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## TRANSCRIPT OF PROCEEDINGS

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**THE HONOURABLE MARGARET WHITE AO, Commissioner**

**MR JC BELL QC, Counsel Assisting**

**MR T PINCUS, Counsel Assisting**

**IN THE MATTER OF THE COMMISSIONS OF INQUIRY ACT 1950**

**COMMISSIONS OF INQUIRY ORDER (No.1) 2013**

**QUEENSLAND RACING COMMISSION OF INQUIRY**

**BRISBANE**

**10.01 AM, THURSDAY, 26 SEPTEMBER 2013**

**Continued from 25.9.13**

**DAY 7**

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**THE COMMISSION RESUMED**

**[10.01 am]**

5 COMMISSIONER WHITE: Mr Hanmer.

**MR ANTHONY HANMER, ON FORMER OATH**

**[10.01 am]**

10 **FURTHER EXAMINATION-IN-CHIEF BY MR BELL**

**[10.01 am]**

MR BELL: Mr Hanmer, Mr Bentley attended Product Co meetings from time to time, didn't he?---No.

15 Mr Bentley attended some Product Co meetings?---I don't believe so, no.

Did Mr Bentley ever attend a Product Co meeting?---No.

20 You're sure?---To the best of my recollection, yes.

Because in making that answer you're using your memory but not only your memory, the important fact that you believed he had a conflict, did you?---Oh, yes.

25 Okay. So it wouldn't be right for him to come to any Product Co business, is that right?---Completely wrong to attend any board meetings, yes.

Okay. Because the fundamental role of Product Co was to act as agent for the three control bodies for the three different codes in its dealings with Tatts?---Yes.

30 Okay. Could Mr Hanmer see the Product Co minute of the 26<sup>th</sup> of March 2008, please?

35 COMMISSIONER WHITE: And does that have a document number?

MR BELL: No, it doesn't.

40 COMMISSIONER WHITE: No. Thanks, Mr Bell. You could show that to – thank you – Mr Hanmer.

MR BELL: This is a minute of a Product Co meeting. My question is only – is it a meeting? Is it a minute of a Product Co meeting?---It – it says it's a minutes of meeting, yes. Yes, in – 20<sup>th</sup> of March '08.

45 26<sup>th</sup> March '08, is it?---Yes.

And is that your signature at the bottom as chairman?---Yes, it is.

Okay. And then could Mr Hanmer see the minutes of the meeting of the 4<sup>th</sup> of December of Product Co, please? And just confirm for me at the foot of the document, 5<sup>th</sup> March, is your signature as chairman?---Yes, correct.

5 Okay. Now then, if you go up on the second page to confirmation of minutes 28 March and item 1.3 – do you see that?---Yes, I do, yes.

And just have a look at the second entry?---Yes. To be add to meeting – attendee, Mr Robert Bentley. Yes, yes.

10

Yeah. How do you explain that?---There's clearly been an administrative error here and I – the minutes are by somebody called Donna Biddle who was only with us for a very short time. I suspect she may have made an error there.

15 Hold on, Mr Hanmer. That's your signature, isn't it, as chairman?---Yes, it is.

Now, what you're doing by signing it is confirming it's accuracy for the records of Product Co, aren't you?---I am, yes.

20 Okay. Are you taking responsibility for that signature?---Yes. Yes, I am.

Mr Bentley did attend a meeting of Product Co, didn't he?---No, he didn't. No, no.

25 Mr Hanmer, there was another meeting of Product Co that Mr Bentley attended to, wasn't there?---I don't believe so, no.

On the 13<sup>th</sup> of October 2008. Do you recall that one?---No. No, I don't, no.

30 So in saying no to me, are you meaning you're relying on your memory or you're relying upon the rule that was imposed that you've told us about to deal with the conflict of Mr Bentley with his Tatts interest?---I'm sorry, could I – I'm just absorbing what you've put in front of me.

35 Okay. Take your time. I won't – I'll wait until you're ready?---Mr – it's this 1.4 section, which I've signed, to be added to the attendees Mr Robert Bentley is – is clearly wrong. He wasn't there. And I'd like to certainly ask those other members who did attend the meeting for what their recollection was.

40 Mr Hanmer, what are these documents for? Why do you sign them?---They're official minutes of the meeting, right.

But what for?---It's an official record.

45 To keep a record of who was there, for example?---Absolutely, yes.

Okay. Now when somebody takes the time to type in, add Mr Bentley, months and months later it's for a reason and you see who moved the motion and who seconded it – do you see that?---Oh, Ludwig and Watson.

5 Yeah. So, you see somebody took the care to record who in fact brought it up and moved the motion and who seconded it. It's not like its a little typo – typing error, is it?---No. But the – but the date's wrong because one says the 28<sup>th</sup> of March and this is a meeting of 26<sup>th</sup> of March.

10 Okay. And you've just literally thrown this at me. I've just seen that straight away so - - -

No, that's fine?---There's something not, not – there's something not right here.

15 Okay. Well, let's address one thing, Mr Hanmer. If the second minute I gave you is right?---Yes.

It's a record of Mr Bentley going to a meeting of Product Co, isn't it?---Yes, it is.

20 Okay. Now, I suggest to you that there were discussions which involved Mr Bentley in relation to Race Fields information?---Well, no. But the legitimacy of this – this surely must be called into doubt because the dates are wrong. Because this is – this is the confirmation of the minutes of the meeting that never took place.

25 Okay, Mr Hanmer. Just address what – put the meeting - - -?---Sorry, yeah, yeah.

Now, here's my question, Mr Hanmer. You were present on occasions when Mr Bentley discussed Race Fields information, weren't you?---Never in Product Co meetings, no.

30 No. Forget about the Product Co now?---Oh, sorry, yeah.

You were present when Mr Bentley was in discussion about Race Fields information, weren't you?---Yes.

35 And in particular, you knew that it was his view that the product and program agreement allowed for Tatts to make this deduction, weren't you?---Never discussed that at all, no.

40 Well, you see, he said only the other day that he did discuss it with you and he knew your view on it. How would he come to know your view on it unless you told him? Did you tell him?---No. But the main boarding – the determinations that the Product Co had made would've been explained to him. So he would've known from that point of view, from that way, yes.

45

So there's nothing objectionable in your mind, is there, about you saying to Mr Bentley, "Mr Bentley or Bob, my view on this agreement is that Tatts can deduct this."? There's nothing wrong with that, is there?---Nothing at all, no.

5 So that happened, didn't it?---Yes.

And you said back to him, "Well, that's my view too, Bob." Didn't you?---No.

10 Mr Hanmer, so you're talking about never having expressed your view to Mr Bentley in the period from about November 2008 through to today?---No. I – I – if I misled you, I apologise. I have expressed my opinions about the Product Co agreement on many issues, by the way, to Mr Bentley.

15 Okay. What about on the issue of Tatts entitlement to deduct the charges the New South Wales and other interstate control bodies made on it? Did you discuss that with Mr Bentley?---There would've been discussions in the board about that, yes.

What about outside the board, Mr Hanmer?---No. Never outside.

20 So Mr Bentley, you see, recalls that he knew your view and you knew his view, which was the same view. And how did that happen?---Well, because in the board the views are expressed by everybody and his view would have understood what mine was and his was.

25 Okay. And why were you discussing that in the board?---Because there was an update given from the Product Co meetings to the board every three months.

Okay. Now, we're talking about a meeting of Queensland Racing, aren't we?---Yes, we are.

30

Okay. Why at the Queensland Racing board meeting were you and others at the meeting discussing your views about whether Tatts could deduct under the product and program agreement, please?---We'd explain determinations that were made.

35 Sorry?---We would give him determinations that were made as for – as part of the report in process.

40 No, no, no, no, no. I'm just talking to you, as you know, about him expressing his view and you expressing your view back. Let's talk about that. Why is that being discussed at the Queensland Racing board meeting, please?---I don't recall the actual conversations but it was an issue of high importance and he would have expressed his views and I would've expressed mine.

45 Yes, exactly. And Mr Bentley was even more involved in the industry historically than you have been, wasn't he?---Certainly is, yes.

5 Yes. And when investigating the background intention of parties at the time in 1999, he'd be a good source to go to. Obviously he would, wouldn't he?---Well, I understood he actually – he stood aside from that process because it was fairly well known that when the negotiations were taking place, he actually resigned from that whole committee. He was not involved in that process at all.

COMMISSIONER WHITE: That's the privatisation discussions. Is that what you're referring to?---Yes, Commissioner, yes.

10 Thank you.

MR BELL: Yes. But he knew the history of racing in Queensland very well. He'd been involved much more than you had been, in fact?---Oh, absolutely, yes. Yes.

15 So he would be a good source of information to gather for yourself to determine your view about what their intention had been, wouldn't he?---Yes.

20 Yeah. And in fact he did discuss that with you from time – and others from time to time, didn't he?---Yes.

Yeah. Now, there was another board meeting I mentioned to you before on the 13<sup>th</sup> of October 2008 when Mr Bentley attended.

25 COMMISSIONER WHITE: It's a Product Co board meeting.

MR BELL: Product Co board meeting. Do you recall that? Don't look at those pages. I'll show you the pages. You can look at them all night but don't look at them now?---No. So the date again was?

30 I'll start again. There was another meeting of Product Co?---Yeah.

Not the one I'm talking about in those pages?---Yeah.

35 When Mr Bentley attended the Product Co board meeting?---I don't believe so, no.

On the 13<sup>th</sup> of October?---No.

40 Okay. Could Mr Hanmer see folder 2, document 58, please?---May I make the point that - - -

Please?--- - - - if Mr Bentley had attended the meetings, all those other directors would have objected. Everyone knew Bob's conflict.

45 Just have a look at this document for me, please. Do you see that it looks like a Queensland Race Product Co minute?---Yes.

And do you see under “Also in attendance” a number of names, one of which is in handwriting?---Yes, I do.

5 And if you turn over the page, look under General Business, 5(b). Does that refresh your memory at all about Mr Bentley attending any other meetings of Product Co?---Mr Bell, he did not attend any meetings. This was – this was also a written – this is a draft minute written by Ms Biddle again, and who was not satisfactory, and she must have just written this in by hand. I – I can’t – this is not an official document. I can’t understand what that’s doing there.

10 See, Mr Hanmer, an official document might be one that was signed later, which was meant to be left in the records to show people later that he did not attend. I understand that, but why would somebody hand-write in that name there unless he attended? How could it possibly be that they would hand-write it in? What  
15 for?---He never attended any meetings. Any of the other 10 people who attended that meeting can attest to that.

Address my question, then. How could it come about that in the records that were left behind when you left as one of the directors of Product Co – that this was one of  
20 the records, and it has a handwritten inclusion of Bob Bentley’s name in it? How could that happen?---Well, you must ask Ms Biddle because it’s not my writing.

And then turn over to 269, which is the next divider, please. Have you got that?---Yep.

25 Now, this is different handwriting but the same draft minute. Do you see it?---Yes.

And do you see the same name being handwritten in the same place as an attendee, “Bob Bentley”?---Yes. Yeah.

30 Got that?---Yeah.

So there’s double the same evidence of somebody or two people writing that Bob Bentley was there. It looks like that, doesn’t it?---Someone has written in  
35 handwriting simply the name Bob Bentley, yes.

Yes, but it’s got a little arrow up to “Also in attendance,” hasn’t it? See the arrow?---Yes.

40 Okay. That must mean something, doesn’t it?---It – well, yes.

Okay. Now, turn over the page - - -?---Yep.

- - - to page 2. You’ll see handwriting on there too?---Minutes not received.

45 It doesn’t matter what the handwriting is?---Sorry.

It looks like it's handwriting of somebody writing on the draft minute, doesn't it?---Yep.

5 Okay. And it says – it doesn't matter what it says?---Counsel, it says at the bottom general business. Mr Bentley declared his director of Sunshine Coast Racing Trust a conflict of interest.

10 That's what it looks like?---Well, he wouldn't have – he – he had many other conflicts and many other interests.

Yes?---So this in itself is of – it – he had a list that long that were legitimately put into every single – excuse me – into every single document. So I don't know what that means – Sunshine Coast Racing Trust.

15 Me either, but this is the important point: it looks, really, if you look at it in a mature way, that what's been handed out is the draft minute, and there's a mistake in it about Bentley's declaration of conflict there, yes, but on that draft minute, two different people look like they've recorded contemporaneously that Bob was there. See that? Now, it's hard to avoid that conclusion, Mr Hanmer, isn't it?---Yes.

20 Okay. And then if you turn over to 270, please, that is, document 270, please, Mr Hanmer?---Yep. Sorry.

25 This is the same minute of the board meeting of the 13<sup>th</sup> of October, but it looks like this one is the final one even though not signed by the chairman. Now, that's the only three - - -?---The former one was presumably a draft.

30 Presumably it was. The one we were looking at formerly looks like it was a draft. I'm asking you, as chairman, can you help me with this?---The draft with the handwriting on: I have no knowledge at all who wrote it. I've got no idea. The signed document is, of course, the correct one.

Is yours signed, is it? Mine is not signed, Mr - - -?---Excuse me?

35 I haven't got a signed one in my book. Have you got a signed one there?---All my papers given to - - -

No. Sorry. In the book?---Oh, no. Well, not here, no, no.

40 You just mentioned a signed one, so you threw me a little bit. I thought you were looking at a signed document. I'm sorry?---No, but at the next meeting it would have been signed. All the minutes - - -

Okay?---All – all – all the minutes were always signed at the next meeting.

45 Okay. Well, if you have – if you can find in your records a signed copy, that would help a lot because we haven't been able to find, in all the records we've been given



about Product Co, a signed one for this minute – this meeting?---I destroyed all my minutes. All my records had to be destroyed.

5 Okay. I hear you. You understand the position, don't you? Why I'm asking you these question?---Well, I – of course. All I would say is that every single minute was always signed as a matter of course.

10 Okay. And so the commission, Mr Hanmer, just to complete that discussion, has asked again for the records to be checked of Product Co, and they have been checked, and there is no signed minute by you as chairman of this meeting, you see. So we'll leave it at that, hey? Could you explain that or help us with that?---Ms Biddle – I'm not blaming anyone else, but she was a – she was a poor minute-taker and didn't last very long, and clearly she made errors.

15 Okay. I want to ask you another thing about - - -?---Yep.

- - - the same topic but not about a Product Co meeting - - -?---Yeah.

20 - - - please. Have you had the opportunity to have a read of Ms Tracey Harris' statement that she's given to the commission as yet?---No, I – I haven't, no.

25 Okay. Let me just read you a piece of it, please, and in due course, if you wish to make further comment on it, you will do it in a statement with your lawyers. Now, here's what she says, in part. She's talking about how she attended meetings of Racing Queensland after the amalgamation, and she says in paragraph - - -

MR WILSON: I think to be fair, Commissioner, the witness should be shown the statement and taken to parts of it rather than read extracts.

30 MR BELL: Why? Why?

MR WILSON: Because it might be in context.

35 MR BELL: Why?

COMMISSIONER WHITE: Well, perhaps you can keep an eye on the statement and make sure it is in context, Mr Wilson.

40 MR BELL: Paragraph 21, Mr Hanmer, says, "The modelling and its basis was discussed at meetings with Mr Carter and Mr Bentley. During these meetings, Mr Bentley would give Mr Carter and I direction on the approach to review and, in particular, of course, RQL was to take in relation to matters for the modelling Mr Carter and I were undertaking, such as the variables to be included, such as whether to consider a gross wagering approach to calculate race fees, the approach to  
45 be taken in dealing with wagering operators such as Sportingbet. Specifically, I recall reviewing an agreement in relation to Sportingbet which I had agreed with Mr Carter. I was then told by Mr Carter that Mr Bentley wanted it changed and was

not provided with any reasons. At a board meeting of RQL, Racing Queensland Limited, that I attended after the amalgamation, an update on racing information fees was presented to the board. I recall that during the meeting – during this presentation, Mr Bentley declared a conflict and excused himself from the meeting.”

5 Paragraph 24: “A number of days after the board meeting, myself and Mr Carter were asked to meet with Mr Bentley and Mr Tony Hanmer. In preparation for this meeting, I was asked to present an update on race information fees, including modelling, addressing the various variables and scenarios, such as the effect of the basis of charging and the percentage to be charged.” Do you recall that?---No. What

10 – what date was that supposed to take place, roughly?

She didn’t give a date. She said it was soon after – she didn’t say – she said it was after amalgamation. So that’s why I said to you it was Racing Queensland?---Well, some immediate anomalies come to my mind. The first is that all of the deeds for all

15 of those - - -

Mr Hanmer, don’t worry about the dates and the deeds. Answer my question. Do you remember a meeting - - -?---No.

20 - - - when what happened was you and Mr Bentley, after he’d declared an interest – a conflict of interest. Afterwards, the two of you attended with her and she presented - - -?---No, no.

- - - again when he was present?---No.

25 That’s the point, you see?---She was with us a very short time.

Well, what does that matter?---Well - - -

30 That’s even more - - -

COMMISSIONER WHITE: Well, that will just help you, perhaps, to fix approximately - - -?---Yes.

35 - - - when it’s said that this meeting took place?---I appreciate that, Commissioner, because - - -

It’s that there was a meeting that’s important - - -?---Yes.

40 - - - not when it - - -?---The point I wanted to try and make, if I may, was that all of the deeds for all of the corporate bookmakers all had to be aligned. There was no variations of any deeds. They all had to be exactly the same for – for reasons of constitution. So I find that part of her statement disingenuous because it simply wasn’t true. I think she’s overstating the situation because I never remember her

45 being involved in modelling. That was the business analyst’s job – Ron Mathofer. He actually did the modelling. He actually had the GAN sheet to the modelling. I wasn’t aware of any modelling that she did.

MR BELL: I see. So you don't even remember her at the meeting of – Racing Queensland board meeting?---She used to attend the Racing Queensland board meetings as an assistant to Adam Carter on the areas of harness, which is where she came from at the time of the amalgamation.

5

Mr Hanmer, Mr Carter and Ms Harris say that they were responsible for and were undertaking modelling. Do you not remember that?---They didn't do modelling. The - - -

10 Do you remember them - - -?---The business analyst did that.

Okay. Forget about who did it, then. How about this: at the meeting - - -?---Yep.

- - - that is, an RQL meeting, in the short period she was there, do you recall her or  
15 Mr Carter doing a presentation about modelling and its basis?---No, I don't.

Would you mind going to the document behind divider 271 please, Mr Hanmer. This is an email from Mr Tuttle to Mr Grace. So you know who I'm talking about, don't you?---Yes. Yep.

20

Of the 29<sup>th</sup> of October 2008. And underneath it, meaning at the bottom of it – if I just show you that first, please?---On the second page?

Just over the page. See at the bottom there, you see another email that was earlier.  
25 Have you got that? Do you know where I'm looking at?---It says 2 of 2 here. So I have it. It would appear to be a single - - -

Just wait. Let me start again. Have you got a one-page document behind divider 271?---No.

30

Okay. Could I have a look at that, please. No. That's the one. That's the one you've got before you. Just have another look at it, please.

COMMISSIONER WHITE: Folder 3, Mr Wilson, I'm told by [indistinct].

35

MR WILSON: I've just found it. I don't know who devised this numbering system.

COMMISSIONER WHITE: It's just to keep us on our toes, I think, so that we sort of don't get slothful mentally.

40

MR BELL: Okay. You've got a one-page email of the 29<sup>th</sup> of October - - -?---Yes. I have.

- - - from Mr Tuttle to Mr Grace. You take your time to have a read of this; I  
45 wanted to ask you some questions about it, please.

COMMISSIONER WHITE: You've got it, Mr Wilson?

MR WILSON: Thank you, Commissioner. I was just wondering how 271 got between 61 and 62.

5 MR BELL: Yeah. Me too. It's soul-destroying.

COMMISSIONER WHITE: I think you're just using up your share of grey cells if you go down that path.

10 MR WILSON: They're running out, Commissioner.

WITNESS: All right.

15 MR BELL: Okay. Now, at the beginning of the email you see she – you see that Malcolm refers to the fact that the board have received the attached email below. Do you see they say that in the second line? “Below is an email that has been sent to the board” – that's about the second – first and second line of the email. Have you got that?---Yes.

20 Okay?---Find attached - - -

Yeah. Don't worry about finding it there; just go back one document at divider 61, please. Have you got it?---I've got 62 and then 271.

25 This is the email that was attached. You see that it's an email from Malcolm Tuttle to the board and other people on the 23<sup>rd</sup> of October.

You see that?---Right. Yep.

30 Okay. I'll let you read that?---All right. Okay.

Okay. So the – this email, the one that went to the board - - -?---Yeah.

35 - - - was an email suggesting a telephone hook-up. You see that in the last two lines? “If you deem a phone hook-up necessary, please advise.” You see that? I'm sorry. I'm still on 61, please?---Right.

Okay. In the last two lines: “Look forward to receiving your” - - -?---Oh, yes. Yes. Yes. Yep. Yep.

40 Yeah – “and if you deem a phone hook-up necessary, please advise”?---Right.

You see that part?---Yep.

45 Do you remember a phone hook-up?---No. I don't. No.

Okay. Turn over to the document behind divider 271, please?---Yep. That's the one of the 29<sup>th</sup> October?

Yes, please?---Yep.

In the second line, about halfway along: “The board did have a telephone meeting – a teleconference meeting.” See that there?---Yep.

5

Okay. Do you recall now, looking at this one, that there was discussion with the board on the telephone?---No. I don’t recall at all. No. No.

Okay. That’s fine. In any event, this email seems to be an email from the CEO of Queensland Racing going to Mr Grace, the lawyer, doesn’t it?---It does. Yes.

10

And it’s asking him a lot of pertinent questions about race fields legislation, isn’t it?---About the draft bill. Yes. Yeah. Yeah.

Yeah. And if you look at the fourth paragraph that commences just above the word – it’s just above the word “background”: “In the meantime, it is important that we understand the implications that exist as a result of existing agreements, in particular the Product and Program Agreement and also agreements with RISA.” See that?---Yeah. I read that. Yep.

20

Okay. And then if you go down to the second paragraph on – under “background” -- --?---Victoria?

Victoria – yes?---Yep.

25

And in the third line: “UNiTAB, as a result of Product and Program Agreement, passes these costs on to Product Co, and in turn the codes of racing, including QRL.” See that?---Right.

“Refer to PP Agreement 10.2(c). We need to confirm that UNiTAB is entitled to do this. I suspect that 7.4(f) confirms this without doubt, but would like to be certain”?---Right.

30

See that? Now, that seems as if Queensland Racing are interested for – to have their lawyer direct his mind toward the question that we’ve been discussing yesterday?---Yep.

35

Doesn’t it?---Absolutely.

Okay. So I take it from that that Mr Tuttle wasn’t out there on a venture of his own. This was one of the things that the board thought was a sensible thing to do, to get legal advice. Don’t you agree?---I don’t recall the phone conversation. I’ve never seen this note between Malcolm and – and David Grace.

40

No. But I’m giving you a chance to comment on it, you see, because the commission hasn’t got your memory and Mr Bentley’s memory, but we do have this

45

contemporaneous diary note and we will act on it unless you tell his something that's – tells us why not. You see what I'm saying to you?---Yeah, sure.

I'm giving you a chance to help us?---Yeah. Yeah.

5

And it looks, doesn't it, like the board of Queensland Racing are interested to have Mr Grace help them be certain about the impact of race fields legislation under the Product and Program Agreement, doesn't it?---Yes, indeed. Yeah. Yeah.

10 Okay. Fair enough?---Yeah.

And - - -?---Is it – I suspect that 7.4 confirms this without doubt.

Don't worry about his view?---Okay.

15

I didn't – it doesn't matter what he thought – Mr Tuttle?---Okay.

Now, what I wanted to do then, please, is ask you to go to the document at 62?---62.

20 Now, you haven't seen this before and I'm not suggesting you were at this meeting – or at any meeting – but I heard you say yesterday that you heard about Mr Bentley being said, at least, to have gone to a meeting with Mr Tuttle to Mr Grace's office and discussing these questions that we're talking about?---Yes.

25 You remember saying that?---Yeah.

Well, this is the contemporaneous diary note of Mr Grace that we have, the squiggly writing one, and what he's done for us to help us is given us a type-up of what the squiggly writing means. You see what I mean?---Yes.

30

And that's at the back?---Sure.

And it's a little bit hard to read and I believe from what I've heard from Mr Wilson that we'll get further help about that meeting, but did Mr Bentley ever tell you that he had been to a meeting with Mr Grace and Mr Tuttle about these questions?---No.

35

Okay. Do you think that's odd, that he didn't? Because of your relationship, I mean – meaning that you were a board member with him for a long time. Why would he not discuss something like that with you?---I think he knew the feeling I had on conflict. If I'd known he'd been talking to David Grace about Product Co issues, I would have been irritated.

40

Okay?---Very irritated.

45 I see. So if – and I'm not suggesting you're to make a judgment, but assuming he did have this meeting and did discuss this legal question, that was the wrong thing to do in your judgment – for him?---Absolutely.

Okay. Now, then if I ask you to take the next step to document 63, please - - -?---All right.

- - - that is, the divider is 63?---Yeah.

5

And you said yesterday to the commission that you can recall listening or reading the evidence that Mr Bentley was asked about. This is the email, one of the emails, I asked him about and I wanted to show it to you for comment. You see it's from Mr Bentley to Dick McIlwain?---Yeah.

10

And Dick McIlwain was on Tatts board, wasn't he? Was he chairman?---I - - -

Doesn't matter. Doesn't matter?---No. I don't - I don't know.

15

He's a Tatts man, isn't he?---He was in Victoria. We used to work with Queensland. Yeah. So - - -

Okay. But he was a Tatts man, wasn't he?---Yes. Oh, yes. Yeah. Yep. Yep.

20

Okay. And you see that's Bob Bentley - and you know that email address, cromore13. That was Bob's, wasn't it?---It was. Yes.

Yeah. Okay. And I'll just let you read that one, please?---All right. Yep.

25

Okay. Now, what it indicates, don't you agree, is that Bob is telling the man from Tatts that the lawyer for Queensland Racing, who's been asked by the board to give them advice about the impact of the race fields legislation and Product and Program Agreement - to go and discuss it with Tatts?---Yes. Malcolm Tuttle's [indistinct]. Yeah. Yeah. Yeah. Yeah.

30

But that's what it looks like, doesn't it?---Yeah. Yeah.

Did you know that he had given that direction?---No. I first saw - it was actually the Courier-Mail one Saturday.

35

Okay. So it says, "David Grace of Cooper Grace Ward is acting for Queensland Racing and will contact you as soon as possible on Monday morning to discuss what appears to be an unintended outcome on the race fields legislation as it relates to clause 7.5(d) and clause 10.2(c) of the Product and Program Agreement." Well, that 40 10.2(c), is that the one you were talking about with me yesterday as a relevant one?---Yes. Yes.

Okay?---Yeah.

45

Okay. So we're right on the issue, aren't we - - -?---Yes.

- - - that I was discussing, and he's describing something as the – as “an unintended outcome”. Do you know what that is, that he's describing there?---Well, he refers to two clauses there - - -

5 Yeah?--- - - - as being unintended outcomes.

Yeah?---Or possible unintended outcomes.

10 Yeah?---And 7.5 and 10.2 – 10.2 refers specifically to the – what I call the clawback.

Yep. Fair enough. So he's right on the button there, isn't he, in the sense of referring to the right clauses, so we know it must be about the clawback. What about the part where he seems to describe it as “an unintended outcome of the race fields legislation”? What do you reckon that – is it a - - -?---What appears to unintended

15 - - -

Yeah. “What appears” – I'm sorry. You're right. “What appears to be”?---I – I presume something's come out of the meeting with Cooper Grace Ward about race fields.

20

Okay. But in relation to the clawback?---Yes. Yeah.

Yeah?---Or 10.2 – yes. Yes.

25 So that would likely be this, wouldn't it: that the intended outcome, at least as he saw it and you saw it, was that they could claw it back?---He being - - -

He being Bentley?---No. I – I – I wouldn't agree with – with that. It did seem - - -

30 Okay. Forget it. Forget I said that. Don't worry about that?---Okay.

The intended outcome of the – the intended outcome under the Product and Program Agreement, as you thought about it, was that they could claw it back?---Yes. Correct.

35

Okay. So it's likely, is it not, that other people too thought that that was the intended outcome. So when he says “unintended outcome”, it might be that the lawyer thinks a different view – has a different view?---Yes. I presume this is referring to the – the Cooper Grace - - -

40

Yeah?--- - - - advice that I saw - - -

Exactly?--- - - - later. Yeah. Yeah.

45 Anyway, then he goes on in the second paragraph: “Malcolm Tuttle is handling the issue for Queensland Racing.” Now, is that right? Did you, as a board member of



Queensland Racing, give Malcolm Tuttle direction to handle it with Tatts?--- I don't think so, no.

5 Because I thought it was a Product Co deal?--- Yes.

So what's this about?--- Well, I don't know.

10 Okay. But in any event, you are very confident, are you, that Bob had no authority from the board of Queensland Racing to say, "Malcolm is handling the issue for Queensland Racing with Tatts."?--- Yep.

You're nodding, meaning yes?--- Yes, yes. Sorry, yes. Yes.

15 Okay. And what about the rest? "And is available and authorised to discuss the matter for Queensland Racing." How's that? Is that - - -?--- Same thing.

What I mean is, is it true?--- No, they're the same thing. No.

20 Okay. And then do you mind going over to 65, please?--- From David Grace to Malcolm - to - - -

From Mr Tuttle, I think, to David Grace?--- Oh, excuse me, yes.

25 And the subject - do you see the subject there? Dick McIlwain, Tatts?--- Yes, yes. Yep.

Okay. So presumably this email's about Dick. Let's have a look. David, meaning - - -?--- So that last note was the Saturday. This is now the Monday. Okay, right.

30 Exactly?--- Yep, yep.

You've got it?--- Yep.

35 I'll let you read it?--- Right.

Now, what that looks like is that's Mal, Malcolm, saying, "Can you, David Grace of Cooper Grace, call me re Dick McIlwain. I've left a message on your voice mail," meaning on Grace's voicemail. "My understanding is that we", presumably Queensland Racing, "may be able to sort this out with an initial call and follow up letter." And that would mean with Tatts, of course; wouldn't it?--- Yes. Just a minor correction there. You said call me. It's actually re Dick McIlwain.

Yes, it is?--- Yeah.

45 It says, "Can you please call me re" - - -?--- Re, yeah.

Yeah, I've got you?--- Yeah.

Good point?--- Yeah.

5 But here's the thrust of what he's saying, isn't he. That Malcolm, on the Monday morning at least, has an understanding that a telephone call with Tatts, Dick, might do the trick?--- Yes.

Did you know about that?--- No.

