or more years experience as a non-executive director in a large proprietary company, a public company or a control body; or
- knowledge of the rules of greyhound racing.

A summary of the curriculum vitae of each founding director is contained at page 5 of the application and demonstrates that each of the directors has the relevant experience to be a director of GQL.

While a formal assessment will be carried out as part of the application process under the Racing Act, the information provided indicates that the proposed directors have an appropriate range of skills required for the efficient, effective and economical operation of the company.

As part of the application process under the Racing Act, criminal history and probity checks will be conducted on all directors of the corporation.

#### **2.5.1 Independence and conflicts of Interest**

In accordance with the principles of good corporate governance, directors of the company are to be non-executive directors and not aligned with the management of the company.

#### **2.5.2 Governance**

The GRA has undertaken to develop a Board Charter and a Code of Conduct for directors of GQL. It is considered that such a Charter and Code of Conduct will provide a sound basis for the directors of GQL to operate effectively in accordance with good corporate governance principles.

#### **2.5.3 Remuneration of Directors**

The remuneration of the current members of the GRA was set by the Governor in Council in the *Remuneration of part-time Chairs and Members of Government Boards, Committees and Statutory Authorities* guidelines.

The GRA engaged an independent company, the Hay Group to provide advice on appropriate remuneration levels for the directors of GQL. That advice has not yet been received.

It is proposed that the remuneration for the directors of GQL will be set having regard to the independent advice received from the Hay Group.

### **2.6 Administrative and Secretarial Arrangements**

If this application to form GQL is approved and GQL is successful in obtaining a control body approval for the greyhound code of racing, the approval will not be effective until 1 July 2008. Therefore, it will not be necessary for the company to be operational until close to that date. In the meantime, the GRA will continue to be the control body for greyhound racing.

It is noted that a company secretary for GQL has not yet been identified. The application states that a suitably qualified person will be appointed to the position.

Under the Racing Act, all executive officers (persons who are involved in the management of a control body) are required to have relevant experience, are required to undergo probity and criminal history checks and, meet eligibility requirements under the Racing Act. Therefore, the experience, qualifications and eligibility of all executive officers will be reviewed by the Department of Local Government, Planning, Sport and Recreation and they will be required to undergo probity and criminal history checks.

### **2.7 Funding, Guarantees and indemnities**

The control body for greyhound racing receives its income from UNITAB Limited under commercial agreements (the Product Program Agreement and the Intercode Agreement) and uses its income to manage and regulate the greyhound code and to provide prize money for greyhound racing.

Under these agreements the GRA received approximately \$12 million in 2006-07. This income is considered sufficient to enable the control body to meet its financial obligations as they fall due.

There is to be no funding or guarantees provided by the Government.

## **2.8 Taxation**

It is proposed that the company will be a company limited by guarantee.

It is noted that an application to the Australian Taxation Office will be made for Income Tax Exempt Status once the company has been formed and its constitution adopted. The application will be made on the basis that the functions of GQL will be the encouragement of animal racing and it will not be carried on for the purpose of profit or gain by its individual members.

## **2.9 Financial accountability and audit**

### **2.9.1 Financial Accountability**

The GQL will not be a controlled entity. There will be no impact on the Department's financial operations as a result of the formation of GQL.

### **2.9.2 Audit**

If GQL is successful in obtaining a control body approval under the Racing Act, its operations will be monitored and audited under the Racing Act.

In addition, section 59 of the Racing Act provides that it will be a unit of public administration under the *Crime and Misconduct Act 2001*. Under section 60 of the Racing Act, the Minister for Local Government, Planning and Sport may request the Auditor-General to audit the company.

The GRA is currently audited by the Queensland Audit Office. In order to ensure compliance with the Corporations Act audit requirements, an independent auditor will be appointed to audit GQL.

## **2.10 Ancillary Agreements**

There are no other agreements proposed as part of the overall plan to form the company.

The primary source of funding for the greyhound code of racing is from revenue received under the Product and Program Agreement and the Intercode Agreement.

## **Overall Assessment**

An assessment of the GRA's application for approval under the SBFAA to form a corporation indicates substantial compliance with the applicable requirements of Guidelines for the Formation, Acquisition and Post Approval Monitoring of Companies dated September 2005 issued by Queensland Treasury.

As previously stated, not all of the requirements in the Guidelines are applicable to the formation of GQL as the Department is not involved in forming the company, the Government will not be a member or shareholder in the company and Government funds will not be provided to the company.

The application has addressed relevant issues and provides detailed information as required by the Guidelines.

## BRIEFING NOTE

FROM	Treasury		
FOR	Treasurer		
SUBJECT	Queensland Harness Racing Board and Greyhound Racing Authority - Request for Approval under the <i>Statutory Bodies Financial Arrangements Act 1982</i> to Form Companies		
Contact Officer:	Gregory Tonks, Fiscal and Taxation Policy Branch, (07) 322 58492	Record No: TRO-20235	Date: 04/10/07
Requested by:	N/A	Date Approval Required By: / /	

### PURPOSE

1. The purpose of this brief is to seek your approval under the *Statutory Bodies Financial Arrangements Act 1982* (SBFA Act) for the Queensland Harness Racing Board (QHRB) and the Greyhound Racing Authority (GRA) to establish companies in preparation for the submission of applications for approval as control bodies under the *Racing Act 2002* (Racing Act).

### BACKGROUND

2. As you will be aware, since the privatisation of TABQ Limited in 1999, the Government has been progressively removing itself from the day-to-day operations of the racing industry in Queensland. The Racing Act established the framework for the future regulation of the State's racing industry, including scaling back the State's involvement in routine operational matters. Matters involving the day-to-day operations of the industry have been gradually devolved to control bodies constituted for the three codes of racing.
3. The Racing Act sets out a framework for effecting the transition of control bodies from statutory authorities constituted under that Act to companies registered under the *Corporations Act 2001* (Corporations Act).
4. In December 2005, the then Minister for Public Works, Housing and Racing granted approval for Queensland Racing Limited (QRL), a company limited by guarantee, to be the control body for the thoroughbred code of racing in Queensland, with effect from 1 July 2006.
5. The *Racing Amendment Act 2006* provided for the dissolution of the existing Queensland Thoroughbred Racing Board and the transfer of its assets, liabilities and employees to QRL as the new thoroughbred control body. The amending legislation provided that QRL is the legal successor of the Thoroughbred Racing Board.
6. While the thoroughbred code of racing had sufficient capability and resources to successfully transition from a statutory body to a corporate structure, the QHRB and the GRA are significantly smaller bodies with fewer resources and assets. To enable further consideration as to the structure and operations of these control bodies within a corporate environment, the *Racing Amendment Act 2006* extended the operation of these control bodies as statutory authorities until 30 June 2008.

## ISSUES

7. From 1 July 2008, corporations approved by the Treasurer (as the responsible Minister) under chapter 2 of the Racing Act are to act as control bodies for harness racing and greyhound racing.
8. The existing control bodies are statutory bodies for the purposes of the SBFA Act. Under that Act, forming or participating in the formation of a company falls within the definition of a type 1 financial arrangement. Where a statutory body is not conferred the express power to undertake a particular type 1 financial arrangement under its authorising Act, the Treasurer's approval is required under section 60A of the SBFA Act.
9. The QHRB and the GRA have recently submitted applications (via the Office of Racing) seeking approval to form companies (Queensland Harness Racing Limited (QHRL) and Greyhounds Queensland Limited (GRL) respectively). Subject to your approval under the SBFA Act, it is proposed that the new companies will make applications to be the control bodies for the respective codes of racing by the end of October 2007. It is further proposed that a submission will be presented to Cabinet seeking endorsement of the decision by end-November 2007.
10. Prior to 30 June 2008, legislation will be required to facilitate the transfer of the employees, assets, liabilities and responsibilities of the current statutory control bodies to the proposed new control bodies.
11. The applications under the SBFA Act have been subject to a detailed assessment by the Office of Racing with reference to the framework set out in Queensland Treasury's *Guidelines for the Formation, Acquisition and Post-Approval Monitoring of Companies*. The Office of Racing's assessment indicates that all relevant considerations set out in that document have been addressed satisfactorily.
12. The corporate model and governance arrangements proposed are closely based on the framework developed for the thoroughbred racing code, and have been developed with expert advice from Corrs Chambers Weggles and Pells and Malleon Stephen Jacques.
13. Each of the existing control bodies proposes to establish a company limited by guarantee. Draft constitutions have been prepared and submitted with the applications. The draft constitutions provide that the objects of the companies are to exercise and perform the functions of a control body under the Racing Act. While the constitutions do not state that the Treasurer's approval is required to amend the objects (as a condition subsequent to approval under the SBFA Act), it is proposed that the Minister responsible for the Racing Act will place a condition on the control body approval providing that any amendment has no effect unless endorsed by the Minister.
14. The constitutions provide for two classes of members, Class A and Class B. Class A members comprise industry representatives, while Class B members are the directors, who will be required to possess suitable skills and expertise. Consistent with the QRL model, there will be no Government members of the companies.
15. However, if the proposed companies are successful in obtaining control body approvals under the Racing Act, their operations will be monitored and audited under the Racing Act. In addition, under section 60 of the Act, the responsible Minister may request the Auditor-General to audit the companies.

16. The Office of Racing advises that consultation meetings on the proposed corporate structures have been held with key stakeholder representatives for each code, including racing clubs and key participants' associations (i.e. breeders, trainers etc). The Office advises that all representatives are satisfied with the draft constitutions.
17. Treasury Department's Legal Services Unit (LSU) has also reviewed the draft constitutions, and identified no substantive issues of concern. A more detailed review of relevant documents will be undertaken in the context of assessing the applications for approval of the control bodies.
18. The Office of Racing further advises that all employees will be transferred to the new companies on the same terms and conditions as their current employment, with annual accrued and annual long service leave entitlements carried over. It is understood that consultation with relevant unions will be undertaken on the new arrangements.
19. A more detailed briefing on matters related to the operationalisation of the new arrangements will be provided in the context of briefing you on the applications for approval of control bodies under the Racing Act.
20. As you will be aware, the Racing Act provides detailed direction on matters to be addressed in an application for approval as a control body, including specific information to be incorporated in applicants' plans for developing, operating and managing the racing code and an implementation timetable. The Act also sets out assessment procedures to be followed by the responsible Director-General, including provisions relating to public notification and the provision of written objections to an application.

#### **FINANCIAL IMPLICATIONS**

21. Each of the control bodies currently receives its income from UNITAB Limited under commercial agreements, and applies its funding to managing, regulating and providing prize money for the relevant code of racing. There is to be no funding or guarantees provided by the State.
22. It is understood that ex gratia duty relief is likely to be sought for the transfer of assets from the QRHB and the GRA to the new control bodies. The main asset owned by each of the existing control bodies is a 50% interest in Albion Park Raceway. Based on the most recent annual report of the QRHB, each body's interest is valued at \$18.212 million. The total duty payable will be around \$1.6 million.

**RESULTS OF CONSULTATION**

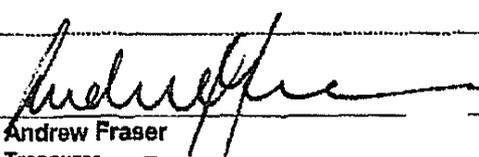
23. The Office of Racing has been consulted in the preparation of this brief, and has confirmed its support for the applications.

**RECOMMENDATION**

24. It is recommended that:

- pursuant to section 60A of the SBFA Act, you grant approval for the QHRB and the GRA to register companies under the Corporations Act (approval instruments are attached for your signature); and
- you note that applications for approval of the proposed companies as control bodies under the Racing Act will be submitted by late October 2007, and a submission presented for Cabinet consideration by late November 2007.

  
 Gerard Bradley  
 Under Treasurer Date 5/10/07

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
<b>Treasurer's Comments</b>		
		
Andrew Fraser Treasurer 11/10/07		

Name:	Gregory Tonks	Leigh Pickering	John O'Connell
Branch/Division:	Fiscal & Taxation Policy	Fiscal & Taxation	
Telephone:	(07) 322 58492	(07) 322 44775	(07) 322 51865
Date:	4 October 2007	5/10/07	1/1

\* This officer may be required to provide further detailed information regarding the issue  
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*Statutory Bodies Financial Arrangements Act 1982*

**SPECIFIC APPROVAL UNDER PART 7, DIVISION 3**

Pursuant to section 60A of the *Statutory Bodies Financial Arrangements Act 1982*, I hereby grant specific approval for the Queensland Harness Racing Board, constituted under the *Racing Act 2002* (Racing Act), to register a company under the *Corporations Act 2001*. The company shall be established for the purpose of facilitating an application for approval as a control body under the Racing Act.



**ANDREW FRASER**  
Treasurer

11/10/07



MEMORANDUM

DATE 15 OCT 2007  
TO Executive Director, Office of Racing  
FROM Under Treasurer  
SUBJECT Queensland Harness Racing Board and Greyhound Racing Authority -  
Request to Form Companies

I refer to correspondence dated 11 September 2007 from Mr M Kinnane, Director-General of the former Department of Local Government, Planning, Sport and Recreation regarding the implementation of the new control body arrangements for the harness and greyhound codes of racing.

I am aware that, from 1 July 2008, corporations approved by the responsible Minister under chapter 2 of the Racing Act are to act as control bodies for the respective codes. To help facilitate applications under the Racing Act, the Queensland Harness Racing Board (QHRB) and the Greyhound Racing Authority (GRA) have sought approval under the *Statutory Bodies Financial Arrangements Act 1982* (SBFA Act) to form new companies.

The Treasurer has now granted approval under section 60A of the SBFA Act for the QHRB and the GRA to form the companies as proposed. Please find enclosed a copy of the approval instruments. I would be grateful if you would convey the Treasurer's decision to the respective control bodies.

I note the advice in Mr Kinnane's letter that legislation will be required by 30 June 2008 to facilitate the transfer of all assets and liabilities of the QHRB and the GRA to the corporations approved as control bodies.

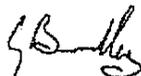
As you will be aware, pursuant to *Administrative Arrangements Order (No. 2) 2007*, responsibility for the administration of the Racing Act now rests with the Treasurer, with the Treasury Department as the responsible administering unit.

I understand that officer-level advice from the Office of Racing to the Treasury Department's Fiscal and Taxation Policy Branch indicates that the applications for approval as control bodies are likely to be submitted to the Treasurer by late October 2007, with the intention that Cabinet endorsement of the decisions may be sought by end-November 2007.

In view of the administrative process governing the assessment and approval of control bodies set forth in chapter 2 of the Racing Act and the timeframe for undertaking the legislative amendments described above, I would be grateful for your earliest advice on any likely variations to the timetable proposed.

- 2 -

Should you have any questions regarding the above, please contact Mr Greg  
Tonks, Fiscal and Taxation Policy Branch on (07) 3225 8492.

  
Gerard Bradley



**MEMORANDUM**

DATE 11 December 2007  
 TO Commercial Counsel  
 FROM Executive Director, Office of Racing  
 SUBJECT Control Body Approval Conditions

**Background**

The Queensland Harness Racing Board (QHRB) and the Greyhound Racing Authority (GRA) are statutory bodies established under the *Racing Act 2002* (Qld) (the *Racing Act*). The activities of control bodies in managing their code of racing include the allocation of race dates, licensing of animals, clubs, participants and venues for racing, distributing money to licensed clubs for prize money, and allocating funds for venue development and other infrastructure relevant to the code of racing.

Chapter 2 of the Act provides that from 1 July 2008 onwards, a corporation approved by the Minister is to act as the control body for each code of racing in Queensland.

Under section 8 of the Act, a corporation will be an eligible corporation (to become a control body) if it is registered under the *Corporations Act 2001* (Cth) and has a constitution that requires at least three directors, with the persons appointed or employed as executive officers of the corporation being eligible individuals (as that term is defined in the *Racing Act*).

On 17 October 2007, Queensland Harness Racing Limited (QHRL) made application to the Treasurer for approval under the *Racing Act* to be the control body for the harness code of racing. On 18 October 2007, Greyhounds Queensland Limited (GQL) made application to the Treasurer for approval under the Act to be the control body for the greyhound code of racing. Both QHRL and GQL are companies limited by guarantee.

The applications by QHRL and GQL for control body approvals are currently being assessed in accordance with the provisions of the *Racing Act*.

A copy of the draft constitutions of QHRL and GQL are attached.

**Proposed conditions of approval for QHRL**

It is proposed that a recommendation be made that the application by QHRL for a control body approval under the *Racing Act* be approved, with effect from 1 July 2008 and that the following conditions be placed on the approval:

1. That, by 1 March 2008, QHRL must develop and submit to the Minister, a Charter of Corporate Governance and Code of Conduct for the directors and staff of QHRL.
2. That by 1 March 2008, QHRL must amend the draft constitution to provide that:
  - the first directors be appointed for an initial term of three years from the date of approval as a control body (1 July 2008); 1 July 2009, 1 July 2010, 1 July 2011
  - during the calendar year 2010, two of the first directors must retire;

- during the calendar year 2011, the remaining two of the first directors must retire; and
  - in all subsequent years, two of the directors must retire on a rotational basis.
3. That, by 1 March 2008, QHRL must amend the draft constitution to provide that the initial remuneration of directors is to be set by the company in general meeting (*and not by the directors*).
  4. That the directors of QHRL must recommend the following initial director's fees for determination by the company in general meeting:
 

• Chair	\$54,400
• Deputy Chair	\$33,700
• Director	\$29,400.

(Or alternatively, that QHRL must amend the draft constitution of QHRL to specify the initial amount of remuneration to be paid to directors).

5. That by 1 March 2008, QHRL must amend the draft constitution to omit all references to the appointment of a Managing Director.
6. That, by 1 March 2008, QHRL must amend the draft constitution to provide that that upon the winding up or dissolution of the company, any remaining property of the company will be transferred to a control body for harness racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then to an institution having similar objects as the company as determined by a Judge of the Supreme Court of Queensland.
7. That, by 10 March 2008, QHRL must submit to the Minister an amended draft constitution that contains all of the changes outlined in 2, 3, 5 and 6 above.
8. Subject to obtaining the written approval of the Minister to adopt the amended draft constitution, QHRL must adopt the amended draft constitution by 30 April 2008.
9. That, by 30 April 2008, David Knudsen must retire as the Chair and committee member of the Albion Park Harness Racing Club.
10. That by 30 April 2008, Kevin Seymour must retire as a committee member of the Albion Park Harness Racing Club.
11. That persons who are both a director of a company or companies that are either in negotiation with, or have contracted with the owners of the Albion Park Raceway venue to undertake the re-development of the Albion Park Raceway venue and are also a director of QHRL, must not take part in discussion, consideration or decision-making involving the re-development of the Albion Park Raceway venue.
12. That QHRL must obtain the ratification in writing of the Minister before implementing any amendment to the company's constitution.

#### **Proposed Conditions of approval for GQL**

It is proposed that a recommendation be made that the application by GQL for a control body approval for the greyhound code of racing under the Racing Act be approved, with effect from 1 July 2008 and that the following conditions be placed on the approval:

1. That, by 1 March 2008, GQL must develop and submit to the Minister, a Charter of Corporate Governance and Code of Conduct for the directors and staff of GQL.

2. That by 1 March 2008, GQL must amend the draft constitution to provide that:
  - the first directors be appointed for an initial term of three years from the date of approval as a control body (1 July 2008);
  - during the calendar year 2010, two of the first directors must retire;
  - during the calendar year 2011, the remaining two of the first directors must retire; and
  - in all subsequent years, two of the directors must retire on a rotational basis.
3. That the directors of GQL must recommend the following initial director's fees for determination by the company in general meeting:
  - Chair                 \$40,000
  - Director             \$25,000.

[Or alternatively, that GQL must amend the draft constitution of GQL to specify the initial amount of remuneration to be paid to directors].
4. That, by 10 March 2008, GQL must submit to the Minister an amended draft constitution that contains all of the changes outlined in 2 above.
5. Subject to obtaining the written approval of the Minister to adopt the amended draft constitution, GQL must adopt the amended draft constitution by 30 April 2008.
6. That GQL must obtain the ratification in writing of the Minister before implementing any amendment to the company's constitution.

#### **LEGAL ADVICE REQUIRED**

Legal advice is specifically requested in relation to the placing of conditions on the approvals of QHRL and GQL in respect to the matters identified below:

#### **Remuneration of Directors**

#### **QHRL**

Under clause 26 of the draft constitution of QHRL, the initial remuneration of directors is to be decided at a meeting of the company (i.e. by the directors of the company).

