

**QUEENSLAND RACING COMMISSION OF INQUIRY**

*Commissions of Inquiry Act 1950*

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

I, **ANTHONY JOHN HANMER** care of Level 10, 300 Adelaide Street, Brisbane, Queensland 4000. Company Director, do solemnly and sincerely declare as follows:

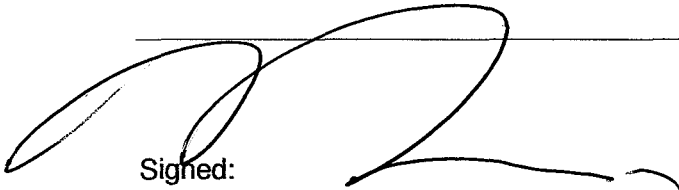
**BACKGROUND**

1. I was a director of Racing Queensland Limited ("RQL") from 25 March 2010 until my resignation effective 30 April 2012.
2. I had an interest in a racehorse some years ago and was a member of the Sunshine Coast Racing Club. Apart from that, I had no involvement in the racing industry prior to my joining the Queensland Thoroughbred interim Racing Board.
3. My background originally was in marketing and communications:
  - (a) I established Shackle Hanmer in March 1975 which by 1985 had become the largest privately owned advertising and marketing agency in the UK. I also set up Stowcastle Promotions, a highly successful promotions company, and Studio

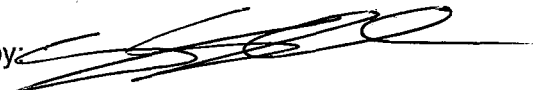
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**Statement of Anthony John Hanmer**

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On The Square, a creative and innovative studio which pioneered the use of computer graphics, retouching and digital photocomposition.

- (b) From December 1988 until October 1991, I was managing director of McCann Erickson in Brisbane, the managing director of McCann Erickson in Sydney from October 1991 and Chairman and Managing Director of McCann Erickson Australia from October 1992 to 1995.
- (c) From October 1995 to early 1998, I was Senior Vice President/Regional Director Asia & South Pacific for McCann Erikson Worldwide, responsible for 35 offices in 17 countries.

4. I have held numerous board positions outside of the racing industry including:

- (a) 2012 – current Slater & Gordon – Board Advisor
- (b) 2010 – 2012 Trilby Misso Lawyers – Chairman
- (c) 2007 – Mid 2010 Trilby Misso Lawyers – Board Director
- (d) 2005 – Current Lawkenneth – Group Board Advisor
- (e) 2007 – Current Vision Australia – Board Director
- (f) 1999 – 2007 Endeavour Foundation - Deputy Chair
- (g) 2004 - 2007 Gourmet Foods – Board Director
- (h) 2003- 2005 Selectv PLC – Board Director
- (i) 2001- 2005 Techstar PLC – Board Director

5. In 2002, a new organisation was formed, the Queensland Thoroughbred Interim Racing Board which a year later became the Queensland Thoroughbred Racing Board (“QTRB”). I applied for the position of a director. I answered an advertisement placed by TMP Worldwide in the Australian Financial Review which sought applicants with marketing and board experience. There was an extensive interview process by a panel appointed from the racing industry, I was a successful candidate.

6. In 2006, the QTRB transformed into Queensland Racing Limited ("QRL"). On the merger of the codes of racing, I was appointed to the board of RQL.