10 Okay. Isn't this Product Co business still?--- Yes.

Okay. Did you ever come to know that the deal, the arrangement with any unforeseen outcome, might be able to be resolved between Tatts and Queensland Racing by discussions between Mal, Grace and McIlwain?--- No.

15 Did you ever know one occurred?--- No.

20 Okay. And then, if you don't mind, I'll ask you to go over to 66 just to be – show you what it's about. It's got nothing to do with you, Mr Hanmer, I'm not suggesting it is. You see the handwriting of Mr Grace there?--- Yes.

And then if you turn over, you'll see he's typed up again for us?--- Yes.

25 And it looks like he's got notes of a conference with Dick McIlwain; doesn't it? Just looking at the top in the bowl?--- Yes, yes.

Okay?--- Yeah.

And then did you know that they had a meeting?--- No.

30 Did you know that Mr Grace was representing you as a board member - - -?--- Yes. - - - in talking with Tatts?--- Yeah – well, I – excuse me?

35 Did you know that Mr Grace had gone to a meeting or had a discussion with Tatts, representing the board and - - -?--- No.

Certainly not the board of Product Co?--- Or RQ either.

40 Or QRL?--- Yeah, QRL. Yeah.

Okay. And then if you don't mind going to 68, please?--- Right.

This is – I'll just explain. Are you at 68?--- Is this Dick McIlwain to Anne Tucker?

45 Yes, please. I'll just explain this one to you. You know who Dick McIlwain is, and you can see by his address it's Tatts, of course?--- Yes. Yes.

4<sup>th</sup> of November, which is the Tuesday. He's writing to Anne Tucker, who's a Tatts person. So this is sort of internal in a sense. The subject's product agreement  
- - -?--- Right.

5 - - - for Queensland Racing. "David Grace and Malcolm Tuttle called this morning." So presumably they did. Don't you accept – you agree with that?--- Yeah.

Presumably they did. "They now consider that 7.5(c) applies only to entities listed in schedule 4, and that 7.5(b) applies to the supply of racing information to other racing  
10 bodies. They also said that the legislation only refers to charging for using the product, not supplying race fields. Eerie, aye? Consequently, they are now okay." And then he goes on, "I encouraged them to get the legislation approved. I think they were probably holding up and begin charging." Did you know that this meeting happened and that this resolution occurred?--- No.

15 But it's pretty important; isn't it?--- Yeah.

Because what he seems to be saying is, "I solved this problem. Because what I did was I encouraged the two who were authorised by Queensland Racing to move in a  
20 different direction, namely to get the legislation approved and don't do what you're presently doing of holding it up. Get it done." That's what it looks like; doesn't it? Wouldn't you agree?--- Yeah.

Okay. And you don't understand – you don't know anything about this?--- Nope.

25 Okay?--- May I read the rest of it?

Of course you can, yes. Please. Would you like to say anything about the rest of it? It just – I'm happy to talk – I want to talk to – with you about any part you think is  
30 relevant, so tell me?--- It's internal correspondence.

Okay?--- You know, it's not my role to - - -

For example, in the last two lines, "I made it clear", meaning, I think, to Tuttle and to  
35 Grace, "that I didn't believe that the PPA ever contemplated that we would double dip." That we would double dip, meaning Tatts would double dip?--- Yes. Yes.

So we don't need to worry about that. That's around the other way?--- Yeah, yeah.

40 Okay. And then, please, I was going to ask you to go to 69?--- It would seem to indicate from those last – that last couple of lines that Anne Tucker talking to McIlwain – what was Anne Tucker's role? It doesn't matter anyway. Yeah, okay.

I think she – it was said she was a legal officer.  
45

COMMISSIONER WHITE: Legal counsel. Mr Bentley indicated to us that she was legal counsel for UNiTAB?--- Oh, okay. So their legal counsel doesn't believe that the PPA - - -

5 MR BELL: No, I - - -

COMMISSIONER WHITE: No, it's Mr McIlwain to Ms Tucker?--- Oh, yeah. Okay. Yes. Sorry, counsel. Yes. Yeah.

10 MR BELL: So it's - it's McIlwain talking about what's in his head to her; you see?--- Yeah, yes. Not what's in Tucker's head.

I'm sorry, I was wrong about that. It's Mr McIlwain telling her - - -?--- Yes.

15 - - - what he's said to them?--- Yes, I couldn't quite work out the stream myself. Yeah, okay. I see it.

And then if you - I was going to take you over to 69?--- Yeah.

20 From the records of Queensland Racing, this is a tax invoice received from UNiTAB on the 6<sup>th</sup> of November 2008?--- Yes.

And you see the company Product Co there?--- Yes.

25 Okay. And this is about the October payment of revenue?--- Right, yeah.

13.35 million is the payment?--- Yes.

30 But that comes about, you see in the middle, less race fields legislation deduction to New South Wales?--- Yes.

Etcetera?--- Yes.

35 So at that time, it was \$550,000; wasn't it? About that. Adding up harness, thoroughbreds and greyhounds which is talking about Product Co?--- And the overseas racing, yes. Yeah.

And overseas racing is on top of that?--- Yes.

40 Another 233. But I'm more interested in the race fields legislation deduction. So it was pretty serious stuff in terms of the revenue; wasn't it?--- Yes.

Okay?--- But anticipated.

45 Yes, that's right. Anticipated?--- This was, I believe, every month Adam Carter would receive an update from Product Co as to what was occurring. Because

obviously the board [indistinct] it was important to know how we were travelling, because they were the – virtually the only source of income.

5 Yes. Well, that's right. It's – in fact it's the only business that Product Co's doing really in that sense at that time?--- Yes.

But later, it was collecting from the corporates as well?--- Correct. Absolutely Correct.

10 And I understand that too, thank you?--- The only income really into RQ either or the control body.

Yes, exactly?--- About 98 per cent.

15 Yes, and the other little bit, 2 per cent, was from the corporates coming in through the legislation; was it?--- No, there was licence fees, fines and so on, so forth.

Okay, thank you. Then the next document is 75. That is behind divider 75, which is a few through please, Mr Hanmer?--- Right.

20 I'll let you read this. This is from Mr Grace to Mr McIlwain on the 11<sup>th</sup> of November 2008. Did you know – you read it first and then I was going to ask you - - -?--- Yeah.

25 - - - did you know about this letter? So you read it?--- Right.

Did you know anything about that?--- No.

Does that surprise you, looking at that sitting there now?--- Yes.

30 Does it not deal with matters that you thought you were dealing with for Queensland Racing?--- Yes.

35 And you would consider that part of Product Co's business, of which you were the chairman?--- Yes.

Okay. And then number 80, please, Mr Hanmer. That is to go to divider 80?--- Yeah.

40 And just before you look at this – this is – I'm going to show you Mr Grace's advice. If you look at 79, which is an email. You see – this is 79. This is an email from Mr Grace to Mr Tuttle dated the 18<sup>th</sup> of November 2008 at 1.13 pm. And it commences, "Further to our discussions recently we now enclose the letter of opinion which we are happy to discuss with you and/or the chairman of Product Co." Do you see  
45 that?---Yes.

Okay. And then it seems at least from Grace's point of view he wants to discuss this opinion, if required, with all the relevant people – the decision-makers, doesn't it?---Yes. That would be the board of Product Co in this case.

5 And then number 80 if I take you to it. I'm – this is what I have called the – Mr Grace's opinion or advice or letter of the 18<sup>th</sup> of November?---Yes.

And you saw that one previously?---This is where I come in.

10 This is where you come in?---Yeah.

But you remember this document, do you?---Yes.

15 And this is a document that you sent to – or delivered or allowed to have the other members of Product Co board. They got a copy of it?---Yes. It was circulated to them at the next meeting, yes, yeah.

20 Now, you tell me if you want to go over any part of it. The point of showing it to you was that it seems as if this was the argument, as he saw it, in all the relevant respects. And then on the last page of it, you see, observation/discussion and he's talking about the semantics question and I think you mentioned that yesterday?---Yes, yes.

25 And that's where you had disagreed with his view on the semantics part, I think, wasn't it?---Yes.

Okay. Now, do you mind going over to 92. Now, you'll need help finding that like I will?---I've got it. It's a file note.

30 You've got it already? 92?---Yeah.

35 Okay, great. Just have a read of this document. You may not have seen it before. I'm going to point out that it's a file note confidential of Mr Malcolm Tuttle dated the 5<sup>th</sup> of December 2008. Do you see that, at the top?---Yes, yes.

40 And what it relates to is dealing with you previously – previous to the 5<sup>th</sup> of December starting on the 19<sup>th</sup> of November, which you can see in the first line of his note. So would you mind having a read of that, please? And then I'll ask you some questions about it?---Okay.

Is that true what he has set out in that letter – in that file note?

COMMISSIONER WHITE: Insofar as it relates to yourself, Mr Hanmer.

45 MR BELL: Yes?---Yes.

Okay. And then if you go over the page. I think Mr – sorry – 305, please?---Could I  
- - -

5 I'm sorry. You haven't got that folder?---May I make a comment on that, that - - -

Of course you can?---Patently, there's no mention of the fact that conversations were  
taking place about this whole issue before I saw these matters. I'm suddenly –  
suddenly received this information at 7.30 in the morning but its been in discussion,  
without my knowledge for some while. It's an extraordinarily long detailed file note.

10 You mean this one is?---I wasn't aware we wrote file notes on each other, frankly.

Okay. So I was going to give you another folder now please, Mr Hanmer?---I won't  
use the word self-serving.

15 Sorry, what was that you just said? I missed it?---I won't use the word self-serving.

Well, that's important that you say that because I wanted to understand your view on  
the file note. If you feel that it was self-serving and inaccurate, I'd like you to tell  
20 me, please?---I think the circumstances that related – the reportage of the issues  
appear to be accurate, as far as I recall.

Okay?---But I don't understand what – why it was – why it was written and why  
there's no mention of the fact that this note's delivered me at 7.30 in the morning in a  
25 huge hurry. It's very important that David Grace attends the meetings. Well, hang  
on – just, you know. Let's let the directors review it first if we could please. And  
just – no, no it's all hurry, hurry. And I couldn't understand what that huge hurry,  
frankly, was about. And I – actually I recall asking. I recall saying, why – why  
wasn't Shara Murray involved in this because all legal advice had to go through  
30 Shara Murray. She was our legal representative. It wasn't normally Malcolm's job  
to brief legal representatives. But some of the answers have now been given to me.

Okay. I understand what you're saying.

35 COMMISSIONER WHITE: But there are some days. It's not as if you were having  
a meeting at 10 o'clock on the 19<sup>th</sup> of November, Mr Hanmer. There were some  
days before the board meeting which would give you an opportunity to reflect upon  
the contents?---Oh, yes, yes. And I think it – it behoved us to actually give – it was a  
serious note – to give the fellow directors time to totally review it before Mr Grace  
40 has attendance.

COMMISSIONER WHITE: Yes. And there are some days there. And Mr Grace,  
of course, was the retained solicitor for Queensland Racing Limited?---Yes, he was,  
Commissioner.

45 Yes. So that it wasn't that Ms Murray, although she was corporate counsel she  
didn't provide all the legal advice?---No. But we had a protocol that all – all legal

matters had to go through to her because again, you simply couldn't just rush off and get advice. So she was the – the gatekeeper if you will for all legal advice.

5 Yes. Yes. All right. All right. Thank you?---And particularly significant legal advice.

MR BELL: Yes. And obviously the gatekeeper has been bypassed on this occasion, by the look of it?---Yes.

10 Is that what you're thinking? And now knowing what you know, it looks like the gatekeeper was bypassed by, among other people, Mr Bentley?---By all the people there, yeah.

15 So then I was going to take you to 305 please, Mr Hanmer and I wanted to take you ---

COMMISSIONER WHITE: Would you be kind enough to tell me which one that is, Mr Bell?

20 MR BELL: This is the Hanmer volume – supplementary volume, I'm told.

COMMISSIONER WHITE: Thank you.

25 MR BELL: I'm just going to take you through those emails, Mr Hanmer, about that attempt by Tuttle to get Grace at the meeting. Do you remember what I'm talking about?---Yes.

Okay. You're having a look at the first one now, are you?---I – I've got ---

30 I know it's hard to remember. I'll take you through - - -?---I've got 305 here.

35 305's perfect. So a couple of days after the date on the advice of the 18<sup>th</sup> of November, on the 20<sup>th</sup> of November Shara Murray is writing to you and to Mal looking for, I suppose, approval in relation to the notice of meeting for Product Co?---Yes.

40 And she's got there, attachment A and other things. You can see that clearly enough. But the important point is – could you go over to – I'm sorry. We've got to go back to the other folder, Mr Hanmer?---Is this – was attachment A – is that?

45 Attachment A – I'll show you the relevant part and if we need to go back to it I'll get you attachment A. I'm taking you in chronological order now so I'm sorry we've got to jump back and forward. But this is document 81 in the folder that we were originally looking at. And this is your email back to Shara Murray and Malcolm Tuttle. You can see that – that it's an email from you, I mean?---And I received that advice – the so-called Grace advice from Malcolm Tuttle's diary note – what – what date was that? Was it the 18<sup>th</sup>?



Well, that diary note's the 5<sup>th</sup> of December, much later. But he's talking about how you had the meeting at the Sofit Hotel – is that what you're referring to?---I – I've – just trying to identify when actually I'd received the Grace advice.

5 COMMISSIONER WHITE: The day before, Mr – the day before. The 19<sup>th</sup> of November?---The 19<sup>th</sup> – okay, thank you, thank you.

MR BELL: So?---Okay, yes, yeah.

10 And this is the start of a little tangle with you involved in with Mr Tuttle about whether or not Mr Grace would come. And in the first line of the second paragraph you say, "Please delete David Grace's attendance at the meeting", don't you?---Yes, I do, yes.

15 And then - - -?---This is one day after I received the Grace advice.

Okay. I understand. Did you feel it was too early to have him there?---Well, yes. Because I was given the fait accompli. Here is the advice. David Grace is coming to the meeting. So I – can I please read the advice and then recognising its import I felt  
20 the directors needed to review the advice before Mr Grace came along. I felt I was being railroaded, frankly.

I – let me ask you to comment on this? Often, when it's complicated, to have the author to come along and explain it sometimes helps that process. Was that not in  
25 your mind as a positive rather than the negative?---I just felt that they needed time to absorb it.

Okay. And then - - -

30 COMMISSIONER WHITE: Why did you then say David Grace's note is quite clear and doesn't need amplification?--- Because I felt that the – his note needed people to look at it, absorb it. That particular meeting – I was aware that we had a number of non-attendances; people away. And I just felt that it needed more time to be digested.

35 I see. All right. Thank you?---In fact there were two major non-attendances at the meeting, in fact. Mr Lambert wasn't to attend and also Mr Lette.

40 So I take it then, to just conclude that discussion you had with the Commissioner. You make it clear that you were objecting to Grace coming to the meeting because the advice was clear and did not need amplification by him?---At that time.

45 What's that mean?---Well, allow people to read the advice and then following that they may have questions to ask from there and then just go from there. If – the draft – the legislation was in draft form still. It wasn't passed until the April. There was no huge hurry.

What about the – the other part about the deductions that I showed you had started to happen – 500 a month?---Well, that was always anticipated. There was no surprise about that.

- 5 No. But what wasn't anticipated was that Grace thought that it shouldn't be happening?---That's correct.

So that's pretty urgent?---Yeah, yeah, yeah, yeah.

- 10 So why didn't that influence the chairman?---It's a very interesting point. It was, as I said before – it was a acceptance. Everyone understood. There was no surprises about those deductions and it wasn't as though there was going to be any major change. The legislation was in draft form still so there was no huge hurry.

- 15 I don't get that. I'll just tell you what I mean, Mr Hanmer, so you get a chance to discuss it with me. On the 29<sup>th</sup> of November when you get Grace's advice - - -

COMMISSIONER WHITE: 19<sup>th</sup> of November.

- 20 MR BELL: Sorry, 19<sup>th</sup> of November?---The day before – was – that was written.

- 19<sup>th</sup> of November 2008 when you get Grace's advice. Your view is that Grace's note is quite clear and doesn't need amplification. So that's what's in your mind. I know that. And it says – that is the solicitor for Queensland Racing's advice says, "Tatts cannot legally charge the \$500,000 a month they've started to charge." Now, that is significant at least, isn't it. Now, was that not something that required urgent action to get going? It's a lot of money?---I think – I – I – as I said before yesterday. It was no surprise about these deductions. This is something that was known for some while. I mean you're – you're – you're – with respect, you're trying to make this into, my goodness me, the sky's fallen in suddenly. These deductions are occurring. This is a situation that was known a long, long while in advance.

- You're exactly right?---And the – and the legislation was still in draft form. In fact, I saw on Tuttle's file that it says it's going to be passed today, in December. It wasn't passed until April the following year.

- Let's forget about the Queensland legislation. You're talking about the legislation in Queensland. That's got absolutely nothing to do with New South Wales charging Queensland – charging into Tatts who are on-charging Racing Queensland – Queensland Racing. That's what I'm talking about. Let's forget about the legislation in Queensland and it coming in. Let's forget about that. Let's talk about the invoice that I showed you before that you got updates on all the time. Tuttle goes to you, as he records in that, you know, we've got to get Mr Grace along and deal with this in a bit of a rush. And you have said to the Commissioner, why the rush, you know – what's the – I'm asking you, Mr Hanmer – can you see why he was rushing now?---Well, I'd say – nowhere in the correspondence does he say, we have a financial issue. This is costing us half a million dollars a month. There's no reason

he gives in there that you're giving. He doesn't say in there, we have a financial issue. We have an impost of half a million dollars a month. That's why we need to meet.

5 But he doesn't need to. You're the chairman. He doesn't need to say that to you. You're the guy. You know the financial position, Mr Hanmer?---I don't see those invoices you showed me. They go straight to - - -

10 Mr Hanmer, you got updates all the time. Come on?---Yeah. I got updates on Product Co information every three months. I'm in the office probably once, maybe twice a month.

15 Okay. What about the Queensland Racing information. They must have informed you that there was a big change happening. New South Wales was starting to charge. And they were going, Tatts were on-charging?---Mr Bell, it was anticipated. I - I - I - it - there was no sudden surprise about this charging process.

20 The urgency came about when Mr Grace said they can't do it legally. That's the urgency?---That was - that was - that was his opinion. That was a surprise, yes.

But that's urgent, then, isn't it, because there's a big issue now, because they're not entitled legally to charge, Mr Hanmer?---Well, in his opinion.

25 Correct?---Yeah.

30 Correct. At the very least, it was up in the air, one way or the other?---So wouldn't it - wouldn't it - wouldn't it be correct to review it carefully, ask the other directors who were involved as well to review it as well, to have a look at it and then come to together when you have all the directors together in the March meeting, because we knew the December meeting was a - a poor collection of directors. Two of the directors were missing. Mr Lambert wasn't there. Mr Lette wasn't going to be there either. Sure - - -

35 You know the funny thing is, Mr Hanmer, you can say whatever you like, but you left in April 2012, and you still hadn't done anything about it?---And nothing - - -

How do you explain that?---But nothing has been done now.

40 Yes, Mr Hanmer?---Hasn't money been collected now.

But you talk about your part of the responsibility?---But - but you just said up until the time I left. If it's so easy, why has nobody been down [indistinct] picked up the money now?

45 You're right. I give up. You're right. That proves you were right to do nothing. Is that what you're saying?---No. I'm simply commenting on your comment that I did nothing.

Okay. Well, come back to my question. Don't talk about reviewing it and time to do it. You got the advice on the 19<sup>th</sup> of November 2008, and you left in 2012, and in all that time, you didn't do anything. Why?---I didn't do anything?

5 No. Not a thing. Not a thing?---Well, there's a whole chronology of events we need to go through before the time that we left and November 2008, not least of which is  
- - -

10 Forget about all that. Come back to this?---You keep - - -

You've just been saying to the commission that you wanted to review it and then you'd get Grace in, didn't you?---Yes.

15 Okay. Well, talk about that. Just focus on that. When did you get Grace in to explain to the Product Co board, "Why do you believe this?"?---At the next board meeting.

20 Okay. And after he explained it, was it clear to you?---Mr Grace has opportunity to explain, which he did in his own erudite way, and the directors met and made a determination.

Why didn't you say, "We should act on this. This is a legal opinion"?---It's not my role to do that.

25 I see?---We had this conversation yesterday.

Okay. You're right?---I - - -

30 You're right. We're going to proceed – I'm going to submit to the Commissioner moving forward that the chairman of Product Co felt it wasn't his responsibility to move on the legal advice. That's what – you want me to proceed on that basis, do you?---No.

35 Okay. Why not?---Well, because I think you've actually structured the words to make it as though I actually committed an offence.

40 Yes. In a sense, yes. I want you to answer that, please. Help me. Help me. I'm pleading with you to help me. Give me an explanation. You had legal advice, you admitted, on the 19<sup>th</sup> of November?---Right.

45 You wanted to look at it because you're a careful man. I understand that. In 2012, you still haven't done anything about it?---Okay. No. You keep on saying you, you. You're conveniently forgetting it's not me; it's we. There's no I in we, and the fact of the matter is – is that this advice was given to all directors to review. All the directors - - -

Let's talk about you, Mr Hanmer. We will talk about the board, I promise you?---My opinion was, as I said - - -

5 Let's talk about you. When the time came to say, "Let's move on Mr Grace's advice and stop these tax people charging us this fee," did you put your hand up? "Yes, let's do it"?---Let's get Mr Grace in to talk to the board. He - - -

10 Okay. After that, did you put your hand up? "Yes, let's do something about it"?---Mr Grace in March spoke to the board.

Mr Hanmer?---Well, he – you're asking me now why did Mr Grace – it was wrong for Mr Grace – it was right for Mr Grace to go to the board in December but wrong in March.

15 Honestly. Honestly, Mr Hanmer.

COMMISSIONER WHITE: Perhaps Mr Hanmer might give his explanation, Mr Bell. We'll just see what he's got to say about it.

20 MR BELL: Okay.

COMMISSIONER WHITE: Perhaps you can just say – and answer without traversing the whole four years, Mr Hanmer?---Thank you, Commissioner. I considered it was very important that the board reviewed the Grace advice prior to the December meeting. I didn't think it was important for Mr Grace – it was probably better for those people, who are busy people, to review that before Mr Grace could speak to them in March. It was a shortened board meeting. Two of the important board directors weren't there. Mr Lambert wasn't going to be there. Mr Lette wasn't going to be there. Better for them to actually spend time to review it and then have the large meeting in March, which we always have, which is the March meeting where the program is decided. All the directors were there, and we did that. And Mr Grace attended the meeting and explained all of the information he had, and a discussion was had for several hours. At the end of that meeting, a decision was made. I think it was actually proposed by Mr Lambert that we go and speak to the racing office, and the minutes actually reflect that, and that was the view of the meeting. And I think that at any time, Mr Lambert or any of the other directors could have said let's pass a motion to get more legal advice. Mr Lambert didn't. Mr Lambert in particular said let's go and see Mr Grace. I stand to be corrected if that's not what the minutes say.

40 MR BELL: Okay. Why didn't you say, "Let's go and get other legal advice"?---Because, as I said yesterday, I'd reviewed Mr Grace's advice. With my background, I felt it was wanting, as did the other three directors, or four directors.

45 Okay. So this is the way it appears to be. The stakeholders of racing industry in Queensland, who are depending on you to collect what is due to them, must accept that your view was different to Mr Grace's, and therefore you were voting against

taking action in accordance with it. That's the way it is, isn't it?---That's a construct, yes.

5 Well, you add the words "a construct, yes". What's that mean?---Well, I would word it in a different way.

You tell me?---As I said to the Commissioner, December – shortened board. Best to review the Grace advice at the next meeting. Mr Grace is invited. At the correct time, he can then address the whole board and, in fact, not just the whole board; I think there were four or five other executives in the meeting, including Ms Murray. So everybody can actually have input into this process.

Was that March, then, was it?---That was the March meeting. The next - - -

15 That's three – four – three and a half million dollars more down the tube?---That was the next meeting. That's – I - - -

20 Even so, Mr Hanmer, why not an urgent meeting? Three and a half – four million dollars more is going down hole?---Well, I was trying to explain the question you asked me.

25 Okay. Well, come back to my question now. Were you at all motivated by the fact that this was big money being deducted, and you had legal advice that said it shouldn't be happening?---I felt this was - - -

Did that motivate you at all?---I felt this was a legitimate deduction, as did the other directors.

30 Okay. I'm sorry. I've got - - -?---At any time - - -

I've got it clear?---At any time - - -

COMMISSIONER WHITE: I think we've – sorry.

35 WITNESS: Sorry.

COMMISSIONER WHITE: I think that was traversed yesterday, Mr Bell.

40 MR BELL: Yes. It was, yes. Would you mind - - -

COMMISSIONER WHITE: Mr Hanmer thinks that his expertise rivals that of Mr Grace's. That's the conclusion I would have to come to.

45 MR BELL: No. That's right. I won't take it – won't go there again.

I'm sorry, Mr Hanmer. So we were on document 80. I was taking you through the chronology. Are you on document 82 – divider 82 there?---Next - - -

Okay. I beg your pardon?---It's the next one. So I have it in front of me. So I can turn the page.

5 Yes. Would you go to 82, please?---And it's a note from Shara Murray.

Yes. She says, "Thank you, Tony," to you. "I will amend and forward to directors tomorrow." And that's to delete Grace's name off the attendees, you see?---This is the invitation that Mr Tuttle had given Mr Grace.

10 Yes?---Yes, yes.

So that's hers to you. And then if you turn over now, please, to 83. And then Malcolm comes in, and he says, "Tony, Shara, I have advised David to attend at 10.30. Shara, please confirm with David and advise him who is to be in attendance once you know. Thanks. Mal." And you got a copy of that, didn't you? You'll see you were copied in on that?---Yes.

And then if you turn over to 84, please. This is your email back to Malcolm. "Malcolm, just for absolute clarity, David Grace will NOT" – in uppercase – "NOT be attending the Product Co board meeting." And then in the last two lines, to refer to you, "The other directors are all sound in mind, wind and limb and can read David's advice without the need for explanation." No need for any. Finished. Gone. Now, explain that, then, please, the part about "without the need for explanation". Could you explain that, please?---That's the point I made before. They needed to read and absorb David Grace's advice. I have to say, though, that if I had known what had gone on prior to receiving the Grace advice, it could be that my take-out would have been different.

Frankly, that's got nothing to do with the responsibility here that you're taking. What you're judging is "The other directors are all sound in mind, wind and limb and - - - "?---Yeah.

35 " - - - and can read David's advice without the need for explanation"?---It's factually correct, yes.

Okay. It's factually correct, but it sounds like you're meaning explanation is unnecessary?---No. No, it's simply - - -

40 No. Mr Hanmer?---It's simply my turn of phrase, which is saying that they are professional. They can actually read David Grace's advice. I'm being steamrolled to have a meeting and Mr Grace to attend the meeting for reasons I'm not – well, okay, I suppose we covered previously - - -

45 Okay. And then 85 please, Mr - - -?---If Mr Tuttle had actually told me what had gone on previously, that he had spoken to David Grace and all the context that occurred beforehand, I could well have had a different view, but I wasn't – I wasn't being – I wasn't legitimately being told what was happening.

Different view on what?---On Grace's advice, possibly.

Hold on. You're kidding?---No, I'm not.

5 You mean if you had learnt some other events - - -?---Well, I - - -

- - - your interpretation of his legal advice might have been different?---No. I actually – the Commissioner asked me a question yesterday which I answered poorly, and I used the word optics. What I should have said to the Commissioner and what I meant by that word optics, was if I'd – if I had the opportunity of being at 10 that briefing when Mr Tuttle was briefing David Grace, there could well have been a different outcome, because I had – dare I say – some expertise in understanding the process and the problem. For whatever reason, that – as you said, the chairman was not involved. Not – forget the chairman issue. I had expertise. I could have bought 15 that brief, which could possibly have given a different outcome. And that – with respect, I confused you with those words optics. When I said optics, Commissioner, I meant that's my view of the process.

20 Okay. So I was over on 85, please, Mr Hanmer. Are you on 85 too?

COMMISSIONER WHITE: Yeah.

WITNESS: I am now. Yes.

25 All right?---From Malcolm to me.

Okay. So Malcolm to you: "I believe it is important that Product Co should be fully informed in respect of this issue and that David Grace, as the lawyer who has provided the initial opinion, is well-placed to provide any clarity in respect of the 30 legal matters of his opinion."  
See that?---Yes.

35 And then if you don't mind going over to the next one, which is 86. This is you back to him - - -?---Yes.

- - - isn't it?---Yes.

40 "Malcolm, I agree. The directors do need to be fully informed, but there has to be a process. David's note is quite explicit. It is a very serious issue." Okay. So we're good. "I cannot be accused of pushing an agenda. Product Co operates under corporations law. I am obliged to not only keep directors informed, but also to give them adequate time for discussion. What I propose is that we will have an in-camera meeting of the board of Product Co before we open it up for discussion to guests. I have to detect the mood and respect the views of my fellow directors." Holy – that 45 means, does it, that it depends on what they think the right construction of the Product Co agreement is. Is that what you're meaning?---That actually sums up my – my view, which is that they do need to have time. I – I can't push an agenda. We



5 have with Product Co a very, very complex dynamic, which is you have three organisations who have to come together and who are fundamentally against each other at the same time, because they're competing with each other's dollar. So the chairman has to be – he cannot push – he can't rush in and say I want to do this. I want to do that. It's quite different from other companies.

Yeah.

10 COMMISSIONER WHITE: I thought the three-code agreement provided for the division of the income?---Oh, it does, Commissioner. But within – within Product Co there are a number of issues where the three codes are in – in competition and also for the dollar. And also there are a number of examples I can give you where the Product Co agreement is actually against the codes' interests – actually against the – I mean one example being sponsorship of – of racetracks. So for example, it'd  
15 be very nice if the greyhounds could have the – the Betfair Albion Park. Product Co would – had to refuse that, so the directors of Product Co had to say to their own directors of Greyhounds I'm afraid you – you can't - - -

20 But that was part of the deal that was worked out with Tatts, of course. Whether it was a good deal or a poor deal is neither here nor there; that's the deal?---That's right, Commissioner.

25 Yes?---But – but that had to be managed, because the problem is that people walked into that room as chairman of their own code, and I had to constantly remind them that the role of us now is to – the role of Product Co – you must leave your existing codes outside the door. It was enlightening for somebody to go to a meeting and find that my ego was the smallest one in the room.

30 I wish the transcript could note my restraint. All right. Thank you.

MR BELL: So the document at 86, Mr Hanmer, is your response to Tuttle, isn't it?---Yes. It is. Yes.