The aggregate remuneration may only be increased by a majority vote of Class A members. Class B Members have no voting rights on a motion to increase the aggregate remuneration paid to Directors. (Clause 8(c))

The QHRB engaged an independent recruitment company, Mercer Human Resource Consulting to provide advice on appropriate remuneration levels for the directors of QHRL.

Mercer Human Resource Consulting recommended that the following levels for directors fees:

- Chair:                 \$54,400
- Deputy Chair:     \$33,700
- Directors:           \$29,400.

Consultation was undertaken with industry stakeholders on the above directors' fees. It was reported by the applicant that no issues were raised by industry stakeholders in relation to the proposed level of directors' fees.

### GQL

Clause 14.11 of the draft constitution of GQL provides that the aggregate remuneration of the directors is to be determined by the company in general meeting. The Class A and the Class B members are entitled to vote on the aggregate remuneration to be paid to the directors. The directors determine the amount of remuneration that individual directors are to be paid and if agreement cannot be reached, the aggregate amount is to be divided equally between the directors.

GQL engaged an independent recruitment company, the Hay Group which recommended that the aggregate amount of remuneration for directors be \$115,000 and allocated as below:

- Chair \$40,000
- Directors \$25,000

Consultation was undertaken with industry stakeholders on the above directors' fees. It was reported by the applicant that no issues were raised by industry stakeholders in relation to the proposed level of directors' fees.

### Questions

- Can the initial amount of remuneration to be paid to directors be stated in the constitution?
- If the initial remuneration of directors cannot be stated in the constitution, can the following condition be placed on the approval?

"That, by 1 March 2008, QHRL must amend the draft constitution to provide that the initial remuneration of directors is to be set by the company in general meeting and not by the directors.

That the directors of QHRL must recommend the following initial director's fees for determination by the company in general meeting:

- Chair \$54,400
- Deputy Chair \$33,700
- Non-executive Director \$29,400."

It is proposed to place a similar condition on the GQL constitution specifying the amount of the directors fees the directors must recommend to the company in general meeting.

### **Term of First Directors**

### QHRL

Clause 19 of the draft constitution provides that the first directors of the company, Robert Lette, Janice Dawson, Kevin Seymour and David Knudsen hold office for an initial term of three years.

At each annual general meeting after the initial term, two of the directors must retire from office.

The applicant has proposed that the first directors be appointed for an initial term of three years to provide some continuity for the management of the harness code during the transition from a statutory body to a corporation. Two of the current Board members of the QHRB, Robert Lette and Janice Dawson will be first directors of QHRL, together with two new directors Kevin Seymour and David Knudsen.

The constitution of QHRL provides that at each annual general meeting after the initial term of three years, two directors must retire on a rotational basis.

### **GOL**

The constitution of GQL provides for the four current Board members of the GRA to be the founding directors of GQL. At the first annual general meeting, one of the founding directors must retire and at the second annual general meeting two of the founding directors must retire. The founding chair must retire at the third annual general meeting. At the fourth annual general meeting and at all subsequent annual general meetings, one third of the directors must retire on a rotational basis.

The initial terms, retirement and rotation provisions applying to the directors of both QHRL and GQL are not considered appropriate. In the case of QHRL an initial term of three years is considered too long a period to deny company members the opportunity to elect Directors. In the case of GQL a period of one year is considered too short to allow the founding Directors to establish a track record of achievement prior to members of the company having to consider election/re-election of directors.

### **Question**

Can the following condition be placed on the approvals of QHRL and GQL?

“That the draft constitution be amended to provide:

- the first/founding directors be appointed for an initial term of three years from the date of approval as a control body(1 July 2008);
- during the calendar year 2010, two of the first/founding directors must retire;
- during the calendar year 2011, the remaining two of the founding/first directors must retire;
- in all subsequent years, two of the directors must retire on a rotational basis.”

### **Conflict of Interest of Directors**

Kevin Seymour and Robert Lette are directors of both QHRL and Watpac Limited.

The Albion Park Raceway is owned by the Greyhound Racing Authority (GRA) and the Queensland Harness Racing Board (QHRB) as tenants in common in equal shares.

In April 2004, the GRA and QHRB formed a Joint Venture to operate the Albion Park venue. The Joint Venture tested the market with developers through an Expressions of Interest process, to ascertain the financial viability of redeveloping the venue.

The Albion Park Joint Venture is currently negotiating with the preferred developer (Watpac/Babcock & Brown) to develop a Memorandum of Understanding (with a nine month due diligence process to follow) in relation to the redevelopment of the venue.

QHRL will be required to make decisions regarding the future of the Albion Park Raceway including whether Watpac Limited is to be appointed as the developer of the Albion Park Raceway venue. There is the potential for a conflict of interest to arise as Mr Seymour and Mr Lette are directors of both Watpac Limited and QHRL. Mr Seymour and Mr Lette will need to absent themselves from decision-making regarding the redevelopment of Albion Park. As a quorum for a directors meeting of QHRL is 2 directors, the other two directors would be able to make any necessary decisions in their absence.

**Question**

Can a condition be placed on the approval of QHRL to provide that persons who are both a director of a company or companies that are either in negotiation with, or have contracted with the owners of the Albion Park Raceway venue to undertake the re-development of the Albion Park Raceway venue and are also a director of QHRL must not take part in discussion, consideration or decision-making involving the re-development of the Albion Park Raceway venue?

**Advice generally on the proposed conditions**

Your advice generally on any of the proposed conditions not specifically referred to above would also be appreciated.

**Urgency**

This advice is required by Monday 17 December 2007 as it is proposed that this matter be considered by Cabinet in early February 2008.

Due to the urgency of this matter, if you consider it necessary I am happy for this matter to be outsourced.

Should you require any further information, please do not hesitate to contact me on 323 41376 or Carol Perrett on 323 41408.

**Mike Kelly**

**COPY**

**BRIEFING NOTE**

<b>FROM</b>	Treasury		
<b>FOR</b>	Treasurer		
<b>SUBJECT</b>	Assessment Reports on applications by Queensland Harness Racing Limited and Greyhounds Queensland Limited for control body approvals		
Contact Officer:	Carol Ferris, Office of Racing 3234 1408.	Record No: RAC/00017	Date: 21 January 2008
Requested by:	N/A	Date Approval Required By: / /	

**PURPOSE**

1. The purpose of this submission is to provide you with the Assessment Reports and associated recommendations for your consideration and decision.

**BACKGROUND**

2. On 17 October 2007, an application was received under the *Racing Act 2002* (the Racing Act) for a control body approval for the harness code of racing from Queensland Harness Racing Limited (QHRL). On 18 October 2007, an application was received from Greyhounds Queensland Limited (GQL) for a control body approval for the greyhound code of racing.
3. Pursuant to section 18 of the Racing Act, the Chief Executive must give to the Minister a report about the assessed application, which includes the following:
  - (1) The assessed application.
  - (2) Submissions (objections) provided under section 15.
  - (3) Reports about the criminal histories of business associates and executive associates under section 23(2).
  - (4) Assessment as to the approval applicant's suitability to be approved as the control body for the thoroughbred code.
4. The attached Assessment Reports comply with the requirements of section 18.

**ISSUES**

**Conditions on Approvals**

5. The Chairs of QHRL and GQL have been consulted on the proposed conditions on the relevant control body approvals.
6. No issues were raised in relation to the proposed conditions.

**Decision Making by the Minister**

7. The applications by QHRL and GQL have been assessed in accordance with the provisions of the Racing Act. The attached Assessment Reports outline the process undertaken in assessing the applications and provides a full analysis of the applications.
8. Section 24(2) of the Racing Act provides before making a decision about an approval application, the Minister must consider the following—
  - (a) the assessment report;
  - (b) with regards to their salary and conditions of employment the approval application dealt with in the report;

- (c) further documents given to the chief executive by the approval applicant in support of the application or an amendment of the application;
  - (d) submissions given to the chief executive under section 15(1) and, to the extent applicable, any other approval applications and any mediated agreement as mentioned in section 17(1), relating to the application code;
  - (e) conditions the Minister believes should apply if the application is approved.
9. Under section 24(3), the Minister must not grant the application unless the Minister is satisfied —
- (a) the approval application is accompanied by, and includes, all matters mentioned in section 11 and otherwise complies with that section;
  - (b) the approval applicant has provided evidence satisfactory to the Minister about the matters mentioned in section 12; and
  - (c) the approval applicant is suitable to be approved as the control body for the existing code of racing.
10. The Assessment Reports and their attachments include all of the matters identified in section 24.

## RECOMMENDATION

### QHRL

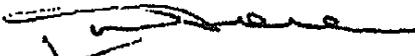
11. It is recommended that you consider all of the matters identified in section 24(2) and if you are satisfied with the matters identified in section 24(3), and agree with the recommendations contained in the Assessment Report, approve that QHRL be granted a control body approval for the harness code, effective 1 July 2008, subject to the following conditions:
1. ✓ That, by 1 March 2008, QHRL must develop and submit to the Minister, a Charter of Corporate Governance and Code of Conduct for the directors and staff of QHRL.
  2. That by 1 March 2008, QHRL must amend the draft constitution to provide:
    - ✓ the first directors be appointed for an initial term of up to three years from the date of approval as a control body (1 July 2008);
    - during the calendar year 2010, two of the first directors must retire;
    - during the calendar year 2011, the remaining two of the first directors must retire;
    - in all subsequent years, two of the directors must retire on a rotational basis.
  3. That, by 1 March 2008, QHRL must amend the draft constitution to provide:
    - ✓ that the initial remuneration of directors is to be set by the company in general meeting and not by the directors; and
    - the amount of the remuneration of the Directors is a yearly sum not exceeding the sum from time to time determined by the Company in general meeting and the amount of the remuneration of the Directors is to be divided among them in the proportion and manner they agree, or in default of agreement, among them equally.

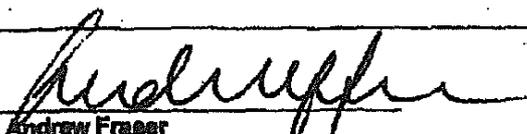
4. ✓ That the directors of QHRL must recommend that the initial director's fees be in accordance with the quantum as specified in QHRL's application.
5. ✓ That by 1 March 2008, QHRL must amend the draft constitution to omit all references to the appointment of a Managing Director.
6. ✓ That, by 1 March 2008, QHRL must amend the draft constitution to provide that that upon the winding up or dissolution of the company, any remaining property of the company will be transferred to a control body for harness racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then to an institution having similar objects as the company as determined by a Judge of the Supreme Court of Queensland.
7. ✓ That by 1 March 2008, QHRL must amend the directors' selection criteria in Appendix A of the draft constitution to provide that each director will meet at least one of the following criteria:
  - a. Five or more years experience at a senior level in the field of finance;
  - b. Five or more years experience at a senior level in the field of law;
  - c. Five or more years experience at a senior level in the field of commerce;
  - d. Five or more years experience at a senior level in the racing industry, or
  - e. A knowledge of the harness racing code.
8. That, by 10 March 2008, QHRL must submit to the Minister an amended draft constitution that contains all of the changes outlined in 2, 3, 5, 6 and 7 above.
9. ✓ Subject to obtaining the written approval of the Minister to adopt the amended draft constitution, QHRL must adopt the amended draft constitution by 30 April 2008.
10. ✓ That, by 30 April 2008, David Knudsen must retire as the Chair and Committee member of the Albion Park Harness Racing Club.
11. ✓ That by 30 April 2008, Kevin Seymour must retire as a committee member of the Albion Park Harness Racing Club.
12. ✓ That persons who are both a director of a company or companies that are either in negotiation with, or have contracted with the owners of the Albion Park Raceway venue to undertake the re-development of the Albion Park Raceway venue and are also a director of QHRL, must not take part in discussion, consideration or decision-making involving the re-development of the Albion Park Raceway venue.
13. ✓ That all decisions taken by QHRL that have the potential to benefit any Director directly or indirectly because of their ownership/interest in a horse are made publicly available, together with the decision-making justifications supporting any such decision.
14. ✓ That QHRL must obtain the ratification in writing of the Minister before implementing any amendment to the company's constitution.

**GQL**

12. It is recommended that you consider all of the matters identified in section 24(2) and if you are satisfied with the matters identified in section 24(3), and agree with the recommendations contained in the Assessment Report, approve that GQL be granted a control body approval for the greyhound code, effective 1 July 2008, subject to the following conditions:

1. ✓ That, by 1 March 2008, GQL must develop and submit to the Minister, a Charter of Corporate Governance and Code of Conduct for the directors and staff of GQL.
2. That by 1 March 2008, GQL must amend the draft constitution to provide that:
  - the first directors be appointed for an initial term of up to three years from the date of approval as a control body (1 July 2008);
  - ✓ • during the calendar year 2010, two of the first directors must retire;
  - during the calendar year 2011, the remaining two of the first directors must retire; and
  - In all subsequent years, two of the directors must retire on a rotational basis.
3. ✓ That the directors of GQL must recommend that the initial director's fees for determination by the company in general meeting be in accordance with the quantum as specified in GQL's application.
4. ✓ That, by 10 March 2008, GQL must submit to the Minister an amended draft constitution that contains all of the changes outlined in 2 above.
5. ✓ Subject to obtaining the written approval of the Minister to adopt the amended draft constitution, GQL must adopt the amended draft constitution by 30 April 2008.
6. ✓ That GQL must obtain the ratification in writing of the Minister before implementing any amendment to the company's constitution.

  
 Gerard Bradley  
 Under Treasurer Date 21/01/08

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Treasurer's Comments		
 Andrew Fraser Treasurer 22/1/8		

Name	Address	Date	Signature
Carol Perrett	Carol Perrett		
Office of Racing	Office of Racing		
3234 1408	3234 1408		
January 2008	1/01/08		

\* This officer may be required to provide further detailed information regarding the issue



Hon Andrew Fraser MP  
Member for Mount Coot-tha



Queensland  
Government

Treasurer of Queensland

RAC-00021

19 FEB 2008

Mr P Bennett  
Chair  
Greyhounds Queensland Limited  
C/- The Greyhound Racing Authority  
PO Box 250  
ALBION QLD 4010

*Dear Mr Bennett,*

I refer to the application from Greyhounds Queensland Limited for approval as a control body for the greyhound code of racing under the *Racing Act 2002*.

Enclosed is an Information Notice about my decision on the application pursuant to section 25 of the Act.

In order for me to give Greyhounds Queensland Limited approval as a control body for the greyhound code of racing under section 26(2) of the Act, Greyhounds Queensland Limited must:

- complete and return to the Office of Racing the attached notice which states there have been no changes to the information in the approval application, or other documents or information given to me or the Under Treasurer, that are likely to affect my decision; and
- pay the fee of \$2805.35 for the first year of the approval.

When the above matters have been addressed, I will be in a position to provide Greyhounds Queensland Limited with a control body approval for the greyhound code of racing.

Level 9 Executive Building  
100 George Street Brisbane 4000  
GPO Box 611 Brisbane  
Queensland 4001 Australia  
Telephone +61 7 3224 6900  
Facsimile +61 7 3229 0642  
Email [treasurer@ministerial.qld.gov.au](mailto:treasurer@ministerial.qld.gov.au)  
ABN 65 959 415 358

If you require further information in relation to this matter, please contact **Mis Katrina Martin**,  
Acting Senior Advisor of my office on (07) 3239 0833

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Fraser', with a long horizontal flourish extending to the right.

**ANDREW FRASER**

Encl.

**INFORMATION NOTICE ABOUT MINISTER'S DECISION ON APPROVAL APPLICATION  
(Section 25 Racing Act 2002)**

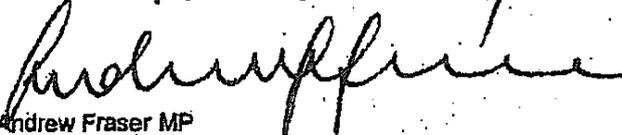
To: Greyhounds Queensland Limited  
C/- The Greyhound Racing Authority  
PO Box 250  
ALBION QLD 4010

Notice is hereby given pursuant to section 25(1) of the *Racing Act 2002* that I have granted the application by Greyhounds Queensland Limited (GQL) for a control body approval for the greyhound code of racing, effective 1 July 2008.

The control body approval is subject to the following conditions:

1. That, by 10 March 2008, GQL must develop and submit to the Minister, a Charter of Corporate Governance and Code of Conduct for the directors and staff of GQL.
2. That by 1 March 2008, GQL must amend the draft constitution to provide that:
  - the first directors be appointed for an initial term of up to three years from the date of approval as a control body (1 July 2008);
  - during the calendar year 2010, two of the first directors must retire;
  - during the calendar year 2011, the remaining two of the first directors must retire; and
  - in all subsequent years, two of the directors must retire on a rotational basis.
3. That the directors of GQL must recommend that the initial directors' fees be in accordance with the quantum as specified in GQL's application.
4. That, by 10 March 2008, GQL must submit to the Minister an amended draft constitution that contains all of the changes outlined in 2 above.
5. Subject to obtaining the written approval of the Minister to adopt the amended draft constitution, GQL must adopt the amended draft constitution by 30 April 2008.
6. That GQL must obtain the ratification in writing of the Minister before implementing any amendment to the company's constitution.

Dated this 19<sup>th</sup> day of February 2008.

  
Andrew Fraser MP  
Treasurer

## BRIEFING NOTE

RAC/1005 +

RAC/1006

<b>FROM</b>	Treasury		
<b>FOR</b>	Treasurer		
<b>SUBJECT</b>	Control Body Approvals for Queensland Harness Racing Limited and Greyhounds Queensland Limited		
Contact Officer:	Carol Perrett, Office of Racing	Record No: RAC/00021	Date: 11 February 2008
Requested by:	N/A	Date Approval Required By: / /	

### PURPOSE

1. To provide you with letters and information notices to be sent to Queensland Harness Racing Limited (QHRL) and Greyhounds Queensland Limited (GQL) if a decision is made to grant control body approvals.

### BACKGROUND

2. A briefing note (RAC-00017 Attachment 1) entitled *Assessment Reports on applications by Queensland Harness Racing Limited and Greyhounds Queensland Limited for control body approvals*, and the assessment reports have been considered by you.

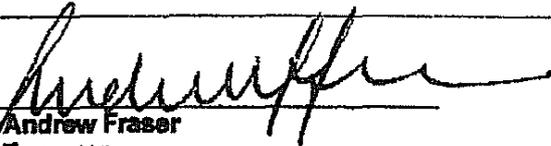
### ISSUES

3. Under the *Racing Act 2002*, the approval process for a control body application requires the following steps to take place:
  - After the Treasurer makes a decision about each approval application, the Treasurer must give to QHRL and GQL, Information Notices about the decisions.
  - If the decisions are to approve the applications, after the Treasurer has given the information notices, QHRL and GQL must each:
    - give a notice to the Under Treasurer stating there have been no changes to the information in the approval application, or other documents or information provided that are likely to affect the Treasurer's decision; and
    - pay the fee of \$2,805.35 for the first year of the approval.
  - The Treasurer must then give QHRL and GQL an approval for the relevant code of racing.
  - After giving the approvals, the Treasurer must publish a notice in the Government Gazette advising of the approvals.

**RECOMMENDATION**

4. It is recommended that if, after considering the applications, the assessment reports and the matters outlined in the briefing note (RAC-00021) dated 21 January 2008, you decide to approve the applications, you should sign both the letter and information notice to QHRL (Attachment 2) and the letter and the information notice to GQL (Attachment 3).

*GB*  
 Gerard Bradley  
 Under Treasurer Date 14/2/08

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Treasurer's Comments		
 Andrew Fraser Treasurer 14/2/08		

Name:	*Action Officer/Author:	Director:	(Initials)	ED/AUT:	(Initials)	DUT:	(Initials)
	Carol Perrett	Mike Kelly				David Ford	
Branch/Division:	Office of Racing	Office of Racing				Deputy Under Treasurer	
Telephone:	3234 1408	3234 1376					
Date:	11 February 2008	11/02/08		/ /			12/02/08

\* This officer may be required to provide further detailed information regarding the issue

## BRIEFING NOTE

FROM	Treasury		
FOR	Treasurer		
SUBJECT	Control Body Approvals for Queensland Harness Racing Limited and Greyhounds Queensland Limited		
Contact Officer:	Carol Perrett, Office of Racing	Record No: RAC-00029	Date: 7 March 2008
Requested by:	N/A	Date Approval Required By: / /	

### PURPOSE

1. To provide you with letters and approval notices to be sent to Queensland Harness Racing Limited (QHRL) and Greyhounds Queensland Limited (GQL); and
2. To seek your approval to place notices in the Government Gazette.