## **CONTRACT MANAGEMENT AND FINANCIAL ACCOUNTABILITY**

7. QRL and RQL had policies and processes that had to be followed in relation to managing contracts and ensuring financial accountability. Some were mandatory policies required by the *Racing Act*. However, there were also other policies that the company adopted to deal with the various aspects of the company's business. These policies were under the responsibility of specific and particular members of the executive management team. There was a policy for purchasing, acquisition and procurement which was under the responsibility of the chief financial officer, Adam Carter. Adam would report to the Audit Committee of which I was a member. Deloitte were also engaged as internal auditor to monitor compliance with company policies. Deloitte would agree with Adam Carter on a range of internal audit subjects, they would report in written form with a critique of any issues arising, as well as report compliance via a series of colours similar to a traffic light system, indicated the seriousness or otherwise. That is, green compliance was satisfactory, amber some work needed whereas red meant an issue in urgent need of remedy. In the period under review, I cannot now recall any instances of non-compliance. Deloitte would report to the audit committee.
8. I was not involved in contractual arrangements with Contour Consulting Engineers Pty Ltd ('Contour').
9. I cannot recall any report ever coming to the audit committee from Adam Carter or Deloitte suggesting there was any non-compliance in relation to contractual arrangements involving Contour.

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## MANAGEMENT

10. Management of the control body was the responsibility of the chief operating officer or chief executive officer of the company with his executive team.
11. There were guidelines in place setting out the role of the Board, to ensure management took appropriate accountability. The role of the chair of the board, the role of the deputy chair, the role of the Directors and the role of the chief executive officer. Those guidelines were set out in writing in a code of conduct.
12. I can recall the Chair of the Board, Bob Bentley, had directed as a standing order, that members of the board would deal with the executive through Mal Tuttle, the chief executive officer. Of course, if I was asked to advise on any issues that were within my area of experience, then obviously I was willing to assist where I could.

## CORPORATE GOVERNANCE

13. RQL was not a public listed company, nor was it a government owned corporation. Rather, it was a company limited by guarantee. In my opinion RQL had good processes in place that reflected good corporate governance principles. For example:

- (a) The role of the board and the role of the senior executive team were separated. The board business was the subject of detailed papers that were prepared for each meeting and circulated to board members. Business and decisions made at board meetings were recorded in minutes. The board exercised supervision over the senior executive team but ensured that management took appropriate action as mentioned above, interaction between particular board members and members of management depended on whether there were specific issues

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where the expertise of a board member may have been useful to management. For example, I would assist if requested in relation to marketing and communication issues; Bill Ludwig had a lot of experience in matters of staff and workplace health and safety; Brad Ryan was an accountant and so was an obvious chair of the audit committee; Bob Bentley had to meet with government in relation to infrastructure plans that were being developed so he had a significant involvement in dealing with members of the executive who were dealing with the infrastructure plan. Bob Lette was a lawyer, and Wayne Milner brought experience through property development.

- (b) The structure of the board was well balanced. We had board members with different types of expertise.
- (c) Steps were taken to ensure that members of the board were familiar with their responsibilities as directors. For example, when the board of RQL first met, Barry Dunphy from Clayton Utz carried out training in respect of directors' duties. Directors were encouraged to have skill levels increased.
- (d) We had specialist committees established such as the audit committee (mentioned above) and the HRRC (human resources and remuneration committee).
- (e) We also had a rigorous process for ensuring that conflicts of interest were identified and appropriate steps taken to ensure that any conflicts of interest did not impact upon the business of the company. At the commencement of every board meeting, we reviewed the existing conflicts of interest disclosures that had been made previously and to update any disclosures. If there was any aspect of the board business that may be impacted by a potential conflict of interest then we ensured that the relevant board member would depart the meeting while that



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order of business was discussed. As a result, Bob Bentley (who was a director of Tatts Group) never took part in any deliberations or decisions on the board of RQL which could conflict with business concerning the Tatts Group. For those parts of the RQL board meeting, I would act as chair. I also chaired Queensland Race Product Co Limited. Bob Bentley did not take part in any deliberations of that company.

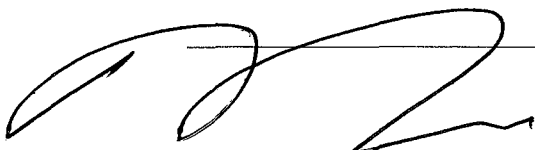
14. In addition, the code of conduct also stipulated what was expected in relation to dealing with any conflicts of interest.