35 Okay. And we'd spoke about the first paragraph. Would you mind going to the second last. It commences: "On the question of whether David should attend the Queensland Racing board meeting" - - -?---Yes.

40 - - - "this must be a decision for Bob, as chairman." Okay. Now, you think that's the way it operates, is it?---What – what that says is - - -

I know what it says?---Okay.

45 But do you think that's Bob's decision only? Do you?---No. It's – it's – that paragraph is about the money for Mr Grace, the cost of Mr Grace to attend. That's what that's about.

Hold on. I've just quoted to you your first sentence?---Yes.

I'll do it again. "On the question of whether David should attend the QR board meeting, this must be a decision for Bob, as chairman"?---Oh, excuse me. Yes.

5 Do you think that it's only Bob's decision? Do you?---No. He was the only non-Product Co director.

Just answer my question, please?---All right.

10 Do you think it was Bob's decision only as to whether David Grace would come to a Queensland Racing board meeting?---I'm sorry. I'm being obtuse. Could you say that again.

Yes?---Do I think - - -

15 Do you - - -?---Perhaps a different way.

Did you consider that only Mr Bentley could decide whether or not Mr Grace came to a Queensland Racing board meeting?---No.

20 Okay. I'll just read what you put here?---Yep.

25 "On the question of whether David should attend the QR board meeting, this must be a decision for Bob, as chairman." I'm sure that says the opposite of your answer you previously gave me?---Yes. Yes. No. I agree.

Okay. Now, how do you explain that? How do you explain where you wrote it's Bob's decision there, but you're telling me you appreciate it that it wasn't just Bob's; other people could have an input too?---Yes. They could've done. Yes.

30 Okay?---Yes.

So why did you say that?---It's - it's a poor construct.

35 Okay. And then the next sentence is, "As he is conflicted, I certainly don't want to even broach the subject of Product Co and its outcomes at any time with him"?---I think that - - -

"I will leave it" - just wait?---Sorry.

40 "I will leave it to you" - Mal - "to approach him." I've added in Mal - - -?---Yes.

45 - - - so we know who he's talking about. So what does that mean?---Okay. The situation - and I - I - the second sentence is an explanation of the first. Bob is conflicted. He can't be involved. David Grace has to be paid for his services to attend Product Co. Product Co has no money. Malcolm - I can't authorise any money. I - I have no authority whatsoever to authorise a cent for the company. Malcolm has the budget. He's the CFO; he has large amounts of ability to organise

finances. That means it's Malcolm's job to actually say to Bentley, or whoever it takes, please organise David Grace to attend. That's all it is.

5 Why are you talking about money on this email?---Because money - - -

Where do you say "money" on this email, please?---Because David Grace's attendance will be charged to Product Co.

10 Oh, I see. I see. Okay. I've got you. I'm sorry. You're right. "On the question of whether David should attend" – I see. So it would be up to Bob to decide whether Queensland Racing wants to spend the money on Grace to come?---Yes.

Why wouldn't the deputy chairman have a say?---Well, I did.

15 No, no. No. No. Mr Hanmer – it doesn't matter. I'm giving you an opportunity, finally, to explain to me why you were saying to Malcolm Tuttle, "On the question of whether David should attend the QR board meeting, this must" – must – "be a decision for Bob, as chairman"?---Yep.

20 In circumstances where you're also telling me the deputy chairman and all the other board members, you appreciated, would have a say too?---He has an executive job or an executive role to organise Mr Grace's attendance.

25 But what's that got to do with anything that Malcolm's discussing here? He's talking about bringing him along to Product Co?---That's correct, and that has to be paid for and at this time - - -

So you're saying to me, Mr Tuttle – you're saying to me, Mr Hanmer - - -?---Yes.

30 - - - seriously, that all the board members of Queensland Racing except for Bentley could not decide to spend the money to have Mr Grace attend?---We would have to have gone through Shara Murray or Malcolm Tuttle as an executive to spend money.

35 It's not answering my question?---Yes.

My question is are you telling me that all the directors of Queensland Racing but for Bentley could not approve the spending of enough money to get Mr Grace to the Product Co meeting?---Correct.

40 You're saying that's right?---Yes.

Okay. Okay.

45 COMMISSIONER WHITE: Are you going to a new topic here?

MR BELL: Yes.

COMMISSIONER WHITE: If there's any more emails, perhaps we should finish those - - -

5 MR BELL: Okay. We'll do the - - -

COMMISSIONER WHITE: - - - on this run.

MR BELL: Thank you.

10 Just 87, please, Mr Hanmer. 87, Mr Tuttle writes back and says, "Thanks, Tony. Bob has declared a conflict in respect of these issues and quite rightfully does not wish to be involved." Just in passing, that's odd, isn't it? He's saying that – Mr Tuttle – when you and I, we seem, from the documents, to think they've already been to a meeting with Mr Grace about this topic?---Yes.

15 Yeah?---But we are trying to manage Mr Bentley's conflict.

But you see what I'm saying?---Yes.

20 This is odd?---Yes. I do.

"And as such, I will not compromise his position and seek his views as to whether David should attend the QR meeting to comprehensively brief the QR board. That is why I sought your view" – meaning Tony's view. See, so that's why he doesn't want to go to Bentley and ask him about Queensland – he wants to ask you?---But he's already had Mr Bentley at meetings with David Grace - - -

Okay?--- - - - already.

30 And I'll go to 88, please. That's one of your emails back to Mal?---Yes, which is self-explanatory. Yeah.

I see. Okay. And then eighty – excuse me. I hope to finish this off now. 307 in the first bundle to - - -?---Could I just also make the point that up until now, Product Co  
35 had been a fairly benign, in many ways, organisation. And the adding of the race field information and the whole legislation was a cultural shift of some substance that needed many changes in an organisation that had never, ever acquired income in any other way apart from a regular cheque. So issues over conflict and the other issues we're talking about had to be – had to be managed. And sometimes it was a lot  
40 harder with people in the organisation to understand a conflict existed than perhaps others.

Yeah. Like Mr Bentley, you mean?--- Bob – the conflict was Bob's. But certainly I assisted as much as I could to make sure that he understood that conflict, yes.

45 And the yes part at the end means, "Yes, he had trouble understanding how to manage it."?--- On occasions, yes.

Okay. So this email I hope you've got at 307 is one from you to Mr Tuttle?--- Yeah.

5 And it's sort of leading now to the end game on this discussion. And you see there you say, "Malcolm, for the Product Co meeting on Thursday we will have had the director's declaration of interest. Cooper Grace and Ward advice has now been sent to the codes." And I take that to mean all three – the other two?--- That's the RISA declaration of interest, I think. That first thing.

10 Yeah, okay. But on the second line, Cooper Grace and Ward advice has now been sent to the codes?--- Yes.

Meaning to harness and greyhound as well?--- Yes.

15 Okay. So the way is now clear for our determinations at the board meeting?--- Yes.

And these would appear to be – and you set them out?--- Within a very short period of time, a separate determination was made to take this away from Product Co and take it to the individual codes.

20 Okay?--- As a result of three issues I can talk about.

Okay?--- External issues. So it stopped being a Product Co issue.

25 Okay. They're the emails, Commissioner, thank you.

COMMISSIONER WHITE: All right. Thank you, we'll take a break for 15 minutes now, Mr Hanmer?--- 15 minutes.

30 Yes.

**THE COMMISSION ADJOURNED** **[11.35 am]**

35 **THE COMMISSION RESUMED** **[11.50 am]**

**ANTHONY HANMER, CONTINUING**

40 **EXAMINATION-IN-CHIEF BY MR BELL**

45 MR BELL: Mr Hanmer, yesterday you mentioned a conversation which you had with Mr Lette and a record that had been kept of that conversation. And I told you I'd come to it and I want to come to it now so that I fulfil my promise to you. 308, if Mr Hanmer could see that, please. This is – I'm not suggesting this is your

handwriting, of course. But this – just read the – have you read this before?--- Yes, I have. Yes.

5 This is a record of the note that Mr Lette left for you on your telephone and - - -?--- Yes.

- - - what you were talking about yesterday?--- Yes. Yes.

10 Okay. And then could Mr Hanmer please see document 90 in the supplementary bundle, please. This is the minute of the Race Product Co meeting of the 4<sup>th</sup> of December that all the lead up we've been going through was about; wasn't it?--- Yes.

15 Okay. And just have a look over the page. You'll see that Michael Lambert and Bob Lette aren't there, they apologise. But you are there, of course. Mr Ludwig, Mr Andrews and Kerry Watson is there. And also Michael Godber from harness is there as the proxy for Bob Lette. Do you see that at the top?--- Yes.

20 Okay. And then over the page, what seems to have occurred under 2.1 was that the board agreed it was discussed at some length whether the role of Product Co should continue. It was unanimously agreed that the benefits of the existing arrangements outweigh any alternatives and Product Co will continue. And that was somewhat what you were discussing before; wasn't it? That the situation was changing at this point?--- Yes.

25 And then down under 2.2, letter from David Grace of Cooper Grace Ward. Mr Hanmer updated the meeting on advice he had sought from alternative legal practitioners and the Racing office. And on the letter we see from Cooper Grace and Ward this letter already previously circulated to all members, addressed to  
30 Queensland Racing as code specific. However, its contents were noted by the board. And I think you said in your statement that there was discussion about it?--- Yes.

35 Okay. But there was also discussion, I see, about what you said in the first line. That you had sought, from alternative – I'm sorry, start again. You had sought, from alternative legal practitioners, legal advice; had you?--- I had – I spoke to Mr Lette about it. And subsequently, the advice you showed me just now as well as the advice – the note just now. They were the two sources of advice.

40 Sorry, Mr Lette's note – sorry, message that I've looked at just now is the only other advice; is it?--- No, the first advice was – I spoke to Bob Lette.

45 Oh, yes?--- And if you read the – the handwritten advice, it refers – okay, just back up. The first – I circulated the advice. I rang Bob Lette, spoke to Bob Lette about it. And subsequently, unrequested, he left that message on my – on my phone. One assumes that he'd actually chosen to review it with a partner of his.

Okay. So I'll just read it to - - -?--- And the rest of the office.

I'll just read it to you again so the Commission knows for certain what happened. Where it says, "He had sought, from alternative legal practitioners", what we are to understand is that you had one conversation with Mr Lette?--- Correct.

5 And also, he had left a message for you on your phone saying that he had discussed it with his partner?--- Correct.

What had he discussed with his partner?--- The Grace advice.

10 I see. So your understanding was that Mr Lette had showed confidential legal advice of Queensland Racing to somebody?--- Yeah.

Was that the right thing to do?--- I'd never considered that until now. I guess Mr Lette will have to answer that question.

15 Well, you didn't tick him off about it anyway; did you?--- No, no.

So - - -?--- I didn't actually speak to him afterwards. He went to - he was very busy. He went to America, whatever, which is why he didn't attend the meeting.

20 But anyway, where it says, "Mr Hanmer updated the meeting on advice he had sought." You hadn't sought any other legal advice; had you?--- No. No, not at all. No.

25 So that's wrong; isn't it?--- It's certainly wrong, yes. Yes.

And certainly in the sense of sought meaning retained for remuneration to provide advice, that didn't happen?--- No.

30 And Mr Hanmer updated the meeting on advice he had sought from the Racing office. Is that what that's meant to mean?--- Yes, the third set of advice. The Racing office, yes. Yes.

Did you seek legal advice from the racing office?--- No, no. Purely verbal.

35 Yeah, it might be verbal. But was it legal advice about law?--- No, it was about the Grace letter.

Okay. And was it the secretary you asked?--- No, the Director of Racing, Mr Kelly.

40 Okay. Is he a lawyer? Does he practice as a lawyer?--- I believe he is a lawyer but doesn't practice as one.

45 Okay. So what would his advice be valuable for in considering Mr Grace's advice, for example?--- It was more historic, counsel. Because again, I'd come from the - outside the industry. I mentioned yesterday that Mr Mason had given me a lot of advice. I found it very hard to get advice that was not biased. It's an industry that

5 seems to have all sorts of strange views about issues. And to try and find what I'd say is independent advice is quite hard to find. As a director, it's terribly important you get independent advice from – you know, officially, unofficially and you get it together. And Mr Kelly I found gave, as his predecessor did, very good advice. He had been the industry and the racing office from I believe just prior to privatisation. So he knew what the government's involvement was with the PPA.

10 Okay. So if he had advised you to get your own legal advice, would you have accepted that piece of advice?--- It would've been part of the mix of advice, yes.

Well, you might – does that mean “Well, I might have. I'd just have to see what else somebody else said.”?--- Yes, I was seeking advice - - -

15 I see. So if the - - -?--- To form an opinion.

If the racing office said, “Go and get your own legal advice.”, you may not do it?--- Well, as I said, you are seeking counsel from different areas to provide your own view of the way things are going to happen, yes.

20 Okay, I understand?--- That's how you make decisions.

25 Okay, thank you. So I really wanted to properly understand the next sentence. This letter, referring to Mr Grace's advice, already previously circulated to all members, addressed to Queensland Racing is code specific. Now, code specific I'm sure means thoroughbred code?--- Well, it was – excuse me. It was addressed to the thoroughbred code, yes.

30 Okay. So when it was addressed to the thoroughbred people and not, for example, to the harness people, how was it that it was addressed or that that was relevant? Was that because it had the name up the top, Queensland Racing?--- Well, I think it's only relevance was that's where it had come from.

35 Okay. So the relevance of it is that even though the contract, the Product and Program Agreement, and the legislation was the same for all three codes, which caused the issue to arise. The fact that it had Queensland Racing on the top as the addressee of the letter is why you said it's code specific; is it?--- No, it has no relevance in that it simply was addressed to the thoroughbred PRA. It had the same application to harness and also to greyhounds.

40 Okay. So what you say in these minutes that you no doubt thought were accurate is that it's code specific. However – however – what does the however mean? Why do you put however? I don't get the however. I know that Product Co represents three codes. But why the however, it's contents were noted. As if, had it been addressed to Product Co rather than Queensland Racing, would it have been treated differently by you, Mr Hanmer?--- No.

45



Okay. So do you recall why you told the meeting, “This is code specific. However, its contents are noted.”?--- Well, it’s a reality of it that it was addressed to Racing Queensland.”

5 Right, okay?--- And, you know - - -

So this has no importance at all?--- Here’s a letter, it wasn’t – this is a Product Co meeting. It wasn’t addressed to Product Co, the letter. That was irrelevant. It was still for all three codes. But it is a matter of fact that the letter was addressed to one  
10 company.

Yeah, I understand. I know it was. I was just trying to work out why it was a board notation in the minutes that it was, rather than some discussion about the substance of the advice; you see? A big important issue is the substance. A non-issue is who  
15 it’s addressed to. But the non-issue is the part that’s recorded in the minutes. You see my point I’m getting to here?--- Yes. Yeah.

Okay. So anyway, 2.3, Queensland race information legislation. Mr Hanmer updated the board on the Queensland race information legislation?--- Yeah.  
20

The board noted the update. Items for noting: it was agreed that all directors would write to QRPC Limited to confirm their acceptance of the 1.5 per cent gross turnover being applied to threshold. And that was about the charges to the corporate bookmakers; was it?--- It was the beginning of an understanding as to how the  
25 charging process to corporate bookmakers - - -

Okay?--- And bookies would take place, yes.

Okay. So certainly one thing is for sure: if somebody looking at 2.2, about the letter  
30 from David Grace afterwards – sorry. Somebody looking at these minutes who wasn’t at the meeting: they would think, wouldn’t they, that you had sought other legal practitioners to give advice, and they would be wrong to think that?---Yes, they would be.

Okay. And secondly, to think that the racing office was giving legal advice: that too  
35 would be wrong, wouldn’t it?---Absolutely.

Okay. Now, in there, there’s no notation – and probably this doesn’t matter, but there’s no notation of whether any action is going to be taken on David Grace’s  
40 advice?---Could I just make a point there?

Yes?---You mention that legal advice from the racing office – it doesn’t actually say that. It just says alternative legal practitioners and the racing office.

45 Yes. No. Absolutely. Absolutely?---Yeah. I’m sorry. I interrupted you.

No. That's okay. And my point is that there's nothing resolved about action. It says "noted by the board"?---Yes.

The contents are noted?---Yes.

5

But no action?---Yes.

Now, action normally means – we've got \$500,000 charges coming in each month here. That's a crushing charge. We've got legal advice on the other hand saying they can't do it. Now, what's the action that was resolved upon here, please?---Well, the discussion took place, and the action, of course, was to fully discuss it at the March meeting.

Why? Why?---Because, as we said before break, we had only – we had two directors absent, and we needed time – I felt it was reasonable – as I said in the previous note, for the people to – for the other directors to absorb Mr Grace's information.

Nobody is saying – there's no record in this minute saying the members of the board wanted to think about it longer?---Well, presumably they didn't at the time. As you said earlier, this is the record.

That's my point. I'm asking you, you see, why on the 4<sup>th</sup> of December, when by the next March meeting there would be another three and a half million deducted – why no action was taken or even any forward movement. Why was it just noted?---Well, there was forward movement because, clearly, at that time the advice was being reviewed by the whole – all the directors.

But there was no need to, you see. What was the need to? You said in your emails to silly Tuttle that it was clear. The advice was clear. These board members could read it easily. And there's no record in here saying, "I want time-out. I need to consider it." Nobody is saying that. All I see here is you recording that you got alternative legal practitioners to give advice when, in fact, you didn't, but that's what it seems to say, you see?---You're depicting a crisis of time and urgency - - -

I am. I am?--- - - - which clearly wasn't shared by the people.

Why not?---Well, I – you'll - - -

Can you help – well, why not by you? Just talk about you?---Because we discovered – we discussed yesterday that I felt that the charge was entirely legitimate. It was no surprise, and this idea that somehow, as I said before, the charge was – it was no surprise. We knew what was going to happen when this was declared.

So I think that means, if you think about it, that I had reached the view that they were entitled to charge this. So this was no surprise, and there was no urgency. That's what you mean, don't you?---Would you rephrase that?

What you mean by saying that to me is that “This was anticipated that Tatts would deduct this money from us. There’s no surprise about it. There’s no urgency to do anything.” That’s what you’re saying, isn’t it?---Correct.

5 Okay. Now, when the Grace advice comes and just upsets the apple cart a little, does that not change the dynamic at all?---Not in the way you described. It was handled in a correct manner.

10 But why, as chairman, would you just note it? I just don’t understand it. I really don’t?---But it’s – it’s the board that note it.

No. Just talk about you?---You keep personalising it to the chairman.

15 Just talk about you?---The board noted it.

Okay. Just talk about you?---Right.

20 Why didn’t you promote the idea of taking action of some sort?---But there was action decided, which was Grace was going to come to the next meeting.

Okay. Why didn’t you take action to say, for example, “Let’s write to Tatts and tell them they’re not entitled to do this”?---Well, because there is a whole process in the PPA for dispute resolution.

25 Okay. I accept that. That’s your answer, is it? That’s your serious answer to my proposition?---Well, there is a – if you have a query - - -

30 There might be. But is that your answer to my question – why you didn’t take any action? Because there’s a process?---You asked what I would do. There’s a process, yes.

35 I know what I asked. You can wobble your head all you like. Your answer, Mr Hanmer, is not answering my proposition. My proposition is you expected this charge to happen?---Correct.

40 It started to happen. 500 a month. I understand. There’s no urgency. I’ve got it. But then the company which you’re chairman of receives legal advice, the only legal advice that it had sought – Queensland Racing had sought – that it had come to the notice of this board, and it said they’re not entitled to do this. Now, my question to you is why did you personally not promote writing to Tatts to say, “You can’t charge that,” or something like that?---Because the board hadn’t asked me to do it. There was no – no determination to do that.

45 You’re not going to ask my question, are you? I said why didn’t you promote that?---Because we’ve had the conversation before that I am one of four.

Okay. I give up?---But any of the other people could have done that case.

No. That's okay. I give up. Okay. Let's go to 91, please. The next day we go to the board meeting of Queensland Racing now. Do you recall whether any action was promoted at this meeting about this question?---May I review the minutes?

5 Of course. If you want to, you'll see again 5<sup>th</sup> of December, which is the next day, on the Friday?---Yep.

Mr Lambert is not there again. It's Bentley, Hanmer, Andrews, Ludwig. See that? And then if you turn over to page 3 under heading 2.3. Queensland Race Product Co meeting?---Yep.

10 "The chairman offered to exit". That's Mr Bentley, I presume. Is it? The chairman?---Yep. Yes.

15 "He offered to exit the meeting if there were any conflicting matters. The Product Co chairman" – that's you – "stated that this was a report for noting," meaning you were going to note – you were going to update the meeting about what happened yesterday?---That's right.

20 Okay. Now, just thinking about that realistically - - -?---Yes.

- - - like grown-ups - - -?---Yep.

- - - the only person who wasn't there was who?---Was Bob. Exactly. Yeah.

25 Okay. So he wasn't listening, and you updated this meeting with what had happened yesterday when they were all there?---It would have been a very short update because obviously he wasn't there.

30 So I'm right, aren't I? What I said is right, isn't it?---Right about what?

Well, we had the meeting yesterday. Everybody is there?---Yep.

35 We come to a meeting the next day, and Bob sticks the fingers in his ears, and you update the same people who were there with what happened yesterday?---Bob actually leaves the meeting.

It doesn't say that. Bob "offered" – "offered". See where it says "offered"? Can you read that? It doesn't say left?---No.

40 It says "offered"?---No.

Okay. So he must have sat there while you told him, because he's the only one who didn't know, what happened yesterday. Got it? Is that clear?---Yep.

45 Okay. And it's true, isn't it?---No. I think – I'm afraid the board secretary, Ms Biddle – my recollection was Bentley was not there.

I see?---The fact he offered to exit the meeting if there were any conflicting matters, as you say – I don't remember the actual content of what I said, but it would not have included the Grace letter. Obviously, there would be no reason to - - -

5 All that wiggling around. If you look at the document and you don't have a clear memory, it looks like you were just telling Bob what happened yesterday, doesn't it?---You could say that, yes.

Yes?---Yeah.

10

And that's what you did do?---No, it wasn't.

And what you said was, "Bob, we've got the Grace advice. It says these people shouldn't be – Tatts shouldn't be charging the \$500,000 a month," or to that effect, 15 "and we yesterday decided to note the advice." That's what happened yesterday, didn't it? Noted the advice?---If – if that was as you said, Mr Andrews and Mr Ludwig, I'm sure, would have said Bob can't – Bob can't hear this.

20 Forget about them. Let's talk about what happened?---I don't think it did happen, no.

No. What you said was, "Bob, what we've done is we've noted the advice" – noted?---No, I don't think so.

25 Well, that's what you did do yesterday, and any person looking at a chairman updating what happened yesterday – is to go back to the minutes yesterday, and it says, "We decided to note the advice"?---Yeah, but Bob hasn't seen the advice.

30 Come on, Mr Hanmer?---But hang on. He hasn't seen the advice.

Okay. I give in. Now, the next question I have for - - -

35 COMMISSIONER WHITE: Could I just say on this, Mr Hanmer, the minutes of Queensland Racing Limited that I've perused – and I believe I've read them all. When Mr Bentley leaves because of his conflict, if you're present, you assume the chair, and that's recorded in the minutes?---Yes.

It doesn't – that's not here?---It doesn't, Commissioner.

40 MR BELL: You know, Mr Hanmer, just one thing that's very, very clear – by not doing anything, meaning by noting, you're taking a view that Tatts can charge this money, aren't you?---By taking a view - - -

45 By not doing anything about Tatts' charges, deducting the money from that which was due under the Product and Program Agreement, you are doing exactly what you'd do if Grace's advice had been the other way?---Yes.

Yeah. So by doing nothing, you're accepting your view and rejecting his, aren't you?---Yes.

Yes?---Yes.

5

Now, if we turn over to 96, please. 96 is an email from Mr Lambert to you on the 11<sup>th</sup> of December. Do you see that?---Yes.

10 Okay. I'm just going to read it. This is very important for me to understand your position on this. Lambert says, "I was and am stunned at your reaction to the issue I raised. I thought I was clear in the way I raised the matter, but the verocity of your reaction must mean I failed in this regard. First, I am not concerned how the Grace letter arose or the motivation of Mal." Could I just discuss that, please?---Yes.

15 What was the issue about that?---The issue was that Lambert hadn't attended the board meeting and that when the minutes were written, he then tried to change the minutes and reconstruct what occurred at the board meeting.

20 No. You're not addressing my question. Here's my question: when Lambert writes back to you, he's talking about your reaction to something he raised?---Yes.

And he says, "I am not concerned" – I am not concerned – "with how the Grace letter arose or the motivation of Mal"?---Yeah.

25 So I'm going to infer that in a minute, you'll tell me that there was discussion about why Mal went and got the letter from Grace. You surely must do that in there. The discussion must have been about how the Grace letter arose - - -?---Yes.

30 - - - and why Mal got it?---Yes. That second paragraph indicates that - - -

What was said about that, please?---Well, the second paragraph says I'm not concerned with how the Grace letter rose. I had obviously made the comment that it had arrived without Shara Murray and I had no idea what its origins were.

35 What's that mean? Why did you care about that at all?---Why did I care about it?

Yeah. Why did you care about it?---Well, I think as we established before, as the so-called chair of Product Co I would've thought I would've had a involvement in it.

40 Did you react in the way he describes that you did to him raising this issue with you?---No, because the issue was more about - - -

45 So you didn't. So he's got that wrong, has he?---About which – the second paragraph?

You weren't aggressive in your reaction, as he's reporting?

MR WILSON: Can Mr Hanmer please have a chance to answer a question before he's cut off.

5 COMMISSIONER WHITE: Yes. Certainly, Mr Wilson. I'm sure will Mr Bell will give Mr Hanmer - - -

MR BELL: You go on, Mr Hanmer.

10 COMMISSIONER WHITE: - - - a good opportunity.

WITNESS: Could you ask the question again.

15 MR BELL: Yes. Did you react to Mr Lambert's discussion with you that he's writing about there in the way he describes? He says, "I was stunned at your reaction." See how he says that?---Yes.

Okay.

20 COMMISSIONER WHITE: And perhaps we could also get over the typing error, because much has been made of it. He clearly meant to say "ferocity" - - -

WITNESS: Yes.

25 COMMISSIONER WHITE: - - - and he did what we all do. His fingers hit the wrong key, but I notice something – you make something of that later and it's silly to do that.

WITNESS: Yes. No. It's – it's just part of a - - -

30 COMMISSIONER WHITE: We're – yes.

MR BELL: Okay. So did you react with ferocity?---No.

35 Okay. So he's got that wrong. Now, are you able to - - -

MR WILSON: I thought the question was what was the issue that had been raised, and we then chopped and changed after that.

40 COMMISSIONER WHITE: It slipped away. All right.

MR BELL: Thank you, Mr Wilson.

45 WITNESS: Well, the – the issue was that Michael was commenting on a board meeting he hadn't attended.

MR BELL: Okay. Now Mr Wilson, would you like to help me with getting the answer out on that one. What am I to do now, Mr Wilson?

MR WILSON: What was the issue that was raised?

MR BELL: Okay. You stay there, then.

5 Mr Hanmer, what I was asking you about, please, is do you have a recollection at all about what happened between you and Mr Lambert in the discussion that obviously he was writing about in this email? Can you tell us about that discussion generally, please?---Yes.

10 Okay?---Michael wanted to make changes to the minutes of the meeting that he didn't attend, or there was some issue about the meeting he didn't attend. I don't frankly remember exactly – exactly what it was, but I stand corrected that on – between 2005 and 2009 there had been 16 Product Co board meetings. Mr Lambert attended four of them in person and only four by telephone, and not the rest. And  
15 very – a very charming man, but was simply not engaged. Does not attend a board meeting, then rings me with all manners of opinion of process about a board meeting that you didn't attend. And I thought it was a little rich, frankly, at the time. Now, he – he thinks that there was a – a level of aggravation. It could be that that was and in fact, I've spoken to my counsel. They're aware of a very, exceptionally difficult  
20 personal issue at that time, at Christmas-time, which I am very happy to address in a supplementary statement. And it's by no way of excuse, but certainly at that particular time it is a difficult time – that time of the year – and sometimes my reaction might not have been as measured as perhaps it might have been at other times. And I – I – I'm of the generation where it's not manly to perhaps admit these  
25 sort of things, but certainly – anyway. If I could - - -

COMMISSIONER WHITE: Are you – just so that I can understand it, what you're attempting, I think, to express here, Mr Hanmer, is that you had some personal  
30 difficulties at this time, that is, around about the 10<sup>th</sup>/11<sup>th</sup> of December, and you might have expressed yourself in your conversation with Mr Lambert in intemperate terms which called forth with this response – which gave rise to this response by Mr Lambert?---That's well put, Commissioner. Yes.

35 Is it more or less what you're saying?---That's – that's very well put, indeed. Yes.

All right. Thank you?---I'm very happy, in a separate statement, to address what those issues are.

40 I don't think, for my part, I need to know what the personal issues were. Your explanation is you expressed yourself in a fashion that you might not have done in your conversation with Mr Lambert. I don't think, perhaps, that that's the issue. I think Mr Bell is – and he will of course do his own questioning, but he wants to know what it was you were talking about, not how you spoke about it?---I understand. It was the issue about a lack of interest in Product Co issues by poor  
45 attendance and just simply not being engaged. And then to find comments being made about a board meeting you didn't attend, it just perhaps made me react badly.



Over to you, Mr Bell. I've had my turn.

MR BELL: Oh, thank you very much.

5 Would you mind reading the last paragraph of the email, please?---My sole issue is to ensure that we - - -

Not out loud. Not out loud – just to yourself, so - - -?---Oh, sorry.

10 Okay?---Yes. Yes.

Was that an issue he raised with you the day before?---He was not at the meeting the day before.

15 I'm sorry. Was that an issue he raised with you at about the time of this email?---No. I think this was a conversation that he had. He's – he's reporting on the phone conversation that we had.

20 I'm sorry. Okay. Did he have a - - -?---And in fact, we covered that issue yesterday - - -

Yeah?--- - - - where – over the 5,000 and the \$50,000, if you recall. Because this is out of sequence, because there was an email beforehand.

25 Okay?---And when I said – well, excuse me. Afterwards – I'm sorry. We then covered the issue about the advice, the \$50,000 advice from Jackson. But if I could just also say he does say in the third paragraph I agree with your layperson's interpretation and assessment of the issue - - -

30 Okay?--- - - - which would indicate why, perhaps, he didn't feel he needed to ask for more legal advice, because he appears there to agree with the situation.

I think what he's saying really is, "Our own view is irrelevant." That's what he's really saying?---Yeah. I think he's asking for – for – for process. Yeah.

35 Yeah?---Yeah. Yeah.

40 In the last paragraph he says, "My" – he records – it may be wrong. "My sole issue to ensure that we and Queensland Racing" – QR – "are not exposed in respect to our duties under the corporations law," doesn't he?---Yes.