### BACKGROUND

3. By letters dated 19 February 2008, QHRL and GQL were provided with an information notice under section 25 of the *Racing Act 2002* (the Act), requested to pay the control body fee, and complete a notice advising whether there have been any changes in the information provided in the approval applications and other documents.
4. QHRL and GQL have each paid the control body fee of \$2805.35 and completed and returned the notice stating that there have been no changes in the information in their approval application, or other documents or information likely to affect your decision to grant control body approvals. (Attachment 1)

### ISSUES

5. Under the Act, the approval process for a control body application requires the following steps to take place:
  - After QHRL and GQL have each:
    - given a notice stating there have been no changes to the information in their approval application, or other documents or information provided that are likely to affect the Treasurer's decision; and
    - paid the fee of \$2,805.35 for the first year of the approval.the Treasurer must give QHRL and GQL an approval for the relevant code of racing.
  - After giving the approvals, the Treasurer must publish a notice in the Government Gazette advising of the approvals.



## BRIEFING NOTE

<b>FROM</b>	Treasury		
<b>FOR</b>	Treasurer		
<b>SUBJECT</b>	Queensland Harness Racing Limited and Greyhounds Queensland Limited		
Contact Officer:	Carol Perrett, Office of Racing, 323 41408	Record No: RAC-00041	Date: 3 April 2008
Requested by:	N/A	Date Approval Required By: / /	

**PURPOSE**

- To seek your signature on letters to Queensland Harness Racing Limited (QHRL) and Greyhounds Queensland Limited (GQL) providing written approval for the companies to adopt amended draft constitutions.

**BACKGROUND**

- On 12 March 2008 control body approval notices were sent to QHRL and GQL.
- On 20 March 2008 notices were published in the Queensland Government Gazette advising of the approvals.

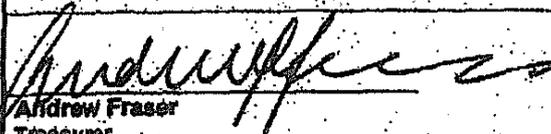
**ISSUES**

- Pursuant to the approval notices, QHRL and GQL have each submitted an amended draft constitution. (Attachment 1)
- The amended draft constitutions of QHRL and GQL have been reviewed and contain all of the amendments specified in the approval notices.

**RECOMMENDATION**

- It is recommended that you sign the letter to QHRL (Attachment 2) and the letter to GQL (Attachment 3).

*GB*  
 Gerard Bradley  
 Under Treasurer Date 7/4/08

Approved	Not approved	Noted
Treasurer's Comments		
Note: 30 April date in request.		
 Andrew Fraser Treasurer 21/4/08		
Bid 114		

Carol Perrett Office of Racing 3234 1408 3 April 2008	Mike Kelly Office of Racing 3234 1376 03/04/08	5/4/08
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\* This officer may be required to provide further detailed information regarding the issue



Hon Andrew Fraser MP  
Member for Mount Coot-tha



Queensland  
Government

Treasurer of Queensland

RAC-00041

22 APR 2008

Mr P Bennett  
Chair  
Greyhounds Queensland Limited  
C/- Greyhound Racing Authority  
PO Box 250  
ALBION QLD 4010

*Dear Mr Bennett*

I refer to the amended draft constitution of Greyhounds Queensland Limited (GQL) dated 4 March 2008:

In accordance with the conditions of approval, would you please arrange for GQL to adopt the amended draft constitution by 30 April 2008. Your advice when the constitution has been adopted would be appreciated.

If you require further information in relation to this matter, please contact Mr Mike Kelly, Executive Director, Office of Racing on (07) 3234 1376.

Yours sincerely

ANDREW FRASER

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100 George Street Brisbane 4000  
GPO Box 631 Brisbane  
Queensland 4001 Australia  
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ABN 65 959 415 158

MALLESONS STEPHEN JAQUES

# Constitution

Dated

Greyhounds Queensland Limited (ACN 128 067 247) ("the Company")

A Company Limited by Guarantee and not having a Share Capital

D r a f t

**Mallesons Stephen Jaques**  
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# Constitution

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# Constitution

## General terms

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### 1 Definitions and Interpretation

#### 1.1 Definitions

In this Constitution:

**Advertising Notice** means the advertising notice to be placed in all metropolitan and Queensland state-wide newspapers by the company in accordance with clause 16.2

**Annual General Meeting** means the general meeting held each year as required by the Corporations Act and this Constitution.

**Auditor** means the Auditor of the company appointed in accordance with clause 20.1.

**Authorised Representative** means the representative of a class of Members appointed in accordance with clause 12 from time to time.

**Board, Board of Directors or Directors** means some or all of the Directors acting as a board of directors of the Company.

**Business Day** means a day which is not a Saturday, Sunday or a public holiday in Brisbane.

**Chairman** means the chairman of the Board of Directors of the Company from time to time.

**Class A Member Executive Officer** means a person who is concerned with, or takes part in, the management of a Class A Member, whether or not the person is a director or the person's position is given the name of executive officer.

**Class A Members** means each of the following:

- (a) each of the TAB Clubs;
- (b) each of the Non-TAB Clubs;
- (c) Queensland Greyhound Breeders Owners and Trainers Association Inc; and
- (d) such other persons that are from time to time admitted to Class A Membership in accordance with clause 4.

**Class B Members** means the class of members consisting of all persons who are Directors of the Company from time to time.

**Class A Voting Right** means, subject to this Constitution, the right of all Class A Members to exercise one collective vote on Members' resolutions in accordance with the processes set out in this Constitution.

**Class B Voting Right** means the right of all Class B Members to exercise one collective vote on Members' resolutions in accordance with the processes set out in this Constitution.

**Club Committee Member** means a person duly elected from within a TAB Club's or a Non-TAB Club's membership and appointed to that club's committee.

**Commencement Date** means the date the Company is approved as the Control Body for greyhound racing pursuant to section 26 of the Racing Act.

**Company** means Greyhounds Queensland Limited.

**Company Secretary** means the secretary of the Company.

**Corporations Act** means the *Corporations Act 2001* (Cwth).

**Control Body** means a 'Control Body' as defined under the Racing Act, or a similar body under any Act passed in substitution for the Racing Act.

**Director** means a person holding the office as a director of the Company.

**Director Candidates** means persons named on the Shortlist and to be considered by the Selection Committee in accordance with the provisions of clause 16.

**Dispute Representative** means the representative appointed under clause 6.3(d)(i) to appoint the Member Representative of the Non-TAB Clubs in a Region where the Non-TAB Clubs in that Region can not agree on the appointment of a Member Representative.

**Financial Year** means the period from the date of establishment of the Company to the following 30 June, and after that, the period 1 July in a calendar year through to 30 June in the next calendar year or such other period of 12 consecutive months determined by the Board.

**Founding Directors** means the Directors referred to in clause 14.3.

**Independent Recruitment Consultant** means an independent recruitment consultant engaged by the Board.

**Industry Body Committee Member** means a person duly elected from within the Queensland Greyhound Breeders Owners and Trainers Association Inc or a Participants' Associations membership and appointed to that body's committee.

**A Large Proprietary Company** is a company that satisfies at least 2 of the following paragraphs:

- (a) The consolidated gross operating revenue for the financial year of the company and the entities it controls (if any) is \$10 million or more;

- (b) The value of the consolidated gross assets at the end of the financial year of the company and the entities it controls (if any) is \$5 million or more;
- (c) The company and the entities it controls (if any) have 50 or more employees at the end of each financial year.

**Licensed Club** has the meaning given in the Racing Act.

**Licensee** means any person who holds one of the following licences from the Company:

- (a) Trainer's Licence;
- (b) Attendant;
- (c) Stud Master;
- (d) Racing Bookmaker;
- (e) Racing Bookmaker's Clerk;
- (f) Racing Staff; or
- (g) Training Track Operator.

**Material Commercial Arrangement** means an arrangement in which a Director has a personal interest, and the majority of Directors (not including the Director who has the interest) consider the interest to be material and likely to cause a conflict of interest in that Director performing his or her duties as director of the Company.

**Member** means each of the Class A Members and the Class B Members.

**Member Representative** means a representative of Class A Members appointed in accordance with clause 6.

**Minister** means the Queensland Government Minister with responsibility for the Racing Act.

**Non-Regulatory Sub-Committee Member** means a Director who is not a member of the Regulatory Sub-Committee in accordance with clause 18.12.

**Non-TAB Clubs** means for the time being:

- (a) Bundaberg Greyhound Racing Club Incorporated;
- (b) Cairns Greyhound Racing Club Incorporated;
- (c) Capalaba Greyhound Racing Club Incorporated;
- (d) Mackay & District Greyhound Racing Club Incorporated;
- (e) Rockhampton Greyhound Racing Club Incorporated; and
- (f) Townsville Greyhound Racing Club Incorporated,

and will include any club that holds greyhounds races, that comes into existence after the date of adoption of this Constitution and is admitted as a Member as a 'Non-TAB Club' by the Board under clause 4.2.

**Notice of Meeting** means a notice provided in accordance with clause 21.

**Notice of Appointment** means a notice provided in accordance with clause 6.

**Office** means the registered office for the time being of the Company.

**Owner** means a person who has an equitable or legal interest in a greyhound and is a registered person with the Company as an owner or a syndicate owner of a greyhound.

**Participants' Association** means an association formed to represent and promote the interests of a group of persons having a common interest in the thoroughbred racing industry.

**Public Company** means a company with the words 'Limited' or 'Ltd' at the end of its name.

**Queensland North Region** means any part of the State of Queensland which is located on or north of the latitude 21 degrees south (approximately through the township of Sarina).

**Queensland South Region** means any part of the State of Queensland which is located south of the latitude 21 degrees south (approximately through the township of Sarina).

**Racing Act** means the Racing Act 2002 (Queensland).

**Region** means the Queensland North Region or the Queensland South Region as the context requires in this Constitution.

**Regulatory Sub-Committee** means the sub-committee of the Board established in accordance with clause 18.12.

**Regulatory Sub-Committee Member** means a Director who is a member of the Regulatory Sub-Committee in accordance with clause 18.12.

**Removal Notice** means a notice provided in accordance with clause 7.2(b).

**Replacement Entity** means an entity described in clause 4.4.

**Representative** means a person appointed to represent a corporate Member at a general meeting of the Company in accordance with the Corporations Act.

**Revocation Notice** means a notice provided in accordance with clause 6.5.

**Rules** means the rules relating to the greyhound racing industry as published and updated from time to time by the Company in accordance with Chapter 3, Part 3 of the Racing Act or any similar provisions under any Act passed in substitution for the Racing Act.

**Selection Committee** means the committee formed and convened in accordance with clause 16.6.

**Selection Criteria** means the criteria for the selection of directors set out in Annexure A.

**Shortlist** means the shortlist of Director Candidates formulated in accordance with clause 16.3.

**State** means the State of Queensland.

**TAB Club** means for the time being:

- (a) Brisbane Greyhound Racing Club Incorporated;
- (b) Gold Coast Greyhound Racing Club Incorporated; and
- (c) Ipswich Greyhound Racing Club Incorporated,

and will include any TAB Licensed Club admitted as a Member in accordance with clause 4.6.

**TAB Licensed Club** means a club licensed by the Company on which the TABQ offers wagering on the majority of greyhound races conducted by the club in the current racing year, being the period from 1 August in a year to 31 July of the following year.

**TABQ** has the meaning given in the Racing Act.

## 1.2 Interpretation

In this Constitution unless the contrary intention appears:

- (a) (gender) words importing any gender include all other genders;
- (b) (person) the word person includes a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association or an authority;
- (c) (singular includes plural) the singular includes the plural and vice versa;
- (d) (regulations) a reference to a law includes regulations and instruments made under the law;
- (e) (amendments to statutes) a reference to a law or a provision of a law includes amendments, re-enactments or replacements of that law or the provision, whether by the State or the Commonwealth of Australia or otherwise;
- (f) (from time to time) a power, an authority or a discretion reposed in a Director, the Directors, the Company in general meeting or a Member may be exercised at any time and from time to time;

- (g) (signed) where, by a provision of this Constitution, a document including a notice is required to be signed, that requirement may be satisfied in relation to an electronic communication of the document in any manner permitted by law or by any State or Commonwealth law relating to electronic transmissions or in any other manner approved by the Directors; and
- (h) (writing) "writing" and "written" includes printing, typing and other modes of reproducing words in a visible form including, without limitation, any representation of words in a physical document or in an electronic communication or form or otherwise.

### 1.3 Corporations Act

In this Constitution unless the contrary intention appears:

- (a) an expression has, in a provision of this Constitution that deals with a matter dealt with by a particular provision of the Corporations Act, the same meaning as in that provision of the Corporations Act; and
- (b) "section" means a section of the Corporations Act.

### 1.4 Headings and Parts

Headings are inserted for convenience and are not to affect the interpretation of this Constitution.

### 1.5 Replaceable rules not to apply

The provisions of the Corporations Act that apply as replaceable rules are displaced by this Constitution and accordingly do not apply to the Company.

---

## 2 Limited Company

### 2.1 Limited liability of members

The liability of the Members is limited to the payment of the amount prescribed by clause 22.3.

### 2.2 Name

The name of the Company is "Greybounds Queensland Limited".

### 2.3 Registered Office

The registered office of the Company will be as the Board of Directors determines from time to time, but must always be in the State of Queensland.

---

### **3 Objects**

#### **3.1 Objects**

The objects for which the Company is established are, in addition to those powers conferred by section 124 of the Corporations Act, to exercise the powers and perform the functions of a Control Body.

#### **3.2 Application of income and property of the Company**

The income and property of the Company must be applied solely towards the promotion of the objects of the Company as set forth in this Constitution and no portion of it can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the Members.

#### **3.3 Payment by Company in good faith**

Nothing in clause 3.2 shall prevent payment by the Company in good faith:

- (a) of remuneration to any officer or employee of the Company or to any Member:
  - (i) in return for any services actually rendered to the Company;
  - (ii) for any goods supplied in the ordinary and usual course of business; or
- (b) to Members, made in furthering the objects of the Company under clause 3.1.

---

### **4 Membership**

#### **4.1 Becoming a Member**

Except for a person who was a Member at the time when this Constitution was adopted, a person may only become a Member under clause 4.2

#### **4.2 Admission as a Member**

The Board may admit as a Member any person who agrees to be bound by this Constitution and any other rules, by-laws, policies or other standards prescribed by the Directors from time to time.

The Board may prescribe the form of application for membership.

#### **4.3 Member to notify changes**

A Member must promptly notify the Company of any change in the details with respect to that Member which are recorded in the register of Members.

#### **4.4 Admission of Replacement Entity as a Member**

If a Class A Member is:

- (a) re-organised;

- (b) amalgamated with another entity; or
- (c) wound up,

and another entity with substantially similar purposes and objectives may carry on the activities of that Member (the "Replacement Entity"), the Replacement Entity may apply to the Board to be admitted as a Class A Member. If the Replacement Entity can demonstrate to the Board that it has substantially similar purposes and objectives of the former Class A Member and its activities will include substantially all of the activities of the former Class A Member, then the Board shall admit the Replacement Entity as a Class A Member.

**4.5 No right to additional Member Representatives**

The formation or coming into existence of a Replacement Entity does not change the right to the number of Member Representatives for Class A Members in that category set out in clause 6.2.

**4.6 Automatic acceptance of TAB Licensed Club**

In the event that an entity becomes a TAB Licensed Club it will automatically be admitted as a TAB Club upon agreeing in writing to become a Class A Member and be bound by the terms of this constitution.

**4.7 Admission of Participants' Association as a Member**

A Participants' Association may be admitted as a Class A Member if approved by the Board and by the Class A Members in a General Meeting of the Members of that Class. A resolution of the Class A Members to approve the admission of a new Class A Member:

- (a) must decide whether the Participants' Association has the right to appoint one Member's Representative; and
- (b) must be passed by a majority of 75% of the Class A Members present in person or by proxy and voting at the meeting of Class A Members.

---

**5 Cessation of membership**

A person ceases to be a Member if any of the following circumstances occur:

- (a) the Member resigns as a Member by giving the Board notice, effective from the date specified in the notice;
- (b) the Member, being a Class B Member, ceases to be a Director;
- (c) the Member, being a Class A Member, is formally dissolved, wound up, is insolvent or otherwise formally ceases to carry on its activities;
- (d) the Member, being a Class A Member and a Licensed Club under the Racing Act, ceases to be a Licensed Club;

- (e) the Member, being a Class A Member, is removed by unanimous vote of all Members (excluding that Member) in general meeting.

## **6 Appointment of Member Representatives**

### **6.1 Role of the Member Representative**

The role of a Member Representative is to act in a consultative capacity in providing to the Board, at the request of the Board, information to assist the Directors make informed and guided decisions. The information to be given by Member Representatives to the Board includes:

- (a) feedback on the agenda items to be discussed at general meetings of Members;
- (b) the views of the greyhound racing industry and the views of the club or clubs that the Member Representative represents; and
- (c) any other information relating to matters affecting the greyhound racing industry.

### **6.2 Right to appoint Member Representatives**

Subject to clause 6.6, Class A Members have a right to appoint Member Representatives as following:

- (a) each TAB Club has the right to appoint one Member Representative;
- (b) the Non-TAB Clubs which are located in the Queensland North Region together have the right to appoint one Member Representative;
- (c) the Non-TAB Clubs which are located in the Queensland South Region together have the right to appoint one Member Representative;
- (d) the Queensland Greyhound Breeders Owners and Trainers Association Inc has the right to appoint one Member Representative; and
- (e) a Participants' Association which is admitted as a new Class A Member by resolution passed in accordance with clause 4.7, has the right to appoint one Member Representative (if approved in that resolution).

### **6.3 Notice**

- (a) In order to validly appoint a Member Representative a Class A Member (or in the case of Non-TAB Clubs, the Members in the Region as a group or the Dispute Representative if appointed under clause 6.3(d)) must send a signed Notice of Appointment to the Company Secretary which sets out the following:
  - (i) the name of the Member Representative;

- (ii) the name of the Member or Members; and
  - (iii) the term of the appointment.
- (b) A Notice of Appointment must be sent to the Company Secretary within 48 hours of the date of appointment of the Member Representative.
- (c) A properly authorised representative of each of the Non-TAB Clubs located in a Region must sign the Notice of Appointment of the Member Representative for that Region.
- (d) If the Non-TAB Club's located in a Region cannot agree on the appointment of a Member Representative for that Region within 14 days of meeting to discuss such appointment, then the following process for determining the Member Representative for that Region must be followed:
- (i) the Class A Members, excluding those Non-TAB Clubs in the Region involved, must appoint a Dispute Representative and must notify the Non-TAB Clubs in the Region of such appointment;
  - (ii) each Non-TAB Club in the Region may make submissions to the Dispute Representative regarding their preferred choice of Member Representative for their Region within 14 days of the notice of appointment of the Dispute Representative; and
  - (iii) the Dispute Representative must, within 14 days of expiry of the period in clause 6.3(d)(ii), appoint the Member Representative for the Non-TAB Clubs in the Region for a term of 2 years, by Notice of Appointment in accordance with clause 6.3(a).

#### **6.4 Standing appointment**

Where a Notice of Appointment received by the Company Secretary does not specify the term of the appointment, the appointment will be a standing one.

#### **6.5 Revocation of Notice of Appointment**

A Member or Members may revoke the appointment of a Member Representative by sending a signed Revocation Notice to the Company Secretary which:

- (a) sets out the name of the Member Representative whose appointment is being revoked;
- (b) sets out the name of the Member or Members;
- (c) sets out the date from which the appointment is to be revoked which cannot be a date earlier than three Business Days after the Notice of Revocation is given to the Company Secretary; and

- (d) in the case of revocation of appointment of the Member Representative for a Region, is signed by a properly authorised representative of a majority of the Non-TAB Clubs located in that Region. If half of the Non-TAB Clubs located in a Region sign a Revocation Notice and half do not, the issue of whether or not the appointment of the Member Representative should be revoked will be decided by the same process described in clause 6.3(d) with the necessary amendments to accommodate the substance of a Revocation Notice rather than a Notice of Appointment.

#### **6.6 Changing the number of Member Representatives**

A Member may not make a change to the number of Member Representatives of each category of Class A Members as stated in clause 6.2 without the approval by resolution passed at a general meeting of Class A Members by:

- (a) a majority of 75 percent of Class A Members present in person or by proxy and voting at the meeting of Class A Members; and
- (b) a majority of 75 percent of all Class A Members of the category whose number of representatives will be affected.

At that meeting the Class A Members shall have the right to vote as provided by clause 11.3(b)(ii).