15. I believe that at all times, the directors of RQL acted with integrity and in the best interests of the company and the racing industry, and complied with duties as directors, save for an occasion in 2010 when Kerry Watson acted in a way that I believe breached her duties to the company when she attempted to lobby against the infrastructure plan which had been previously approved by the board, of which she was a member.

#### **OVERSIGHT BY GOVERNMENT**

16. My involvement directly with government can be summarised as follows:

- (a) I had meetings with Mike Kelly of the Office of Racing in relation to betting and wagering issues related to RQL (as Bob Bentley would not get involved in such discussions due to his role as a director of Tatts Group). I met with Mike Kelly in relation to issues involving Queensland Race Product Co Limited as I chaired the board of that company. The Product and program agreement between that company and Tatts Group required there to be meetings with Tatts Group that would then be reported back to the Office of Racing.



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(b) As far as I can recall, my meetings with the responsible ministers were very few:

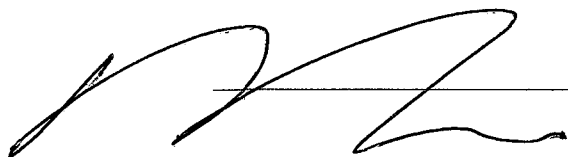
- i. I recall having two meetings with Ms Rose;
- ii. I recall meeting Mr Schwarten only once socially at an industry event;
- iii. I recall meeting Mr Mulherrin only once socially at an industry event;
- iv. I recall meeting Mr Fraser on about three occasions, in relation to the marketing programme to assist in bringing the public back to racing after the equine influenza epidemic;
- v. I recall meeting Mr Lawlor twice, both socially at an industry event.

### **EMPLOYMENT CONTRACTS OF SENIOR EXECUTIVES**

17. The terms of reference also inquire in relation to the circumstances surrounding the renegotiation of the contracts of employment for Malcolm Tuttle, Shara Reid, Jamie Orchard and Paul Brennan. I was not involved in the renegotiation of their employment contracts in 2011, other than at board level when the matter was raised and resolved by the board.

18. I am aware that the four senior executives were working under considerable stress and significant workload at the time. Leaving aside the actual workload, the emotional stress that they were working under due to constant attacks in the media, in Parliament and by direct communications from some people that they would come into contact with, I could understand it if any of them wanted to leave.

19. A paper was presented to the board on 5 August 2011 which had attached to it some legal advices from Clayton Utz and Norton Rose. The board discussed and approved certain variations that were proposed to be made to the employment contracts.



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20. The State Election took place in March 2012. My recollection is that the attacks in the media were relentless and corrosive to morale. The LNP was making it quite clear that if they won the election then they would change laws, remove the Board and senior executives would be gone as well. I can also recall stories in the media that with the change of government those who wanted us out would cut the power to the premises to stop documents being shredded and would actually storm the *Deagon Bunker* as soon as possible. Not surprisingly, this engendered a poor sense of morale amongst many and a feeling of desperation in others.

21. At 11.30am on 26<sup>th</sup> March, the Monday after the election, I attended at the office at Deagon. I met with Malcolm Tuttle, Shara Reid, Paul Brennan and Jamie Orchard. They informed me that they had decided that they would not stay with RQL. I had a pre-arranged meeting with the Chair of an industry association, so I could not discuss the issue with them further at that time. Later that day, I was handed the four letters of resignation.

#### **QUEENSLAND RACE PRODUCT CO LTD AND TATTS GROUP**

22. The terms of reference also inquire into the arrangements between Queensland Race Product Co Limited ('Product Co') and Tatts Group. I was the chair of Product Co, a company set up for the purposes of acting as an agent for the Queensland Racing Industry in its relationship with Unitab under the Product and Programme Agreement of June 1999. At the relevant time, the Board consisted of 4 directors of QRL (except Bob Bentley), a director nominated by the Harness Board (Bob Lette, Chair) and a director nominated by the Greyhound Board (Kerry Watson, Chair). The board only met four times a year, including the annual general meeting.