A serious statement, wouldn't you think?---Absolutely. Yes. Yes. Absolutely.

45 "The matter that has arisen is not a run of the mill matter, but has a potential financial impact of 10 MPA" – which I think is 10 million a year – "would have a major impact on Tatts and exposes Bob" – I think Bob Bentley?---Yep.

“to a potential major conflict of interest issue. My suggestion to avoid these potential problems is to simply – is simply to get senior counsel advice.” So so far do you – do you remember him raising that with you?---Yep. In – it’s in the letter – yes. And this is the first time it’s raised.

5

I’m sorry. Not in the email, but in the discussion. Do you remember him raising that with you?---Yes. Yes. Yeah. Yeah. Yeah.

Okay. Is that what you reacted in an intemperate way about?---No. No. It was the fact that he – it was the fact that we had a determination at the December meeting and the determination was at the March meeting we would all get together with the Grace advice and we could sit down then and discuss it and to try and have views and attitudes towards the meeting you didn’t attend was – was – was inappropriate. You have to really be there to – to actually have understood the process.

15

You know, Mr Hanmer, this email, from what you’ve said so far, doesn’t record anything like what happened. What he’s saying, “my sole issue is to ensure”, and then he says, “this is an important matter, in effect”, and then he says in the last sentence, “I also think I’m entitled to raise such a matter and not to be subject to an emotional dump.”?---Yeah, yeah, yeah.

20

So his record here at least that he’s raising with you is that, “I raised an issue that we should clear this up by getting senior counsel’s advice and you gave an intemperate response.”?---Which is the – let’s - - - yeah, sorry. Excuse me. I apologise.

25

But wait – that’s what he’s saying isn’t he? Now, is that what happened?---Yes.

Now, it was a personal matter, was it, that made you react in that way?---Yes.

Is that what you’re saying? Okay. So after you calmed down and reflected, did you think it was a good idea of his that one of the board members was saying, “This is a Corporations Law matter. This is bad for Bob, potentially. We should clear this up.” Did you think about that?---In the state I was in, frankly, probably – probably not for a while, no, no, no.

35

Okay. But after the while – after a while, did you think about it and think, “Gee, he might be right.”?---Well, I think – I don’t know. I think I probably would’ve said, “Michael, we’ll meet you at the next meeting where David Grace is going to be there. This is the time for us to discuss it all together. You may have a different view. This is the – this is – we should meet as a board to discuss this and not try and make changes outside of that.”

40

Okay. At number 98, we’ll see your reaction that you put into writing to that email?---Yep.

45

Okay?---What – yes, yes – shortly, yes.

Rightio. Do you see this one?---Yep.

5 Okay. You tell me when you're ready. I was going to ask you a question or two about it, please?---Yep. Yes. This is – how long after was that last – is this note written before the previous one?

10 One was the 11<sup>th</sup>, which is a Thursday, and this was the Sunday, the 14<sup>th</sup>?---Yep. So we're getting close to Christmas, yep, yep. Right. Oh yes, we had this conversation yesterday. Yes, yes, yeah. And actually I – yes. I actually say there - - -

Well, just – just read the thing and then I'll ask you a few questions. Otherwise, we'll be here til Christmas time again, please?---Not – not be a good time for me.

15 No, me either. So let's just focus on you reading and then I'll - - ?---I've read it.

I'll focus some questions and get to the point?---I'm ready for you to go ahead.

20 Oh, you've read it. Okay. Thank you. In the first paragraph, the third line, "The Grace letter was briefed without any involvement by Product Co or any reference to Product Co." Now, this has come up again here in your letter?---Yes.

Why is that relevant?---It's not.

25 Okay. "The letter is addressed to Queensland Racing and Malcolm Tuttle is not an officer of Product Co." What's the relevance of that?---Well, it's a statement of fact.

30 Okay. "The letter was written code-specific" – that's come up again – "to thoroughbreds. A different outcome could be imagined if it was briefed by the other codes or Product Co." What's that mean?---Well - - -

35 What did you mean, I should say?---The letter covers all codes – what I'm – I'm emphasising the fact that it would've been attractive if it had been written to – it's simply embellishing the fact that it wasn't written to Product Co. It was actually written to – to the thoroughbred code.

Yeah, but we agree that's irrelevant so?---Yeah. It was – it's irrelevant, yes.

So what's the point?---It's irrelevant.

40 Okay. So where you say there, you see, "the letter was written code-specific to thoroughbreds"?---Yeah.

45 Now, here's the really important part, "A different outcome could be imagined if" – what's that about?---Well, I – I would imagine it could've been possibly. It's simply embellishment. It wasn't written to code-specific.

Well, okay. So possibly, what might have happened? You tell me what you were thinking?---Oh gosh, I guess if the constitution of the company had been different, for example, it could've – it could've had a different outcome.

5 No. That wouldn't have anything to do with it?---No, I know. I was just – you asked me what could result – and I agree.

No, I'm asking you what you were meaning in the email, you see, back to Lambert?---It's – it has no significance.

10

Lambert wants to get a QC' advice to clear it up and you're writing back this stuff that you agree is relevant?---I agree. It has no significance.

So why did you write it back?---It has no significance, I agree.

15

Why did you write it back?---As I said, this was not the best time of the year to write letters. I quite agree with you. I'm not disagreeing with you.

20 Okay. And then in the next paragraph, this brings me to your second point. "You say you agree with my layperson's interpretation and assessment of the issue. Faint – this is damning me with faint praise. In initially reading David Grace's advice, my judgment was that it was exceptionally tortured, unconvincing and extremely thin on its assessment." Is that what you really thought, initially?---Yes.

25 What would that matter, what you thought?---Wouldn't matter at all.

"On that basis, I sought advice from the Racing Office. They concur with my view." Okay. "However, not satisfied with that, I asked Bob Lette from Mullins who Bill Andrews describes from the big top – from top end of town for his opinion. Bob is extremely well-respected and as chairman of harness, has depth of understanding of the issues. He confirmed to me this was a long-bow in a telephone conversation a transcript of which you can obtain from Shara Murray, he confirmed he had checked his own advice with one of his partners – same result." Now, I think what you're doing, aren't you, is you're arguing your position on this. That's pretty clear, isn't it?---No. I think what I'm doing is I'm simply reminding David – reminding Michael of what occurred at the meeting he didn't attend.

35

Your second point, you see, is that you're arguing against the Grace advice, aren't you?---Yes, yeah, yep.

40

And then you go to the next sentence in the next paragraph, "So we are now looking at four people who all concur. I circulated the letter from Cooper Grace and Ward to all Product Co directors on 1 December, again with no dissent." Now, I think what you're saying is four people believe that Grace is wrong?---No. It was for noting – no – yes. Okay, yes, yeah, yeah.

45

5 So – okay. And then if you jump down a paragraph to the second last one again, “I am surprised and disappointed because the advice to date from Cooper Grace and Ward has cost a shade under \$9,000.” So we’re back to the money, are we? More worried about the money?---Yes, yes.

“If we were to proceed with this adventure” – what does that mean? Why was this an adventure?---Well, we’ll be sailing into the unknown.

10 Yes. What unknown? What could happen?---Any confrontations like duelling – has uncertain outcomes.

Yes. Well, it’s going to be better at least, than the outcome you’re letting to be maintained at the present time for Queensland Racing. It can only get better?---But this is what you’re – you keep coming back to the fact this was unexpected.

15 Okay. And then the third line of that paragraph, “So I would suggest that we would go to Jackson who provided our constitutional advice at the cost of \$52,000 to QR. A long way from your modest \$5,000 but never being a person closed to an argument because naturally you feel so strongly about this, we will again table the matter at the next Product Co meeting.” And you’re talking about the March meeting, are you?---The next meeting, yes.

20 Yeah. So we’re going to go three months with no further action allowing Tatts to keep charging?---Well, the meetings are fixed a year in advance. The meetings - - -

25 Well, I’m right, aren’t I? I’m right, aren’t I?---But – the next meeting in March, yes.

Three months – three more months of charging?---Yeah.

30 Yeah. And you know it’s serious, don’t you?---Well, if I may just also say that I’m – “but never being a person close to an argument and because naturally, you feel so strongly”. Well, I’m not ruling out at all. I’m just saying again, quite clearly, I would suggest we would go to Jackson. How can you say that I’m actually ruling out the suggestion of any form of assistance or certain legal view when here I am saying, I would suggest we go to Jackson.

35 You know, Mr Hanmer, are you serious in saying that back to me as what you meant by that? I’m telling you, what you meant by that – the way I read that letter – and I’ll be promoting this to everybody else that you’re saying it’s much more expensive than you’re suggesting. It’s a big thing?---No. Because actually if you go to take someone like Tattersalls on you need to have the very, very best as I’ve said there. If we were to proceed we must obtain the very best advice knowing that UNiTAB would defend this issues vigorously. So I’m – I’m totally aware of the importance of this and the seriousness of it hence saying, defending the issue vigorously. I would suggest we go to – I mean, how can we have any other construction by – by saying, 40 “I suggest we go to Jackson” and then suggesting a long way – but never being a person close to an argument. Everything there must point to the fact that I’m quite 45

willing, as I've said all along to have no view on this, not to expose my view, to take the view of the board which is this first amongst equals, which is the role the chairman has.

5 Mr Hanmer, you're saying the opposite in your email. I suggest to you, you're saying the opposite. "I'm not open to getting legal advice. I know you say that's the issue, Mr Lambert, for you but I don't want to go to a QC." That's what you're saying?---I'm saying, I would suggest that we would go to Jackson.

10 Okay?---So you're saying we wouldn't and I'm saying it says here we would.

103, please?

COMMISSIONER WHITE: Just before we go to 103 if you don't mind, Mr Bell.  
15 A little while ago, I understood you, Mr Hanmer, to say that the state of affairs at the December board meeting was that the board needed some time to reflect upon Mr Grace's advice, and that it would be discussed at the March meeting. And yet here, in response to Mr Lambert's email, you protest and say, "At the Product Co meeting which you did not attend, this item was discussed and a determination was made for  
20 no further action." And then a little further down you say, "Well, okay. We'll recommit it. We will again table the matter" - - -?--- Yes.

- - - "at the next" – now that's rather different from the impression I got from your  
25 response about the December meeting of Product Co. I'd understood from that that you were pushing away from Mr Bell's suggestion that things should've happened there by saying, "Well, no. It was going to be discussed in March." This doesn't look like it to me?--- You're saying that the word noting indicated it was not going to proceed further in the - - -

30 I'm – no. I'm – that. But more – yes, certainly that?--- Yes.

But more particularly, your explanation to Mr Lambert. "There was a determination for no further action." And then your offer to re-table the matter?--- Yes, yes.

35 Would – so - - -?--- There's ambiguity there. Yes, Commissioner. Yes.

It doesn't look very ambiguous to me. It looks as though you're prepared to recommit a subject that you think has been concluded in December. Would you say that's a fair enough assessment?--- Yes. Yeah.

40 Right, thank you.

MR BELL: Why was it concluded in December?--- Well, taking on what the Commissioner's said, the construction of that is the word noted indicated no further  
45 action. In fact, that wasn't actually the case. The case was always to – obviously it was going to be – you couldn't have just passed that to the side. It was going to be – it was sloppy minutes. It was always going to be brought up again.

5 COMMISSIONER WHITE: Even though you suggest here a determination was made for no further action?--- Yeah, I think because at the RQ board meeting that took place after the Product Co meeting, it was agreed to carry it forward. So there's a – we've got two meetings that took place here. We've got the Product Co meeting and the RQ meeting.

Thank you. Thank you, Mr Bell. Was that 103, Mr Bell?

10 MR BELL: I was going to 103, please.

COMMISSIONER WHITE: Thank you.

WITNESS: Okay, yeah.

15 MR BELL: At 103, please, Mr Hanmer. Then you write an email to Mr Kelly. Do you see that there?--- Yes, I do. 18<sup>th</sup> of December, yes.

Right. You read that and I'll ask you a question?--- Right, yep.

20 Okay. So Mike Kelly wasn't your friend; was he?--- Nope.

Okay. Mike Kelly was the head of the Office of Racing; was he?--- At that time, yes. I think he was, yes.

25 Forget that, don't worry about that. Who was Mike Kelly?--- Mike Kelly is currently the head of the Office of Racing.

Okay. Thank you. Was he then at this time, 18 December?--- I think he was, yes.

30 Okay, good?--- Yes.

So we know who we're dealing with?--- Yeah.

35 Now why are you giving him information about what Mr Lambert said, please? Why are you giving it to him?--- I've no reason at all.

40 Could it be that you had been discussing your view of how the Product and Program Agreement should be construed and he had agreed with you?--- Certainly he and I spoke about issues with Product Co because of the wagering issue. I honestly can't remember what this was about.

45 Well, it doesn't look like it would've been the case that he disagreed with you in the past if you were sending him this. Because it would make you look silly?--- That's not a problem. Wouldn't be the first time.

But just think about what I'm saying. Why are you sending it to the head of the Office of Racing that Mr Lambert is agitating against your view? Why did you do that?--- Just background information.

5 Well, normally people do that because they're hoping to strike up an allegiance against the other guy?--- I don't think so, no.

Well, why did you do it? You tell me, otherwise I might, you see, conclude that that's why you did do it?--- I cannot give you a reason. I honestly don't remember. I  
10 honestly - - -

So therefore you see, by saying that, I'm suggesting to you a reason and you're giving me none back and you're the one who wrote it?--- Yep.

15 So I'm left to conclude my own conclusions?--- Yes. Yep.

Okay. Very good. I'm sorry, we've got to go to the other bundle which is 315, please?--- Right.

20 Would you mind reading that, please?--- I confirm your email below - - -

Oh, I'm sorry, to yourself. Sorry, Mr Hanmer?--- Oh, sorry.

Just read that to yourself and then I'm just going to ask you something, please?---  
25 Yep. Yes. Yep. That's fine, okay.

Okay. Now, what was that delegation about, please?--- I - we're back to the money issue again. I think I'm seeking from the board of Racing Queensland \$15,000 for the race field legislation issues which, of course, are the thrust of where we are,  
30 which is the income we're to gain for legal fees that we - I suspect Product Co may get engaged in. I think. I think. Then they've - Shara's agreed that the board's allowed \$15,000 for us to get the money back for race fields, or the start of the process.

35 Well you see, what the money was about was the constitution of Product Co. That's what you're addressing; you see?--- Yep.

That was 15,000. Now, did you also try for 15,000 to get the QC's advice or any other advice?--- For Product Co?  
40

Yes, for Product Co, in relation to the deduction that Tatts was - - -?--- Oh, the [indistinct] Grace advice. No, no.

No, okay?--- And the reason being for - there were - okay, this of course is actually  
45 free income. Yes, yep.

316, just over the page, please, to the next one?--- Right.



And this letter, you see, is Mr Grace writing to Product Co. To the chairman, which is you, about being retained to provide advice; you see that?--- Yes, I think at this time there was some discussion that Product Co – Product Co needed to - - -

5 Well, don't worry about it. I don't mind what it was about?--- Okay.

But it's not about the deduction; was it?--- No.

10 That I've talked about all day. Turn to the last - - -?--- It's about the – it's a client agreement, yeah.

Yeah. Turn to the last page. You'll see your signature, confirming those instructions to Mr Grace. You see that?--- Correct, yeah.

15 Okay. So that wasn't a problem on that occasion to get the money to retain Mr Grace to give advice; was it? Clearly enough not?--- No. It does make the point that every time I spent a dollar, I had to get approvals.

20 Yeah. Yes?--- And couldn't just go off and spend money willy-nilly.

My point was different. My point was there was no trouble getting the approval for \$15,000 for legal fees to retain Mr Grace?--- There was an urgency on this issue.

25 Different from the issue I'm addressing?--- This was income, yep.

No, sorry. Different from the issue I've been addressing?--- Oh, yes. Yes.

30 What's the difference that makes this one urgent and my one not urgent?--- The difference is - - -

They're not the same?--- This was about Product Co being able to take income from the corporate bookmakers. And yours was about money which was being deducted legitimately and had been understood for some while.

35 Okay. I see?--- Product Co didn't find itself in the position to actually be able to charge corporate bookmakers without this money.

I see?--- This is income.

40 Now, I've heard from Mr Bentley that in respect of the revenue of Queensland Racing, 90 per cent comes from Tatts and 10 per cent from corporate bookmakers or something like that?--- Oh, I think that's wrong.

45 Okay; what is right?--- Well - - -

In proportions?--- At the time that we left, Product Co would've been about 118 million. 17 million was from corporates and it was projected for 35 million for corporates in the '11/12 year.

5 Okay. So if you put all the corporates together and compared how much money that was with the amount of the deduction that happened at Tatts?--- Yeah.

The Tatts deduction is still bigger?--- No, it's not.

10 It's not?--- No, I think six million a year is a lot less than \$17 million a year.

Yes, you're right?--- And 35 million - - -

You're right?--- A lot less than 35 million.

15 Okay?--- And the thrust of this was about getting income. Because the race field legislation gave us the opportunity to get a new source of income.

20 Yes. Okay. Anyway, you accept that's your signature?---Yes.

That's on – that's to retain Mr Grace in January 2009, and that does not involve him advising again or further or to Product Co about the deduction, does it?---Well, I haven't read that. I take your - - -

25 Okay. Did you - - -?---I take your word for it.

Okay. I'll make it easy. Did you get a second advice from Mr Grace about the entitlement of Tatts to deduct?---No.

30 Okay. Would you mind going to the – my folder number 2. And the document I'm asking you to go to is at 108, please. This is a board meeting minute of Queensland Racing for 6 February 2009?---Right.

35 Okay. Now, by this time, you can recall where you're at in the sense that you've had the 4<sup>th</sup> of December meeting and the Queensland Racing meeting the next day, and then there were three months before we'd have another Race Product Co meeting, of course?---Right.

40 But this here is the meeting on the 6<sup>th</sup> of February of Queensland Racing?---Right.

Okay. Now, at this time, the time of this meeting, your relationship with Mr Lambert – he was agitating for something, and you had in December reacted in an intemperate way with him, hadn't you?---Yes, yes.

45 And he was causing aggravation on this question about this Grace advice, wasn't he?---I was with you until the last bit. I don't think there was the aggravation, no, no.

He was aggravating you about it. He wasn't agreeing with you about it, was he?---Well, he wasn't agreeing, but he wasn't aggravating me.

5 Well, let's have a look at this board meeting. If you go over to page 8, looking at the top right-hand corner?---Yep.

Do you recall that Mr – there was discussion about board succession?---Yes. Yes. Yep, yep.

10 And if you have a – when you're ready, you tell me, but the last paragraph I'm interested in, please?---The Mr Hanmer advised?

Yes. Exactly?---Yes. Yep. Okay. Yep, yep.

15 Now, Mr Lambert came to dispute that that's what he had said, didn't he?---Yes, yes.

So he was saying in that dispute that you had misquoted what he agreed to?---That's correct.

20 Okay. Now, would you mind going over, please, to 111?---Could I make a point there?

25 Yes?---That board succession process – there was a meeting at the – is it the Powerhouse? The Powerhouse in Albion with all the finance directors, and that's where that conversation took place. That was reported in the next set of minutes, and Mr Lambert didn't object to the content at that time, just by the way.

Thank you?---So I can't quite work out why his objection took two months to – to come through. And he wasn't at this meeting either, was he? No.

30 111, please?---Sorry. Right.

35 Okay. Now, is this the March meeting that you had talked about earlier, of Product Co – the next meeting?---Yes, it is.

Okay. Very good. And do you see the attendants include Mr Grace?---Yes. Yes, indeed.

40 Okay. And otherwise, directors are there, of course?---Yes.

Would you mind turning over to page 3 at the bottom right-hand corner?---Expansion of fixed betting?

45 I beg your pardon? Just the page number is 3 at the bottom right-hand corner of these minutes?---Expansion of fixed betting?

No, no. I'm just – yes, you're in the right spot, but just look above?---Yes.

“2.1.3. Product and Program Agreement”?---Right.

“The board noted Mr Grace’s letter to Malcolm Tuttle dated 18 November”?---Yes, yes, yes, yes, yes.

5

“Mr Lambert and Mr Andrews noted advice from Mr Grace, if correct, raised fundamental issues that needed to be formally resolved either by senior counsel’s advice or by obtaining advice from government with its intention of the Product and Program Agreement.” Okay?---Yep.

10

“The chairman” – that’s you – “expressed his concerns and noted that the company should meet with UNiTAB to seek a variation of the agreement in order to reflect the legal position at hand and the commercial intention of supply and use when the agreement was first drafted.” Now, that seems to indicate that the chairman – I think that’s you – knew that the legal position did not reflect the commercial position. Don’t you think that that’s what it means?---Right. Yeah.

15

So you’re agreeing with me, aren’t you?---Could you rephrase it again?

20

Yes?---Honestly, I – I – I read on, and so I was – yeah, I was distracted.

“The chairman expressed his concerns and noted that the company,” meaning Product Co - - -?---Yep.

25

- - - “should meet with UNiTAB - - -”?---Yes.

“ - - - to seek a variation of the agreement” – that’s the Product and Program Agreement - - -?---Yes.

30

- - - “in order to reflect the legal position at hand and the commercial intention of supply and use when the agreement was first drafted”?---Yes.

Now, that means that in your mind, the legal position under the Product and Program Agreement did not reflect the initial intention commercially?---Yep.

35

You clearly understood that - - -?---Yes.

- - - didn’t you?---Yes.

40

You’d understood that for some years?---Yep.

Okay. Then if you go down to the next paragraph, “The chairman also stated that the government was of a similar view.” Who do you mean by “the government”? Do you mean the premier or the treasurer or who?---I actually – it says the chairman stated the Office of Racing in my copy here.

45

Okay. Well, that's fine. Is that who you mean, the Office of Racing?---Yeah, the Office of Racing, yes, yes.

5 And who – do they all believe that, all the people in Office of Racing, or do you mean one or two people or who?---It's obviously a typo. That should have been the – the director of the Office of Racing.

Okay. So Mr Kelly?---Yeah.

10 Now, Mr – so that means Mr Hanmer stated that Mr Kelly was of the similar view?---Right.

And is that the view that the legal position did not reflect the commercial intention?---Correct.

15 So you had ascertained from Kelly that that's what he felt too?---Well, we'd spoken before, as we agreed, back in December, yes, yep.

I hear that. But are you agreeing with me that - - -?---Yes, I am.

20 - - - you had ascertained from him that he believed, yes, the legal view as was reflected by Grace - - -?---Yep.

- - - in his advice, but that did not accord with the commercial intent?---Yep.

25 Okay. Now, Mr Godber – and that's Mr – that's the harness representative, isn't it?---It is.

30 And Ms Watson – that's greyhound – concurred with Mr Hanmer, the chairman. I've added Mr Hanmer but it says "the chairman". That's you, isn't it? Are we good for that?---Yep.

35 Okay. "The board resolved that the chairman correspond with Mr Mike Kelly of the Office of Racing in relation to this matter. The chairman is to seek the view of government in relation to the commercial intent of the agreement when first drafted and the current legal views in relation to race fields legislation and its impact on the agreement"?---That was the resolution, yes.

40 I don't understand why that was resolved, because we already knew what Mike Kelly thought. What was the thinking?---I think during the course of the – of the – of the conversation – and I – was – excuse me. Was Mr Lambert at that meeting, and Mr Andrews? Okay. So Mr Lambert and Mr Andrews were all part of that meeting. They obviously felt – I think Mr – I think Mr Lambert had actually now begun to perhaps view that - - -

45

Listen, Mr Hanmer. Just answer my question. We don't want to hear about them. I want to hear about you. What this says is the board resolved that the chairman correspond with Mike Kelly - - -?---Right.

5 - - - in relation to this matter. We already know what Mike Kelly thinks?---Okay.

So why are we corresponding with him?---Well, I think Mr Godber and Ms Watson obviously wanted to have more information.

10 Mr Hanmer, is this a delay tactic?---No, of course not.

Because if you delay, Tatts wins. If you don't do anything, Tatts wins. If I look at this, I'm thinking what is the chairman thinking? He's promoting that the board resolves that you correspond with Mr Kelly, whose view you already know?---But  
15 Mr Andrews or any of the others could always have asked for more legal advice at that point in time.

You can blame them if you want. I want to talk what you did and what you thought?---I simply reflected the view of the board, as the chairman.

20

So you didn't think for yourself?---I have a view, but at the end of the day - - -

What was your view? What was your view?---I think that probably there was a lot more information we could find out from the government, yes.

25

So - - -?---And – and does the whole board. At any – at any time, counsel, it would have been quite easy for Mr Lambert to have said I want a different resolution. I want a resolution for more information or whatever.

30 Mr Hanmer, when you gave what he described as the emotional - - -?---Yep.

- - - response, what was he promoting there with you as his chairman?---He was - - -

Wasn't he promoting getting QC advice to clear the matter up?---At that time, yes.

35

So we don't need to worry about what he was thinking, do we? So his one vote would have been all, "Yes, please – QC for me," wouldn't it? Clearly enough?---Well, I don't think so, because - - -

40 Okay?---If I may explain - - -

Fair enough?--- - - - he wasn't at the meeting in December. He's now at the meeting in March. Mr Grace is at the meeting. Everyone is at the meeting. All views can be expressed. Everybody can make any comments they like, and the resolution of that  
45 was this resolution here. Now, they could have said whatever – they could have chosen to have any number of other resolutions about [indistinct] - - -

Mr Hanmer - - -?--- - - - and Mr Grace was there as well.

Because other people voted the wrong way in life doesn't mean that you aren't voting the wrong way too?---I'm just - - -

5

If it was the wrong way?---I'm just one board member.

I know, and my point is to look to you first, because you're the chairman in relation to this resolution?---But I - - -

10

I'm asking why you were part of a resolution that said, "Let's write to somebody who's not a lawyer to ask them something we know they have already told us"?---I didn't move the resolution. The resolution – resolution was moved by Mr Godber.

15

Okay. So - - -?---You – with – with the best will in the world, you can't stand up in a board meeting and suddenly say listen, you guys. Forget what you all think. Mr Godber, no. Sit down. This is the resolution I want.

20

Yes. You can; that's putting up a motion, isn't it?---Yes. Yes. You could have done that, but it - - -

Why didn't you put up a motion: "Let's go with Lambert and get a QCs advice and clear this up." Why didn't you do that?---Why didn't Lambert do it?

25

That's a good question, but why didn't you do it?---Because I didn't feel necessary, as we've had this - - -

Okay?--- - - - conversation over and again. Mr Lambert could have done; Mr Andrews could have done.

30

Okay. Okay?---And Mr Grace was there at the time as well.

Yes. We'll go to Mr Grace right now, because you recall you said to the commissioner a few times because Mr Lambert pushed this back on to the agenda, we'll bring Mr Grace along to talk about it. Did he talk about it?---I believe he did. That's [indistinct] was there. Yes. Yeah. Yeah.

35

You think he did?---Yeah.

40

Okay. If you go over to the next document, 112, please?---Yep.

This is his diary note of the meeting - - -?---Right.

- - - that occurred at the board of Queensland Product Co on - - -?---Yep.

45

Okay. Now, you should read that, because I want to ask you some questions about it, please. You see number 1: “Amendments to Constitution of Queensland Product Co”?---Yep.

5 See that? That’s not about the question that I’m interested in, is it, called the deduction?---No.

Okay?---Can I skip that, then.

10 Take your time. Yeah. Skip that one. “Additional amendments required” – skip that one, because that’s not about it either?---Where would you recommend I – I go to?

I think – well for me, you go right through it. You won’t see anything until you get to number 4?---Right. Yeah.

15 Okay. If you go to number 4?---Yep. There now.

20 “We then turn to discuss our letter of the 18<sup>th</sup> of November in relation to the impact of the 2008 amendments on the arrangements with UNiTAB. Michael Lambert raised the issue of what was to be done and what the board’s position was. General discussion followed. The result of the general discussion was that it was agreed a letter would be written to the director-general of the Department of Racing”  
- - -?---Right.

25 - - - “and a request would be made to provide Queensland Government’s understanding of the background” - - -?---Right.

30 - - - “to the arrangement behind the Queensland Government’s agreement with UNiTAB. The point of getting that advice was to see whether there was, so far as the Queensland Government was concerned, an intent that the payments for race day legislation be able to be deducted by UNiTAB from the payment as a third party charge out of the payments to Queensland Racing.” See that?---Yes. Yeah.

35 Now, that’s talking about the commercial intent, isn’t it?---So just to understand, the result of the discussion was to write to Racing Queensland – to write at the - - -

We’ve seen that. Yeah?---Yeah. Okay.

40 But what he’s recording here is the totality of the discussion, you see?---Yeah. Yeah.

So that first one is to – the thinking was, do you accept, that one would write to the government to see what the intention was at the time the agreement was entered into?---Yeah. My – my point [indistinct].

45 Yes?---Yeah. Yeah.

Commercial intention?---Yeah. Yeah.



Okay. Number 2, dot point - - -?---Excuse me. Commercial intent is actually in that – in that resolution. Yep. Sorry. Okay. Just thinking to myself here.

5 Dot point 2: “Discussion revolved around directors’ duties.” You remember this? Directors’ duties?---Yep.

10 “I advised that” – that’s Grace saying this, Grace the solicitor who’s been asked to come along – “I advised that having given a letter of advice to Queensland Racing, and that matter had not been taken into the board of Product Co – and the board of Product Co haven’t been aware of our views on the interpretation of the Act and its interaction with the Product and Program Agreement.” Now, get this part: “The board would be unwise to ignore the advice, because auditors looking at the accounts may, if they became aware of the advice, query the directors’ treatment of the contractual arrangements. It was therefore necessary to address the issue and if it was not intended to take an adversarial role with UNiTAB, then to consider whether the existing agreements should be changed in order to remove any ambiguity that may exist as a result of the 2008 amendments to the Racing Act.” Okay. You remember that, do you?---Yeah. Yes. Yes.

20 Okay. So he was talking to the board about directors’ duties. He explained the directors’ duties, didn’t he?---Yeah. There’s one point here which I – think you - - -

No, no. You answer my question?---Yes. He was.

25 He explained directors’ duties, didn’t he?---Yes. But he said - - -

What did he say about directors’ duties?---He says - - -

30 Don’t worry what he’s written. What do you remember he said? He said you have to do something about this advice?---Yes.

You have to move. You can’t just sit on it - - -?---Because audit issues. Yes.

35 - - - didn’t he?---Yeah. He does say that the - - -

No, no. Don’t go there. I want to stay with this topic?---Okay.

40 He said, didn’t he, the directors of Product Co had to do something about it, didn’t he?---The letter had not been received - - -

Forget about the because. He said the directors of Product Co had to do something about it, didn’t he?---Yes. Yes.