---

### **7 Removal of Member Representative by the Board**

#### **7.1 Application of clause**

If a Member Representative:

- (a) is found guilty of a criminal offence;
- (b) wilfully refuses or neglects to comply with the provisions of this Constitution;
- (c) in the reasonable opinion of the Board, is guilty of any dishonest, corrupt fraudulent improper or dishonourable action or practice in connection with racing; or
- (d) is guilty of any conduct which in the reasonable opinion of the Board is unbecoming of a Member Representative or prejudicial to the interests of the Company.

this clause 7 applies.

#### **7.2 Removal Notice**

- (a) Where the Board determines that the circumstances set out in clause 7.1 apply to a Member Representative the Board, before issuing a Removal Notice under clause 7.2(b), must give to each of the Members whose Member Representative is guilty of conduct referred to in clause 7.1 a notice requiring that each Member show cause why a Removal Notice should not be served.

(b) If within 14 days of the date of giving notice under clause 7.2(a), the Member or Members fail to:

(i) show cause to the reasonable satisfaction of the Board why the Member Representative should not be removed as its Member Representative for that category of Members; or

(ii) remove the Member Representative itself under clause 6.5,

the Board may serve a Removal Notice on the Class A Member or Members advising them:

(iii) the name of the Member Representative whose appointment is being removed;

(iv) the name of the Member or Members which that Member Representative represents; and

(v) the date upon which the Member Representative's appointment is to be removed which date cannot be a date earlier than the date the Removal Notice is given.

**7.3 Where a Removal Notice is issued by the Board:**

(a) the Class A Member or Members who appointed the Member Representative may not appeal the decision; and

(b) the Member Representative will cease to be a Member Representative from the date specified in the Removal Notice.

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**8 Annual general meeting**

Annual general meetings of the Company are to be held in accordance with the Corporations Act. Subject to the Corporations Act, the Annual General Meeting must be held each year no later than five months after the end of the previous financial year.

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**9 General meetings**

**9.1 Convening of a general meeting**

A general meeting may be convened by the Board at any time and the Board must convene a general meeting within two calendar months of receiving a requisition in writing from at least 75% of the Class A Members, at the cost of the Company.

**9.2 Notice of general meeting**

(a) At least 28 days written notice of a general meeting must be given to all Members who are entitled to receive such a notice.

(b) A notice of a general meeting must contain all information required by the Corporations Act, including:

- (i) the place, the day and the hour of the meeting; and
- (ii) the general nature of the business to be transacted at the meeting.

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## 10 Proceedings at general meeting

### 10.1 Reference to a Member

Unless the contrary intention appears, a reference to a member in this clause 10, means a person who is a Member, or:

- (a) a proxy;
- (b) an attorney; or
- (c) a representative,

of that Member.

### 10.2 Requirement for a quorum

No business can be transacted at any Annual General Meeting or general meeting unless a quorum of Members is present in person or by proxy, attorney or Authorised Representative at the time when the meeting is due to commence.

### 10.3 Number for a quorum

- (a) A quorum of members is the Authorised Representative of each of the Class A Members and Class B Members except for motions to be considered at meetings of the Company referred to in subparagraphs (b), (c) or (d) of this clause 10.3.
- (b) At a meeting of the Company at which a motion to remove a Member under clause 5(e) is proposed, a quorum of Members for the purpose of that motion is all Members present in person, or by proxy, attorney or Representative, other than the one the subject of the removal motion.
- (c) At a meeting of the Company at which a motion to increase the remuneration of Directors is proposed, a quorum of Members for the purpose of that motion is 50 percent of Class A Members present in person, or by proxy, attorney or Representative.
- (d) At a meeting of a class of Members of the Company the quorum for that motion only is the majority of the Members of that class present in person, or by proxy, attorney or Representative.

### 10.4 If quorum not present

If a quorum is not present within half an hour from the time appointed for the meeting, the meeting:

- (a) if convened upon the requisition of Members, is dissolved; or
- (b) in any other case, the meeting is adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Chairman may determine.

#### **10.5 Quorum at the adjourned meeting**

At the adjourned meeting under clause 10.4 the quorum is as set out in clause 10.3. However, if within half an hour from the time appointed for the adjourned meeting the quorum is not present, the Authorised Representative or Members (as applicable under clause 10.3) present constitutes a quorum.

#### **10.6 Adjournment of meeting**

The Chairman may, with the approval of the Members present at any meeting at which a quorum is present (and must if directed by those Members), adjourn the meeting either to a later time at the same meeting or to an adjourned meeting at any time and place, and no business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### **10.7 Notice of adjourned meeting**

It is not necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting unless a meeting is adjourned for 30 days or more. In that case, notice of the adjourned meeting must be given as in the case of an original meeting.

#### **10.8 Questions decided by majority**

Subject to the requirements of the Corporations Act, a resolution is taken to be carried if a simple majority of the votes cast on the resolution are in favour of it.

#### **10.9 Casting Vote of Chairman**

In the case of an equality of votes, the Chairman of the meeting has a second or casting vote except:

- (a) on a resolution to amend the Constitution;
- (b) on the election or removal of Directors; and
- (c) on a resolution to increase the Directors' remuneration.

#### **10.10 Voting on show of hands**

At any general meeting a resolution put to the vote of the meeting must be decided on a show of hands unless a poll is effectively demanded and the demand is not withdrawn. A declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company, is conclusive evidence of the fact. Neither the Chairman nor the minutes need state, and it is not necessary

to prove, the number or proportion of the votes recorded in favour of or against the resolution.

#### **10.11 Poll**

If a poll is effectively demanded:

- (a) it must be taken in the manner and at the date and time directed by the Chairman and the result of the poll is a resolution of the meeting at which the poll was demanded;
- (b) on the election of a Chairman or on a question of adjournment, it must be taken immediately;
- (c) the demand may be withdrawn; and
- (d) the demand does not prevent the continuance of the meeting for the transaction of any business other than the question on which the poll has been demanded.

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### **11 Voting Rights of Members**

#### **11.1 Number and use of Class Voting Rights**

Subject to clause 11.3, at a meeting of Members:

- (a) the Class A Members have a Class A Voting Right; and
  - (b) the Class B Members have a Class B Voting Right,
- (each a "Class Voting Right").

The Members of each class of Members shall determine how the Authorised Representative of that class of Members is to exercise their Class Voting Right on any resolution of Members.

#### **11.2 Resolutions exercisable by Class Voting Rights**

- (a) The Class A Voting Right is exercisable only by the Authorised Representative appointed by the Class A Members.
- (b) The Class B Voting Right is exercisable only by the Authorised Representative appointed by the Class B Members.
- (c) On a resolution, the Authorised Representatives of the Class A Members and the Class B Members have one vote each.

#### **11.3 Resolutions where there is no Class Voting Right**

- (a) At any general meeting of the Company where there is a motion for an increase in the aggregate remuneration paid to Directors:
  - (i) Class B Members have no voting rights on that motion; and

- (ii) the Class A Members are the only Members who may vote on that motion and each Class A Member has one vote whether on a show of hands or on a poll,

and the Class A Voting Right or Class B Voting Right do not apply.

- (b) At any general meeting of the Company a Member may only vote on:

- (i) the removal of a Class A Member under clause 5(e);
  - (ii) a resolution considered by the class of members of which it is a Member; or
  - (iii) for Class A Members only, a resolution under clause 11.3(a),
- and the Class A Voting Right or Class B Voting Right do not apply.

Each Member has one vote for resolutions under this clause 11.3(b), exercisable by that Member's appointed Member Representative, whether on a show of hands or on a poll.

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## 12 Authorised Representative

- (a) Each class of Members may appoint and remove from time to time one Authorised Representative by notice in writing to the Company Secretary.
- (b) The Authorised Representative of the Class A Members shall be selected by ordinary resolution of the Member Representatives.
- (c) The Authorised Representative of the Class B Members shall be selected by ordinary resolution of the Class B Members.

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## 13 Proxies

### 13.1 Appointment of proxy

A proxy must:

- (a) be in writing and:
  - (i) if the appointer is an individual, under the hand of the appointer or of the appointer's attorney duly authorised in writing; or
  - (ii) if the appointer is a corporation incorporated under the Corporations Act, in accordance with section 127 of the Corporations Act or by attorney duly authorised; or
  - (iii) if the appointer is an association incorporated under the *Associations Incorporation Act 1981* (Qld), in accordance with section 28 of the *Associations Incorporation Act 1981* (Qld) or by attorney duly authorised; and

- (b) contain;
  - (i) the Member's name;
  - (ii) the company or association's name;
  - (iii) the proxy's name or the name of the office held by the proxy; and
  - (iv) the meetings at which the proxy appointment may be used.

### 13.2 Specified proxies

An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

### 13.3 Authority to demand

An instrument appointing a proxy is taken to confer authority to demand or join in demanding a poll.

### 13.4 Proxy instrument must be deposited with the Company

An instrument appointing a proxy is not valid unless the instrument, and the original certified copy of the power of attorney or other authority under which the instrument is signed, is deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting:

- (a) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- (b) in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll.

Where the time to lodge falls on a day which is not a business day in the place where the registered office of the Company is located, this clause 13.4 requires the deposit of the document at the same time on the previous business day.

### 13.5 Facsimile deposit of proxy

For the purpose of clause 13.4, a document is taken to be "deposited at the registered office of the Company" if legible, true copy of a document is received on a facsimile machine located at the registered office of the Company within the time referred to in clause 13.4.

### 13.6 Validity of proxy

A vote given in accordance with the terms of an instrument of proxy or of a power of attorney is valid despite:

- (a) the previous death or unsoundness of mind of the principal; or
- (b) the revocation of the instrument (or of the authority under which the instrument was executed) or of the power,

if no intimation in writing of any of those events has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

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## **14 Appointment, removal & remuneration of directors**

### **14.1 Number of Directors**

Unless otherwise determined by the Company in general meeting, the number of Directors may not be less than four and not more than six.

### **14.2 Change in numbers of Directors**

- (a) Subject to clause 14.2(b), the Company in general meeting may by resolution increase or reduce the number of Directors, and may also determine the rotation in which the increased or reduced number is to retire from office.
- (b) The Company must not reduce the number of Directors to less than four.

### **14.3 Founding Directors**

The Directors in office at the time of adoption of this constitution are:

- (a) Phillip Christopher Bennett;
- (b) Kerry Lee Watson;
- (c) Christopher John Williams; and
- (d) David Anthony Stitt,

("Founding Directors").

### **14.4 Period of office of Founding Directors**

A Founding Director is to hold office for an initial term of up to three years from the Commencement Date, unless they cease to hold office sooner in accordance with:

- (a) the process for the gradual retirement of the Founding Directors contained in clause 14.5;
- (b) any other provision of this Constitution; or
- (c) the Corporations Act.

Nothing in clause 14 shall be construed to prohibit a retiring Founding Director from being re-appointed in accordance with the director selection process in clause 16.

#### **14.5 Retirement of Founding Directors**

- (a) Two Founding Directors (who are to be determined by agreement between the Founding Directors or by majority resolution, but must not be the initial Chairman) must retire at the Annual General Meeting held in the calendar year 2010.
- (b) The remaining two Founding Directors must retire at the Annual General Meeting held in the calendar year 2011.

#### **14.6 Rotation of Directors**

At the Annual General Meeting held in every calendar year following 2011, two Directors in office must retire from office on a rotational basis.

The Directors to retire by rotation each year at each Annual General Meeting are those who have been longest in office since their election, but as between Directors who have been in office at an equal length of time, those to retire must in default of an agreement between them, be determined by resolution of directors or in any manner determined by the Chairman.

#### **14.7 Office held until conclusion of meeting**

A retiring Director may act until the conclusion of the Annual General Meeting at which he or she retires. Each Director retiring from office in accordance with clause 14.5 or clause 14.6 is eligible to apply to become a Director under clause 16.

#### **14.8 Removal of Directors**

The Company may by ordinary resolution remove any Director before the expiration of his or her period of office.

#### **14.9 Vacation of office**

The office of a Director becomes vacant if the Director:

- (a) dies;
- (b) is convicted of a criminal offence;
- (c) becomes bankrupt or makes any arrangement or composition with his or her creditors generally;
- (d) becomes prohibited from being a director of a company by reason of any order made under the Corporations Act;
- (e) ceases to be a Director by operation of any provision of the Corporations Act;
- (f) ceases to be a Class B Member;

- (g) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Corporations Act relating to mental health;
- (h) resigns as a Director by notice in writing to the Company;
- (i) is absent from three consecutive meetings of the Board without having previously obtained leave of the Board; or
- (j) ceases to be an "Eligible Individual" under the Racing Act.

#### 14.10 Casual Vacancy

Where a casual vacancy arises due to any of the reasons set out in clause 14.9, the Board may appoint a Director to fill the vacancy. The Board position in respect of which the casual vacancy arose will be taken to have been vacated at the next Annual General Meeting for the purposes of clause 16. That Director shall hold office until the conclusion of the next Annual General Meeting of the Company but is eligible to apply to become a Director under clause 16.

#### 14.11 Remuneration of Directors

The Directors are to be remunerated for their services as Directors as follows:

- (a) the amount of the remuneration of the Directors is a yearly sum not exceeding the sum from time to time determined by the Company in general meeting;
- (b) the amount of the remuneration of the Directors is to be divided among them in the proportion and manner they agree or, in default of agreement, among them equally;
- (c) a Director is entitled to be remunerated from the date he or she is appointed to the Board;
- (d) the remuneration is to be provided wholly in cash; and
- (e) the Directors' remuneration accrues from day to day.

#### 14.12 Superannuation contributions

If required by law, the Company may make contributions to a fund for the purpose of making provision for or obtaining superannuation benefits for a Director. A contribution made by the Company under this clause 14.12 is not remuneration to which clause 14.11 applies.

#### 14.13 Additional or special duties

If a Director at the request of the Directors performs additional or special duties for the Company, the Company may remunerate that Director as determined by the Directors and that remuneration may be either in addition to or in substitution for that Director's remuneration under clause 14.11.

#### 14.14 Expenses

A Director is entitled to be reimbursed out of the funds of the Company such reasonable travelling, accommodation and other expenses as the Director may incur when travelling to or from meetings of the Directors or a committee or when otherwise engaged on the business of the Company.

#### 14.15 Director's Interests

Subject to complying with the Corporations Act regarding disclosure of and voting on matters involving material personal interests, and complying at all times with the Director Selection Criteria listed in Annexure A, a Director may:

- (a) hold any office or place of profit in the Company, except that of auditor;
- (b) hold any office or place of profit in any other company, body corporate, trust or entity promoted by the Company or in which it has an interest of any kind;
- (c) enter into any contract or arrangement with the Company;
- (d) participate in any association, institution, fund, trust or scheme for past or present employees of the Company or Directors or persons dependent on or connected with them;
- (e) act in a professional capacity (or be a member of a firm which acts in a professional capacity) for the Company, except as auditor;
- (f) participate in, vote on and be counted in a quorum for any meeting, resolution or decision of the Directors and may be present at any meeting where any matter is being considered by the Directors;
- (g) sign or participate in the execution of a document by or on behalf of the Company; and
- (h) do any of the above despite the fiduciary relationship of the Director's office:
  - (i) without any liability to account to the Company for any direct or indirect benefit accruing to the Director; and
  - (ii) without affecting the validity of any contract or arrangement.

#### 14.16 Two Owners may be Directors

At no time may there be more than two Directors on the Board who are also Owners.

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### 15 Chairman

#### 15.1 Initial Chairman

The initial Chairman of the Company will be Mr Phillip Christopher Bennett.

**15.2 Eligibility for election as Chairman**

Subject to this Constitution and the Corporations Act, any Director of the Company who is not an Owner may offer himself or herself for election as Chairman.

**15.3 Election by directors**

At the third Annual General Meeting following the Commencement Date and each Annual General Meeting thereafter, the election of the Chairman will be determined by the Board following the director selection process in accordance with clause 16.

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**16 Selection of the directors**

**16.1 Director selection process**

Seven months prior to the latest date for the holding of the Annual General Meeting in the calendar year 2011, a director selection process must take place in accordance with the provisions of this clause 16. Thereafter a director selection process must be initiated each calendar year in accordance with the provisions of this clause 16.

**16.2 Advertisement**

(a) The Company must appoint the Independent Recruitment Consultant annually in a timely manner so as to allow the Independent Recruitment Consultant to complete the requirements in clause 16.2(b).

(b) Not less than two months prior to the end of each Financial Year, the Independent Recruitment Consultant must advertise by public notice (an "Advertising Notice") for Directors to fill positions which will be vacated on the Board of the Company at the next Annual General Meeting. The Company will send a copy of the Advertising Notice to each of the Class A Members and the Class B Members.

**16.3 Shortlist**

Before the end of each Financial Year, a Shortlist of the applications received in response to the Advertising Notice must be prepared by the Independent Recruitment Consultant by reference to the Selection Criteria contained in Annexure A. The number of Director Candidates on the Shortlist is to be decided by the Independent Recruitment Consultant. The Shortlist must be no less than the number of director positions that will be vacated at that next Annual General meeting plus two, provided at least that number of Director Candidates have applied in response to the Advertising Notice.

**16.4 Shortlist to be given to Members**

Not less than one month after the end of the Financial Year and subject to the application of the Selection Criteria and probity checks being conducted on all Director Candidates, the Shortlist will be provided to the Class A Members and the Class B Members (other than those who are Director Candidates) for consideration.

#### 16.5 Determination of order

Each of the Class A Members and the Class B Members (other than those Class B Members who are Director Candidates) shall determine the order of preference of the Director Candidates in accordance with Part I of Annexure B, before the Selection Committee meets under clause 16.6.

#### 16.6 Selection Committee

- (a) Not less than eight weeks prior to the Annual General Meeting, a meeting of the Selection Committee must be convened by the Chairman. The Selection Committee will be comprised of:
- (i) Member Representatives from the Class A Members; and
  - (ii) Class B Members who are not Director Candidates.
- (b) The Chairman shall chair the meeting of the Selection Committee.
- (c) The meeting shall first discuss the Shortlist and try to agree who is to be the preferred candidate or candidates to fill the vacancy, always ensuring that clause 14.16 is complied with.
- (d) If no agreement is reached on the preferred candidate or candidates after such time as the Chairman considers reasonable, the Selection Committee shall follow the ballot procedure in accordance with Part II of Annexure B for the selection of Directors, but always ensuring that clause 14.16 is complied with.
- (e) Where a meeting of the Selection Committee is convened pursuant to clause 16.6(a), that meeting must continue until such time as the Directors to be elected have been determined or the Chairman adjourns the meeting.
- (f) If the Chairman is a Director Candidate, the powers, obligations and role of the Chairman in this clause 16.6, will be performed by the deputy Chairman or next most senior Board member (by term) who is not a Director Candidate and references in this clause to Chairman will be taken to be references to that person.

#### 16.7 Appointment of Directors

A Resolution of the Selection Committee to appoint a Director takes effect from the close of the next Annual General Meeting. The Chairman shall, at the Annual General Meeting announce the election of those Directors selected.

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### 17 Powers and duties of the directors

#### 17.1 Directors to manage the Company

The management of the Company is the responsibility of the Board and the Board may exercise all powers of the Company as are not, by the Corporations Act or by this Constitution, required to be exercised by the Company in general meeting.

## 17.2 Specific powers of Directors

- (a) The Board may make procedures and policies that are not inconsistent with the Constitution, the Racing Act and the Corporations Act for the general management and running of the Company.
- (b) The Board may make the Rules and related policies for the purpose of managing the racing of greyhounds in Queensland and for the purpose of carrying out any of the functions or powers conferred on the Company by the Racing Act.
- (c) The Board may exercise any power conferred on the Company by the Racing Act.
- (d) The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its property or any part of it, and to issue debentures and other securities whether outright or as security for any debt, liability, or obligation of the Company.

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## 18 Proceedings of the board

### 18.1 Directors' meetings

The Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A Director may at any time, and the Secretary must, on the requisition of a Director, summon a meeting of the Board.

### 18.2 Chairman of Directors' meetings

Where a meeting of Directors is held and:

- (a) a chairman has not been elected; or
- (b) the Chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act,

the Directors present must elect one of their number to be the chairman of the meeting.

### 18.3 Questions decided by majority

Subject to this Constitution, questions arising at any meeting of the Board will be decided by a majority of votes, and a determination by a majority of the members of the Board is a determination of the Board.

### 18.4 Chairman's casting vote at Directors' meeting

In case of an equality of votes, the Chairman of the meeting has a second or casting vote.

### 18.5 Quorum for Directors' meetings

At a meeting of Director's, the number of Directors whose presence in person or by proxy is necessary to constitute a quorum is three provided that at least

one Regulatory Sub-Committee Member and one Non-Regulatory Sub-Committee Member are present.