23. In 2008, amendments were proposed to the Racing Act which would allow control bodies to charge fees for the provision of race information. I became aware that QRL



obtained a written advice from David Grace of Cooper Grace Ward in November 2008 in relation to the draft race information legislation. I showed a copy of that advice to the members of the board of Product Co. I wanted to discuss the advice with the board and to gauge their views to the draft legislation in relationship to their Codes and the opinion of Mr Grace. I also spoke to Bob Lette who had been on the board of Unitab at the time who understood detail and intent of the Product and Program Agreement. The view that he expressed to me was that he did not believe that the construction that Mr Grace had suggested was correct. Mr. Lette informed me that he also had one of his partners review the advice and he also disagreed with Mr. Grace's interpretation. We were both of the view that it would not have been the intention to have Unitab pay for the same race information twice.

24. The next board meeting of Product Co was in December 2008. It was attended by all board members except Michael Lambert. We discussed the matter of the advice but the view taken by the board was that it did not want to do anything about it at that time. Ms. Watson of the Greyhound board also indicated that her Board were not in agreement with the advice.

25. I recall exchanging views with Michael Lambert subsequently in which he contended that although he had not attended the board meeting, and while he agreed with my point of view, we should cover ourselves and get further legal advice.

26. Of course, this raises an issue of being able to pay for such further advice. Product Co is a separate company and can't just pull funds out of nowhere. Rather, it was just a 'pass through' company where funds collected under the product and program agreement would be distributed to the three control bodies according the pre-agreed arrangement (the inter code agreement).

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27. The matter was again discussed at the next board meeting of Product Co in March 2009 by which time the new legislation had been passed into law. It should be noted, however, that the amendments were backdated to September 2008 so if the views that Bob Lette and I and the other board members of Product Co were wrong and were inclined to take some action then we could always do so. At the March board meeting, it was decided that I should seek the views of the Office of Racing.

28. I wrote to Mike Kelly in the Office of Racing on 31 March 2009. I also spoke to Mr Kelly. I recall his view was that Unitab would not have to pay twice for the provision of race information. In fact, section 113E(6) (as it was then) of the Racing Act was drafted to say as much. It was never the intention of the legislation for Unitab to pay twice for the same information.

29. Michael Lambert was still concerned that further legal advice should be obtained. By this time, the matter of steps to take in relation to race information legislation was properly identified as an individual industry control body issue rather than a Product Co issue. I understand that QR wrote to Mr Kelly further about the issue.

30. It is also worthwhile noting many surrounding factors going on at the time. Arrangements had to be made to put in place a system for authorising the use of race information and collecting fees for that information from bookmakers, corporate bookmakers, parimutuals and bet matchers. Betfair, Sportsbet, Sportingbet and the Queensland Bookmakers Association had all expressed opposition to the proposed arrangements. Substantial litigation had commenced, and continued to be pursued interstate in relation to the race information legislation in those jurisdictions which did not conclude until about March 2012. I believed that the better course to adopt was to concentrate on collecting fees from the several hundred parties who were clearly liable for paying them, and wait and see how all the litigation Interstate was unfolding.

31. My opinion is that this issue that has been raised in the terms of reference is actually a non-issue. If there was a prospect that more moneys could be collected from Tatts Group, then one would expect that those now in control of the control body or Product Co could have taken action long before now.

**TRANSFER OF FUNDS FROM GOVERNMENT**

32. The terms of reference also inquire as to the transfer of funds in February 2012 from the Queensland government to the RQL infrastructure trust account. I did not have any involvement in that.

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

**SIGNED AND DECLARED**

at COOLUM QLD

on: 29 July 2013

in the presence of:

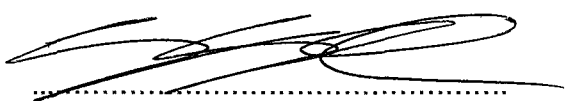


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Solicitor / Justice of the Peace

SIMONE SMALL JP (QUAL)