45 Did you do anything about it?---No.

Okay. Now - - -?---May I just make a point, though, in that it says that – here – the matter has not been taken to the board of Product Co and that Product Co haven't been made aware of our views. Well, they had been.

5 He's talking about history, you see - - -?---Well, they had - - -

- - - and how that's got to change, Mr Hanmer. That's what he's talking about?---He's - - -

10 How the history's got to be improved by taking it to the board and thinking about it. That's what he's talking about?---But the board had received it in December.

All the better, Mr Hanmer?---But the board had received it and so that's – that's incorrect.

15

Okay. Okay. The next one – dot point: “It was agreed that a letter would be written with a view to seeing if Queensland Government's view of the arrangement was intended” – was intended – “to be the same as was thought by some of the directors, namely, that commercially, the amounts of these costs should be deductible by UNiTAB from the amounts payable to Product Co under the Product and Program Agreement.” So I'm right, aren't I? The letter was meant to inquire what was your commercial intention?---Yes.

20

That was the inquiry?---Yeah.

25

Because you, for example, appreciated that it was not reflected in the legal position?---Right. Yep.

That's right, isn't it?---Yep.

30

Okay. Now, if you turn over, please?---Can we go back to the minutes - - -

Yes?--- - - - that actually resolve that. Could I just – just - - -

35 Yes, of course. That's – I'll find that for you. It's 111, please?---111. Just remind me.

It's 111, and I was over – I was talking to you about page 3 there, wasn't I?---Yes. You were. So the resolution was – the view of the government in relation to the commercial intent – that's correct. Yes – of the agreement when first drafted – yes – and the current legal views in relation to race field legislation and its impact on the agreement. So clearly, Grace was involved in that meeting, because his comments in his letter, his diary file notes, whatever, clearly reflect the resolution that was requested by Godber and Watson. Okay. Okay. And – and Mr Lambert was there and Mr Andrews at any time could have suggested a different resolution.

45

5 Yeah. You know what you and other people resolved? To do one of two things. The action resolved upon was to take a legal position – that was they couldn't charge it – or to go back to government and investigate the commercial position, because if it was clear then you'd go to UNiTAB and renegotiate the agreement. That's what was resolved?---Yeah. Because Mr Grace - - -

Did you go back to UNiTAB and renegotiate the agreement?---Had Mr Grace been - - -

10 Did you go back to UNiTAB and renegotiate the agreement?---No. No. No.

Did you take any action under the legal advice?---I spoke - - -

15 Did you take any action under the legal advice?---No. No.

Thank you?---But I had – but I – just on that first point, I did in fact speak to UNiTAB at some length about this. But Mr Grace had already actually been approached by Tuttle to talk to UNiTAB. Is that – is that correct? In – was it December?

20

Could you turn to page – the document at 113, please, which is the Queensland Racing board meeting a few days later?---Right.

25 Okay. If you go to page 3 at the top-right hand corner?---Yep.

“Product Co Meeting Update. 2.1: The chairman offered to retire from the meeting for this item” - - -?---Yes.

30 - - - “however, Mr Hanmer, as chairman of Product Co, advised the board members that there was no” – sorry – “no conflict of interest in the chairman remaining present for the Product Co board meeting update.” How could the chairman conclude that?---Because the information I gave was to all the existing directors who attended the meeting. So it was a very bland - - -

35 But Bob was there too, you see? That's the point?---Yeah.

Okay. So you're telling Bob what we've just been through that happened at Product Co, aren't you?---No. What I would've done is - - -

40 No?--- - - - I would actually have carefully sanitised what was said to make sure there was no issues that caused a conflict to Bob. There was no determinations made at all.

45 Funny thing is, you see, there's nobody to tell who wasn't there at the meeting - - -?---Yeah.

- - - a couple of days ago?---Yeah. I know. Yeah.

Except Bob?---Yeah.

And it does record, the contemporaneous note, that he offered to retire and you blocked him - - -?---Yep.

5

- - - retiring and then you updated the board of the Product Co meeting which was held on Thursday?---Yeah. In that process we used to ask the entire board and say has anybody – objection to Mr Bentley staying for this particular issue? There’s no determinations being made.

10

COMMISSIONER WHITE: Mr Bell, I don’t like you to interrupt you if you’re on a - - -

MR BELL: Oh, I’m sorry.

15

COMMISSIONER WHITE: - - - subject matter, but I suspect some people might be wilting a little.

MR BELL: No. I’m sorry. I didn’t see the time. Thank you.

20

COMMISSIONER WHITE: We’ll resume at quarter past two. Thank you.

**THE COMMISSION ADJOURNED**

**[1.09 pm]**

25

**THE COMMISSION RESUMED**

**[2.15 pm]**

30 **ANTHONY HANMER, CONTINUING**

**EXAMINATION BY MR BELL**

35

COMMISSIONER WHITE: Mr Bell.

MR BELL: We’re at the minutes of the Queensland Racing board meeting of the 6<sup>th</sup> of March 2008, Mr Hanmer, which is the document behind divider 113. Do you have it?---I do.

40

Thank you. Turn over to page 2, looking at the right-hand corner of the page, please. Do you have that?---Page 2, top right-hand corner. Yes.

45 Under “Section 10 General Business – Board Succession” – would you read that part, please?---Yes.

These corrections that were sought in relation to earlier minutes arose, clearly enough, because of things that Andrews and Lambert wanted raised and corrected?---Yes.

5 And indeed, as we agreed before, Lambert contended that the statement you had given about his position on retirement was not right, not accurate?---Correct.

And then if you go over to page 11 of that document, please?---The same board minutes?

10

Yes, please?---Right.

Under “Board Elections” at the foot of the – coming toward the foot of the page: “Mr Lambert advised that he had reconsidered his position and the circumstances surrounding the nomination process, and advised that he wished to continue on the board of QRL.” Do you see that?---Yes.

15

Okay. “The chairman advised that under the circumstances of Mr Lambert’s reconsideration as set out in the February 2009 minutes, the selection of directors to face election will be made by him himself in accordance with the constitution of QRL.” That means that Bentley was to decide who was to go?---Yes.

20

He selected Lambert?---Yes.

25 Yeah. Andrews had already volunteered, but he wanted to come up for re-election, didn’t he?---Yes.

Yeah. Did you discuss with him, that is, with Bentley, that it should be Lambert who goes?---No.

30

But you were having trouble with Lambert, weren’t you?---No.

You and he were in disagreement about what should happen in relation to the Grace advice?---Oh, that’s just simply a – you know, the way boards operate. We have strong views, which is very – a very, very good thing.

35

You had a strong view?---No. It’s – it’s good that a board has strong views - - -

I see?--- - - - and directors have strong views – differing views.

40

Did you have a strong view?---Yes.

Okay. And that strong view was that Tatts be allowed to continue to charge?---Yes.

45 Yes. And then turn over the page to 12, please. You see the board resolved at about [indistinct] four of the page that the - - -?---Oh, yes.

I'm sorry?---Yep.

That the compass issue will be expanded to seven from the commencement of 2010.  
See that?---Yes.

5

That didn't occur, did it?---No.

And then (b): "Northern Recruitment to be engaged as to conduct the 2009 election  
selection of directors." And that did happen. Did you know of Northern  
10 Recruitment?---By reputation.

Did you know that they had been used before by the control body for thoroughbred  
racing in Queensland?---No. I don't believe I did. No. No. No.

15 Did you know Mr Wilson, who was Northern Recruitment?---No. I've never met  
him.

Did you know that Mr Bentley had used him before?---No.

20 Did you know that Mr Bentley would soon have a personal matter with him?---No.

If he had revealed to you that he also had a personal matter with Northern  
Recruitment, would it have been your vote to appoint them as the independent  
recruitment agent?---Probably not. No. No.

25

Okay?---No. No.

So if you turn over to 14 – 114 , please, you'll recall that the resolution of the  
meeting was to write to the government – meaning the Office of Racing – to  
30 ascertain commercial intent, wasn't it?---Sorry. Yeah. Yeah. Yep. Yep. Yep.

Yeah?---Yep.

35 So I'm right, aren't I? The resolution of the Product Co meeting was to write to the  
government to ascertain the commercial intent, wasn't it?---Yes.

Okay. And this is your letter, writing to Mike Kelly, isn't it?---Yes.

40 You take your time. I didn't mean – I'm sorry for rushing you. Tell me when you're  
ready?---Yes.

45 In the third paragraph it says, "In the light of this longstanding agreement and the  
recent legislation passed by the Queensland Government requiring all wagering  
operators using Queensland race information to be authorised to do so, conflicting  
views in relation to the commercial intent of the agreement and the impact on the  
agreement with the recent introduction of race information legislation has arisen."

The relevant legislation was the interstate legislation, not the Queensland legislation, of course, wasn't it?---Yes.

5 And then just turn over to the next tab as – 115, please?---Yeah.

Now, this is what is titled a draft response - - -?---Yep.

10 - - - to Tony Hanmer from Michael Kelly, and that's the man, isn't it, at the Office of Racing?---Yes.

Okay. I'll let you consider it and then I'll ask you a question, please?---Right.

15 Office of Racing was the arm of the Queensland Government that had the role of regulating the industry. Did it?---Yes.

And in particular to ensure that the control bodies, like Queensland Racing, were complying with their obligations under the Racing Act?---Yes.

20 Do you know why Mr Kelly wrote to you with a draft response?---No.

Well, what he seems to say is he wanted to make sure it answers your question. See that?---Yes.

25 Well, that's the only decision to be made, isn't it? Does it answer the question – isn't it?---Just seems to be - - -

In the first line it says, "Just wanted to make sure it answers the question asked"?---Yes.

30 Okay?---Yeah.

It did answer the question asked, didn't it?---It seems to. Yes.

35 Yeah?---Yep. Yep.

But you didn't want him to send it yet despite that, did you?---I don't recall.

Okay. If you turn over to the next one, which is 116?---Yeah.

40 This is an email from you to him, and you c.c. Carol Perrett. "Draft response" is the topic: "Dear Mike, thank you for your draft and speedy response. Can we just hold this for a couple of days while I make a couple of calls." Now – see that?---Yes.

45 Okay. Now, the question he asked you was did it answer your question. Why are you delaying to make a couple of calls, please?---I've no idea. I know I went away that – that Easter. It was Easter.

Well, it couldn't be that, because the delay is for calls, not for Easter. You see?---Yeah.

Okay?---Yeah.

5

So who would you be calling about his draft response?---I don't know, counsel.

Mr Bentley?---I don't think so.

10 Did you send it over to him to ask him did it suit his purposes?---No, because there'd be a copy if I had done.

Okay. Did you then call him and read it out to him?---No.

15 Well, you're saying that with some force; does that mean "I definitely would not have done it"?---Definitely would not have done so.

Okay. Why not?---Because there's a conflict.

20 But there's no conflict. He's just getting the information that Mr Kelly's giving you?---There's no reason to call Bentley at all.

There's no conflict in receiving the information, Mr Hanmer, is there?---There's no reason to call him at all. He was not involved.

25

I see. So who was it that you were calling?---I actually don't know, counsel.

I see. Well you see, when you don't know and you can't think of anything, it tends to leave a vacuum that people might be fill by drawing an inference it was somebody else who was interested in what the response was from Kelly?---I can't recall who I rang six years ago.

30

Was it Tatts?---I - I can't recall. I - - -

35 Okay?--- - - - seriously, I - I don't know.

You said earlier in one of the answers to my questions that you had some lengthy discussions with Tatts about the issue of the deduction. Now, you're nodding to me; aren't you?--- Yes, yes.

40

Okay. Now who did you discuss this with from Tatts?--- It would've come up in a conversation with one of the two contacts we had at Tatts which was either Fletton or Taylor.

45 Flett or Tamer?--- Fletton or Tamer

COMMISSIONER WHITE: Yes.



MR BELL: Fletton or Tamer.

5 COMMISSIONER WHITE: Perhaps you might spell the second name because the court reporters might not know how to spell that?--- T-a-m-e-r and Fletton is F-l-e-t-t-o-n.

Yes, thank you.

10 MR BELL: In that – and when did you have those discussions, please? Put it in relation to when you first saw Grace’s legal advice, if that helps you. Before or after that if you can?--- It’d be after the Grace advice.

Okay. Was Grace’s advice being received the reason for the call?--- Yes.

15 Okay. And in that discussion, or – I’m sorry. Do you recall who you discussed it with of those two people?--- No, I don’t.

Okay?--- No.

20 Do you recall the substance of the discussion you had more than what you’ve said?--- The issue of the gentleman’s agreement of the ending of it was a subject of discussion that we’d had with UNiTAB.

25 Okay. Very good, and I understand what you’re saying. Because the effect of getting rid of the gentleman’s agreement would mean that Tatts would be charged for using race information of New South Wales?--- Correct.

30 And therefore, that was the reason why it would cause Queensland Racing an issue too?--- Yes.

Okay. And in that discussion with one or other of those Tatts representatives, you discussed that you had legal advice from Mr Grace that was to the contrary of what they were doing in relation to deducting?--- I can’t recall the conversation – the details of the conversation.

35 But that was the topic; wasn’t it? That was the only thing to discuss because you had earlier anticipated that this was always going to happen, and it did happen. There’d be no reason to discuss anything?--- No, we had strategy meetings twice a year as part of the agreement. And there were a number of items discussed at the  
40 strategy meetings.

Okay?--- And the gentleman’s agreement or ending of it, of course, was one of them.

45 Okay. What about Grace’s advice?--- No.

I thought you said before you did discuss Grace’s advice?--- No.

I might've been wrong?--- No, I said specifically I did not discuss Grace's advice with them.

5 Anyway - - -?--- That would be entirely inappropriate.

It would - - -

COMMISSIONER WHITE: But am I correct in saying that you had this particular discussion, the subject matter of which you're not too sure about except it was the gentleman's agreement, after you'd received Mr Grace's advice in November 10 2008?--- Sorry, Commissioner. We had regular discussions as part of the process  
- - -

15 Yes?--- The strategy meeting. And one of the general items on it was the gentleman's agreement, way before it ended. So it was a regular, ongoing thing.

MR BELL: No, you didn't answer the question.

COMMISSIONER WHITE: But the time – it's the timing. Because you may – I 20 think Mr Bell asked you, "Did this conversation that you've made reference to with Mr Felton and Tamer occur after you received Mr Grace's advice?--- Specifically after, yes. Yes.

25 Yes, thank you.

MR BELL: Now, I was referring to the email from you at 115, document behind divider 115. Do you have that, please?--- That's the draft response.

30 This is his draft - - -?--- Yes.

- - - response to you, yes. And then if you turn over to 116, we were talking about the fact that you had written this email back saying, "Can we just hold this for a couple of days?"?--- Yes.

35 Okay. And I take it that whatever the calls were that you have contemplated then making, it was appropriate to wait for them to happen before you received what he told you he was going to write?--- I presume so, yes.

40 Have you got any idea what it was?--- I have no idea at all, no.

Right. And then go to 273, please?--- Yeah.

45 Kelly writes back to you, "Will do. Let me know when to send it." That's very friendly, is it not, from the regulator to the regulated?--- It's just – it's a response, yes.

But it's friendly?--- Yeah.

So he's doing what you want; isn't he?--- He's just responding.

No, but he's doing what you want; isn't he?--- Yeah.

5 Yeah. And then 274 – I'm sorry. Yes, 274?--- All right.

“Roger that” he writes back to you?--- Yes.

So that's very friendly?--- Yes.

10

I'm sorry, the other way. I got that wrong. What happens is you write back to Mr Kelly and say, “Roger that”?--- Correct.

So you're very friendly too to him. That's right; isn't it?--- Yeah.

15

Yeah. And so your relationship with Mr Kelly was quite close; wasn't it?--- Just approaches an appropriate relationship.

Well, that's your judgment. But we've got to judge that too; you see? So I'm  
20 - - -?--- Yes.

- - - asking you. You had a close relationship with him; didn't you?--- Well, no. I mean, I saw him three times a year.

25 Okay. What's appropriate?--- A business relationship.

No, not business. This is with the regulator, the government?--- Right.

30 You said appropriate relationship. What is appropriate?--- Appropriate would be a legitimate relationship with the regulator.

I see?--- Or with the Office of Racing.

Like saying, “I've asked you for your position, your advice on this”?--- Yeah.

35

“But hold it a second.”?--- Yeah.

“Don't give it to me yet. Roger that.”?--- Yep.

40 That - - -?--- Yeah.

That's appropriate, you think?--- I think it's the way I speak. It's - - -

45 Then turn over to 117, please. And then it comes. This is the letter he sends you, dated 28 May 2009. I'll let you have a look at it, you tell me when you're ready?--- Right.

So this is his response to your request to provide advice about the commercial intent etcetera; isn't it?--- Correct.

5 Okay. And in the third line, "I would recommend that Queensland Race Product Co obtains its own legal advice on the issues you have raised."?--- Yes.

Did you get legal advice on those issues?--- No.

10 So you rejected this advice from the government; did you?--- Yes.

Did you do it at board level?--- This letter was prepared for the board and sent to the board.

15 That's not an answer to my question. Did you do it at board level?--- Did I do what at board level?

20 Reject this advice to get legal advice. The advice from the government which said, "I would recommend that Queensland Race Product Co obtains its own legal advice." Was that rejected by the board?--- I – I'm sorry, I'm slightly at odds with your question. Can you phrase it differently?

Okay, that's fine. I understand. This letter evidences the fact that Mr Kelly, who's the head of the Office of Racing - - -?--- Yes.

25 - - - is recommending to the chairman of Product Co - - -?--- Yes.

- - - that Queensland Race Product Co obtains its own legal advice on the issue?--- Right, yes. I agree.

30 Okay. You've said that no advice was obtained, I understand that?--- Yes.

35 My next question was, "Was this advice rejected?" And you said "yes". And my question then was, "Was it rejected by the board or by the chairman?"?--- By the board.

So was this letter taken to a board meeting, and the board meeting made a decision about it?--- I believe so, yes.

40 I see. Well, in due course if you can help me find some record of that, that would help me?--- About the - - -

You don't have to do it. You don't have to do it?--- About the letter being delivered to the board?

45 Just listen to me. You don't have to do it right now. If you can ever do it in the next month, that would be helpful?--- And can I ask exactly what you require of me?

5 What I'm asking you is do you recall that there was this letter taken to a board meeting where there was discussion about whether Queensland Race Product Co would obtain its own legal advice? And the board meetings – the members of the board resolved not to get it. Not to get legal advice, I mean. Do you recall that?--- I recall the letter being presented at the board meeting, but - - -

Okay?---Can I come back to you on that.

10 Of course you can. Of course you can.

COMMISSIONER WHITE: Yes. Yes, indeed. You can.

15 MR BELL: We'll go through these documents and we may come to it. Mr Wilson's suggesting we will. Now, 118, please. This is a meeting of the 4<sup>th</sup> of June of Product Co. You see that?---Yep.

Okay. And then if you look under 1.3 - - -?---Right.

20 - - - clause 2.1.3: Product and Program Agreement?---Yep.

“Delete paragraph: Mr Lambert and Mr Andrews noted that they fundamentally agree with the advice provided by Mr Grace and as such, action should be taken against UNiTAB.” That was to be deleted - - -?---All right.

25 - - - and insert in lieu thereof: “Lambert and Andrews noted advice from Mr Grace – if correct, raised fundamental issues that needed to be formally resolved either by senior counsel's advice or by obtaining advice from government with its intention of the Product and Program Agreement”?---Yes.

30 Okay. Now, in the – was there discussion about that change at this board meeting - - -?---Oh, yes.

- - - to the earlier minutes?---Well, yes. It was moved by Mr Andrews.

35 Yeah. And was Mr Andrews and Mr Lambert, or one of them, saying that the board members' own views weren't relevant? What was relevant was that there was legal advice on the table already and we should get senior counsel's advice to ascertain the situation?---They were correcting the former minutes. Yes.

40 But the substance of what I said is right, is it?---Yeah. Yes. Yes.

Okay. Now, I think – just bear with me one second, please. Point – about halfway down the page – 2 of those minutes?---Yep.

45 You see “2.1 Formal Response – Mike Kelly”?---Yep.

“The board noted that correspondence sent and received. The board agreed that Mr Kelly’s letter did not provide the view of government in relation to the commercial intent” - - -?---Yes.

5 - - - “when first drafted and did not provide the current legal views of government”?---Yes.

“The board resolved that (a) the chairman meet with Mike Kelly and (b) the chairman send a further letter to Mike Kelly.” See that?---Yes.

10

Yeah. Now, anywhere on that occasion at that meeting, do you recall anybody saying or resolving, “Let’s not get legal advice. Product Co should not get legal advice as suggested by Mr Kelly”?---I don’t recall that.

15 Certainly not in that minute?---No.

Okay. And would you mind turning over to page – to the document behind divider 119, please. I’m sorry. Could I take you back to one thing. Just have a look at this email for me, please. You recall what this email’s about, Mr Hanmer. Is – I was asking you about who it was that you might wish to call in relation to delaying Mr Kelly sending you a letter. Do you remember that – those questions?---Yes. Yes. Yes. Yes.

20

Okay. Just have a look at this?---Yes.

25

This looks like an email from you to Shara Murray of the 3<sup>rd</sup> of April?---Right.

“Draft response: Shara, can you give me a call. This is Mike Kelly’s draft response, so we do not need to send it to Product” – and it’s got a small “o” dot – “at the present time. I’ll talk about it” - - -

30

COMMISSIONER WHITE: “I’d like to talk about” - - -

MR BELL: I’m sorry. “I’d like to talk about it.” You see that?---That’s obviously supposed to be a c in front of the o there as well.

35

Okay.

COMMISSIONER WHITE: Yeah. I think so, Mr Hanmer. Yes.

40

MR BELL: Did you say “c”, Commissioner?”

COMMISSIONER WHITE: “Product Co,” that’s all. It’s just - - -

45

MR BELL: Oh, the “c” is missing.

WITNESS: Yes. I – yes. I - - -

MR BELL: Yeah. No. Well, I was - - -

COMMISSIONER WHITE: Just Mr Hanmer is very carefully adding the “c”.

5 MR BELL: Yeah. No. I was just trying to be accurate and not put in anything?---No. I missed the c. I - - -

If you put in anything you get into trouble here, you see?---I’ve noticed.

10 Okay. So what happens here is it’s Shara, at least, that you wanted to talk to about it, or that you’d like to talk to about the matter?---Yes. Yes.

Okay. But my point is to ask you – “We do not need to send it to Product Co at the present time.” Why would you delay giving it to your co-directors, who are very  
15 interested in this information – or would be very interested, because they’d resolved to get it?---I would assume it’s for Shara to review.

Yes. Okay. Why would she review the advice that the government was giving back to the board of Product Co?---Because she was our legal – she was our in-house  
20 counsel.

I know, but why would you allow that? Why would you allow your lawyer to review the advice you’d sought and he wanted to give you?---Well, I mean if I hadn’t done I’d have been – yeah – false. So - - -

25 Okay. Let me see if I can make it easier, Mr Hanmer. Look at this: that means that when I ask somebody in government what are they – what is the position in relation to your – the government’s commercial intent, you’re saying that before I accept their response telling me the answer, I get my lawyer to look at the draft response. I  
30 don’t get that. Could you explain that to me, please?---Simply me – me being cautious.

No. What it means is if Queensland Racing’s lawyer thought it might damage something, somebody’s intent, she might say, “Well, don’t get that delivered,” or  
35 something like that. Is that what you intended to do?---No. No. It’s just simply me communicating with members of the executive on decisions.

Okay. No. It’s the opposite. It’s you saying, “We do not need to send it to Product Co.” That’s the opposite of communicating with your members of the board?---It’s  
40 in – it’s the draft response.

Correct?---Yep.

45 Isn’t it? It’s the opposite. It’s preventing them having the information until you speak to Shara?---Yes. Correct. Yeah.

Okay?---Yeah. Yeah.

Well, that's different, isn't it? If you're open about things and Kelly writes to you, you say, "Thank you for the – yes. Just send it," and you get it straight to your board members, don't you? Why would you do anything else?---I just think I'm being cautious and showing probity by showing it to our legal counsel.

5

Anyway, in the email you record, "I'd like to talk about it" – to Shara. That means that you wanted to talk about the content of it?---Correct.

Okay. What did you want to talk to her about?---I – I just have no idea. Seriously, I have no idea at all.

10

Was it about - - -?---This is the first time I've seen this. This note has no – you know – no.

Well, it's the first time you've seen it after the time you wrote it?---Correct.

15

That's what you mean?---Yeah. Yeah. It's - - -

Okay. Just turn over to page 120, please?---Right. Yep.

20

Just have a look at this one for me, please. This is a letter from Cooper Grace Ward, 5 June 2009, to you?---Yes.

Okay. How did you get approval to spend legal fees to have him draft this, please, Mr Hanmer? You know how you were saying you needed approval?---Yes, indeed.

25

Okay. Now, you needed to go to Harness and you needed to go to Greyhound to get approval, as well as Queensland Racing, to engage Mr Grace. How did you do it with this one?---Had the engagement we talked about this morning been activated at that time?

30

Yes?---Right.

I'm waiting for you. Tell me this. You see, before you go to Cooper Grace and Ward, you told me that you have to clear that with Harness and Greyhound and all the different people on Product Co board before you can spend any money. Okay. Did you do that before engaging Mr Grace to write this letter?---Well, Mr Grace is actually in a current engagement with us at this time.

35

No?---No?

40

Nothing to do with this letter. Help me understand that, because you made the point before very clearly to the commission that that was one of the impediments, you see - - -?---Correct.

45



- - - about getting advice. Right. Now, on this one – tell me. Did you get approval from Greyhound, Harness and Queensland Racing to retain Mr Grace to do this?---No.

5 How could you do that? How could you spend their money without getting it approved by the board, Mr Hanmer?---Yeah. I have no answer.

There isn't an answer, is there? Let me show you something else about it. So what it is is you have asked him – because he says “as requested” – you have asked him to  
10 draft a letter that you were going to write to your fellow directors of Product Co. That's right, isn't it?---Yes.

Yes. So it's not really, at all, a retainer by Product Co. It's a retainer by the chairman as to what he should write to his fellow directors, isn't it?---Right. Yes.

15 Okay. Well, there's no, “Right. Yes”; it's “Yes”, isn't it? You accept that, don't you?---Yes. Yep. Yep.

Okay. Now, let me understand something before I look at this letter further. Why  
20 are you writing letters, formal legally-drafted letters, to fellow directors, Mr Hanmer?---I don't know, counsel.

Well, let me try and explain to you so it's really clear. You just need to look at what the draft says: “Dear fellow directors, I refer to the legal advice given by Cooper  
25 Grace Ward to Queensland Racing Limited concerning the application of the 2008 amendments to the Racing Act to the Product and Program Agreements and its implications for that body.” See that part?---Yep.

30 “The legal advice was given to Queensland Racing Limited and not to Queensland Product Co as it stands – and as it stands, Queensland Product Co is not in receipt of any legal advice in respect of its own position or the position of any other control bodies.” Now, so far you have told us over and over that that point was irrelevant?---Yes.

35 Why are you getting a lawyer to say it again for you, please?---I'm – I'm seeking clarification.

No. You're not?---Yes. I am.

40 No. You're not. You're asking him to draft a letter for you to make the same point you've told the commission over and over is irrelevant. Why?---I'm seeking clarification.

45 No. You're not. That's not good enough. Try again. That's rubbish. This is drafting a letter so you can send it to all the other directors which is about a point you said is irrelevant. The fact that it was written, on the top left-hand page, to Queensland Racing and not Product Co, and you're going to make it again. You're

even spending lawyer money to get it drafted. What's that about?---There had been discussion, as we said before lunch, about this issue, about the legal advice being from Racing Queensland.

5 That's no answer. Have another go?---Well, that's the reason.

That's not a reason. Why don't you try again and think about what I'm asking you? You've gone into Mr Grace or rung him – no. You've rung him on the telephone, looking at the first line. You've said, "Hi David, could you please help me draft a  
10 letter that I can write to the fellow directors about the legal advice you gave and the fact that it was addressed to Queensland Racing and not to Product Co, please?" or something like that. That's what you did?---I have to assume there'd been discussion in the board about the ownership of that particular piece of advice.

15 But it's irrelevant. You've told me over and over and over. I don't need to go back there. I'm not going to go back there. Now, that's an irrelevant point you've said – to you and to everybody else. So why are you doing this if it's irrelevant?---Well, Grace's letter is quite clear which is I'm seeking clarification. We need to be absolutely certain where this advice sits.

20 I'll show you something astounding about this letter. Really astounding and you'll really have to explain this clearly. See in the last two lines of his second paragraph, he says, "What you should say Tony", in effect, "We should seek that advice as a matter of urgency and I seek your concurrence with the proposal to obtain it." See  
25 that part?---Yeah

You sure you got that?---Yeah.

30 That's what he tells you to say. And guess what – you take that part out. Do you want me to show you?---Please?

Do you remember taking it out?---No.

35 Why would you have taken it out if you did?---May I see the letter?

Yes, definitely. 326 please in the supplementary bundle. If you look at this page, you'll see at the second half of the page, you'll see a letter from Shara Murray to the secretary, which is to Mr Ludwig, cc Tony Hanmer, sent on behalf of Tony Hanmer. See that part? Are you with me?---This is from Michael Kelly and it's from me.

40 Hold on. Let's start again. Has he got the right page, please? It's at 326?---Yep, yes, yeah.

45 Yes. Okay. Now, look at halfway down the page?---Right. Sent on behalf of Mr Tony Hanmer.

Yes, that's it. So that's on your behalf, isn't it?---Yes.

Okay. Now just have a look. It says, "Dear fellow board directors", and I'll let you read it?---Right.

5 Okay. Turn over the page?---Yes, did that.

And it finishes with the sentence, doesn't it? "On this basis the letter supplied to QRL from CGW was for information of a general nature only."?---Yes.

10 Smokes. That's different, isn't it, from what Mr Grace told you to write?---Oh, yes, yes, yes.

Okay. Why?---I'd just assume it was cut and paste and I missed it off the bottom.

15 No, no, no, no, no, no. Forget about the cut and paste. Talk about the substance. He tells you, "Right, we should seek that advice as a matter of urgency." And you change that so on this basis the letter supplied to QRL from CGW was for information of a general nature only. Very, very different. Why?---Just assume that when I cut – assume when I cut and paste I guess I may have missed a bit out.

20 Okay. I'll now come to the real point. You didn't want to send a note to the board of Product Co that Mr Grace suggested that they should get legal advice urgently. You didn't want that note to go, did you?---I should've sent the – Mr Grace's note – the whole note.

25 We know that – we know that now?---Yeah, yeah, yeah, yeah.

But now sitting there in the witness box I want to know why you didn't do it at the time?---I don't know.