**18.6 Director attending and voting by proxy**

A Director may participate in and vote by proxy at a meeting of the Directors if the proxy:

- (a) is another Director; and
- (b) has been appointed in writing signed by the appointor.

The appointment may be general or for one or more particular meetings. A Director present as a proxy for another Director who would be entitled to vote if present at the meeting has one vote for the appointor and one vote in his or her own capacity as a Director.

**18.7 If quorum not present**

If a quorum is not present within half an hour from the time appointed for the meeting, the meeting is adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Chairman may determine.

**18.8 Quorum at the adjourned meeting**

At the adjourned meeting under clause 18.7 the quorum is as set out in clause 18.5. However, if within half an hour from the time appointed for the adjourned meeting the quorum is not present, the Directors present constitutes a quorum.

**18.9 Continuing Directors may act**

The continuing members of the Board may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the number fixed by or pursuant to this Constitution as the quorum of the Board, the continuing Directors may act for the purpose of filling a casual vacancy to that number or of summoning a general meeting of the Company, but for no other purpose.

**18.10 Circulating resolutions**

A resolution in writing signed by all Directors in Australia for the time being entitled to receive notice of a meeting of the Board is as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Directors.

**18.11 Delegation to committees**

- (a) The Board may delegate any of its powers and/or functions to one or more sub-committees consisting of such of the Directors as the Board thinks fit and the Board may also appoint the chairman of any such sub-committee.

- (b) Each sub-committee must keep proper minutes of its meetings and the provisions regulating proceedings of the Board apply to the proceedings of subcommittees also.
- (c) A sub-committee may meet and adjourn as the members of it think proper.
- (d) Sub-committees are appointed by the Board only and may only make recommendations to the Board. No decision of a sub-committee is binding on the Company unless it is ratified by the Board.

#### 18.12 Regulatory Sub-Committee

The Board must establish a sub-committee to be called the Regulatory Sub-Committee. The Regulatory Sub-Committee must comprise two Directors who are not Owners. The Regulatory Sub-Committee must convene as is practicable (but at least three times between Annual General Meetings) for the purposes of:

- (a) reviewing the effectiveness of the system for monitoring compliance with laws and regulations relating to the greyhound racing industry;
- (b) generally monitoring integrity in the greyhound racing industry and supervising enforcement and compliance of the Rules of the Company;
- (c) reviewing the results of management's investigation and follow-up (including disciplinary action) for any identified acts of non-compliance;
- (d) obtaining regular updates from management regarding compliance matters that may have a material impact on the Company's or the greyhound racing industry's reputation;
- (e) making appropriate enquiries to satisfy itself that all regulatory compliance matters related to the business of the Company have been considered; and
- (f) reviewing the findings and recommendations of any examinations by regulatory agencies or bodies.

#### 18.13 Validity of acts as Director

Every act done by any meeting of the Board or of a sub-committee or by any person acting as a Director is, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or in the formation or constitution of a sub-committee or any of them were disqualified, as valid as if every such person had been duly appointed and was qualified to be a Director or the formation or constitution of the sub-committee as the case may be.

#### 18.14 Meetings using technology

- (a) A Directors meeting or meeting of any sub-committee may be called or held using any technology allowed under the Corporations Act as consented to by all the Directors.
- (b) The consent referred to in clause 18.14(a) may be a standing one. A Director may only withdraw their consent within a reasonable period before the meeting, such reasonable period to allow enough time for alternative arrangements to be made.

#### 18.15 No alternate Directors

No director may appoint any other person to be an alternate director of the Company.

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### 19 Company secretary

#### 19.1 Terms of Company Secretary's office

The Company Secretary holds office on the terms decided by the Directors and in accordance with the Corporations Act.

#### 19.2 Secretary to take minutes

- (a) The Secretary must cause, or delegate the responsibility to ensure that, minutes to be made and entered of:
  - (i) the names of Directors and other persons present at all meetings of the Company and of the Board; and
  - (ii) all proceedings at all meetings of the Company and of the Board or of any committee or subcommittee constituted by the Board.
- (b) The minutes must be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.
- (c) The Company Secretary will attend, or nominate a representative to attend, all meetings of Member Representatives and should keep minutes of those meetings and decision of those meetings.

#### 19.3 Retention of Class A Members voting papers

The Company Secretary must retain the voting papers of the Authorised Representatives of the Class A Members for a period of six months after the date of the general meeting of which the vote was cast and at the request of any Class A Member shall make available for inspection and provide a copy of the voting paper to that Class A Member.

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## **20 Accounts**

### **20.1 Appointment of auditor**

The Auditor of the Company is appointed by the Company in general meeting and holds office in accordance with the Corporations Act.

### **20.2 Financial records**

The Board must cause:

- (a) proper accounting and other records to be kept;
- (b) copies of yearly financial statements (including every document required by law to be attached to them) accompanied by a copy of any auditor's report to be distributed to Members as required by the Corporations Act; and
- (c) a statement of financial position, a statement of financial performance and a statement of cash flow for the preceding financial year of the Company to be prepared to a date not more than twelve months before the date of the meeting and sent to every Member with the notice for each Annual General Meeting.

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## **21 Notices**

### **21.1 Giving Notice of Meeting**

A Company may give the Notice of Meeting to a Member either by:

- (a) serving it on the Member personally;
- (b) sending it by post to the Member at the address shown in the register of members or the address supplied by the member for the giving of notices;
- (c) forwarding it by facsimile transmission at the facsimile number shown in the registers of Members (if any) or the facsimile number supplied by the member for the giving of notices;
- (d) forwarding it by electronic mail to the electronic mail address shown in the register of Members (if any) or the electronic mail address supplied by the members for the giving of notices; or
- (e) in any other way allowed by the Corporations Act.

### **21.2 Notices of Meeting taken to be served**

- (a) A Notice of Meeting sent by post is taken to be given three days after it is posted.
- (b) A Notice of Meeting sent by facsimile will be deemed to be effected on the date the Company receives a facsimile transmission report confirming receipt of the notice at the facsimile number for the member referred to in clause 21.1.

- (c) A Notice of Meeting forwarded or otherwise sent by electronic mail, will be deemed to be effected on the day of the transmission, so long as the sender of the notice does not receive a delivery failure message in respect of the electronic mail.

### **21.3 Notice of Meeting to be given**

Notice of every meeting shall be given in any manner authorised by this Constitution to:

- (a) every Member except those Members who have not supplied to the Company an address for the giving of Notices to them; and
- (b) the auditor or auditors for the time being of the Company.

No other person is entitled to receive Notices of Meetings.

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## **22 Winding up**

### **22.1 Distribution of remaining property**

Upon the winding up or dissolution of the Company if any property remains after satisfaction of all its debts and liabilities, that property shall not be paid to or distributed among the Members of the Company but shall be given or transferred to a Control Body for greyhound racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then to an institution having similar objects of the Company as determined by a Judge of the Supreme Court of Queensland.

### **22.2 Members to wind up if Company ceases as Control Body**

In the event that the Company ceases to be a Control Body under the Racing Act, the Board will forthwith call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company in accordance with clause 22.1.

### **22.3 Member's Guarantee**

Every Member of the Company undertakes to contribute to the assets of the Company to a maximum of \$10 in the event of the Company being wound up while he or she is a Member or within one year after he or she ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

---

## **23 Indemnity**

### **23.1 Officers are indemnified**

Every Director, Secretary and other officer of the Company is indemnified out of the assets of the Company against any liability incurred by the person as officer except where the Company is prohibited from indemnifying the

person under the provisions of the Corporations Act. The indemnity may extend to a liability for costs and expenses incurred by a person in defending proceedings, whether civil or criminal, irrespective of their outcome.

### 23.2 Company may pay premiums

The Company may pay premiums in respect of contracts insuring persons who are or have been officers or auditors of the Company against liabilities incurred by them as officers or auditors and liability for costs and expenses incurred in defending proceedings (whether criminal or civil) whatever their outcome except in circumstances where the Company is prohibited from doing so under the Corporations Act.

### 23.3 Limitation of officers liability

A Director, manager, secretary or other officer of the Company is not liable for:

- (a) the act, neglect or default of any other Director or officer;
- (b) any loss or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company;
- (c) the insufficiency or deficiency of any security in or upon which any of the moneys of the Company are invested;
- (d) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects are deposited or left; or
- (e) for any other loss or damage which happens in the execution of the duties of his office,

unless the same happens through his or her own negligence, wilful default, breach of duty or breach of trust.

We the first members of the Company, adopt this Constitution.

DATED:

Signature of first members

.....  
PHILLIP CHRISTOPHER BENNETT

.....  
KERRY LEE WATSON

.....  
CHRISTOPHER JOHN WILLIAMS

.....  
DAVID ANTHONY STITT

[Insert signature clauses for each Class A Member]

D r a f t

# Constitution

## Annexure A (clause 16.3)

### Directors Selection Criteria

- 1 It is a mandatory requirement for all of the following to apply:
  - The Director Candidate is not a Licensee, Club Committee Member, Industry Body Committee Member or Class A Member Executive Officer;
  - If the Director Candidate is an Owner, the selection of the Director Candidate as a Director will not result in two Directors being Owners;
  - The Director Candidate does not have any current, Material Commercial Arrangements with the greyhound racing industry; and
- 2 It is a mandatory requirement for any two or more of the following to apply:
  - Five or more years experience as a director or a senior manager of a Large Proprietary Company\*, a Public Company or a public sector entity;
  - Five or more years experience in a senior administrative role;
  - Five or more years experience at a senior level in the fields of finance, law, marketing or commerce;
  - Five or more years experience as a non executive director in a Large Proprietary Company, a Public Company or a Control Body; or
  - Knowledge of the Rules of greyhound racing.
- 3 Candidates must also be capable of demonstrating that they are an 'eligible individual' within the meaning of the Racing Act.

# Constitution

## Annexure B (clause 16.5 and 16.6(d))

### Part 1

#### Ballot procedure for voting by Class A Member Representatives and Class B Members (within their member groups) for preferred Director Candidates.

- 1 The order of preference of the Director Candidates is to be agreed by the Member Representatives on behalf of the Class A Members and by those Directors who are not Director Candidates on behalf of the Class B Members. If the Members of a class cannot reach agreement then the ballot method set out in paragraph 2 will be followed.
- 2 Ballot method:
  - (a) The voting must be conducted by secret ballot. The company will supply the ballot papers.
  - (b) Each Member Representative or Director (other than those Directors who are Director Candidates), as applicable, will indicate their preference by marking the squares opposite the names of the Director Candidates appearing on the ballot paper. The highest number is to be allocated to the most preferred Director Candidate. For example, if there were three Director Candidates, they would mark the square opposite the most preferred candidate with the number 3.
  - (c) The Company Secretary will act as scrutineer to count the ballot papers and declare the order of preference of the Director Candidates.
  - (d) The ballot papers are counted by adding together the numbers allocated to each Director Candidate by each Member Representative or Director (other than those Directors who are Director Candidates), as applicable, to reach a total amount.
  - (e) After all the ballot papers are counted the Company Secretary will sort the Director Candidates into order of preference according to the total amount allocated to each Director Candidate from highest to lowest. For example, the Director Candidate with the highest total amount allocated will be the most preferred candidate, and the Director Candidate with the second highest total amount will be ranked second, and so on until each Director Candidate has a ranking.
  - (f) If two or more Director Candidates receive the same total amount, then the Company Secretary will determine the rank for those Director Candidates by drawing lots. For example, if two Director Candidates have the ranking of "4", after the lot is drawn one Director Candidate would have the ranking of "4" and the other the ranking of "5". The Director Candidates will be allocated the rank from highest to lowest in the order their lot is drawn.

- (g) A ballot paper will be informal if marked other than in accordance with the above method and will not be counted.

## Part II

### Ballot procedure for voting by Class A Members and Class B Members for Directors

- 1 The Authorised Representative will vote on behalf of the applicable class of Members.
- 2 Ballot method:
  - (a) The voting must be conducted by secret ballot. The Company will supply the ballot papers.
  - (b) Each Authorised Representative will vote on their ballot paper in the order of preference as decided by the class of Members they represent.
  - (c) There will be an exhaustive ballot to select the required number of Directors.
  - (d) The Company Secretary will act as scrutineer to count the ballot papers and declare the result of the vote.
  - (e) If two or more Director Candidates receive the same votes relevant to the vacancies to be filled, then the Authorised Representatives of the Class A Members and the Class B Members must be given the opportunity to agree on a preferred Director Candidate to be elected as Director. If after a reasonable period of time, at the discretion of the Chairman, the Authorised Representatives cannot reach agreement then the Company Secretary by drawing lots (in the presence of the Authorised Representatives) will determine the Director or Directors to be elected. The Director Candidates will be elected in the order their lot is drawn until the vacancies are filled.

RAC/1008 +

RAC/1006



Donna  
Strow/TO/QTreasury  
Sent by: QTreasury Admin  
21/02/2008 05:57 PM

To Anna Herwig/OR/QTreasury@QTreasury, Michael  
Duff/OR/QTreasury@QTreasury, Carole  
Miller/OR/QTreasury@QTreasury  
cc  
bcc  
Subject Letter RAC-00021: has been completed - Response  
required by 11/02/08

Letter RAC-00021 - The Hon A Fraser MP MP  
Control body Approvals for Qld Harness Racing Limited and Greyhounds Qld Limited  
Click on document link to open Letter ->   
Completed and returned to DUT David Ford for review.  
You can delete this e-mail message when you have finished working with the Letter.

GRA paid CB fee on 4/3/08  
G

## BRIEFING NOTE

<b>FROM</b>	Treasury		
<b>FOR</b>	Treasurer		
<b>SUBJECT</b>	2007- 08 Training Track Subsidy Scheme		
Contact Officer:	John Paterson, Office of Racing Regulation	Record No: RAC/00024	Date: 14 February 2008
Requested by:	N/A	Data Approval Required By: / /	

## PURPOSE

1. The purpose of this submission is to-
  - advise you of the Training Track Subsidy Scheme (the Scheme) arrangements following your meeting with Mr Bob Bentley and Mr Cyril Vains on 8 January 2008;
  - seek your approval for payments to Queensland Racing Limited (QRL) and to eligible race clubs under the 2007-08 Scheme; and
  - inform you of revised arrangements to review the Scheme in 2008.

## BACKGROUND

2. The Scheme has been in operation since 1997 with the objective of off-setting the costs to Queensland thoroughbred race clubs of maintaining training facilities at their venues, thereby enhancing their ability to service the racing industry throughout Queensland.

## ISSUES

## Scheme Arrangements

3. The Scheme is administered by QRL under a funding agreement which is executed each year between QRL and the State. Key elements of the Scheme are:
  - the State provides \$2 million (GST exclusive) each year for payments to eligible race clubs in Queensland to assist with the maintenance of their training facilities;
  - the State makes direct "threshold payments" to race clubs totalling \$1.2 million (GST exclusive) based on eight categories of clubs determined by QRL using an assessment of the quality and extent of the training facilities each club offers to the racing industry;
  - the State provides QRL with the balance of \$800,000 (GST exclusive) which it pays as "incentive payments" to race clubs based on the actual number of starters provided by each venue to the Queensland industry during that year. The level of incentive paid for each starter depends on the category (one to eight) the club is allocated to; and
  - QRL is required to provide a financial reconciliation report to the State by 31 October each year disclosing all payments made under the Scheme for the previous financial year, and certifying that all payments have been applied towards maintaining training track facilities.
4. Deagon racecourse is a major public training facility owned and maintained, not by a race club, but by QRL. QRL is therefore entitled to receive the "threshold" component payment

applicable for this facility and the "incentive" component payment based on actual number of starters supplied by the Deagon racecourse to the industry.

5. Since 2000, the threshold payments have been paid directly to the eligible race clubs under a letter from the Minister responsible for Racing, usually in January or February each year, with the incentive payments administered and paid through QRL.
6. As can be seen from Attachment 1, a large training facility such as the Toowoomba Turf Club, which is allocated to category two, received a threshold payment of \$145,000 and incentive payments of \$151,683 making total payments of \$296,683 in 2006-07. A smaller training facility such as the Cunnamulla & Diggers Race Club, which is allocated to category seven, received a threshold payment of \$4,000 and incentive payments of \$1,522 making total payments of \$5,522 in 2006-07.
7. It is understood that Mr Vains believes that the determination of the threshold payment is inconsistent and irrational. When QRL designed the original Scheme in 1997, it advised the then Government that it had graded race clubs under the eight club categories after carrying out an assessment of the quality and extent of the training facilities that each club offered to the racing industry based upon information from Regional Executive Officers throughout Queensland, photographic evidence and advice from the Chairman of Stewards. This, and other aspects of the Scheme, will be reviewed when the Scheme is evaluated during 2008 (addressed later in this brief).
8. A review of Office of Racing records has not revealed any other complaints in relation to the grading of clubs by QRL under the Scheme. However, the issues raised by Mr Vains concerning the methodology applicable to determining threshold payments will be considered as part of the upcoming review.
9. Only one race club has had its grading changed by QRL since the Scheme's inception in 1997. Nanango Race Club was upgraded by QRL in 2001 from category seven to category six.

#### **2007-08 Scheme Payments**

10. QRL has provided a financial reconciliation report on the operations of the Scheme in 2006-07 (see Attachment 1).
11. The declaration shows that in 2006-07, a total of 75 race clubs benefited from the Scheme.
12. By letter dated 25 January 2008 (Attachment 2), the QRL Chair advised the Office of Racing that due to the equine influenza outbreak, a number of clubs located in the south east corner of the State (the Red Zone) would receive an initial incentive payment instalment (which is made by QRL in February each year) that was less than in the previous year because of the suspension of racing resulting from equine influenza.
13. Mr Bentley proposes three options in relation to this situation. The three options have been assessed and it is recommended that no change be made to the Scheme arrangements for 2007-08 as the purpose of the Scheme is to help offset the costs of race clubs in maintaining training facilities that supply starters to the industry. Accordingly, the provision of payments to race clubs on a basis not consistent with actual numbers of starters supplied by clubs, as proposed by Mr Bentley, would not comply with the Scheme's purpose.
14. While figures provided by QRL indicate that a major club such as Toowoomba Turf Club may receive approximately \$16,000 less compared to the amount it received under the Scheme in the previous year, this shortfall is not material in terms of the estimated \$280,000 that it will receive under the Scheme in 2007-08. The impact of equine influenza has not materially added to the typical volatility in payments to race clubs from year to year under the Scheme. This volatility is due a variety of factors that impact on the number of starters supplied by a race club.

15. A summary and assessment of the options advanced by Mr Bentley and the methodology applied that resulted in the recommendation that no change be made to the Scheme arrangements for 2007-08, is provided at Attachment 3.
16. The following arrangements for payments to eligible race clubs under the Scheme are subject to your concurrence that no change be made to the Scheme arrangements for 2007-08.
17. The threshold payments to be made by the Department totalling \$1.2 million (GST exclusive) direct to each Club in February 2008 are shown in Attachment 4. As indicated above, the amounts of these payments have been determined by QRL. Letters from you to each club have been prepared and will be provided to your office as soon as you have considered this brief.
18. Funding for the incentive payments totalling \$800,000 (GST exclusive) will be paid as a grant to QRL, under terms of the funding agreement. An initial instalment will be made to eligible race clubs by QRL in February 2008, with the balance to be paid to each eligible race club in July 2008 following confirmation of the final number of starters in 2007-08 provided by the venue.
19. A letter from you to the Chair of QRL, Mr Bob Bentley, outlining the arrangements proposed for the administration and acquittal of the Scheme funds in 2007-08 is at Attachment 5. Attached to that letter is a funding agreement for execution by QRL, and subsequently the State (Attachment 6).

#### **Review of Scheme**

20. The Department of Local Government, Planning, Sport and Recreation had proposed to conduct a review of the Scheme in 2007, in conjunction with QRL, to evaluate whether the Scheme was effectively meeting its objectives. The review was deferred due to the equine influenza outbreak and is now planned to be conducted in 2008.

#### **FINANCIAL IMPLICATIONS**

21. The 2007-08 State Budget included consolidated fund provision of \$2.0M (GST exclusive) for the Scheme in 2007-08, and this has been apportioned by QRL as \$1.2 million for the threshold payments and \$800,000 for the incentive payments, the same as previous years.

#### **MEDIA RELEASE**

22. A media release on the approval of the Scheme for 2007-08 is proposed and will be coordinated with Marketing and Communication Unit of the Department.

#### **RESULTS OF CONSULTATION**

23. QRL has been consulted and has advised the threshold payments payable to individual clubs for 2007-08.
24. Budget and Performance Unit and Legal Services Unit were consulted in the preparation of this brief.



**FUNDING  
AGREEMENT**

**FOR THE**

**TRAINING TRACK SUBSIDY SCHEME**

between

**THE STATE OF QUEENSLAND**  
**(Queensland Treasury Department)**  
**ABN 90 856 020 239**

and

**QUEENSLAND RACING LIMITED**  
**(trading as Queensland Racing) ABN 93 116 735 374**

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## SCHEDULES

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Schedule 2	-	Threshold Payments 2007/08	9
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FUNDING AGREEMENT dated the                      day of                      2008

**BETWEEN:**

THE STATE OF QUEENSLAND (acting through Queensland Treasury Department) of Executive Building, 100 George Street, Brisbane ABN 90 856 020 239 ("the State")

**AND**

QUEENSLAND RACING LIMITED (trading as Queensland Racing) and having its registered office at Racecourse Road, Deagon in the State of Queensland ABN 93 116 735 374 ("Queensland Racing")

**RECITALS**

- A. The Training Track Subsidy Scheme ("the Scheme") is an initiative of the Queensland Government to provide a subsidy to assist race clubs licensed by Queensland Racing to offset the costs of maintaining horse racing training facilities throughout the State of Queensland.
- B. The State has set aside the amount of \$2 million (GST Exclusive) to be applied for the operation of the Scheme during the financial year 1 July 2007 to 30 June 2008.
- C. The State has made Threshold payments directly to race clubs in the amounts as specified in Schedule 2, and proposes to grant the remaining funds to Queensland Racing to administer Incentive payments to the licensed race clubs.
- D. Queensland Racing agrees to administer the Incentive payments and provide a financial reconciliation to the State of all payments made under the Scheme and to ensure the benefit of the public funding enures to the Queensland racing industry, under the terms and conditions of this Funding Agreement.

**OPERATIVE:**

**1 INTERPRETATION AND DICTIONARY**

**1.1 Interpretation** The following interpretation applies to this Agreement:

- 1.1.1 Reference to any Statute includes any modification or re-enactment of the Statute substituted for it, and all statutory instruments and regulations issued under it.
- 1.1.2 Reference to the singular includes the plural and vice versa and reference to persons includes corporations and vice versa. Reference to a gender includes both genders.
- 1.1.3 Headings are for guidance only and will not affect interpretation, and reference to a clause, paragraph or schedule is a reference to a clause, paragraph or schedule of this Agreement.
- 1.1.4 Where any word or phrase is given a definite meaning in the Dictionary in clause 1.2, any part of speech or other grammatical form in respect of such word or phrase has a corresponding meaning.

**1.2 Dictionary** Where used in this Agreement, the following words have the meanings here assigned:

**"Agreement"** means this Funding Agreement between the State and Queensland Racing, including the Schedules;

**"Commencement Date"** means the date upon which this Agreement is executed by the Parties or if the Parties execute the Agreement on different days, the date upon which the last party executes the Agreement;

**"Funding or Funds"** means the public monies provided to Queensland Racing under this Agreement;

**"GST"** means a goods and services tax (or tax equivalents) imposed on taxable supplies under the taxation laws of the Commonwealth of Australia;

**"GST Legislation"** means *A New Tax System (Goods and Services Tax) Act 1999 (C'with)* and includes subsequent implementation legislation and Rulings issued from time to time by the Commissioner of Taxation of the Commonwealth of Australia in relation to the imposition of, or the administration of, a goods and services tax (or tax equivalents) in Australia;

**"Guidelines"** means the arrangements as approved by the State under which the Scheme is to operate and be administered, an outline only comprising Schedule 3;

**"Queensland Racing"** means Queensland Racing Limited approved pursuant to the *Racing Act 2002* as the Control Body for thoroughbred racing in Queensland;

**"Recipient"** means a race club licensed by Queensland Racing to which Funds are paid under the Scheme, and are the race clubs specified in Schedule 2 in receipt of a Threshold payment from the State;

**"Scheme"** means the Training Track Subsidy Scheme, a program of public funding to support the continuation of thoroughbred racing in Queensland through assisting race clubs to maintain training facilities in diverse centres around the State, administered by Queensland Racing;

**"tax invoice"** has the meaning given to that term in the GST Legislation, and in particular for the purpose of this Agreement, refers to a valid tax invoice to be issued with respect to any taxable supply constituted by the delivery of services by Queensland Racing to the State in consideration for the payment of Funding.

## 2 TERM

- 2.1 This Agreement will commence on the Commencement Date and terminates on 31 July 2008, unless terminated earlier by the State under clause 6.3.

## 3 PROVISION OF FUNDING

- 3.1 Amount The Funding approved by the State will be advanced to Queensland Racing in the amount and at the time set out in Item 1 of Schedule 1.
- 3.2 Payment for Specified Purposes Funding must be used solely for Incentive payments to Recipients under the Scheme as approved by the State, an outline of the operation of the Scheme being set out in Schedule 3.
- 3.3 GST The payment of grant funding incurs a GST liability, and Queensland Racing must deliver a valid tax invoice to the State when seeking payment of the Funding under this Agreement.
- 3.4 Unspent Funds Any Funding not spent or committed by Queensland Racing at the time of termination of this Agreement must be returned by Queensland Racing to the

State immediately. Any documentation required by the GST Legislation, such as the issue of a tax invoice adjustment note with respect to unspent funds, must be completed and delivered to the State with the unspent funds.

#### 4 PUBLIC FUNDS ACCOUNTABILITY

##### 4.1 Accounting Systems Queensland Racing's accounting system must be structured:

- 4.1.1 to enable the expenditure of the Funding to be properly and accurately identified, sourced, traced and reported upon to the State;
- 4.1.2 to provide financial statements prepared to Australian Accounting Standards and to requirements of the Queensland Auditor-General to the State;
- 4.1.3 to ensure appropriate internal controls are in place to identify and prevent misuse or misappropriation of Funding; and
- 4.1.4 to record that interest earned on the Funding is applied to the Scheme.

##### 4.2 Reporting Queensland Racing must by the date specified in Item 2 of Schedule 1:

- 4.2.1 provide financial statements to the State disclosing all payments from Funding during the previous financial year;
- 4.2.2 provide a statutory declaration and certification by its officers that all Scheme payments have been applied towards maintaining of training track facilities;

and provide such other reports and information on the administration of the Scheme as may be requested by the State, within such reasonable time limits as may be nominated by the State at the time of the request.

##### 4.3 Annual Report Queensland Racing must include details and information on the operation of the Scheme within its Annual Report.

#### 5 LEGAL REQUIREMENTS

##### 5.1 Statutory Compliance Queensland Racing is responsible for compliance with the requirements of all Statutes of the Commonwealth of the State of Queensland and with any lawful requirements of public and other authorities affecting Queensland Racing in using the Funding for the specified purposes.

##### 5.2 Inform the State Queensland Racing will inform the State immediately if any significant issue comes to its attention regarding:

- 5.2.1 Queensland Racing's compliance with this Agreement; or
- 5.2.2 Recipients application of funds for the purpose of the Scheme; or
- 5.2.3 compliance with any laws concerning the provision or the use made of the Funding, whether by an officer, employee, contractor or volunteer worker engaged by Queensland Racing or by Recipients.

##### 5.3 Indemnity Queensland Racing indemnifies the State with respect to liability for any claims or damages arising from:

- 5.3.1 Queensland Racing's administration of the Scheme; and

5.3.2 any use of the Funding under the Scheme.

## 6 CONFIDENTIALITY AND PRIVACY ISSUES

6.1 Public Statements The State reserves the right to issue public statements or to release information in relation to the Scheme or to any aspect arising from Funding provided under this Agreement.

6.2 Signage and Publicity Queensland Racing acknowledges that:

6.2.1 a statement as to the Funding assistance received must be included in any sign or promotional material made or issued by Queensland Racing or any Recipient in relation to the Scheme; and

6.2.2 the format of any such statement must be approved by the State.

6.3 Personal Information Queensland Racing must ensure the requirements of the Queensland Government's Information Standard 42<sup>1</sup> are satisfied in all matters involving the collection, storage and management or disclosure of any personal information arising in the course of administering the Funding.

## 7 DISPUTE PROCEDURES

7.1 Show Cause If the State believes there has been a breach of any term of this Agreement, the State may give Queensland Racing a Notice to Show Cause which will specify:

7.1.1 what the alleged breach is;

7.1.2 what facts the State relied on to establish the alleged breach;

7.1.3 what Queensland Racing must do to make good the alleged breach;

7.1.4 how long Queensland Racing has to make good the alleged breach or respond to the Notice to Show Cause.

7.2 Notice to Remedy Where Queensland Racing does not respond to the Notice to Show Cause to the satisfaction of the State within the time specified, or where the State reasonably believes the alleged breach must be remedied without delay, the State may give a Notice to Remedy to Queensland Racing, in the same form as the Notice to Show Cause, and requiring the breach identified in the Notice to be remedied within SEVEN (7) days.

7.3 Termination Unless the dispute has been referred to an alternative dispute resolution procedure, should Queensland Racing not make good any breach specified in a Notice to Remedy -

7.3.1 within the time allowed; and

7.3.2 in the manner set out in the Notice to Remedy given to Queensland Racing;

the State may give a Notice of Termination terminating this Agreement as and from the date specified in the Notice.

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<sup>1</sup> Copy available at [http://www.governmentict.qld.gov.au/02\\_infostand/standards.htm](http://www.governmentict.qld.gov.au/02_infostand/standards.htm)

8 DISPUTE RESOLUTION

- 8.1 If a dispute arises under clause 6 of this Agreement, either Party may give written notice to the other Party setting out the nature of the dispute ("the Dispute Notice").
- 8.2 Upon the service of the Dispute Notice, the nominated representatives of each Party are to meet and to endeavour to expeditiously resolve the complaint.
- 8.3 If the Parties are unable to resolve the complaint within 2 weeks of the date of service of the Dispute Notice, the complaint must be referred to the Treasurer to mediate the complaint.
- 8.4 The Treasurer's determination is final and binding on the Parties.
- 8.5 Nothing in this clause prevents a Party from instituting proceedings for the purpose of obtaining injunctive relief or specific performance to restrain any breach or prevent or compel performance under, or declaratory relief in relation to, this Agreement.
- 8.6 Each Party will continue to perform this Agreement despite the existence of a dispute under this clause.

9 GENERAL PROVISIONS

- 9.1 Relationship of parties This Agreement does not create, and must not be construed as creating, a relationship between the State and the Grantee of employment, principal and agent, partnership or joint venture.
- 9.2 No assignment The Agreement may not be assigned, charged, transferred, novated or otherwise dealt with in whole or in part by the Grantee without the prior written consent of the State.
- 9.3 Waiver The failure of the State to enforce at any time any provision of this Agreement will in no way be interpreted as a waiver of that provision or a waiver in respect of any other provision of the Agreement.
- 9.4 Governing Law This Agreement will be governed by and construed in accordance with the laws in force in the State of Queensland and the parties submit to the jurisdiction of the courts of that State.
- 9.5 Costs Each party will pay their own costs in relation to this Agreement.

EXECUTED as an agreement.

SIGNED for and on behalf of the STATE OF  
QUEENSLAND (represented by Queensland  
Treasury Department) by:

A duly authorised Delegate of the Under Treasurer,  
Queensland Treasury Department this day  
of

in the presence of:

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness - please print

SIGNED by duly authorised officers of  
Queensland Racing

R.G. Bentley, Chair

And

\_\_\_\_\_  
Director/Secretary

this day of  
in the presence of:

\_\_\_\_\_  
Signature of witness

\_\_\_\_\_  
Name of witness - please print

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Signature

## SCHEDULE 1

### Item 1 Funding

Grant	\$ 800,00.00
GST	<u>\$ 80,000.00</u>
Amount	<u>\$880,000.00</u>

The Funding amount will be paid in 1 instalment following receipt of the signed Agreement and a valid tax invoice.

Item 2 Date for Financial Report 31 October 2008.

### Item 3 Representatives

#### Queensland Racing

Adam Carter  
Finance Manager

Queensland Racing  
Racecourse Road, Deagon  
PO Box 63  
Sandgate Qld 4017

Telephone: 07 3869 9720

Facsimile: 07 3269 8978

Email: [acarter@queenslandracing.com.au](mailto:acarter@queenslandracing.com.au)

#### State Representative:

John Paterson  
Principal Compliance Officer

Office of Racing  
Queensland Treasury Department  
Level 17, 61 Mary Street, Brisbane  
GPO Box 611  
Brisbane Qld 4001

Telephone: (07) 3234 1419

Facsimile: (07) 3234 1411

Email: [john.paterson@racing.qld.gov.au](mailto:john.paterson@racing.qld.gov.au)

**SCHEDULE 2**

TRAINING TRACK THRESHOLD PAYMENTS YEAR ENDED 30 JUNE 2008				
Recipient / Race Club	Grade	TAB/ Non-TAB	Threshold Payment \$	GST Inclusive
Queensland Turf Club Ltd	1	TAB	170,000	187,000
Brisbane Turf Club Ltd	2	TAB	145,000	159,500
Gold Coast Turf Club Ltd	2	TAB	145,000	159,500
Sunshine Coast Turf Club Inc	2	TAB	145,000	159,500
Toowoomba Turf Club Inc	2	TAB	145,000	159,500
Queensland Racing (for Deagon Racecourse)	3	-	60,000	66,000
Ipswich Turf Club Inc	3	TAB	60,000	66,000
Rockhampton Jockey Club Inc	4	TAB	60,000	66,000
Townsville Turf Club Inc	4	TAB	50,000	55,000
Cairns Jockey Club Inc	5	Non-TAB	30,000	33,000
Mackay Turf Club Inc	5	TAB	30,000	33,000
Atherton Turf Club Inc	6	Non-TAB	8,000	8,800
Beaudesert Race Club Inc	6	Non-TAB	8,000	8,800
Burdekin Race Club Inc	6	Non-TAB	8,000	8,800
Dalby & Northern Downs Jockey Club Inc	6	Non-TAB	8,000	8,800
Emerald Jockey Club Inc	6	Non-TAB	8,000	8,800
Innisfail Turf Club Inc	6	Non-TAB	8,000	8,800
Lockyer Race Club Inc	6	Non-TAB	8,000	8,800
Longreach Jockey Club Inc	6	Non-TAB	8,000	8,800
Mareeba Turf Club Inc	6	Non-TAB	8,000	8,800
Nanango Race Club Inc	6	Non-TAB	8,000	8,800
Yeppoon Race Club Inc	6	Non-TAB	8,000	8,000
Warwick Turf Club Inc	6	Non-TAB	8,000	8,800
Richmond Turf Club Inc	7	Non-TAB	4,000	4,400
Thangool Race Club Inc	7	Non-TAB	4,000	4,400
Barcoo Amateur Race Club Inc	7	Non-TAB	4,000	4,400
Bowen Turf Club Inc	7	Non-TAB	4,000	4,400
Bundaberg Race Club Inc	7	Non-TAB	4,000	4,400
Central Warrego Race Club Inc	7	Non-TAB	4,000	4,400
Cunnamulla & District Diggers Race Club Inc	7	Non-TAB	4,000	4,400
Gladstone Turf Club Inc	7	Non-TAB	4,000	4,400
Goondiwindi Race Club Inc	7	Non-TAB	4,000	4,400
Gordonvale Turf Club Inc	7	Non-TAB	4,000	4,400
Gympie Turf Club Inc	7	Non-TAB	4,000	4,400
Herbert River Jockey Club Inc	7	Non-TAB	4,000	4,400
Mount Isa Race Club Inc	7	Non-TAB	4,000	4,400
Oakey & District Race Club Inc	7	Non-TAB	4,000	4,000
Roma Turf Club Inc	7	Non-TAB	4,000	4,400
South Burnett Race Club Inc	7	Non-TAB	4,000	4,400
<b>Total</b>			<b>\$ 1,200,000</b>	<b>\$ 1,318,800</b>

## SCHEDULE 3 - GUIDELINES

### TRAINING TRACK SUBSIDY SCHEME - OUTLINE of PAYMENTS

The Queensland Government Training Track Subsidy Scheme, established since 1997, assists race clubs registered with Queensland Racing Limited ("Queensland Racing") to defray the costs of maintaining training track facilities at their venue.

Allocation of funds under the Scheme to individual race clubs is comprised of two components:

1. "Threshold" payment - based on categorising clubs in accordance with an assessment and rating by Queensland Racing of the training facilities the club offers to the industry; and
2. "Incentive" payment - based on the actual number of starters provided by a particular venue to the industry over the relevant financial year.

#### Threshold component in 2007/08

Queensland Racing has categorised race clubs providing training facilities into eight (8) grades which reflect the extent and quality of the training facilities provided.

A base "threshold payment" for grades 1 to 7, as determined by Queensland Racing, will be made directly to the eligible race clubs by the State acting through the Queensland Treasury Department.

The total amount of threshold payments available is \$1.2 million (GST Exclusive) with the GST liability with respect to any payment to a race club to be met by the State.

#### Incentive component in 2007/08

Race clubs will be paid a predetermined subsidy per starter supplied to the Queensland racing industry from their training venue. The statistics used in determining the number of starters supplied by a venue are those statistics supplied by the Racing Services Bureau (Victoria).

The total amount for starter subsidies to be available to eligible race clubs is \$800,000 (GST Exclusive), with this funding together with the GST liability incurred on the grant will be paid by the State to Queensland Racing for administration and distribution.

#### Acquittal of Subsidy Scheme 2007/08 grants

Queensland Racing must provide to the Office of Racing of the Queensland Treasury Department by not later than 31 October 2008 a statement, signed by the Chair and the Chief Operations Manager, certifying:

- Queensland Racing has a signed declaration from each recipient race club that all monies provided under the Scheme (that is, both "threshold" and "incentive" payments in 2007/08) were spent in accordance with the Scheme's objective of "offsetting the cost of maintaining training facilities"; and
- the amount of "Incentive Payments" made by Queensland Racing to each race club and with respect to the Deagon Racecourse, verified against the official starter statistics supplied by the Victorian Racing Services Bureau.

This is to be supported by a schedule that reconciles all payments made to eligible race clubs (including to Queensland Racing with respect to Deagon Racecourse) for 2007/08.

## BRIEFING NOTE

FROM	Treasury		
FOR	Treasurer		
SUBJECT	2008 – 2009 Training Track Subsidy Scheme		
Contact Officer:	Anna Herwig, Principal Compliance Officer Office of Racing	Record No: RAC-00084	Date: 2 February 2009
Requested by:	N/A	Date Approval Required By: 14 / 02 / 09	

### PURPOSE

1. The purpose of this submission is to:
  - advise you of the Training Track Subsidy Scheme (the Scheme) arrangements; and
  - seek your approval for payments to Queensland Racing Limited (QRL) and to eligible race clubs under the 2008-09 Scheme.

### BACKGROUND

2. The Scheme has been in operation since 1997 with the objective of off-setting the costs to Queensland thoroughbred race clubs of maintaining training facilities at their venues, thereby enhancing their ability to service the racing industry throughout Queensland.
3. The Scheme is administered by QRL under a funding agreement which is executed each year between QRL and the State. Key elements of the Scheme are:
  - the State provides \$2 million (GST exclusive) each year for payments to eligible race clubs in Queensland to assist with the maintenance of their training facilities;
  - the State makes direct "threshold payments" to race clubs totaling \$1.2 million (GST exclusive) based on eight categories of clubs determined by QRL using an assessment of the quality and extent of the training facilities each club offers to the racing industry;
  - the State provides QRL with the balance of \$600,000 (GST exclusive) which it pays as "incentive payments" to race clubs based on the actual number of starters provided by each venue to the Queensland industry during that year. The level of incentive paid for each starter depends on the category (one to eight) the club is allocated to; and
  - QRL is required to provide a financial reconciliation report to the State by 31 October each year disclosing all payments made under the Scheme for the previous financial year, and certifying that all payments have been applied towards maintaining training track facilities.
4. Deagon racecourse is a major public training facility owned and maintained, not by a race club, but by QRL. QRL is therefore entitled to receive the "threshold" component payment applicable for this facility and the "incentive" component payment based on actual number of starters supplied by the Deagon racecourse to the industry.
5. Since 2000, the threshold payments have been paid directly to the eligible race clubs under a letter from the Minister responsible for racing, usually in February each year, with the incentive payments administered and paid through QRL.

6. QRL has advised that a full review will be conducted for the 2009/2010 training track subsidy distribution to ensure the Scheme is still achieving its objectives.