30 Well, let me help you try and understand. The first reason might be that you didn't want to get the legal advice so you weren't going to send a letter saying to the board, "Let's get legal advice urgently". That's a start. Am I right That's not a bad start?---No. My mind's been open for legal advice as previous correspondence has shown.

35 Come on, Mr Hanmer. Help me with the reason why you chopped out that part of Mr Grace's letter, please?---I just have to assume that when I cut and pasted - - -

40 Don't assume anything?---Well, okay.

Tell the truth about what the reason was? That's a good start. Tell the truth?---I'm under oath. I'm telling the truth.

45 You certainly are?---Yes. That's very important to me.

So in doing that under oath – what you chopped out was, "We should seek that advice as a matter of urgency and I seek your concurrence with the proposal to obtain

it.” You chopped that out. There’s only one conclusion one can reach and that is you didn’t want to propose that to the board at Product Co, clearly – did you?---I disagree. I feel I made a legitimate mistake.

5 Are you serious, Mr Hanmer? Is that your serious answer?---That’s my serious answer, yeah.

Okay. Look at the one you wrote, “On this basis the letter supplied to QRL from CGW was for information of a general nature only.” Are you really going to sit there  
10 and say they aren’t different, Mr Hanmer?---I said they were different, yeah.

Okay. Tell me why you wrote one and not the other?---As I said, I think I must have cut and pasted it and left a lump off.

15 Okay. I’m talking about motivation not typing. Please talk about motivation?---No motivation.

What’s your motivation to change the letter, please? Last time. This is your last chance to answer it. What was your motivation?---I think there’s been an error.  
20

Thank you. We’ll turn to the next document. Would you turn over please to document 121? I’m sorry. 122 I should say, please. This is an email from Mr Lambert to you and he cc’s Mr Andrews on the 12<sup>th</sup> of June 2009?---Yeah.

25 Doesn’t he?---Yep.

And the part I wanted to ask you first about please is, he says, “Whilst there is no client relationship between Product Co and GW, the issue still remains.” Now, he’s talking, isn’t he, about your point made in the earlier letter that you sent to each of  
30 the directors that it was Queensland Racing that retained Mr Grace to give the advice and not Product Co?---I don’t know who GW is.

COMMISSIONER WHITE: How about trying for Grace and Ward – just the last two initials of the - - -?---Because I – I may have a wrong copy of it because I – my  
35 sixth line ends up, “He can refuse to respond as well as all we are asking is what.” And it ends – is there – should there be something else?

Could you check to see that Mr Hanmer has the - - -

40 MR BELL: No. He does. He does.

COMMISSIONER WHITE: He does.

MR BELL: But it’s unfinished. We don’t have the second page either. I wish I did.  
45 But that’s not to the point. Let’s talk about the second sentence. We’re not going to run away from it. “Whilst there is no client relationship between Product Co and

GW, the issue still remains”. Because, you see, you’ve just made in the earlier correspondence that we’ve just been talking about?---Right.

5 Your irrelevant point again – you know the point you said was irrelevant under that one?---Yeah, yeah.

Want to go back and have another look? We’ll go back and have another look?---No, no. Keep on, Mr Bell.

10 Okay. If you go back one document, that’ll help you. If you go back you see there you finish this email by saying on this basis – sorry, in the second paragraph of this email it records you saying – or it says, “The legal advice was given to QRL not Product Co.”?---Oh, yeah, yeah.

15 And as it stands, Product Co is not in receipt of any legal advice in respect of its own position or the position of any other control body. On this basis the letter supplied to QRL from CGW was for information of a general nature only”?---Right.

20 Now, if we turn over?---Yeah, I see, yeah, yeah.

We see Lambert agitating, “While there is no client relationship” – which is the point you’re making?---Yep.

25 “between Product Co and GW, the issue still remains”?---Yes, yes.

Okay. Now he’s making the point you’ve made to me a few times under oath here earlier, it doesn’t matter. It’s a silly point?---Exactly.

30 Why do you keep making it? Want me to help you?---Go ahead.

35 The reason was you didn’t want to get legal advice because you knew what it’d say. You already had legal advice. You understand well what it said. You weren’t in any doubt what the legal advice position was. Lawfully, Tatts couldn’t do what they were doing but you didn’t want that confirmed. See? That’s the reason, isn’t it?---Well, I don’t think so, no.

Okay. What is the reason? If you’re denying mine, you tell me yours?---Michael’s – we’re back on Michael’s note of the 12<sup>th</sup> of June.

40 Mr Hanmer, you take as long as you want. We can have a break if you want to take your time to read it because this is very important, you see. Would you like some time?---No, no. I think what I’ll do, if I may, is to review this and get back to you because there’s some strange timelines and I – if that’s okay. Could I – could I do that?

45 COMMISSIONER WHITE: You can - - -

MR BELL: You can do it for sure. You're going to have lots of time after this and the commission's invited you and everybody else who wishes to put in a further statement later?---Yeah. I don't - - -

5 Let me make clear to you that you've given no response to my answer – my proposition that your motivation was you didn't want any legal advice because you already knew what the legal position was, because you understood Mr Grace's advice?---Well, I disagree with that.

10 Your position was a commercial-intent position. You didn't want it rammed down your throat again that the legal advice would tell you you had to do something, and by not doing anything, you were preferring Tatts just the way Mr Bentley would have wanted it and the people you spoke to at Tatts. They would have wanted that too, wouldn't they?---That's a – a huge leap, and frankly - - -

15 Well, it's true, isn't it? That's what they - - -?---It's not, no, no.

Well, it's in the best interests of Tatts. You can't blame them?---But I'm not interested in Tatts' interests at all.

20 Well, I'm not sure about that?---Well, I am.

Well, why didn't you act on Mr Grace's advice, Mr Hanmer, as chairman of the board of the company that had that obligation to do it?---Well, as I said before, I was simply one of a board of directors who consensually decided not to act upon it.

25 Okay. Pass the ball onto somebody else. Is that it?---No. That's the – that's the way boards work.

30 Okay. Talk about you?---Boards are collegiate.

I'll give you one more go on this too. Talk about you. Why didn't you move a motion? “We should do something about Mr Grace's advice and get a QC's advice, even”?---Because it wasn't necessary, in my view, and Mr Lambert could have done the same at any time.

35 Okay. Very good. Thank you. Would you mind turning over to 123, please?---Right.

40 This is an email from Michael Lambert to Shara Murray, but you are cc'd on it. Do you see that? Do you see that that's who it's addressed to, Mr Hanmer? See your name up the top there on the right?---Yeah, but it's not my - - -

45 “Cc Hanmer”?---Yeah. It's not my email address, though. I have no Queensland Racing email address. Mine is a Hotmail. Anyway, carry on.

Okay. So read the email?---I'm not executive director. I don't have a Queensland Racing address.

5 Okay. You read the email, and then we'll ask you whether you recall getting it?---Okay.

Do you remember getting it?---No.

10 Okay. The proposal is, is it, that this be brought back onto the table by Mr Lambert? Is that the proposal?---Yep.

Okay. This came to your notice, Mr Hanmer, didn't it, that he wanted it back on the table?---Yes, but I never received this note.

15 Okay. But Shara brought it to your notice that Lambert, in June 2009, wanted it back on the table, didn't - - ?---Yeah. Absolutely, yeah, yeah, yeah.

20 Okay. So you know how long we are now? We're seven months – seven months. Okay? \$4 million. \$4 million hence. Still no action. Okay. And look at your email. If you go to 124. Now, I just want to talk to you about this email?---Yep.

This is by you, isn't it, with your Hotmail address? See that?---That's – that is mine, yes.

25 Yes. And who are you writing to?---To Shara Murray, but copied Bob Bentley.

Yes. Now, Bob Bentley?---Yep.

30 What's that about?---He's chairman of RQ.

Yes. But is there a reason you might not write to him about this topic?---Well, there's no determination involved. It's simply information.

35 Yes. Okay. Why? Why would he want to know what Product Co are going to do at their next board meeting, Mr Hanmer? You never included him, remember?---No, because it refers to the board of - - -

Did it slip your mind?---It refers to the board of QR here.

40 No, no. Have a good look. This – you're talking about Product Co?---Yep.

Lambert wants to bring it back onto the table at Product Co?---Sure.

45 Okay. Now, why are you writing to Mr Bentley about the business of Product Co? You're the strict guy about conflict. Please explain that?---Yes, because the second paragraph refers expressly for it going – going – going to QR. So the second half in that is all about Queensland Racing.

Are you serious?---It is.

Are you serious in saying that? Okay?---But it is.

5 Okay. Let's have a look at what you do write. "The attached note from Michael is self-explanatory." That seems to suggest you got the note, doesn't it?---Yeah, it does, indeed, yeah, yeah, but it's not addressed to me, so - - -

10 Okay. "I have told him that I will not be speaking to Mr Kelly on behalf of Product Co about the subject Product Co require advice on where we do not have an issue to report back to a board that have been told that we have no agreement to have advice upon." Now, so far, is that the truth at this stage?---I think so, yes.

15 No issue? There's no issue? Is that the truth?---Issue refers to a subject. We don't have a subject to report back to a board.

20 "This catch-22 situation is at an end as far as Product Co is concerned." Okay. What's that mean?---By this time, all that information was being transferred over to the individual boards.

No. The real point is this: Lambert, who's a director of Product Co - - -?---Yep.

- - - wants to bring a topic up for discussion at the meeting?---Right.

25 And you write "is at an end as far as Product Co is concerned". See that?---Yep.

Okay. How can you do that? How can a chairman say no to a director if he wants to bring something up? Can they do that? Mr Hanmer?---No.

30 Can they do that?---No, no, no.

Why did you think you could do it? And the worst part is you're not even telling him?---Telling - - -

35 Lambert?---Lambert.

You're telling Bentley. You see? You see that?---Yep.

40 It's interesting, isn't it?---Yes, indeed.

Particularly in light of the fact that you said, "Because Bentley had a conflict, I never told him anything about Product Co business"?---No. I said there was no determinations made. It's a terribly important - - -

45 Did you? Did you?---Yes.

Did you? Okay?---The reports of the board meeting were simply that.



5 Okay. Let's go on and see what else you said. "But you will now see that Michael wants to do it all over again with QR. Now, in the unlikely event that this does get on the board papers, I'll probably be called upon to carry the day, so I will just need a copy of the minute from the board of QR that killed this letter as far as QR was concerned in the first place"?---Bad choice of words.

10 No, no, no. Perfect. Perfect choice of words, Mr Hanmer, for your intent. You were very articulate on this occasion. You thought that QR, Queensland Racing, had killed this letter earlier, didn't you? Of course you did. I'm not even going – that's a silly question. "From memory, the letter was presented to the board, who noted it for no further action." So what you're doing is telling Bentley, "Could you help me, Shara" – you're telling Bentley – "with providing me with the minute from Queensland Racing that killed the advice that I'm being called upon to kill again at Product Co on this occasion," aren't you?---Yes.

15 You want to kill it, don't you?---Unfortunate choice of words.

20 Well, why?---Well, because I'm simply requesting a copy of the minute from the board of QR that ended the particular issue. Killed was a very poor choice of words, which I fully accept.

Okay. But it might have accorded to Mr Bentley's ears. He might have liked that?---He might have done, yes, yep, yep, yep, yep.

25 And my point, really, in particular – my particular point is really this: that you, before arriving at the board meeting for Product Co, wanted to do the same as Queensland Racing, you believed, had done to get rid of this advice from Grace?---No, I simply – I'm asking for a copy of the board minute.

30 No. More than that. More than that, isn't it?---Well, no. It's asking - - -

35 You say, "But you will now see that Michael wants to do it all over again. In the unlikely event that this does get on the board papers, I'll probably be called upon to carry the day, so I will just need a copy of the minute from" – "carry the day" – "carry the day" in killing it?---No, carry the day – the fact that I'd be – Mr Bentley would have a conflict, wouldn't be there, and I would be. So I would – it would be my responsibility. I'd be carrying it.

40 Okay. So were you open-minded? Is this email evidence of your open mind to Lambert raising the issue again and agitating it and talking about it?---Any director can bring up any item whenever they choose. I'm simply asking for a copy of a minute. Poor words.

45 "I have told him that I will not be speaking to Mr Kelly - - -"?---Right.

“ - - - on behalf of Product Co about a subject that Product Co require advice on where we do not have an issue to report back to a board that have been told that we have no agreement to have advice.” That was your position on it, wasn't it?---Yeah.

5 There was agreement not to get advice?---Yes.

And with this - - -?---We – we had one set of advice.

10 “This advice we have: we want to kill it – get rid of it?---Poor choice of words. I shouldn't have used the words killed - - -

Okay?---I'm sure we've all done that sometimes.

15 Okay. What's a better word to describe what your intent was, looking back on it?---Terminated the event.

Okay. Terminate the event?---Yeah.

20 Okay. Would you mind going over to 125, please?---Yep.

This is an email from you to Shara and Mr Lambert?---Right.

Have you read that yet?---I have, yep. Yep, read.

25 So as far as you were concerned, the Grace advice was over; wasn't it?--- The board had agreed no further action, yes.

And did you vote in favour of that?--- We never had a hands favour, it was simply by consensus.

30 Were you in favour of that resolution?--- The resolution being?

The one you just told me about?--- The matter was completed.

35 The one you just told me about. Don't look anywhere. You told me just then “no further action.” That's the one you know I'm talking about?--- I'm seeking the item from the board papers for my own - - -

40 Don't go there. You just said to me that the board had decided no further action. That's the one I'm talking about?--- Correct.

Okay?--- Is that right?

45 You said it, not me. Now did you agree with that - - -?--- Yes.

- - - no further action? You did?--- Yes.

Okay. Could Mr Hanmer see document at 328, please, of the supplementary bundle?--- I have that.

5 Just bear with me one second, please. Yes. At 328, if you have a look at it for me, please, by looking at the end of it first. You see it's from Michael - - -?--- The end, yeah.

Sorry?--- Yeah.

10 You see it's from Michael Lambert, dated 23 June 2009?--- Yes.

And looking at the end, his recommendation. It was recommended that a letter be drafted by management to issue to the minister for racing, seeking to clarify the specific intention of the government in drafting section 10 of the PPA?--- Yes.

15 Okay. No letter ever went to the minister; did it?--- No.

No. You sent it to Kelly again?--- Well, yes.

20 Okay?--- Can I just make the point.

Yes, please?--- It was told to me that if it went to the minister, it would just go to the racing office anyway. And to expedite it, the best thing was for it to go straight to the racing office.

25 Okay. Was this a funny thing to do all over again? We've been through this thing. You've spoken to Kelly way early and he's said to you, "I'll tell you my position." Then you wrote to him, got nothing. And here we are doing it again?--- Well, I'm not. Mr Lambert's writing a very erudite letter with his concerns to be answered.

30 Did anything new come of it; can you recall?--- Come of his letter?

Yeah?--- I don't recall.

35 Okay, I'll show you?--- Yeah.

Nothing came of it again, of course. But we're now – by the time we get a nothing out of it, which was obviously going to happen because we're writing to the same person again, it was a year and a month – a year and two months where they were charging \$500,000 a month off other people's money, not yours. And you were in charge of that situation as chairman; weren't you?--- I was chairman of Product Co, yes.

45 And it wasn't your money. It was other peoples' money; wasn't it?--- Industry money, yes.

Yeah. Okay. So do you recall this memo and all this information in it?--- Mr Lambert's memo?

5 Yeah?--- I think I got a copy, yes. [indistinct] did, yeah.

Okay. Now, would you mind turning over to 333, please?--- Right, yep.

10 This is a meeting of the board of Queensland Racing on the 26<sup>th</sup> of June 2009; you see that?--- Yep.

And if you go over to page 13, in the top right hand corner under the heading 10.4 Product and Program Agreement and Race Fields Legislation?--- Right.

15 Mr Lambert previously circulated a paper on the advice QRL had originally received from Cooper Grace and Ward on the 18<sup>th</sup> of November?--- Yes.

In essence, this advice related to the distinction between the right of access to race information and the right to use that information for wagering purposes?--- Yes.

20 Mr Lambert informed the board he had spoken to Mr Mike Kelly of the Office of Racing, and on Mr Kelly's advice QRL's executive should write to the minister seeking clarification - - -?--- Yes.

25 - - - of clause 10 of the Product and Program Agreement?--- Yeah, move by me.

Yeah. But you moved that it go to the minister?--- Yeah.

Okay. Because Mr Kelly seems to have said that it was a good idea?--- Yep.

30 But that didn't happen; did it?--- I think later on, Mr Kelly suggests it goes to – straight to him because otherwise he would answer the letter anyway. And it would save time by going straight to the source.

35 That's right; isn't it? Because Lambert has informed the board that Kelly told him to send it to the minister?--- I remember Michael - - -

Kelly is telling you - - -?--- Yes.

40 - - - later - - -?--- Yes.

- - - to send it to him again?--- Yes.

45 Why would you send it to him again? That's a waste of time?--- Because I recall that Lambert wrote to me and agreed that it was best to go to Kelly.

Okay. Would you turn over to 336, please?--- Yep.

Just going over to the second page so you'll see the context, if you look at the foot of the second page, you'll see the draft correspondence is the topic?--- Yep.

5 And Shara Murray is writing to you and to other members of the board of Product Co?--- Right.

Okay. And to Mr Tuttle?--- Yep.

10 "Please find attached a draft letter to Mike Kelly of the Office of Racing in relation to the Product and Program Agreement. I advise that this draft is for your consideration and review." And then the next email up on that second page is your email back; isn't it?--- Yeah.

15 "I have reviewed Malcolm Tuttle's letter to the Office of Racing and approve of its immediate transmission to Mike Kelly as the appropriate person to whom all correspondence on racing matters should be addressed."?--- Correct.

20 That looks like your judgment was that it go to him?--- No, we had a standing process at RQ that all correspondence would go on racing matters not to the minister but to Kelly at the Office of Racing.

25 And then above that, you see that there's an email from Mike – Michael Kelly. See that one up there, right at the top? "As I have advised already, and Tony appears to have looked, Mike Kelly has advised that as the matter involves both policy and interdepartmental issues, the letter should be addressed to the minister."?--- Yeah.

"I see no reason to ignore this advice." - - -?--- Yes.

30 Says Lambert?--- Yeah.

Okay. Well he's maintaining his position there, it looks like; doesn't it?--- Yep.

And then - - -

35 COMMISSIONER WHITE: Is it possible that that should be overlooked. Otherwise it makes no sense; does it? In that first line. Would you agree with that, Mr Hanmer?--- Yes, I would.

40 Yes, thank you.

MR BELL: And then if you go over to the first page to see the last email in time, you'll see this one from Mr Andrews?--- Yep.

45 "Letter fine and send to Racing Minister as suggested by M. Kelly"?--- Yeah.

He's still – Andrews is also maintaining Lambert's position to send it to the minister; isn't he?--- Yes. Yep, yep.

So that's funny, because if you look back at yours, you seem to be dictating that it go to Mike Kelly which is in fact exactly what happened?--- I said that was our standing  
- - -

5 Yeah?--- Process. All matters – the only involvement with the minister was through the chairman. And all other correspondence had to go to the racing office.

Okay?--- Because it would go – obviously once it got to the racing office, it would then [indistinct] more to whoever was appropriate.

10

You know what? Going through this so far, it looks like you were blocking anything good coming out of this which would be to Tatts' advantage; you see what I mean? People are trying new things. Let's write to the minister. Let's get another legal advice. Let's get a QC's advice. And you're blocking, blocking, blocking for Tatts' benefit. Not for the company you represent. That's what it looks like. Is that what you were doing?--- Nope.

15

Okay. Then turn to the letter at 337, please. And you'll see this as the letter that Tuttle signed to Mike Kelly on the 23<sup>rd</sup> of July 2009. Do you see that?--- Yes.

20

Okay. And then, if you don't mind, turning over to the next one at 338?--- Yep.

This is from Mr Lambert to you, cc Andrews. "Tony, I'm writing this more in sorry than anger. I continue to be amazed at your capacity for contrariness. The classic is the long running saga of the David Grace advice on Product Co, which could've been dealt with expeditiously in late 2008 when it first arose, but which you have consistently acted in a way to frustrate the resolution of. Examples of your frustration of the process include initially denying that Product Co has jurisdiction of the issue." Did you do that?--- Nope.

25

30

Two, or the second dot point, "Seeking to exclude David's involvement with Product Co to discuss the matter." Well, you did do that?--- Yes, and Lambert wouldn't have been at the meeting.

35 Three, exclude QRL management from the Product Co meeting to discuss the matter. Well, you did do that as chairman?--- Correct.

You said – we'll have it in camera?--- Correct.

40 Four, relying upon verbal advice of a lawyer friend to argue that the matter does not need to be addressed. Well, that's true too; isn't it?--- No. Lawyer friend?

Yes?--- Mr Lette's no friend of mine. And his partner - - -

45 You didn't know at all?--- No.

Okay?--- So it was not a lawyer friend.

Okay. You're right to pick me up on the – pick him up on the friend. Next one: “resolving that as the letter from Grace was not directed to Product Co, it cannot be further considered by Product Co”. Well, that's true?---No.

5 It is true that you did that?---It was simply resolving it was the right area.

I beg your pardon?---Simply resolving it was the right place.

10 No. But you did block this on the basis that the advice was directed to Queensland Racing and not to Product Co, didn't you?---Right.

Okay. The next one: “denying that there is anything to be discussed at Queensland Racing and seeking to have it removed as a discussion item”. That's right?---Untrue.

15 You certainly did in relation to Product Co in June for further discussion, didn't you?---Yes.

You wanted to block it up?---But he refers to QRL there.

20 Okay. “Once it was discussed at QRL, writing a letter that was totally general and without specific content to Mike Kelly that he had no basis on which to respond other than by way of a letter of similar generality and lack of content”?---Completely untrue.

25 Well, that depends upon your judgment of your letter, Mr - - -?---My letter reflected exactly the desire of the board and the words that the board - - -

30 It didn't, you know. Your letter was about the Queensland legislation, which had nothing to do with the topic whatsoever?--- My letter reflected exactly what the board's requirement was.

35 Next one: “once it was further discussed and agreed at QRL, then directing, as a matter of monumental pettiness, that is revised and – that is revised and detailed letter should go to Mike Kelly, not the Minister, despite Mike's advice that it should be sent to the Minister”?---I dispute that.

40 “Hence, nine months later, we have a most serious matter with potential major financial implications and, for the board, legal implications including duties under corporations law unresolved largely, if not exclusively, because of your actions and inactions and with no clear statement of purpose or principle from you at any time.” That's pretty direct. Right?---Yep.

45 Okay. Now, when you got that, did you go and get senior counsel's advice to clear the air?---No.

Surely you did?---No.

Did you get any advice to clear the air - - -?---No.

- - - to put paid to this allegation that you might be – you particularly might be breaching your duties?---Some of the comments there were untrue.

5

Okay. And then would you mind going over to 340, please?---Yep. Right.

And then you see this is an email from you to Shara?---Yep.

10 And you say, “Shara, you will remember that I was a bit incredulous about Bob Lette advice being sent to you. You will see in my second paragraph of the note below I wrote to Michael on the 14<sup>th</sup> of December last year mentions that advice. See if you can recall the following.” And you’re looking for a copy of that advice, aren’t you?---Yep.

15

Okay. That’s the – just let me get this right. That’s the unknown lawyer who discusses it with Lette, who tells you what he said. That’s the advice you’re talking about, isn’t it?---It’s the advice from a partner of Lette’s, yes.

20 Yes. The unknown partner?---Yes, yes.

And not retained by Queensland Racing or Product Co?---No, no, no.

And we don’t know what that person was told about?---No.

25

Okay?---I believe he was shown the Grace letter.

A powerful piece of legal advice, no doubt – powerful – so powerful that when you’ve paid \$10,000 to get some from Grace, you disregard that and accept that.

30 And then turn over to 341, please. This is from Bill Andrews to you on the 19<sup>th</sup> of August?---Yes.

“Tony, I refer to my outburst on Monday after the board meeting.” Did he burst out in discussion with you after the board meeting?---This was not a RQ board meeting.

35

Well, whatever. After a meeting - - -?---Yes.

- - - did he burst out? Okay. And what did he say to you?---This was a meeting [indistinct]

40

Okay. What did he say to you?---He said he was very disappointed I hadn’t voted for him at the – the board elections.

45 I see. And then he says, “I know from my long dealings with you that you would have reached your decision based on what you felt was correct and appropriate, and I was wrong to take the line that I took. You will appreciate that I am devastated by the failure to make the shortlist and acutely embarrassed. I hope you accept this



apology which is given and we resume our relationship of good friends and mutual respect for each other”?---Yes.

5 Okay. Now, Andrews missed out on the shortlist – on being selected by Northern Recruitment - - -?---Yes.

- - - on the shortlist. Was that a surprise to you?---Yes, very much so.

10 It was a surprise that he missed out?---Absolutely.

Did you know that Mr Bentley was speaking with the recruitment agent often during the period he was selecting the shortlist?---Who was the agent?

15 Mr Wilson?---No, no, no, no, no.

Did you know Mr Bentley was talking to him constantly?---No.

20 What would your position have been, had you known about that?---Well, you mentioned before there was previous involvement with Mr Bentley and Mr Wilson, so I would have had a very jaundiced view of it.

25 But more importantly, when Mr Andrews didn’t get selected, to your surprise, on the shortlist with his great experience – and he came to contend, didn’t he, that the process had gone adrift?---Yes.

In fact, he sued about it, didn’t he?---He did, yes.

30 He went to court, and he made assertions, that is, Andrews made assertions, that he wasn’t given a fair go because Mr Bentley interfered with the process, didn’t he?---I wasn’t involved in that court case, but yes, I accept – I accept what you’re saying.

And in particular, the judge found that Shara Murray had interfered with the process. That’s right, isn’t it?---I’ve never – I take your word for it, yes.

35 Okay. But where you did come back involved was – it came back to the board after Wilson J made that finding that the process had been interfered with?---Yes.

40 And there was a board meeting where Andrews and Lambert appeared, didn’t they?---Yes.

And they were agitating against using Mr Wilson to continue the process, weren’t they?---Yes.

45 And you voted against that. You wanted Wilson to continue despite his win, that is, Andrews’ win. Why did you do that?---It’s a substantial company, Northern Recruitment. There was nothing wrong with the process as far as I was aware.

But the judge had just found there was, Mr Hanmer. You knew that, didn't you? You knew that. I'll start again so you get it right into your head?---Yeah.

5 What happened was Mr Andrews took Queensland Racing – okay?---Right.

Queensland Racing and Mr Bentley to court, and he won. And the judge found that Shara Murray had interfered with the process unfairly to Mr Andrews, and at that – after that, it came back to the board. You were at the board meeting?---Yes. Yep.

10 And at the board meeting, Lambert and Andrews said, “Look, we can't continue with Mr Wilson doing this job because, look, it's been corrupted, the process. Please, can we do another way so it's fair?” And you voted that down, didn't you?---I accept your word. I don't, frankly, remember.

15 Yes?---Yep.

Well, in fact, you did, and you followed Mr Bentley in saying, “No, we're proceeding with Northern Recruitment, with Mr Wilson. We'll get to the end of this.” See what I mean?---Right. Yep.

20

That's what happened. And the judge – another judge, McMurdo J, had to stop that again – a second stop, to stop using Northern Recruitment. You see, it looks from an outsider like at least Mr Bentley and people who voted to continue with Northern Recruitment had it in for Mr Andrews – had it in for him. They didn't want him back on the board. You're wobbling your head. Do you mean no, that's not true?---Well, personally, not at all.

25

Okay?---If I might just - - -

30 But if he was your good friend, as it looks like he had been in this email - - -?---Yes.

- - - when he won the litigation - - -?---Yes.

35 And from that you must have inferred something is unfair here for Mr Andrews. He didn't get a good fair go at this. Did you not listen to him saying, “Let's get somebody independent again who's not influenced”?---Mr Andrews did the right thing. He tested the constitution. It was found wanting in some areas.

40 No, no, no. You're wrong. It wasn't the constitution. It was perfect. It was the people involved in interfering with the process, not the constitution. He didn't challenge any constitution. He said, “Shara and Bentley interfered with the constitution working to give me a fair shot at getting back on the board.” That's what it was about, and you voted – “let's continue Mr Wilson from Northern Recruitment doing the job”. I'm trying to understand why you did that when he was  
45 your friend?---Well, he was.

Was it because he was agitating against your position in relation to Mr Grace's advice?---Oh, I don't think so. I think I should point out here, if I may, that in the board rotation process of that year, two directors were due to retire.

5 I know that?---Myself and Mr Lambert. Much to everyone's surprise, Mr Andrews nominated a year early to put himself up for re-election.

He did, yeah?---Which was a – I couldn't – an extraordinary surprise. I had fully anticipated leaving the board at that time as Mr Lambert would have done. By Mr  
10 Andrews staying it very much threw the process out. The board asked me – or Mr Bentley asked me to ascertain all the other directors' views. I told Mr Bentley that Mr [indistinct] wanted to stay and I spoke to Mr Andrews at an RQ function. He told he wanted to leave and - - -

15 Oh, please, Mr Hanmer. Let's deal with the point. Don't go back through the history of life. Please, deal with the point. The point is about Mr Andrews, you see. Twice the Supreme Court had to intervene and the second time, specifically because of a vote that you – a motion that you voted in favour of to continue on with Mr  
20 Wilson?---Right.

After Mr Andrews had been right. And Shara Murray had not been believed. She'd been found to be dishonest, you see, in that she said, no I didn't interfere when she did. The judge found she did. Now, in those circumstances you still go on and say,  
25 "Yes, we want Northern Recruitment to continue," when you know that he was a party to it, you see. He – Northern Recruitment – Mr Wilson was a party to it meaning involved in it – against Mr Paul Andrews having a fair go. And you vote again?---I wasn't aware Mr Wilson was a part of the process.

30 Yes. 343 please, Mr Hanmer?---Right.

You'll recall that where we left this before was that a letter had gone to Mr Kelly inquiring again about commercial intent, et cetera?---Yes.

35 And this looks like its Mr Kelly writing back to Mr Tuttle, "I can confirm the seat of the correspondence concerning the PPA. As you would understand the matter is quite complex as all government officers who were involved in the issue no longer work for the Queensland Government. Accordingly, reconstructing the information is not a simple task. However, we are progressing as quickly as we can and I will keep you up to date on progress." Do you remember that?---I'm not include – I  
40 haven't seen it.

You never saw it?---I don't recall seeing it, no.

45 Okay. Go to 344, please. What you write at about the same time to Mike is, "Michael, hope you are well. Just returned from a bus trip to Mumbai, Delhi. Much appreciate your correspondence on PPA. I can appreciate the difficulties of reconstruction of decisions taken a long time ago." So you're wrong that you didn't

get notice of the information because - - -?---I don't know how I could have done because I wasn't included in the note.

- - - that makes it clear that you did. Sorry?---I have no idea.

5

Sorry?---Can I just go back to that note again.

Of course you can go back. You go back?---I'm not on the list.

10 I know you'd jump on that?---Well, I wouldn't – I'm not.

I'm seeing your email saying, "Much appreciate your correspondence on PPA." See that?---Yep.

15 So on Wednesday the 9<sup>th</sup> that's Mike's. And then on Sunday the 13, this is yours, "Much appreciate your correspondence on PPA." So that you must've seen some correspondence on PPA?---Clearly, there's some correspondence. Whether it's this one, I don't know.

20 Oh, okay, Mr Hanmer?---I don't know.

In any event - - -

25 COMMISSIONER WHITE: Why wouldn't Mr Tuttle have shown it to you because, he at the direction of the board, wrote the letter to Mr Kelly so it seems the most natural thing that he might keep you informed?---Well, I – I've actually presumably been away this entire time anyway. So I've actually just come back from – from Mumbai.

30 Yes. But that doesn't – that doesn't really deal with the issue that you fairly clearly – because you can – you pick up the exact words of Mr Kelly in the second sentence of your response to him?---About the – yes, yes, I agree – I – I, but Commissioner, I just have never - - -

35 I can't understand why you're struggling, Mr Hanmer, with the acceptance of the fact that it is very likely – so likely as to be certain that you saw Mr Kelly's correspondence?---Yep. I can accept it, yes, yes, yeah.

Right.

40

MR BELL: And then if you turn over to 345, please. You'll see this is a minute of the 18<sup>th</sup> of September 2009?---Yep.

Of Race Product Co. Isn't it?---Yes, it is.

45

Okay. And then if you go to 1.3, confirmation of minutes of march 2009, "The board made the following amendments to the minutes."?---Yep.

And they resolved to amend Mr Lambert and Mr Andrews noted advice from Grace of correct/raise fundamental issues that needed to be formally resolved either by senior counsel advice?---Right.

5 Or by obtaining advice from government.” That’s what is now to be read?---Yeah.

Was everybody – I’m sorry, start again. Were Lambert and Andrews getting picky about ensuring their position was properly included in the minutes at this time?---Could you just re-phrase that?

10

Yes. When this question of changing minutes of six months ago?---Right.

Came up on the 18<sup>th</sup> of September 2009 at the meeting of Product Co?---Yep.

15 Was it your perception that Lambert and Andrews were getting picky about what was recorded about this issue back in March?---They’re just setting the record straight.

Okay. Well, that’s a start?---Yeah.

20 So they were setting the record straight and everybody agreed that, that was right?---Yeah.

Okay. Because you see they had said back then that this raised fundamental issues that needed to be formally resolved, didn’t it?---In the first line there, yes.

25

Yeah. So isn’t it funny – there they are in September raising that – that’s Lambert and Andrews, and we still haven’t got any resolution from a lawyer, have we?---No.

30 And in fact, as time’s running on, they’re both about to go. Isn’t that a coincidence? It’s a coincidence, isn’t it?---No.

The coincidence is that Mr Bentley – he taps Mr Lambert on the shoulder so he’s got to go and then for Mr Andrews – he, to your surprise, doesn’t get selected on the shortlist by Mr Wilson, who’s talking to Mr Bentley all the way through the process.

35 And when he wins the case, you vote against his motion to have a fair go with somebody else, voting for Wilson to have another go. And then the judge has to stop you again. And then Andrews is gone. So they’re both gone by December, aren’t they? In fact they left – their last – their resignations came in on the 21<sup>st</sup> of December 2009. So you were rid of them, then?---But Mr Andrews had stayed on  
40 for the other year.

He couldn’t?---Yes, he resigned a year earlier.

45 He went up for re-election?---He didn’t – he didn’t have to. He had another year to go.

5 He didn't have to. He was trying to do the honourable thing, I would expect. Wouldn't he? Is that what's honourable? I'll put up my hand and go, I'll take the risk on re-election even though I want to stay?---Well, I don't know. But the legitimate thing to have done was for Lambert and I to roll off the end which was the process.

10 Oh, Mr Hanley?---And if that had happened then it was – wouldn't have – your construction wouldn't have occurred. Mr Lambert would've left and so would I have left.

Mr - - -?---We were the two directors who were due to leave.

15 Yeah. You see Mr Andrews, who wanted to sit for re-election, didn't have to. Why would he do it if he wanted to stay – why would you do it unless you were to try to do the right thing by the other directors?---But he didn't have to leave that year - - -

20 I know he didn't have to, Mr Hanmer. You know and I know. We don't need to say that, but by saying, "I'll sit for re-election. I'll be the one of the ones that gets rotated off," he's doing the right thing by his co-directors, isn't he?---No. He didn't need to.

All right. Okay?---Because if Mr Lambert and Mr Hanmer had left - - -

25 I give up on the need to. You keep saying "need to"; I give up on that. If you don't understand being honourable to friends and other board members to take the risk, I give up in asking you the question, Mr Hanmer?---But he – but he didn't need to stand for re-election.

30 I got it. I got your point. Could Mr Hanmer, please, see in volume – folder 3, document 132, please.

WITNESS: Okay. Yes. I read that.

35 MR BELL: Have you got that?---I have. Yes.

This is the response from Mike Kelly to Mr Tuttle on the 6<sup>th</sup> of January 2010, isn't it?---It seems that way. Yes.

40 Hey, guess what? Had you asked him to delay this like you did on the other occasion back before?---Asked who? Mr Kelly?

Kelly – yeah?---No. No.

45 Well, he did do it for you before, didn't he? He delayed giving you the thing before, the letter before. Remember we went through that?---Yeah. There was no delay before the next board meeting.

No. Wait a sec. He did, when you requested him to delay giving you the advice  
- - -?---Oh, yes. Yes. Yes.

- - - he did it for you, didn't he?---Yeah. Yeah.

5

Now, let's have a look at this. This letter of the 6<sup>th</sup> of January 2010 is arriving in  
early January after Andrews and Lambert are gone. They went on the 23<sup>rd</sup> of  
December. Now, let's have a look at it. I know, because you've told me, you knew  
what Mr Kelly's position was on this. You knew from the email that it was  
10 complicated, because all the people have left the government as to what the intention  
was back in 1999. But all the same, he wrote you a letter just after they go, after – in  
the early new year, 2010: "I refer to your letter 23 July" – six months. Six  
months?---It's addressed to Mr Tuttle, not me.

15 I know it's addressed to Mr Tuttle. Six months for this answer. Let's have a look  
how good it is: "I refer to your letter 23 July regarding the Product and Program  
Agreement between UNiTAB, Race Product Co and the three racing industry control  
bodies. Specifically you seek a government view in respect of an interpretation of  
20 the agreement's provision covering the determination of consideration for the supply  
of Australian Racing Product and Queensland Racing Program. Unfortunately, I  
advise that this office, following exhaustive searches of our records and inquiries of  
relevant government agencies – including Office of Liquor and Gaming – is unable  
to provide you with any definitive view in relation to this matter in addition to what  
we have already provided." End of story. Six months for that response. Did you  
25 find that a little bit surprising?---I've actually never seen this letter, I don't think.

Okay. Do you now find it a bit surprising?---I can't comment. I mean I guess – he  
says there's exhaustive - - -

30 Well, try this?--- - - - there's been an exhaustive search.

Try this, Mr Chairman of Product Co at the time. Try this. You know that the board  
resolved to write a letter to Mr Kelly though, in fact, Lambert and Andrews wanted  
to go to the minister. But anyway, it ended up going to Mr Kelly and guess what?  
35 It's six months later, just after they've gone. He writes back, "I've got nothing." But  
you knew that from years ago?---No. I didn't. I had no idea.

You did, Mr Hanmer. You told me you did?---Yep.

40 Now, was that your intent - - -?---No.

- - - to write to the man that had no information anyway?---No.

45 And was that the person – it was the person you had a relationship where you at least  
were able to tell him to delay giving advice, weren't you?---Yes.

Yeah. And this takes six months, for this three-paragraph letter. Did you, during the six-month period, pursue him? Because we're going, remember, \$500,000 a month, so this six months is another three million now. You see my point?---Yep.

5 Okay. Now, after that letter, that window is shut. Do you go to a lawyer to get legal advice?---No.

Okay. So that means what we've got is the commercial intent investigation is done. Andrews and Lambert have gone. You still maintain your duty to the stakeholders of racing. What is the other option? I'm just trying to remember back what Grace told you the other option was, and that was to - - -?---Negotiate with UNiTAB.

10

No. That's - okay. Did that happen?---No.

15 Okay. Get legal advice?---No.

Why did nothing happen? Why did nothing happen? Was it because they had left, those two agitators?---No. No.

20 It looks that way?---No. The option was - - -

It looks that way, doesn't it? You can see why I'm suggesting that to you, that it looks that way? You see why I'm suggesting that to you?---I - I disagree with you, but - - -

25

It's pretty serious, I'm telling you, so take it seriously. It looks like you were just trying to benefit Tatts by doing nothing?---I would have absolutely no reason or benefit or reason to benefit from Tatts.

30 It looks like you were trying to do nothing because that was for the benefit of Tatts. You certainly were trying to do nothing, weren't you?---But I have no reason - - -

No. Forget about reasons?--- - - - to try and benefit Tatts.

35 You were doing nothing, weren't you? That's for sure. So if we just judge by your actions, you did nothing. You had advice from the government to get legal advice; you didn't do it. You had advice from the lawyer that said they can't do this and you've disregarded it, and then you had vice - advice from the lawyer again saying, "This is really important. You've got to do something about this to deal with it," and you didn't do anything?---A majority of the board - - -

40

I'm right about those three things, aren't I?---A majority of the board - - -

Am I right about - - -?---Yes.

45

- - - those three things?---Yeah. Yes.



Good. I was going to shift to another topic, please, Mr Hanmer?---Yes, certainly.

Could Mr Hanmer see his statement, please. It's his statement which he first gave, that is, the statement first given on the 29<sup>th</sup> of – sworn on the 29<sup>th</sup> of July 2013.

5

Do you have that, Mr Hanmer?---I have. Yes.

Thank you. This is your first statement given to the commission and I'd ask you, please, to go to page 7 under the heading "Employment Contracts of Senior Executives"?---Yes.

10

And I see in the third line you say, "I was not involved in the negotiation of their employment contracts in 2011 other than at board level when the matter was raised and resolved by the board." You see that?---Yes.

15

In your experience over the years, not just with this board but in your business experience, you must have come across occasions when staff were agitating for an increase in pay or better conditions?---Yes.

20

Have you come across that before?---I have.

Came across it before 2011?---Oh, yes.

25

Okay. And how have you found it to be the best way to deal with it? What's the first thing to do that you would normally think is smart to do?---It – it's done through the HR department.

Okay. So that's somebody in the company, in the employer - - -?---Yes.

30

- - - dealing with the employees?---Correct.

Okay. And what do they do? What's your understanding of what they do?---Well, there's a complex process through things like PDs and assessment of their staff levels and – and what - - -

35

Okay?---Yeah. And normally there's a – a remuneration committee, of course, at senior level that would then take the matter on.

40

Okay. So what that really means is that – that means one looks at what the market would dictate they are worth for the company?---Depending on their skill level, yes.

That's harsh words, I know - - -?---Yes. No. I agree.

45

- - - and that's not sensitive sort of new age stuff, but that's what we're really doing, aren't we?---I agree.

So what one looks at is a determination of what is the cost to keep them and the price to get somebody new to replace them, for example?---Yes.

5 So for example, if one particular employee was extremely ambitious in their demands when another one wasn't so ambitious, of course the company might determine through HR to not take on the expensive one. Am I right?---Yes. You are.

10 So would the first step in the process not be to determine what the demands are of the employees and what the market is for the employer?---A benchmarking process, yes.

Yeah. And the benchmarking would result in seeing what the gap is between the demand and the willingness to pay it?---Yes.

15 For example, here for Shara Murray, just using her as an example: if she wanted \$2 million a year it'd be silly because she's a second-year or third-year - - -?---Sure.

20 - - - lawyer, or fourth-year lawyer, with respect to her. On the other hand, if it came about that the company needed her services, well, they might pay more because she's been working there a long time. But we - don't you need normally to work out that process?---Yes.

25 So is it your expectation that a commercial negotiation would take place between HR or somebody in the - somebody for the company with somebody who wants a rise or wants better conditions?---Yes.

Okay. That doesn't seem to have happened here with these four staff. Did you know that?---No.

30 Okay. Did you think it had happened?---We had discussions on benchmarking their salary levels. Yes.

35 Right. But did you think a negotiation had happened?---Between the company and the - - -

The staff?---The staff.

Yeah?---Well, yes.

40 You see, because one odd thing here is that it looks like the company went to lawyers to ask them what to do. Does that ever happen in your experience? Why would you go to a lawyer?--- Very unusual, yes.

45 Okay. And if you go to a lawyer, they don't know the benchmarks?--- No.

Do they?--- No.

And they're not the people you should go to?--- No.

5 And not only that. How crazy would you think this is? Sending the staff to the lawyer. How's that?--- Well, in a situation, I could understand why a company would allow the staff to get legal advice.

No, I'm with you. I understand that. The – what you mean by that is the staff might get legal advice and the company might pay for them to get it?--- Yes. Yeah.

10 Yeah, I've got it?--- Yes.

I understand the sense of that too. But that would only be if you want to know the answer to a legal question?--- Yes.

15 Okay. But I'm talking about when the company, the employer, seeks legal advice. That's odd because why would they seek legal advice in a negotiation about price to keep somebody?--- Yep.

20 But in any event, imagine sending the staff along to the company's lawyer. I wonder whether BHP does that or your advertising company?--- No.

That's crazy; isn't it?--- Yep.

25 Because what can happen is the staff can misrepresent what they're worth, for example, to the lawyer. And the lawyer's got no idea of their value. So anyway - - -?--- Yep, I agree.

30 - - - my point is that if – and I know you don't know. But if the model was here that Shara and Mr Tuttle went along to the company's lawyer and spoke with them about their wish list, that seems odd?--- I agree.

To you too?--- Yes.

35 Okay. Now, do you remember how the terms of employment changed in this decision on the 5<sup>th</sup> of August 2011? Would you – I think I should show you; shouldn't I? What I'll do is take - - -?--- Was this a board meeting?

40 No, I'm just going to show you the agreement first to show you the changes - - -?--- Okay.

- - - that happened?--- Okay.

45 If you don't mind. It's – have you got folder 5? I'm told 217. Mr Hanmer, we don't need to go for another 20 minutes. Have you got a sore hip?--- No – it's – yes I've – just keep going, it's fine.

Are you sure?--- I was just stretching, it's fine.

Because there's no need for – you know, that - - -?--- No, it's fine. that's fine.

5 Okay. This is a – this is the – I'm sorry, let me start again. If you look at this document, at the last page you'll see – you'll see on the last page Mr Bentley's signature and Mr Tuttle's signature?--- Right.

You see them? 5<sup>th</sup> of August 2011?--- Yep.

10 And the point about why I show you that is these were what are styled the new contracts, if I can use that word?--- Yes.

15 That were offered after board approved making this offer to them – to Tuttle and the others had changes the same. We can look at all of them if you want but I just want to show you one?---No, no, no.

Now, if you go back then, please, to the first page with the typing on it with clause 2, engagement, on it. Do you have that one?--- Yeah, I've got that. Yeah.

20 And then 2.3, what - - -?--- You agree.

25 What happened was, in 2.3 new words appeared in this clause, the last two lines. Unless they amount to a material adverse change by reason of which you resign under clause 15.2?--- So previously they were the same; were they? And they changed.

Previously they were the same, except for the words I just read out?--- Okay.

30 Okay. And then in four, commencement and hours of work, what changed here is this contract – 4.1, “This contract will commence 1 July '11.”?--- Yep.

Of course, the earlier one didn't say that?--- Nope.

35 4.2, this is new. “Your service with RQL will be calculated from the date you commenced employment with RQL and not from the date of this contract for the purpose of applicable service related entitlements and benefits.”?--- I understand, yeah. I understand.

Okay?--- Yes.

40 And then, in paragraph 5.1 on the next page, you see his – Tuttle's pay is 390?--- Yeah.

It used to be 300 so it's gone up by 30 per cent?--- Yeah.

45 And then over, if you don't mind going over to the page that's got clause 15, “Termination of Employment” on it, please?--- That's at page – yeah, I've got it here. Yep. Termination, yeah.

Yep. In 15.2?--- Yeah.

This seems to be a new clause?--- All right.

5 “Within 14 days of the occurrence of a material adverse change, you may resign from your employment by giving seven days written notice.”?--- Right.

“This notice period may be waived by the chairman of the board of directors of RQL” - - -?--- Right.

10

- - - “at the chairman’s discretion.”?--- Right.

15 “If you resign by reason of a material adverse change, you will be entitled to (a) a payment of a sum equivalent to the TRV you would have been entitled to receive had you remained employed till the end of the term referred to in 2.4 of this contract, however not exceeding a sum equivalent to 14 months of your TRV.”?--- Oh, right. Yeah, I see this. Yeah.

20

Okay?--- Yeah.

I think that means that if they elect, under this, they get paid as if they’re still working for 14 months; doesn’t it?--- Yeah, it looks that way. Yes, yeah.

25

That’s a pretty good deal in your experience? Or - - -?--- Yeah.

Is that a pretty good deal?--- Yes. Yes.

30

And then “(b) severance pay, calculated in accordance with the relevant scale contained in any redundancy policy of RQL.” Any – and “(c) any accrued but unpaid entitlements.”?--- Right.

Okay. Now, an important part for our discussion, please, is the next line?--- Right.

35

“For the purposes of this clause, material adverse change means a change in the Queensland State Government, and other things.” But I just wanted to talk about that first part?--- Okay, yep. Yep.

You see that?--- Yeah, sure. Yeah.

40

Material State Government?--- Yeah.

Queensland State Government?--- Yeah.

45

What I’m thinking is that this new part put into the agreement meant that if the Labour government didn’t win the election next coming, these people could put up their hand for 14 months?--- Yep. Yep.

How – how do you – thinking back, did you have an opportunity to consider why clause 15.2 was inserted?--- I've never seen this contract at all.

5 Okay. What I did want to ask you, please, was to think about this just for a sec?---  
Yeah.

To put a clause in like that, that somebody gets 14 months if the government changes at the election?--- Yeah.

10 Would you not, to assess the value of this or the price that you're paying as an employer to the employee. Wouldn't you have to assess when the election was going to occur?--- Absolutely, yeah.

15 And the likelihood of it being lost – changing – you know, changing government?---  
Yes. Yeah.

If, for example, at the time an employer made the offer of this clause the election could be as early as three weeks away - - -?--- Yeah.

20 - - - that's sort of crazy stuff because you're giving them 14 months - - -?---  
Absolutely.

- - - option?--- Yeah, yeah.

25 Okay. Now, I wanted to then take you to tab 212, please?--- Okay, yep. Okay, right.  
Yep.

30 This is – Mr Hanmer, this is one of two or more advices that I think the board received in relation to the predicament here with these four staff. I think – I'm not certain but I think this is one of the ones that you and the other directors received. And that's why I'm asking you to look at it, to see if you can remember it. And we'll just go through a bit of it in a minute but can you recall receiving any legal advice at board level?--- Yes. Yeah.

35 Okay?--- I don't – I wouldn't know – we've received some advice from Clayton Utz, I think some advice from - - -

Norton Rose?--- Norton Rose.

40 Okay?--- But whatever advice I saw was whatever advice was in the board papers.

Okay?--- And if that's it then I saw that.

Okay, great?--- There was nothing outside.

45 Okay. This was one of those?--- Right.

That is, one of those that was – appears in the board minutes?--- Yeah, okay. Yep.

So that’s why I’m referring to it?--- Yep.

5 Just – and I know that you may not have seen that advice before, so you tell me. But this one’s dated 1 August 2011. And I can tell you the board meeting occurred next on the 5<sup>th</sup> of August?--- Right.

10 And then in the second paragraph it says, “We have previously in this context provided advice on the legal obligations that are owed by the board”, not members, “particularly under sections 181, 182 of the Corporations Act.” Now, in the board minutes, I don’t see that earlier advice being delivered to you. Do you recall seeing that note and wondering where that advice is or seeing another advice from Clayton Utz? Or did you only see one from Clayton Utz?--- No, I’m sorry to be obscure.

15 Yeah?--- I just – I know that whatever I – I wasn’t on the committee. I wasn’t involved in the negotiations. Whatever was given to the board, that’s what I’ve seen?--- Okay.

20 But - - -?--- To be honest with you, I can’t – I mean, there could’ve been two very similar. And so - - -

Okay, fair enough. See, if I look just at the minute, nowhere else in the world but the minute?--- Yeah.

25 This is one and the only advice you got from Clayton Utz?--- Right.

You board members?--- Yep.

30 And there’s an advice from Norton Rose?--- Yes.

35 One advice from Norton Rose. But I’ve read other evidence from others which suggested that the board got more than those two advices recorded in the minutes. And that’s why I’m asking you can you recall. And if you can’t recall, you can’t recall?--- My recollection would be one from Clayton Utz and I think two from Norton Rose.

Okay. Let’s - - -?--- I can’t - - -

40 Have a look at divider 202 in my book, please?---202. Okay. I’ve got that, yep.

It’s an email at the front, but don’t worry about that. Just attached to it is another advice from Clayton Utz?---201. 201, 203. Okay. Yep, yep. Okay. Yes. Fine [indistinct]

45

Okay. Now, this may not help you. I'm trying to help to see – do you recall receiving an advice with “draft” on it?---I don't think we had – in fact, I'm pretty certain we didn't have any draft advice at board level. It was always finalised.

5 Okay. So that's one – that's the other one that's referred to - - -?---What date? 2<sup>nd</sup> of June. Okay. Yeah, yeah.

You remember I was referring to the advice of the 1<sup>st</sup> of August?---Yes. Yeah.

10 Remember it said, “previously in this context provided advice”?---Yeah, yeah, yeah.

Remember I – that's the only one previously, you see, and that's why I'm asking you, but you don't think you got a draft advice?---I don't think we got – I'm pretty certain we got no draft advice at the board at all. In fact, no - - -

15

Now, the next thing is – do you mind going to 207, please?---Yep. I'm there, yep. Two zero – yep.

Thank you. This is the Norton Rose advice of the 15<sup>th</sup> of July 2011?---Right.

20

And it too has “draft” on it. Do you see that?---Yes.

Do you recall whether you received that one?---Was that in the board papers?

25 No?---In that case, I wouldn't have received it, no.

Okay. So going back to the one at – the Clayton Utz one we know you got at 212?---Yep. Got that here, yep.

30 I just wanted to ask you to go to the executive summary on the first page?---Yes.

And then you see under there he says, “Our key conclusions are that - - - “?---Yes.

35 “ - - - the proposed 30 per cent increase in salary does not appear to be unreasonable in all the circumstances”?---Yeah.

Do you recall that they did get a 30 per cent uplift?---I think they did, yes, yes, yes.

40 Okay. And just – if you don't mind reading the next one, please?---Mmm. Yeah. Okay. Right. Yes. Yep, yep.

So - - -?---I've gone right down to D.

45 Just to the end of B?---Excuse me. Yes. Okay. Yep, yep, yep.

Yes. Okay. So what Mr Clayton Utz is saying on the 1<sup>st</sup> of August - - -?---Yeah.



- - - is, in the fourth line, "Our reason for raising this point is that the timing of the next state general election is really quite flexible and uncertain. In our opinion, the next state general election could be as early as September 2011 or as late as June '12." Do you see that part?---Yes.

5

So I'm just trying to imagine you and other sitting there when you receive the proposition for these four - - -?---Yeah.

- - - to have new contracts. I'm thinking that the legal advice the company has got is that the next state election could be three weeks away?---Yep.

10

Okay. So as we said before, that factor must have been relevant in considering whether or not it was a smart idea to offer these people an exit if the election caused a change of government?---I recall the issue about the election date coming up, and Bill Ludwig, who - - -

15

You mean when you were watching the live stream with Mr Bentley the other day? Is that what you mean?---What day was that?

20

Two days ago. Were you watching the live stream when I was - - -?---Since I've been in Brisbane, I can't get the live stream at all. My iPad doesn't have it.

Have you been reading the - did you read the transcript or watch - - -?---No. I haven't seen a transcript at all, no.

25

Okay. So you don't know what Mr Bentley said - - -?---No, no.

- - - or what questions I asked?---No.

30

Okay. So you're talking about way back at the board time, are you, when - - -?---Well, we discussed about when the state election was going to be, and there was an issue about politicians staying on longer to get their superannuation, and there wouldn't be an election, selfishly, until - I think it was the February or something. They had to stay for eight years, I seem to recall, to actually trigger their superannuation if there was an election, or 11 years if they retire. I know there was an issue about superannuation, anyway, yeah.

35

Okay. On that basis, that is, that you judged that the politicians wanted to get their super, was that a relevant consideration in judging what to pay these people to stay?---No, I do recall headlines that Bligh would go to the end of the term as long as she could.

40

Okay. Okay. Well, Mr - - -?---Sorry.

45

My question is - I understand that that was in the paper?---Yeah.

But so was the sport at the back?---Sure.

What I want to focus on is, at the time you're sitting there, thinking what the right thing to do or what the right decision is in relation to Tuttle and the three others, do you recall seeing that the advice was that the state election could be as early as three weeks away?---Yes, yes, yes. Yep, yep.

5

Okay. And in that regard, did that impact upon your judgment about what was right to offer them?---It was discussed, yes. It would have done, yes.

Okay. It impacted on your mind?---Yes.

10

Okay. How did you think about that? "For - - - "?---I - I - - -

"For three weeks, what am I going to pay these people? It might not be three weeks. It might be six"?---Yeah.

15

"It might be 12. It might be as long as to June"?---Yeah.

"What am I going to pay these people?" Did that exercise your mind?---Yes, because I asked for a series of dates - dates. I think they could have gone to June - end of June, ultimately. And, yes, it was certainly an issue, certainly, yes, yes, yeah.

20

So one thing I'm thinking of is - to ask you is that if you were sitting there on the 5<sup>th</sup> of August and there was a risk that it could be three weeks away that these people would up and out, why would you give them 14 months full pay in those circumstances?---Yeah. Yeah, that's - that's a good question.

25

It's really difficult for me to understand. Could you help me, please?---Yep. Judgmentally, I didn't feel there would be an election that early.

30

Okay. So that's your answer, is it?---Yes.

Okay. So your judgment for the company was on the basis of predicting when the election would take place?---Yes.

35

Did you consider that that was in the best interests of Racing Queensland, to judge on that basis?---I - I weighed up very carefully when I thought an election may take place. That was part of my own decision-making process, yes.

40

Okay. So when was it that you predicted the election would take place?---I thought it would be at the very end - June.

Did you?---Well, I thought that she'd go all the way, yes.

45

Okay. And if it went to June, that would mean that they would be there from the 5<sup>th</sup> of August till June. That's nine months?---Yep.

And then they would leave?---If there had been a change of government.

Yes. Did you think at that time about whether or not there would be a change of government, Mr Hanmer?---Yes, I did.

5 And what did you think?---Look, I'm not politically motivated either way. 10 days is a long time in politics. I remember [indistinct] election. Why have an election if you know the result? I mean, I thought there was a very good chance that she could possibly have retained the position, yeah, yeah.

10 Okay. So it was a fair bet there wasn't going to be a change of government, in your mind?---No. I – I – look, I don't know.

15 Well, what does that mean?---Well, it means I'm not – I'm not a pollster but certainly I felt that she'd probably go, as predicted, as long as possible. Because to make up times in the polls you go as long as possible.

15 You see, that seems odd because it looks in the documents like the board were very concerned that when the government changed – not if – when the government changed they would treat the board and the staff harshly?---Yes.

20 When the government changed, I see, it looks that way, you see. It looks like everybody was working on the basis that it was going to change or at least it was a high risk that it would change and that was influencing the board's thinking?---Well, the contract's were about retaining the staff, not rewarding them. Because there was a scope of works and jobs to do that needed to be done. That was the purpose behind  
25 the contracts. It wasn't to play roulette with – with election time.

Well, in fact it was the way you're saying, playing roulette with election time because if you're offering these people 14 months pay if the government changes and they don't have to come into work. Surely it matters firstly how far the election is  
30 away and secondly what the likely outcome is?---We need to give the government certainty that we could deliver the projects that we were working on?---Yeah. But what I asked you was, surely two relevant questions are: who's going to win government and when will it happen?---Right.

35 Okay. And I'm suggesting to you that all the information in the Racing Queensland documents looks like the board were very much anticipating a change of government and brutal action by the new government. It was all in the press?---Yeah. Yes. I agree.

40 Okay. And the predictions were that the LNP would win. That's what appears to be out there. That's why the staff were worried about it?---Oh, yes, yeah, yeah, yeah.

So here we go – the staff are concerned about their security?---Yes.

45 Particularly as there's an election coming that looks like it's going to be lost, aren't they?---Yes.

5 Yes. And so what does the board do? It allows them to go home and get 14 months pay when it happens. I just don't understand that?---Well, that's not the way it was. We had to deliver to the government certainty that we were able to deliver the infrastructure plan and that meant certain key executives were there. It wasn't a question of trying to work out when an election date was going to be. We needed people. We need certainty to get the \$110 million. That was the important factor. Certainly from where I sat on the board.

10 Okay. Anyway, we know for certain don't we, that you read the advice that said, "In our opinion, the next state election could be as early as September", on the 5<sup>th</sup> of August?---Yes.

15 So you knew there was a risk of three weeks of tenure for these people on their new contracts?---Yes.

And you knew that if you offered them this and the LNP won, they would go?---Yes.

20 Because they had huge benefit if they did go. That's right?---I agree all the way up to the last sentence which was it was all about retaining them to finish the infrastructure plan. It wasn't about whether there was a change of government.

25 But thinking in your head, you see. When I read that, from Clayton Utz, I'm thinking, "Mr Hanmer's thinking for three weeks he's willing to pay 14 months pay at a 30 per cent uplift on what they were getting. See what I mean?---Yes, I do. Yeah, yeah.

Okay. And not only that. Under the old contracts they have to give six week's notice?---Well, I never saw – yeah, okay – yeah, yeah.

30 Yeah, yeah. So you see, as you were sitting there on the 5<sup>th</sup> of August, they couldn't go before the earliest possible date of the election anyway?---It could've been June.

It could've been June, that's right?---Yeah.

35 What about this option? If you stay on, we'll give you an extra \$10,000 a month – incentives to stay, I mean. Why didn't you think about that?---Well, the carriage of these contracts was with the HR committee and they had the carriage of this particular process as you mentioned earlier on. This came to the board as a suggestion for approval and it was approved.