## **ISSUES**

### **2008-09 Scheme Payments**

7. QRL has provided a financial reconciliation report on the operations of the Scheme in 2007-08 (**Attachment 1**).
8. The declaration shows that in 2007-08, a total of 75 race clubs benefited from the Scheme.
9. Subject to your approval, the following arrangements for 2008-09 for payments to eligible race clubs under the Scheme are outlined below:
  - The threshold payments to be made by the Department totalling \$1.2 million (GST exclusive) direct to each Club in February 2008 are shown in **Attachment 2**. As indicated above, the amounts of these payments have been determined by QRL. Letters from you to each club have been prepared and will be provided to your office as soon as you have considered this brief.
  - Funding for the incentive payments totalling \$800,000 (GST exclusive) will be paid as a grant to QRL, under terms of the funding agreement. An initial instalment will be made to eligible race clubs by QRL in February 2009, with the balance to be paid to each eligible race club in July 2009 following confirmation of the final number of starters in 2008-09 provided by the venue.
10. A letter from you to the Chairman of QRL, Mr Bob Bentley, outlining the arrangements proposed for the administration and acquittal of the Scheme funds in 2008-09 is at **Attachment 3**. Attached to that letter is a funding agreement for execution by QRL, and subsequently the State (**Attachment 4**).

## **FINANCIAL IMPLICATIONS**

11. The 2008-09 State Budget includes consolidated fund provision of \$2.0M (GST exclusive) for the Scheme in 2008-09, and this has been apportioned by QRL as \$1.2 million for the threshold payments and \$800,000 for the incentive payments, the same as previous years.

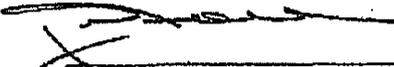
## **CONSULTATION**

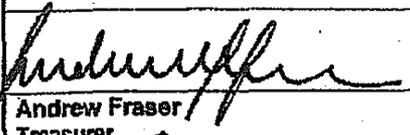
12. QRL has been consulted and has advised the threshold payments payable to individual clubs for 2008-09.
13. Budget and Performance Unit and Legal Services Unit were consulted in the preparation of this brief and funding agreement.

**14. RECOMMENDATIONS**

15. It is recommended that you:

- approve the threshold payments under the 2008-09 Scheme to be paid to each of the eligible race clubs and QRL (for Deagon Racecourse) for the amounts specified in Attachment 2 and totalling \$1.2 million (GST exclusive);
- approve the payment of a grant of \$800,000 (GST exclusive) to QRL for the incentive component of the 2008-09 Scheme; and
- sign the letter to the Chairman of QRL (Attachment 3) which details funding, grant distribution and acquittal arrangements for the 2008-09 Scheme and requests the funding agreement (Attachment 4) be executed and returned to Queensland Treasury.

  
 Gerard Bradley  
 Under Treasurer Date 09/04/09

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Treasurer's Comments		
 Andrew Fraser Treasurer 12/2/9		

Authorisation Officer/Authoriser	Signature (Initials)	Date
Anna Herwig	Mike Kelly	12/2/09
Branch/Division	Office of Racing	Office of Racing
Telephone	3405 5073	3234 1376
Date	2 February 2009	

\* This officer may be required to provide further detailed information regarding the issue

(for after GRA  
assessment  
completed)

**BRIEFING NOTE**

<b>FROM</b>	Treasury		
<b>FOR</b>	Treasurer		
<b>SUBJECT</b>	Variation to the 2007 Control Body Assessment Program		
Contact Officer:	Robert Cassidy, Office of Racing, 3225 2978	Record No: RAC-XXXX	Date: 16 April 2008
Requested by:	N/A	Date Approval Required By: N/A	

**PURPOSE**

1. The purpose of this submission is to seek your approval to vary the approved 2007 Control Body Assessment Program for the thoroughbred and harness codes of racing.

**BACKGROUND**

2. On 19 July 2007, you approved the Control Body Assessment Program for 2007 in accordance with section 46(3) of the *Racing Act 2002* (Attachment 1).
3. The aim of the Control Body Assessment Program for 2007 was to determine the preparedness of each of the control bodies to deal with an emergency animal disease outbreak at a racing venue by the use of an emergency animal disease 'exercise'.
4. On 25 August 2007, equine influenza was first detected in the general horse population of Australia.
5. On 14 March 2008 Queensland was provisionally declared free of equine influenza by the Department of Primary Industries and Fisheries.

**ISSUES**

6. Due to the impact of the equine influenza outbreak on the thoroughbred and harness codes of racing, the Office of Racing did not conduct the approved Assessment Program for 2007 for Queensland Racing Limited (QRL) and the Queensland Harness Racing Board (QHRB) as planned.
7. In view of the significant role played by QRL and the QHRB in the response to the equine influenza outbreak, and that the original Assessment Program was to assess emergency animal disease preparedness, it is considered appropriate that the method of assessing the emergency animal disease preparedness of QRL and the QHRB be varied.
8. It is proposed that the Office of Racing undertake an independent assessment of the various aspects of the measures undertaken by QRL and the QHRB in response to the equine influenza outbreak.
9. The 2007 Assessment Program approved for the Greyhound Racing Authority has been conducted.
10. A varied Assessment Program for the thoroughbred and harness codes is attached (Attachment 2).

Name	Action Officer/Author	Director	(Initials)	ED/AUT	(Initials)	DUT	(Initials)
Branch/Division							
Telephone							
Date							

\* This officer may be required to provide further detailed information regarding the issue



**Variation to the 2007 Program for Assessing the Suitability of the Thoroughbred and Harness Control Bodies**

**Assessment**

The assessment will be conducted under section 46 of the *Racing Act 2002* (the Act).

**Assessment Program**

The preparedness of Queensland Racing Limited and the Queensland Harness Racing Board to deal with an emergency animal disease will be assessed by assessing their respective roles in the response to contain and eradicate the equine influenza virus outbreak during 2007. The assessment will take the form of a desk top investigation which will involve gathering, analysing and reviewing the relevant information.

As part of the assessment, a review of the control bodies' policies and rules of racing in relation to emergency animal diseases will also be undertaken.

**Assessment Scope**

Queensland Racing Limited and the Queensland Harness Racing Board will be assessed for their suitability to manage their respective code of racing in relation to emergency animal disease preparedness.

**Conduct of Assessment**

The assessment will be undertaken by the Office of Racing.

## BRIEFING NOTE

<b>FROM</b>	Treasury		
<b>FOR</b>	Treasurer		
<b>SUBJECT</b>	Variation to the 2007 Control Body Assessment Program		
Contact Officer:	Robert Cassidy, Office of Racing, 3225 2978	Record No: RAC/00045	Date: 27 May 2008
Requested by:		Date Approval Required By: / /	

### PURPOSE

1. The purpose of this submission is to seek your approval to vary the approved 2007 Control Body Assessment Program for the thoroughbred and harness codes of racing.

### BACKGROUND

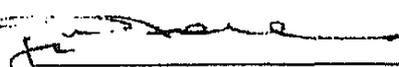
2. On 19 July 2007, you approved the Control Body Assessment Program for 2007 in accordance with section 46(3) of the *Racing Act 2002* (Attachment 1).
3. The aim of the Control Body Assessment Program for 2007 was to determine the preparedness of each of the control bodies to deal with an emergency animal disease outbreak at a racing venue by the use of an emergency animal disease 'exercise'.
4. On 25 August 2007, equine influenza was first detected in the general horse population of Australia.
5. On 14 March 2008 Queensland was provisionally declared free of equine influenza by the Department of Primary Industries and Fisheries.

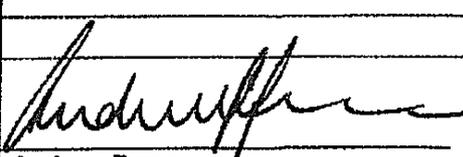
### ISSUES

6. As Queensland Racing Limited (QRL) and the Queensland Harness Racing Board (QHRB) were fully committed to dealing with the equine influenza outbreak, both Control Bodies were unavailable to participate in the approved Assessment Program for 2007.
7. In view of the significant role played by QRL and the QHRB in the response to the equine influenza outbreak, and that the original Assessment Program was to assess emergency animal disease preparedness, it is considered appropriate that the method of assessing the emergency animal disease preparedness of QRL and the QHRB be varied.
8. It is proposed that the Office of Racing undertake an assessment of the various aspects of the measures undertaken by QRL and the QHRB in response to the equine influenza outbreak.
9. The 2007 Assessment Program approved for the Greyhound Racing Authority has been conducted.
10. A varied Assessment Program for the thoroughbred and harness codes is attached (Attachment 2).

**RECOMMENDATION**

11. That you approve the attached Control Body Assessment Program Variation for 2007 for QRL and the QHRB (Attachment 2) in accordance with section 46(3) of the *Racing Act 2002*.

  
**Gerard Bradley**  
 Under Treasurer Date 20/05/08

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
<b>Treasurer's Comments</b>		
 <b>Andrew Fraser</b> Treasurer 25/6/08		

<b>Name:</b>	*Action Officer/Author: Robert Cassidy	Director: Michael Kelly	(Initials) 	ED/AUT:	(Initials)	DUT:	(Initials)
<b>Branch/Division:</b>	Office of Racing	Office of Racing					
<b>Telephone:</b>	3225 2878	3234 1376					
<b>Date:</b>	27/05/2008	27/05/2008		/ /		/ /	

\* This officer may be required to provide further detailed information regarding the issue

## **Attachment 1**

### **Original Program for Assessing the Suitability of a Control Body 2007**

#### **Assessment**

The assessment will be conducted under section 46 of the *Racing Act 2002* (the Act).

#### **Assessment Program**

The preparedness of each of the control bodies to deal with an emergency animal disease outbreak at a racing venue during the conduct of a race meeting will be assessed by conducting a scenario based series of events that creates an 'exercise' disease outbreak situation at a race meeting.

Events will be generated by exercise directing staff (from the Office of Racing) that are of increasing complexity. The intent is to create a realistic situation of increasing seriousness and tempo that will require control body staff to initiate responses within a complex exercise environment. It is these responses that will form the basis of the assessment regime being undertaken.

The assessment will be conducted at a thoroughbred, harness and greyhound racing venue.

The scenario will be conducted in such a way as to ensure that the race meetings at which the assessment is conducted are not disrupted.

As part of the assessment, a review of the control bodies' policies and rules of racing in relation to emergency animal diseases will also be undertaken.

#### **Assessment Scope**

The three control bodies, namely Queensland Racing Limited, the Queensland Harness Racing Board and the Greyhound Racing Authority will be assessed for their suitability to manage their respective code of racing.

The assessment will commence in August 2007.

#### **Conduct of Assessment**

The assessment will be undertaken by the Office of Racing.

## **Attachment 2**

### **Variation to the 2007 Program for Assessing the Suitability of the Thoroughbred and Harness Control Bodies**

#### **Assessment**

*The assessment will be conducted under section 46 of the Racing Act 2002 (the Act).*

#### **Assessment Program**

The preparedness of Queensland Racing Limited and the Queensland Harness Racing Board to deal with an emergency animal disease will be assessed by assessing their respective roles in the response to contain and eradicate the equine influenza virus outbreak during 2007. The assessment will take the form of a desk top investigation which will involve gathering, analysing and reviewing the relevant information.

As part of the assessment, a review of the control bodies' policies and rules of racing in relation to emergency animal diseases will also be undertaken.

#### **Assessment Scope**

Queensland Racing Limited and the Queensland Harness Racing Board will be assessed for their suitability to manage their respective code of racing in relation to emergency animal disease preparedness.

#### **Conduct of Assessment**

*The assessment will be undertaken by the Office of Racing.*

## BRIEFING NOTE

<b>FROM</b>	<b>Treasury</b>		
<b>FOR</b>	<b>Treasurer</b>		
<b>SUBJECT</b>	<b>Control Body Assessment Program 2008</b>		
Contact Officer:	Carol Perrelli, Director (Investigations and Compliance), 323 41408	Record No: RAC-00073	Date: 20 November 2008
Requested by:	Date Approval Required By: 26 November 2008		

### PURPOSE

Section 46 of the *Racing Act 2002* (the *Racing Act*) requires that each year, the Chief Executive must prepare and provide to the Minister a program for assessing the suitability of control bodies to manage their relevant code of racing. The program may focus on a particular control body or on a particular criterion relating to all control bodies.

In accordance with section 46(3) of the Act, you may approve the program for the year, with or without changes.

### BACKGROUND

Section 81(g) of the Act requires a control body to have a policy about its website and the information to be accessible through its website, including its policies and rules required to be published on the website under sections 84 and 94 of the Act.

A control body's website should provide the information that licensees, industry stakeholders and the general public require as well as the mandatory documents specified in the Act, such as the control body's racing calendar, its policies and rules of racing.

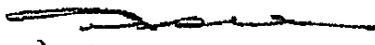
Section 81(o) requires a control body to have a policy about record keeping, including keeping records about decisions. Also, under section 37(b) of the Act, a control body is required to have an information system that records all of the control body's actions under its licensing scheme relating to animals, clubs, participants and venues.

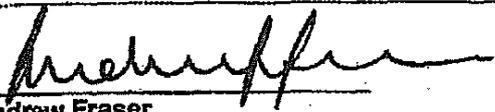
The aim of the Assessment Program for 2008 is to assess:

- the suitability of each control body's policy under section 81(g) and (o) of the Act;
- how effectively these policies have been implemented; and
- each control body's compliance with section 37 of the Act.

**RECOMMENDATION**

That you approve the attached Assessment Program for 2008 (**Attachment 1**) in accordance with section 46(3) of the Racing Act.

  
 Gerard Bradley  
 Under Treasurer Date 20 / 11 / 08

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Treasurer's Comments		
 Andrew Fraser Treasurer 21 / 11 / 08		

(Signature)	(Initials)	(Date)
Carol Perrett	Mike Kelly	
Office of Racing	Office of Racing	
3234 41408	323 41376	
20 November 2008	20 November 2008	

\* This officer may be required to provide further detailed information regarding the issue

## Attachment 1

### Program for Assessing the Suitability of a Control Body 2008

#### Assessment

The assessment will be conducted under section 46 of the *Racing Act 2002* (the Act).

#### Assessment Program

The Office of Racing will assess;

- the suitability of each control body's policy under section 81(g) of the Act regarding the control body's website and the information to be accessible through its website, including its policies and rules required to be published on the website under sections 84 and 94;
- the suitability of each control body's policy under section 81(o) of the Act regarding the control body's record keeping, including keeping records about decisions.
- how effectively the policies under section 81(g) and (o) have been implemented; and
- each control body's compliance with the requirement in section 37(b) of the Act to have an information system that records all of the control body's actions under its licensing scheme relating to animals, clubs, participants and venues.

#### Assessment Scope

The three control bodies, namely Queensland Racing Limited, Queensland Harness Racing Limited and Greyhounds Queensland Limited will be assessed for their suitability to manage their respective code of racing.

The assessment will commence in December 2008.

#### Conduct of Assessment

The assessment will be undertaken by the Office of Racing.

## BRIEFING NOTE

FROM	Treasury		
FOR	Treasurer		
SUBJECT	Amendments to Queensland Racing Limited (QRL) constitution		
Contact Officer:	Carol Perrett, Director, Investigations and Compliance, Office of Racing	Record No: QTO-02989	Date: 22 August 2008
Requested by:	Lachlan Smith	Date Approval Required By: 22/08/08	

## PURPOSE

1. To provide advice on the request to ratify proposed amendments to the Queensland Racing Limited (QRL) constitution.

## BACKGROUND

2. The proposed amendments to the QRL constitution seek to:
  - extend the initial term of the founding directors from 3 to 6 years before the process of retirement by rotation commences;
  - change the process for the appointment of directors by removing the requirement for an independent recruitment consultant to prepare a short list of applications for director positions. Shortlisting is to be undertaken by the company secretary;
  - restructure the selection committee to provide for two Class A and two Class B representatives and an Independent representative; and
  - clarify the mechanism by which the board may appoint directors up to the maximum seven appointments as currently permitted and to fill vacancies.
3. It is a condition of the control body approval granted to QRL, that it must obtain the ratification in writing of the Minister before implementing any amendment to the company's constitution.

## ISSUES

8. In accordance with the requirements of the QRL constitution and the *Corporation's Act 2001* (Cth), prior to seeking the ratification by the Minister of proposed amendments to the constitution of QRL, special resolutions (75% majority) of the Class A members, the Class B members and the company in general meeting must approve the proposed amendments.
9. At meetings held on 6 August 2008, the Class A members, the Class B members and the company in general meeting each passed special resolutions to amend the constitution of QRL.
10. While there will be a wide variety of opinions on the appropriateness of the proposed amendments, the required approvals by the members of the company have been provided.
11. In reviewing the proposed amendments to the constitution, the only integrity related issue that has been identified is the proposal regarding the removal of the independent recruitment consultant.

### **Independent Recruitment Consultant**

12. The removal of the requirement for an independent recruitment consultant to prepare a short list of applications for director positions, by reference to the selection criteria contained in Appendix A of the constitution, and for this process to be undertaken by the company secretary has the potential to undermine the integrity of the recruitment system.
13. In support of the proposal to remove the requirement for an independent recruitment consultant to prepare a short list of applications for director positions, QRL refer to the cost involved in engaging an independent recruitment company and state that it is unnecessary if the company secretary is competent to undertake this process.
14. The use of an independent recruitment company has been a fundamental aspect of the recruitment and appointment of board members to the thoroughbred control body since 2001 and has provided a good defence against criticism of the recruitment process. Furthermore, similar integrity safeguards concerning the use of an independent recruitment process was a primary consideration in the assessment of recent corporatisation applications by the harness and greyhound control bodies.
15. An independent recruitment company has the professional expertise to review applications against the selection criteria, independent of any real, or perceived, influence from QRL. It is considered that this requirement provides an important safeguard from an integrity perspective to ensure independence and impartiality in the short-listing of applicants. Under the proposed arrangements, it could be argued that the company secretary may be influenced by the views of the board in short-listing applicants.
16. The removal of this requirement has not only the very real potential to be criticised on the basis that it will undermine the integrity of the recruitment system, but also removes a mechanism for ensuring only qualified candidates are available for appointment to the QRL Board.
17. It is considered that the argument of cost savings to QRL is not a sufficient reason to change this aspect of the recruitment process as it is not a material cost.

### **Decision**

18. Your decision must be either to ratify or not ratify the proposed amendments to the QRL constitution. There is no power for you to modify the resolution passed by QRL, by ratifying only part of the resolution.

**RECOMMENDATION**

19. It is recommended that you:

- do not ratify the proposed amendments to the QRL constitution on the basis that removal of the requirement for an independent recruitment consultant to prepare a short list of applications for director positions has the potential to undermine the integrity of the recruitment system; and
- sign the letter to QRL (Attachment 1).

G Bradley  
 Gerard Bradley  
 Under Treasurer. Date 21/8/08

<input type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input checked="" type="checkbox"/> Noted
Treasurer's Comments		
I will formally consider once matters of process have been investigated and assessed.		
<u>Andrew Fraser</u>		
Andrew Fraser Treasurer 21/8/08		

Name	Position	Signature	Date
Carol Perrett	Office of Racing	<u>[Signature]</u>	22 August 2008
Mike Kelly	Office of Racing	<u>[Signature]</u>	22 August 2008

\* This officer may be required to provide further detailed information regarding the issue.

## BRIEFING NOTE - FOR INFORMATION

<b>FROM</b>	Treasury		
<b>FOR</b>	Treasurer's Office		
<b>SUBJECT</b>	Meeting with Queensland Harness Racing Board representatives		
Contact Officer:	John Paterson, Office of Racing, 3234 1419	Record No: TRX-03092	Date: 3 December 2007
Requested by:	N/A	Date Approval Required By: N/A	

### PURPOSE

1. To provide background information for a meeting with Queensland Harness Racing Board (QHRB) representatives and the Chair of the Albion Park Raceway Joint Venture and to advise the latest situation regarding the corporatisation of the QHRB.

### BACKGROUND

2. You have agreed to meet with Mr Bob Lette, Chairman, and Mr Andrew Kelly, Chief Executive of the Queensland Harness Racing Board (QHRB) and Mr Don Davies, Chair of the Albion Park Raceway Joint Venture on Wednesday 5 December 2007.

### ISSUES

#### Albion Park Raceway

3. On 1 July 2003, the Queensland Government transferred the Albion Park Raceway (Albion Park) to the Greyhound Racing Authority (GRA) and Queensland Harness Racing Board (QHRB) as tenants in common in equal shares.
4. It is proposed to transfer the Albion Park asset, along with the other respective assets, liabilities, employees and responsibilities of the QHRB and GRA, to the new corporate control bodies, on 1 July 2008.
5. Albion Park is the most significant income producing asset used by the greyhound and harness racing codes in Queensland.
6. In April 2004, GRA and QHRB formed a Joint Venture to operate Albion Park and investigated the viability of redeveloping the venue, comprising of an independent Chair, Mr Don Davies, and a representative from the two control bodies.
7. The Joint Venture tested the market with developers experienced in urban renewal, through an Expressions of Interest (EOI) process, to ascertain the financial viability of redeveloping Albion Park. This was advertised in November 2006.
8. On 8 December 2006, the EOI process closed, with three submissions received.
9. The Joint Venture has been negotiating with the preferred developer (Watpac/Babcock and Brown) to develop a Memorandum of Understanding (MOU) (with a nine month due diligence process to follow) in relation to the redevelopment of Albion Park.
10. The Joint Venture has confirmed that it will not make a public announcement on the results of the EOI process before advising you.

11. On 2 August 2007, GRA provided the Department with a document entitled 'Paper to the Office of Racing regarding the Queensland Greyhound Racing Industry' (the Paper), which outlines GRA's concerns with the Albion Park redevelopment, the future of Parklands Gold Coast (Parklands) and tenure issues at all greyhound racing venues (**Attachment 1**).
12. The Paper states that:
  - the GRA is concerned that the MOU may bind GRA (if not legally, then practically) to commit to a development before the development costs of the racing facilities are determined and even then, with continued uncertainty as it is on a highly conditional basis at the option of the preferred developer;
  - the GRA is prepared to allow the preferred developer to undertake their due diligence and inquiries and are prepared to assist them;
  - the GRA is not prepared to commit further until the redevelopment costs are determined and other avenues explored to ensure that any final decision discharges GRA's duties as being in its and the greyhound industry's, best interests; and
  - there are risks to the GRA in partnering with QHRB in a major redevelopment of Albion Park, which potentially exposes the greyhound code to having to subsidise the higher capital and operating costs of harness code operations.
13. The Department of Infrastructure and Planning has requested the GRA to submit an expression of interest (EOI) for replacing the Parklands greyhound facility with a new greyhound facility at Logan. The GRA has also indicated its preference to transfer the Albion Park greyhound racing facility to Logan and will include this issue in the EOI. The Logan City Council supports the proposal and the GRA has engaged consultants to undertake site investigations, which are expected to be finalised by mid December 2007.
14. On 29 August 2007, Mr Davies advised the Department that the GRA and QHRB had reached agreement on the content of the MOU. The MOU now provided that if Watpac/Babcock and Brown produce a viable redevelopment proposal and the Joint Venture decides not to proceed, or to proceed with another developer, then the Joint Venture would reimburse Watpac/Babcock and Brown the expenses the developer has incurred associated with the MOU process up to a maximum of \$400,000.
15. The preferred developer has yet to advise its agreement to the revised MOU.
16. As the abovementioned financial commitment proposed under the MOU constitutes a Type 1 Financial Arrangement under the *Statutory Bodies Financial Arrangements Act 1982* (the SBFAA), the GRA and QHRB will need to seek your approval under the SBFAA to enter into a Type 1 Financial Arrangement.
17. On 30 November 2007, Mr Darren Beavis, the GRA General Manager, advised the Office of Racing that the GRA Board had met with the QHRB on the previous day to discuss the Albion Park project. The GRA Board had informed the QHRB that it believed the greyhound code's future lay in the development of a new facility at Logan and that it would consider an offer from the QHRB to buy out the GRA's share in Albion Park.
18. The QHRB does not have the funds to buy out the GRA's share of Albion Park.
19. The Joint Venture's original plan was to complete the Albion Park redevelopment in time for Queensland to host the 2010 Inter Dominion. This is now highly improbable.

**Corporatisation of the QHRB**

- 20. The control body approval application for the harness code of racing is currently being assessed. The probity checking of all executive officers of QHRL is almost finalised and no issues have been identified.
- 21. A number of issues relating to the draft constitution have been identified during the assessment process and recommendations are currently being formulated. It is considered that the issues can be addressed by the placing of conditions on an approval requiring the draft constitution to be amended.

Noted
<b>Comments (back to Department/further action - If applicable)</b>

Name:	*Action Officer/Author: John Peterson	Director: Mike Kelly	(Initials)	ED/AUT:	(Initials)	DUT:	(Initials)
Branch/Division:	Office of Racing	Office of Racing					
Telephone:	3234 1419	3234 1376					
Date:	03 December 2007	03/ 12 /2007		/ /		/ /	/ /

\* This officer may be required to provide further detailed information regarding the issue



Queensland  
Government

Office of the  
Treasurer of Queensland

RAC-00076

- 4 MAR 2009

Ms K Watson  
Chair  
Greyhounds Queensland Limited  
PO Box 250  
ALBION QLD 4010

Dear Ms Watson

I refer to your letter of 1 December 2008 to the Honourable Andrew Fraser MP, Treasurer regarding the transfer of land at Logan to Greyhounds Queensland Limited (GQL) and issues of concern to GQL. I have been asked to respond on behalf of the Treasurer.

The Queensland Government has granted in-principle approval for the transfer of the freehold title of land at 146 Kingston Road, Slacks Creek, described as Lot 658 on Crown Plan 9L12298, to GQL at no cost to GQL conditional upon GQL presenting to Government a financially viable proposal for the development of new facilities that is not dependent upon Government funding other than the transfer of the identified land and \$10 million compensation for vacating Parklands.

As the Treasurer has previously advised and confirmed in a statement to Parliament, the \$10 million compensation for the greyhound code vacating the Parklands venue is conditional upon the industry applying the funds towards the development of new facilities.

In relation to GQL's request for an initial payment of up to \$200,000 to enable tests to be undertaken at the Logan site, you have provided a proposal from Sinclair Knight Merz (SKM) to undertake contaminated land consultancy services associated with obtaining planning approval for a greyhound racing facility at Logan. It is noted that the work is to be undertaken in two phases, with the cost of Phase 1 being \$24,900. SKM has advised that it is not possible to provide a fee for Phase 2 due to the uncertainty involved with the scope of the works, but has recommended a budget of between \$50,000 and \$200,000.

Level 9 Executive Building  
100 George Street Brisbane 4000  
GPO Box 611 Brisbane  
Queensland 4001 Australia  
Telephone +61 7 3224 6900  
Facsimile +61 7 3229 0642  
Email [treasurer@ministryof.qld.gov.au](mailto:treasurer@ministryof.qld.gov.au)  
ABN 65 959 415 158

SKM has advised that if Phase 2 is required, a separate fee proposal and scope of work for Phase 2 will be provided after Phase 1 is completed.

Accordingly, it is proposed that an initial funding agreement between the State and GQL will be prepared to enable payment of the sum of \$24,900 to GQL for Phase 1. If Phase 2 is considered necessary, once SKM has determined the final costs associated with Phase 2, GQL will need to submit the fee proposal and scope of work associated with Phase 2. A subsequent funding agreement between the State and GQL will then be prepared for Phase 2 for an amount of not more than \$175,100, which represents the \$200,000 agreed to by the Treasurer.

The terms of the funding agreements will provide that the payment of the costs for Phases 1 and 2 does not commit the State to the payment of any additional monies, above the \$10 million compensation already agreed. The total contribution from the Government will be limited to the \$10 million compensation and the transfer of the Logan land.

If you require further information or assistance your officers may contact Mr Mike Kelly, Executive Director, Office of Racing on (07) 3234 1400.

Yours sincerely



Gerard Bradley  
Under Treasurer

Ref: RAC-00216

Department of Employment, Economic Development  
and Innovation

**Deputy Director-General's briefing note**

Action  Information

Office of Racing

Date: 27 November 2009

**Title: Funding Deed for Greyhounds Queensland Limited**

---

**1. Recommendation**

It is recommended that you sign the attached copies of the Funding Deed between the State of Queensland and Greyhounds Queensland Limited for Phase 2 of the Logan development project.

**1. Background**

- At a meeting on 3 December 2008, attended by representatives of the Office of Racing and Greyhounds Queensland, the Treasurer, as the then Minister responsible for Racing, advised Greyhounds Queensland that the Government would be willing to release \$200,000 from the \$10 million provided by Queensland Health as compensation to Greyhounds Queensland for vacating the Parklands Gold Coast venue, to allow Greyhounds Queensland to undertake site and soil assessments on the proposed Logan site.
- On 10 February 2009, the Treasurer approved the release of up to \$200,000 from the \$10 million (Attachment 1), and a letter dated 4 March 2009 from the Under Treasurer to Greyhounds Queensland detailed that the funding would be provided in two instalments – Phase 1 for an amount of \$24,900, and Phase 2 for an amount of up to \$175,100 (Attachment 2).
- A Funding Deed for Phase 1 of the Project, for an amount of \$24,900, was drafted by Crown Law.
- Advice was sought from Finance Division as to who was the appropriate signatory to the Funding Deed, and the Office of Racing was advised that, given the Treasurer had already authorised the payment of up to \$200,000, an officer with the appropriate financial expenditure delegation could sign the funding deed on behalf of the State of Queensland.
- The Funding Deed for Phase 1 was signed by the Executive Director, Office of Racing as the duly authorised officer with a financial expenditure delegation of up to \$100,000.
- Phase 1 has now been completed and payment of \$24,900 made to Greyhounds Queensland in accordance with the Funding Deed for Phase 1.

**2. Issues**

- A Funding Deed for Phase 2 has been drafted and signed by Greyhounds Queensland.
- The Funding Deed for Phase provides for funding up to \$175,100 to be paid to Greyhounds Queensland.
- The Funding Deed must be signed on behalf of the State of Queensland by an officer with an appropriate expenditure delegation.
- As the funding deed is for an amount of up \$175,100, you hold the appropriate financial expenditure delegation to sign the attached Funding Deed for Phase 2.
- Two copies of the Funding Deed are attached for signature – one signed copy will be returned to Greyhounds Queensland for their records, and one copy retained by the Office of Racing.

**3. Consultation**

The Office of Racing has consulted with the Department's Finance Division.

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Action Officer:  
Kirsty Karauria  
Office of Racing Regulation  
Tel: 3234 1378  
Date: 27 November 2009

Executive Director:  
Mike Kelly  
Executive Director  
Tel: 3234 1376  
Date: 27 November 2009

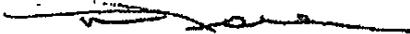
DDG:  
David Ford  
Deputy Director-General  
Tel:  
Date:

Ref: RAC-00216

Department of Employment, Economic Development  
and Innovation

Deputy Director-General's Comments  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Approved / ~~Not Approved~~ / Noted



David Ford  
Deputy Director-General  
30/11/09

Action Officer:  
Kirsty Karauria  
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Executive Director:  
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Department of Employment, Economic Development  
and Innovation

**Deputy Director-General's briefing note**

Action  Information

Office of Racing

Date: 27 November 2009

**Title: Funding Deed for Greyhounds Queensland Limited**

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- A Funding Deed for Phase 1 of the Project, for an amount of \$24,900, was drafted by Crown Law.
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- The Funding Deed for Phase provides for funding up to \$175,100 to be paid to Greyhounds Queensland.
- The Funding Deed must be signed on behalf of the State of Queensland by an officer with an appropriate expenditure delegation.
- As the funding deed is for an amount of up \$175,100, you hold the appropriate financial expenditure delegation to sign the attached Funding Deed for Phase 2.
- Two copies of the Funding Deed are attached for signature – one signed copy will be returned to Greyhounds Queensland for their records, and one copy retained by the Office of Racing.

**3. Consultation**

The Office of Racing has consulted with the Department's Finance Division.

---

Action Officer:  
Kirsty Karaurla  
Office of Racing Regulation  
Tel: 3234 1378  
Date: 27 November 2009

Executive Director:  
Mike Kelly  
Executive Director  
Tel: 3234 1378  
Date: 27 November 2009

DDG:  
David Ford  
Deputy Director-General  
Tel:  
Date:

Ref: RAC-00216

Department of Employment, Economic Development  
and Innovation

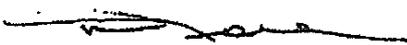
Deputy Director-General's Comments

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Approved / ~~Not Approved~~ / Noted

  
David Ford  
Deputy Director-General

30/11/09

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Action Officer:  
Kirety Karauria  
Office of Racing Regulation  
Tel: 3234 1378  
Date: 27 November 2009

Executive Director:  
Mike Kelly  
Executive Director  
Tel: 3234 1376  
Date: 27 November 2009

DDG:  
David Ford  
Deputy Director-General  
Tel:  
Date:

## BRIEFING NOTE

FROM	Treasury		
FOR	Treasurer		
SUBJECT	Non-TAB racing under section 68M of the <i>Racing Act 2002</i>		
Contact Officer:	Mr Michael Duff, Principal Compliance Officer, Office of Racing Regulation	Record No: QTO-01907	Date: 19 June 2008
Requested by:		Date Approval Required By	

## PURPOSE

1. The purpose of this submission is to advise you of advice received from Crown Law and seek your signature on the attached letter to Mr Bentley.

## BACKGROUND

2. Section 68M of the *Racing Act 2002* (the *Racing Act*) provides:
  - The thoroughbred control body must pay 7% of its net UNITAB product fee for a year as prize money for non-TABQ races conducted by non-TABQ clubs in the year.
  - If, at the end of a year, the thoroughbred control body has not paid 7% of its net UNITAB product fee for the year as prize money as required by subsection (1), the thoroughbred control body must, as agreed with the committee, use the remaining amount of the 7% for supporting non-TABQ racing.

*Example of use of remaining amount of 7% of net UNITAB product fee for supporting non-TABQ racing — carrying out maintenance at a non-TABQ club.*

3. By letter dated 18 December 2007, Mr Bentley wrote to the Treasurer and advised that during the Equine Influenza (EI) outbreak in 2007, there was a reduction in thoroughbred racing. Information provided by Queensland Racing Limited (QRL) indicated that approximately \$6 million would be paid in prize money for non-TABQ races on forecast Queensland revenue of \$94 million in 2007-08. This equates to only 6.38% of the net UNITAB product fee (Attachment 1).
4. As the non-TAB schedule was suspended for a significant period due to the equine influenza outbreak, QRL requested that the \$1.1 million allocated to non-TAB clubs to conduct TAB meetings during this period be included as part of the 7% of the net UNITAB product fee under section 68M of the *Racing Act*.
5. Crown Law advice was sought on whether the \$1.1 million allocated by QRL to non-TAB clubs to conduct TAB meetings could be included as part of the 7% of the net UNITAB product fee under section 68M of the *Racing Act*.

6. Subsequently, by letter dated 23 April 2008, Mr Bentley advised that in addition to the \$6 million paid in prize money for non-TAB races, QRL also paid approximately \$3.5 million during the 2007-08 financial year on the following matters for the purpose of supporting non-TAB racing:

- Jockeys Riding Fees
- Subsidisation of Jockeys' Insurance
- Administration Subsidies paid to Clubs
- Non-TAB Sky Channel Costs
- Integrity Services Costs
- RISAs Service Centre Costs (Attachment 2).

**ISSUES**

7. Crown Law advised:

- the allocation of the \$1.1 million by QRL to non-TAB clubs to conduct TAB meetings does not satisfy the requirements of section 68M(2) of the Racing Act; and
- the allocation of approximately \$3.5 million by QRL as outlined above does satisfy the requirements of section 68M(2) of the Racing Act (Attachment 3).

8. Based on the legal advice, QRL has complied with its obligation to country racing under section 68M of the Racing Act for the 2007-08 financial year.

**RECOMMENDATION**

It is recommended that you sign the attached letter to Mr Bentley (Attachment 4).

*GB*  
 Gerard Bradley  
 Under Treasurer Date 27/6/07

<input type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input checked="" type="checkbox"/> Noted
<b>Treasurer's Comments</b>		
<p><i>Letter to incorporate as advised figure? as soon as available, for reporting to Parliament via Minister's statement as per my understanding of estimated. PO advise as to expected date</i></p> <p><i>Andrew Fraser</i>          Treasurer          17/6/07</p>		

<b>Officer</b>	Michael Duff	Carol Parrett	CP
<b>Office</b>	Office of Racing	Office of Racing	
<b>Phone</b>	(07) 3234 1404	(07) 3234 1408	
<b>Date</b>	17/08/2008	17/08/2008	

*of that advice from ORC*  
18/06/08

\* This officer may be required to provide further detailed information regarding the issue

## BRIEFING NOTE

FROM	Treasury		
FOR	Deputy Premier, Treasurer and Minister for State Development and Trade		
SUBJECT	Racing Queensland Limited – Request for ex gratia relief from transfer duty.		
Contact Officer:	Natalie Barber – Director, Resources and Economic Development Branch Tel: 3095 1414, Mh: 0412 568 242	Record No: TRX-18353;	Date: 30 January 2012
Requested by:	N/A	Date Approval Required By: N/A	

## PURPOSE

1. The purpose of this briefing note is to:
  - Inform you of advice from the Office of State Revenue (OSR) regarding requests for ex gratia relief from transfer duty for transactions associated with the delivery of the Industry Infrastructure Plan (IIP) and current developments regarding the request; and
  - Seek your signature on a letter to the chairman of Racing Queensland Limited (RQ).

## BACKGROUND

2. Refer Office of State Revenue (OSR) brief to the Treasurer (QTO-12601) regarding a request by RQ for exemption from duty on all transactions to implement the IIP.
3. OSR advises that there is no duty exemption provided in the *Duties Act 2001* for the types of transactions being undertaken by RQ. While noting that ex gratia relief has been provided to the racing industry in some limited circumstances, OSR advises that in each case, ex gratia relief was provided consistent with the principle that duty should not apply to transactions undertaken in accordance with, and driven by, government policy.
4. OSR also advises that providing ex gratia relief to RQ may establish precedents for clubs and commercial operations outside of the racing industry.

## ISSUES

5. The Chief Executive Officer of RQ, Mr Malcolm Tuttle, has subsequently advised at officer level that RQ no longer seeks ex gratia relief from transfer duty for all transactions that occur as a result of the implementation of the IIP. However, as negotiations with race clubs are ongoing, RED considers that it is advisable to inform RQ of Treasury's view on the question of ex gratia relief from transfer duty.
6. Treasury also understands that duty relief for Rockhampton Racing Pty Ltd is a current issue for RQ. Treasury has previously considered the request for duty relief for the Rockhampton matter and determined that it is not eligible for relief, as it is a commercial transaction unrelated to a Government policy decision. A letter informing RQ of this decision was sent on 3 August 2011.

**FINANCIAL IMPLICATIONS**

7. RQ has estimated that transfer duty payable under the IIP to be in the order of \$5.79 million. It should be noted that this estimate includes \$3.50 million for the Gold Coast Turf Club which did not accept RQ's equity model.

**RESULTS OF CONSULTATION**

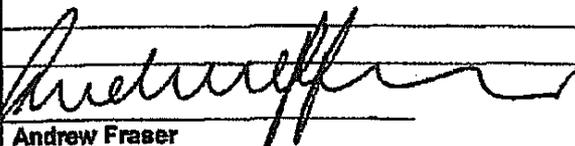
8. The Office of Racing has been consulted.

**RECOMMENDATION**

That you:

- Note the advice from OSR; and
- Sign the attached letter to the chairman of Racing Queensland Limited.

*Gerard Bradley*  
 Gerard Bradley  
 Under Treasurer Date 1/2/12

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Deputy Premier, Treasurer and Minister for State Development and Trade	Comments	
 Andrew Fraser Deputy Premier, Treasurer and Minister for State Development and Trade 1/2/12		

	(Initials)	(Initials)	(Initials)
Michael Buckley	Natalie Barber	Stuart Booker	
Resources and Economic Development	Resources and Economic Development		
07 3237 9999	07 3224 4475	07 3238 9059	
30/01/2012	30/01/2012	30/01/2012	

TRX-18353

Mr Robert Bentley  
Chairman  
Racing Queensland Limited  
PO Box 63  
SANDGATE QLD 4017

Thank you for your letter of 20 September 2011, requesting ex gratia relief from transfer duty on all transactions that occur as a result of the implementation of the Industry Infrastructure Plan.

I note that Racing Queensland Limited's Chief Executive Officer Mr Malcolm Tuttle has subsequently advised that ex gratia relief from transfer duty is no longer sought on all transactions occurring through the implementation of the Industry Infrastructure Plan.

I also understand that some Clubs have not accepted Racing Queensland Limited's proposed equity model, as evidenced by the alternative approach negotiated with the Gold Coast Turf Club.

While Queensland Treasury will consider any request for duty relief on its merits, such relief is only available in limited circumstances, such as where there is an anomaly in State tax legislation resulting in an unintended or inequitable outcome. As you have previously been advised, no such anomaly was found in the case of the transfer of shares in Rockhampton Racing Pty Ltd.

Yours sincerely

ANDREW FRASER

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