40 Okay. Now, I do understand that. I mean, what I'm accepting is that if you appreciated there'd been a lot of work gone into about this then it's likely a board's normally going to follow the recommendations of the chairman and the HR?---Yeah.

45 That's what you're saying. He, the chairman Mr Bentley, and Mr Ludwig said they'd looked into it?---Said?

Said they'd looked into it?---Yes. They had delegated authority.

5 And they were recommending it and I – I'm not going away from that. My final question on the topic however, is you see if Mr Hanmer, an experienced businessman was thinking he wanted to keep staff on – very important staff, why would be offering them an exit clause that gave great fruit for exiting. I don't get that, sir. I'm a bit confused by that?---The change of – the circle of change of control. It's not unusual at all in senior contracts to have a change of control and I saw it more as being a change of control rather than a change of government. There are other issues  
10 such as change of the board. That's not unusual in employment contracts.

15 But with your vast experience, the reason you were on the board, wouldn't you think that incentives for staying was more likely to be in the best interests of Racing Queensland going forward than giving them exit with a great amount of money paid to them for – for going?---It certainly was a reasonable option, yes.

20 Yeah. And particularly, you see, if there was a change of government and the very experienced board got the chop by the government. More than ever they'd need their senior staff?---Absolutely. I just don't understand how you, for example, as one of the board and I know there are others. Don't get me wrong. You thought it was the right thing to do by Racing Queensland to get these people an exit with great benefits when indeed the best interests of Racing Queensland were to hold them?---If there was a change of control. I thought the contracts weren't actually up until '14, July '14.

25 Yeah, they did. They did?---Oh, okay, Yeah, yeah, yeah.

They went to June 13 I think?---Which was their PPA.

30 It doesn't matter. I take your point but the point is they could pull their parachute, you see. They could pull the cord and go without anything bad happening to them personally?---Yeah.

35 And they got, effectively, redundancy style payments for 14 months?---Yeah.

40 You see it's not very much in line with what people do to hold staff. That's not – that's normally what they do to people who – that's normally what they do for people who've been there a long time?---Yes. But they had some of – Tuttle and – had been there for 20 odd years – 23 years or something.

45 Okay. So did you want to say anything about why it was that the exit clause 15.2 was offered to these people when there was a risk of only three weeks of tenure left?---I know that this had been negotiated by – by the HR team and the executives and this was put to the board and the board approved it.

I know that too?---Yeah, yeah.

You didn't want to say anything more about the substance of why that was done?---Well. Oh yes, it was done for retention to cover the entire infrastructure program to ensure that we got the funding.

5 Okay. Is this a convenient time? I haven't got. Well, I could finish Mr Hanmer. He might want that too. I've got a bit to go but not a lot?---If you could because actually I don't live in Brisbane as you know so I'd have to stay another night here, Commissioner. If I could – if you indulge me.

10 COMMISSIONER WHITE: Mr Bell, how are you travelling?

MR BELL: Fantastically. Okay, we'll do that.

15 COMMISSIONER WHITE: If that's convenient for – more convenient for you, Mr Hanmer and the key players are able to stay?---I do appreciate that very much, Commissioner.

We'll sit on a bit of it

20 MR BELL: Mr Hanmer, I wanted to talk about another important topic, please. And I'll try and do this quickly. This is a topic involving – how it came about – the director Ms Watson ended up being removed from the board of Racing Queensland?---Yes.

25 I want to talk about that for a little?---Of course

And certainly my folder is number 3 and the document I'm looking at is 142A, please?---Right. Yep.

30 It's folder 4, I think, for others?---Yep. I have it in front of me.

Thank you. Do you recall what happened with her? That is that Mr Bentley moved a motion that she should be removed from the board?--- Yes.

35 And a meeting occurred on the 6<sup>th</sup> of December, of which this is a minute - - -?--- Yes.

- - - where he spoke to the motion?--- Yes.

40 And eventually, at the end of the meeting, she was removed?--- Yes.

Okay. Now, if you go over the page to page 2, you'll see what happened was Ms Watson left the meeting and there was discussion without her there?--- Yes.

45 And then on page 3, the motion was put to remove her?--- Yes.

And you, among others, voted in favour of the motion?--- Yes.

Okay. Now, if you go to – I want to talk a little bit about the background to it?---  
Yes.

5 What happened was before that removal meeting, you remember that on the first  
meeting of Racing Queensland it was announced to the board that an industry  
infrastructure plan was to be developed?--- Yes.

10 Because in the November before, November '10, Racing Queensland had been  
successful in obtaining government approval to giving to the industry money for  
infrastructure upgrades?--- Yes.

15 Okay. And then on the 1<sup>st</sup> of July, which is the first meeting of Racing Queensland,  
the board met and Mr Bentley and others updated that they were underway in trying  
to prepare a plan; is that right?--- That's correct.

Okay. And then if you go to this meeting of the – at 137. I hope you have the  
minutes of the meeting - - -?--- Okay.

20 - - - of RQL - - -?--- Yep.

- - - of the 24<sup>th</sup> of September - - -?--- Yes.

'10?--- Yes.

25 And if you have a look over the page on 2, you'll see it's styled "Strategic Asset  
Management Plan"?--- Yes, I have it here.

Do you remember that at this meeting, the plan was revealed - - -?--- Yes.

30 - - - to the board; is that right?--- It was given to the directors beforehand.

You got it beforehand; did you?--- Yeah.

35 When did you get it? Just wait, you might – we might be across purposes?--- Okay.

There's another meeting, you'll see in a minute, at – on the 28<sup>th</sup> which is at 138,  
which is a few documents in, where the board were called upon to vote on the –  
whether to recommend it?--- Oh, yes.

40 Is that what you're thinking about?--- Yes.

At 138, "Minutes of RQL 28 September."?--- The asset management plan number 6.

45 That's correct. And you'll see at the bottom of that part, which is on page 3, Mr  
Milner stated he had emailed Bob Lette with regard to receiving his comments on the  
strategic asset plan. And then underneath, the board resolved that the board

authorised the chairman to recommend?--- Yes. Back to your issue on the previous board meeting - - -

5 I beg your pardon?--- The board meeting of the 24<sup>th</sup> of September, the asset management plan.

Yes?--- That plan was actually given to all members – I think to me on the Friday before the – before the meeting.

10 Was it?--- Yeah.

Let's have a look at what it says under 2. May I ask you to look at the commencement in the first paragraph. "The chairman advised all board members that the information before them today was strictly confidential." You see that part?--- That's right, yes.

And you say you had received it earlier?--- It's for a plan, sorry. I understand, yep. Yep.

20 Well, you hadn't received it?--- I had not received it.

Okay, no?--- No.

25 So what the chairman said was, "Here's the plan" - - -?--- Yes.

- - - "that has been developed. You're a board member, here it is."?--- Yes.

And revealing it to you?--- Yeah.

30 And he warns that it's strictly confidential?--- That's correct.

Okay. And then you see the third paragraph, "The chairman advised all present that this measure of confidentiality was necessary as the funding package for the strategic asset plan was currently before treasury and cabinet."?--- Yes, yes.

35 Did you know that?--- Oh, yeah. Well, we were told it was very confidential. Before it went to cabinet, we had to obviously keep it quiet, yeah.

40 No, it's around the other way. If you have a look at that, what it says is the opposite to what you just said. You read it again?--- All present, the measure of confidentiality - - -

No, no. Just to yourself, I mean. What it says is - - -?--- Yes.

45 - - - "The chairman advised all present that this measure of confidentiality was necessary" - - -?--- Yes.



- - - “as the funding package for the strategic asset plan was currently before treasury and cabinet.”?--- Yes.

5 See?--- That is my – I apologise, that what I actually meant to say, yes.

Okay. Well, it sounds like he was revealing that – he, Mr Bentley, was revealing that at this meeting to the board?--- Yes.

10 Okay. So you learnt that at this meeting; did you?--- That’s correct, yes.

Okay?--- Yeah. Yeah.

15 And then going down two paragraphs, “Ms Carrie Watson expressed her concern that the Logan greyhound track would not be proceeding, and sought explanation as to the feasibility of Deagon. Ms Watson expressed concern that the two track complex at Deagon was not located geographically to suit the needs of greyhound participants”?--- I remember that, yes.

20 You remember that?--- Yes.

And you remember that this issue was her downfall; wasn’t it? This was the source of her downfall, her concern about this?--- She expressed a concern about the – her pet track being moved, yes. Yes.

25 Yeah. And anyway – so if we look back at the start of this minute, you see the minute is Friday the 24<sup>th</sup> of September?--- Yes. Yes, yes.

30 And then you’ll recall, if you look just above where I was showing you before, that the chair – that the advice is that the next board meeting would be next Tuesday - - -?--- Yes.

- - - the 27<sup>th</sup>. So that gives you Saturday, Sunday, Monday?--- That’s right.

35 And then on Tuesday you’re back before?--- Yes.

And the resolution to be considered was whether we, as a board, recommend this to the government?--- Yes.

40 Okay. And then if you go to the 3<sup>rd</sup> of September which is at 283, please?--- Yes.

I’m sorry, I shouldn’t have taken you there. I wanted to take you to the second one at 138. I’m sorry, Mr Hanmer?--- That’s okay. That’s fine. I have 138, yes.

45 Yes. 138 was the next Tuesday?--- That’s right, 28<sup>th</sup> of September, yes.

Yeah. And then if you go over the page, you’ll see strategic asset plan?--- Yes, page 26. Yes.

Yeah. And there's the discussion about it there. And then the part I showed you before on page 3, "The board resolved that the board authorised the chairman to recommend the strategic asset development plan to the government – Queensland Government"?--- Yes.

5

Okay. So what happened was, do you recall, that how it came about that Ms Watson's tenure as a director was brought into question was because Mr Bentley asserted that she had breached his direction for strict confidentiality; do you remember that?--- I do, yes.

10

Yeah. And if you go to 141, please. And - - -?--- I have that here, yeah.

Yep. And I hope they're – you seem to find them faster than me. Can you see 141? I'll just let you have a look at this. This is her letter, you see, that become the subject of concern by the chairman?---Yep.

15

In particular - - -?---Yes.

- - - what she says in the letter – well, I'll start again. I'm sorry. On the 30<sup>th</sup> of October she writes to Mr Bentley, the chairman, doesn't she?---Yes. Yes. She does. Yes.

20

And over the page she c.c.'s Mr – the minister - - -?--- Yep.

25

And Mike Kelly, the chief - - -?---Yep.

- - - the executive director of Office of Racing?---Yes.

So if you look at the first paragraph of her letter: "This document" – I'm looking at the second sentence?---Yep.

30

"This document was prepared with no input from myself at all with regard to the greyhound racing industry"?---Yes.

35

Well, you accept that, I think, don't you?---Yes. I – yes. I – yep. Yep.

You didn't have any input either, did you?---Me neither – no one was involved.

No?---Yes. Yes.

40

And then going to the second last paragraph, just first: "The board of Greyhound Queensland Limited decided to support the amalgamation of the three codes into one control body after much deliberation, but namely because we believed that we had an ironclad promise in writing that the Logan facility was guaranteed to proceed." See that?---Yep.

45

You too thought that that was ironclad, did you?---I didn't know it was – at the negotiations I could not – we – we the – we could not promise anything, because we didn't what the outcome was – was. But the Logan facility appeared to be a very, very good facility and it – it stacked up exceedingly well at the time of the merger.

5

Okay. Well, what I want to ask you is that when this letter came to your notice - - -?---Yep.

- - - when Mr Bentley was upset about it, did you have compassion for Ms Watson's position?---Oh, yes. I haven't seen this letter, but – yes. I mean I – in the actual merger, Ms Watson and I – because Mr Bentley didn't know her – I knew her through Product Co. I assisted her through it. I was delighted to have Ms Watson on board - - -

15 Okay?--- - - - because we had a woman at board at last in the company.

But cutting to the chase, you see, what she says there is right. She thought that she had an ironclad guarantee, didn't she? And on the 30<sup>th</sup> of October she's raising that with Mr Bentley and she's raising with him that she had nothing to do, as the head of Greyhounds previously, with the shape of the plan which changed the Logan part of it?---Yes.

20

And knowing what you knew, which I'm going to take you to now, you surely must have had compassion for her position?---Absolutely.

25

Because on the Thursday she's shown a plan that changes what she thought was ironclad?---Yes. Yes.

And then on the Tuesday she votes in favour of the plan, but makes complaints about the fact that Logan's gone for her body?---Yes. Yes.

30

And therefore when you see that Bentley is complaining about her writing him a letter, you must have surely had some compassion for her?---Oh, I – I had in her position – now, I haven't seen this letter, but also she spoke to other people out – I think at least one other person outside of the – the minister, I seem to recall.

35

Yes, but you know she denied that, don't you? She denied that vehemently and Mr Bentley, in his argument to remove her, relied upon this letter?---I know that Mr Milner had a call from a Paul Fellgate, who I don't know, who said that Kerry had told her – told him what the asset plan was.

40

Yes. And she denied that, didn't she?---Yes. She did.

Yeah?---Yes. Yes.

45

And Mr Bentley turned his attention, in having her removed, to this letter? You recall that?---Yes.

And then in the last paragraph on the first page she says, “As I have stated at the board meeting on the 28<sup>th</sup> of September, I have no problems with the strategic asset plan in general” - - -?---Yeah.

5 - - - “but I do not think it is in the best interests of greyhound racing to do away with Logan complex and replace it with Deagon for all the reasons I’ve previously addressed with you, the least of which is that it is on the wrong side of town and the greyhound industry deserves the chance to prove what it can produce with a standalone venue for the first time ever in Queensland.” Now, having looked at that  
10 now, she votes in favour of an amalgamation - - -?---Yes.

- - - for the three codes in January 2010?---Yes.

15 Without it, it wouldn’t have happened?---Correct.

I’m right, aren’t I?---Yep.

And then what happens is it happens – the amalgamation?---Yes.

20 Mr Bentley, on a Thursday, reveals that the ironclad promise to Greyhounds is gone, on the Friday, and on the Tuesday next she’s asked to vote – which she’s going to lose anyway, isn’t she? She’s got no hope in the vote?---No. No.

25 Yeah. So then what’s she left with? Nothing, of course, no power at all. The only power she ever had was her vote back in January, which you knew all about, didn’t you?---Yes.

30 Okay. Because why I say you knew all about it was I want to show you the emails you wrote to her - - -?---Yes.

- - - which were very strongly encouraging her to vote yes - - -?---Yes.

35 - - - because the ironclad guarantee was there. Do you remember that? You even congratulated her for what a wonderful job she’d done for Greyhounds, didn’t you?---Yeah. I think she did a great, fantastic job and I think the Deagon complex, as it was presented at the time, was – was the way to go. Excuse me. Not Deagon – Logan complex was the way to go.

40 But anyway - - -?---I don’t think I gave an ironclad guarantee but – but – you know, we could talk about that.

Well, let’s have a look at your conduct - - -?---Yep.

45 - - - because I want you to think it about in the light of what you said earlier?---Yep.

What you said earlier was, “We couldn’t promise anything”?---No.

Okay. That's right, isn't it?---Yes.

Because you see, the position that you take sitting there is that no promises could be made back then. That's right, isn't it?---No ironclad promises, no.

5

Because you see, the amalgamated body that would make the decision hadn't yet been formed?---That's correct. Yes.

Okay. So knowing that, that no promises could be made, let's see what you told her in January 2010?---Yep. Sure.

10

Okay. Could Mr Hanmer see the supplementary folder, please.

This is at 349 – document 349, please, Mr Hanmer?---Yes. Yes. I'm there. Yes. Yep.

15

This is an email from you to Kerry Watson - - -?---Yep.

- - - and you see below it the form of a letter – I'm sorry. Start again. This is from you to Kerry Watson?---Yes.

20

And if you look at the commencement: “Kerry, this has to be the form of words” - - -?---That's right.

- - - “agreed between Fraser” – meaning the treasurer - - -?---Yep.

25

- - - “and Bentley”?---Yep.

“Dear Minister” – blah blah – “the” – I'm sorry for saying that. I should read it right out: “Greyhound Queensland supports fully the integration of the control body as specified and provided the safeguards as previously outlined in correspondence and minutes are honoured”?---Yes.

30

“Kerry Watson”?---Yes.

35

“Kerry, this has to go to Andrew Fraser” - - -?---Yes.

- - - “at the following address.” And then if you go down a few: “Andrew wants it from you, not an executive. Grateful if Darren could send me a copy by fax” - - -?---Yep.

40

And then you give your – “I would confirm our conversation that the treasurer would like us to proceed” – sorry. Start again – “would like us to proceed immediately upon the merger with your inside track, the second storey of the grandstand and also the addition of the lights”?---Yes.

45

What's that talking about?---Okay. This was 7<sup>th</sup> of January. I was on leave. There was a form of words that needed to be - - -

5 No. I know all that part?---Yeah. Okay.

Just this last little bit here: "I confirm our conversation"?---Oh, yes. Okay. Okay. Yeah. Yeah. Yeah. When we – when I viewed the – when we viewed the proposal for – initially for – for Logan - - -

10 Yeah?--- - - - it was wanting in a number of ways.

Yeah?---It couldn't be built for \$10 million, basically, and so we looked at what it would cost to make a proper – to track racing – greyhound racing area. What we didn't realise was that the business case from Greyhounds relied upon a restaurant, a  
15 five-star restaurant, on the top floor.

Well listen, I don't need the details. I just wanted to ask you what's this about: "I would confirm our conversation that the" – is that about Logan, is it?---Yes. It is.  
Yeah.

20 Okay?---Yeah. Yeah.

So you're talking, in the letter where you're asking her for her consent to be put in a certain form to the treasurer - - -?---Yep.

25 - - - about Logan?---Yes.

And details with it – you see?---Yes.

30 Aren't you?---Yep.

Now, if you don't mind turning over to 350 - - -?---Yep. Right. Yep.

35 This was from Beavers; you may have come to know him at this time. Did you?---Yes. I did. He was the CEO. Yes.

Yep. To David Stick and others – Jeremy Turner – but c.c. Kerry?---It's the board, I think. Yeah.

40 Okay?---Yeah.

"Attached is correspondence forwarded to the treasurer following the request from him today. Kerry received an urgent call this afternoon in regard to this letter. Below is confirmation of further guarantees for the greyhound industry, in particular  
45 for the Logan facility. Please contact Kerry." You see that so far?---Yep.

And then if you turn over to 292, which is back in that other bundle. I'm really sorry at this late time in the day - - -?---It's all right.

- - - to be doing that?---Yep. Yes.

5

This is the letter that she had written on the 7<sup>th</sup> of January - - -?---Right.

- - - to the treasurer?---Yes.

10 "Greyhound Queensland supports fully the integration of the control bodies as specified, provided the safeguards as previously outlined in correspondence and minutes are honoured"?---Yes.

Okay. That's pretty strong, isn't it?---Yep.

15

Anyway, then if you don't mind going over to 351 in the other folder that is there for you?---Right. Yep. 351. Yes.

This is from Ms Christiansen?---Yes.

20

"Tony"?---Yes.

This is to you. "Please find attached the correspondence for the treasurer as per Bob's changes"?---Yes.

25

"Can you please organise with Kerry to have the Greyhound letterhead inserted and her signature inserted, Tony"?---Yes.

30 Okay. So he must have put you in charge of getting this straight?---She was on leave at the time, and we had problems trying to get her signature and letter headings together.

I was really talking about you. You were being put in charge of getting her to get it straight?---Get the letter, yes.

35

Yes. Because you had a relationship with her, didn't you?---Yes. Yeah.

A friendship, I mean, or a knowledge – a working relationship, I mean?---Yes.

40 Nothing more than that. 252: if you don't mind going to it. This is from you. "Kerry, attached is the letter, as you see from Keira's note. These are the instructions to send it to the treasurer. Can you please get Darren to send me a copy after he sends your signed copy to Fraser"?---Yep.

45 Have you got that so far?---Yes.

“On the same vein, after we spoke this morning, Mike Kelly rang me on another matter, and I had the opportunity of passing by him the subject we spoke about this morning”?---Yes.

5 “In the general clamour of today, I got hold of Bob Bentley. The question I posed was I’m personally comfortable for Kerry and the harness board to begin briefing her architect and lighting engineers on the projects which will be completed as a matter of urgency after our merger. Do you agree?”?---Yes.

10 You represented to her Bob Bentley and Mike Kelly believed you should go ahead. “I was a little surprised with the racing officer’s view after this morning’s conversation”?---Yep.

That’s giving her a little bit of encouragement, wouldn’t you think - - -?---Yes.

15 - - - to sign the letter?---Yes.

Okay. Did you say that when you wrote that, you knew that you could give no commitment?---No cast-iron guarantee, but I – I legitimately thought Logan would go ahead because at the time it seemed to be tremendous.

20 You see, what I’m talking about here is if I, in speaking to somebody who’s proceeding, as we can see from these emails, on the basis of believing she had a commitment - - -?---Yep.

25 And she’s been encouraged by this sort of correspondence - - -?---Yes.

- - - to believe it’s a commitment of yours - - -?---Yes.

30 - - - and Bob’s and Mike’s - - -?---Yes.

- - - all the boys together, believing that she could go ahead and give her consent, when they knew all the time that they couldn’t give that commitment, didn’t they?---Yep.

35 That’s called misleading, isn’t it?---I had every reason to believe that Logan would go ahead. It was a very good scheme.

40 Okay. Let’s keep going, and then I’ll ask you something about that. And then if you turn to 353, please. Kerry Watson - - -?---Yep.

Okay. So, “Tony - - - “?---Yep.

45 “ - - - below is an email from Kerry for your response.” Signed “Darren.” And then, “Greyhound Queensland is prepared to sign the attached letter to the premier of Queensland in congratulating the government in recognising the racing industry’s contribution to Queensland economy and supporting one amalgamated control body.



The letter is signed in good faith on the provision that no deal or arrangement has or will be made between Queensland Harness, the government or a new control body on the ownership or future of the Albion Park complex"?---Yes.

5 And that's about the Greyhound's interest in it?---Half ownership, yes, yep, yep.

And then if you go over to 354, please. And this is yours back?---Right. Yep.

10 "Darren, for the sake of good order and reassurance" – is that "reassurance"? I think it is. I just can't see the next word?---Yes.

"I would - - - "?---I would, I think. I would confirm that - - -

15 "In all" – "I would confirm in all conversations - - - "?---Yep, with the – yes.

" - - - with the treasurer he has made it absolutely plain that the greyhound code will not lose its 50 per cent shareholding of Albion"?---Yes.

20 "In a letter to the treasurer dated 5<sup>th</sup> January and viewed by your chairman, this has been made absolutely clear. I trust this is of reassurance"?---Yes.

"Your chairperson will also have told you to proceed with briefing the architect and the lighting engineers for Logan"?---Yes.

25 So what's important to the lovely greyhound people is they've got that interest which gives them confidence that they've got a lot of money, 50 per cent of Albion?---Yes.

Plus they've got the Logan going ahead?--- Yes.

30 See what I mean?--- Yes. They had – yes, you're correct.

So they're happy to tick, where it's essential for them to tick, the box that says yes to the amalgamation?--- Yes.

35 Okay. And then if you turn over to 355, please. You see that Kerry - - -?--- Yep.

- - - Watson on the 11<sup>th</sup> of January - - -?--- Yes.

40 - - - does a media release - - -?--- Yep.

- - - showing that greyhounds fully back the amalgamation; you see that?--- Yep.

And then if you go over to 356, please?--- Yep.

45 You see Darren Beavis' email?--- Yep.

Including to Kerry. And then she sends it on to you. "Hello, Tony. Thank you for Bob's media release" - - -?--- Yep.

5 - - - "love it. Can you send me a copy of Stevens' comments? I have attached a media release that we put out today also, just to quieten our lot down."?--- Yes.

Okay?--- I haven't seen Bob's - - -

10 Okay?--- Presumably we produced a media release at RQ but it's - - -

And then 357. This is - - -?--- I don't get - - -

This is from you to her?--- Yep.

15 "Well done, Kerry. The more pressure we put on this issue, the less opportunity the government will have to reverse any part of its decision"?--- Yes.

Decision, it says; doesn't it? Does it say decision?--- Any part of its decision, yes.

20 Yeah. So your release - - -?--- Release.

- - - most welcome. Bob's release on Stevens' - - -?--- Stevens. He's after some rambling on the LNP, whatever. They have called a present website. I'll get a copy over for you.

25 Okay. So here we go. What happens is that Kerry gives away her only security for greyhound by voting for the amalgamation?--- Yes.

30 What happens is on the Friday of the 24<sup>th</sup> of September, she's told for the first time by Bentley that it's wiped; isn't she? And not only that, but Albion is owned by Racing Queensland. So that interest is wiped to. See what I mean?--- Yeah. Yeah.

And having regard to the background of how she gave away her right, her only power - - -?--- Yes.

35 - - - with your encouragement?--- Yes.

Did you argue her case with Bentley at all when he was proposing to chop her - - -?--- We - - -

40 - - - because she was getting angry and starting to agitate about position for greyhounds?--- Yes, I was a huge favour of the Logan project and also a huge fan of having Kerry on the board because she brought strengths that we needed.

45 Forget about all that background. My point is this: when Bentley reveals to you that she has sent a letter to him - - -?--- Yeah.

- - - to the minister - - -?--- Yeah.

- - - and also to Kelly. That's all she's done; you know? And what happens is she gets the chop off the board for doing that, in circumstances where you know that  
5 you've encouraged her to believe there was a decision by the treasurer?--- Yes, yes.

In circumstances where Bob had asked you to communicate to her that it was set, that it was good?--- Yes.

10 And she should get her plans done?--- Yes.

That – at the time, that was the way it was?--- Yeah.

But the way she was treated I suggest to you, Mr Hanmer, by you – including you,  
15 was without any integrity; wasn't it?--- No. I think you have to go to the actual meeting when she left. I actually said to the board if Kerry apologises, then I have no option but to say she must stay. Instead of which she came into the board and - - -

Okay?--- Was abusive.  
20

What – what was your proposal about apology? Apologise to whom?--- My proposal was that we cannot possibly remove Kerry if Kerry comes here and says mea culpa, I made an error in contacting at that time that I thought the government and broke the confidence and spoke to Fellgate. If she'd said that, I said to the whole board I have  
25 no option but to say come on back, that's fine. We could not have got rid of her. Instead of which, tragically, she came in and became very offensive towards - - -

I wonder why? I wonder why? With your knowledge of how she'd been encouraged; I wonder why?--- I said to her just go in and just apologise.  
30

Yeah. And if she did, everybody'd go, "We confirm our vote. Albion stays with Racing Queensland. No longer Logan, you're going over to Deagon." All her promises that you gave and her – forget promises. All the encouragement that you were a party to has gone?--- Yep.  
35

Okay?--- That's because the - - -

That doesn't give very much, I respectfully suggest to you – very much credit to that person who was trying to represent an industry's position; does it?--- I supported  
40 Kerry Watson all the way through the process. I was very, very fond of Kerry and I was very sad at what happened. And I advised her to go to the board and just say I made a mistake. If that had have happened, there's absolutely no way that they could possibly have got rid of her.

45 But do you see how valueless that is? That's going - - -?--- No, I don't.

- - - to Mr Bentley and saying, “I’m sorry I sent the letter to you and the government about the position.” She’s interested in looking after the greyhounds as best she can when she’s told them that you and Bentley and the treasurer have promised her something?--- Yeah. At the time - - -

5

Do you understand what I’m talking about?--- I do. I do.

Okay?--- The representation that she gave us on Logan was false. They actually – false – the information they gave us about the profitability, how Logan would work, was false. When we came to - - -

10

You didn’t say anything that about – anything at all about that?--- It’s in the plan.

You didn’t say anything at all about that at the board meetings; did you?--- It’s in the plan. That came out of the – of the - - -

15

It might be in the plan?--- Infrastructure Plan.

You can’t go back now. At the time the plan was released by Bentley after not having shown her anything, she had no input at all even though you knew that she was being encouraged. Having no input when it’s revealed, she writes a letter to him and the government?--- Now, I was very disappointed that the representation they made about Logan at the time we talked about was actually completely wrong.

20

All right, I see?--- You know, that was a huge error.

25

I see. Mr Hanmer, your conduct in relation to the way you treated her and participated with others in treating her, I suggest to you, was poor. And certainly not in accordance with the code of conduct that Racing Queensland had put out for the racing industry that it would comply with with integrity, with transparency. Your conduct didn’t accord with that at all; did it?--- I think it did. I think - - -

30

It did; did it?--- I think it did.

It did; did it?--- Yes, it did. Yes. Yeah.

35

And how did that give any credit to her efforts to get assurances which you encouraged her to think she had?--- At the time - - -

Did you not feel any guilty at all for your role in it?--- Yeah, at the time - - -

40

Did you feel guilt?--- Yes. I said several times - - -

Did you tell her, “I feel guilty that I played a part in this”?--- Yeah, at the – I’ve said several times, I wanted Kerry to stay on the board. I actually went to the AICD to try and get training to actually assist her.

45

No, you voted for her to go?--- Yes, I did.

I've shown you?--- Because of the treachery involved.

5 Yeah, treacherous. By writing to Bentley. What did she do wrong? Write to the government?--- Yes.

Can I tell you a secret?--- Yep.

10 Bentley had been with the government. He'd shown them the plan. He told you that in the board paper. He said, "This is with cabinet."?--- We were told - - -

What is wrong with that?--- We were told to not break the confidence to anybody.

15 Yeah?--- Fellgate knew and the government knew as well. We were under strict instructions – I didn't tell anybody. And Bentley said if anybody actually does say, they will face consequences.

Okay?--- Kerry shouldn't have done it. I wish she was on the board now.

20

She didn't do it. She denied it. Nobody proved she told anybody?--- Okay.

But you accepted it was proved and voted against her staying on the board; didn't you?--- Well Wayne Milner told us that Fellgate had spoken to him.

25

Okay. So you believed him over her; is that right?--- I had reason to believe Wayne, yes.

In fact, it wasn't even him. He was telling you what somebody else said?--- I was - - -

30

Do you see that?--- I wasn't aware of that.

No, you were, because Milner walks into the board and says, "Somebody told me this." It wasn't even from the horse's mouth?--- I thought it was directly from Fellgate.

35

All right?--- Okay.

40 All right. No, my point is you didn't hear it from Fellgate. You just heard Milner say that this is what Fellgate said; do you see my point?--- Oh absolutely, yes. Correct, I agree.

Yeah?--- I never heard the conversation.

45

Whereas somebody who you respected, you'd been on the board?--- Yes.

She was somebody who trusted you said, "I didn't tell Fellgate."?--- But I felt we'd been let down badly - - -

5 Yeah?--- By the misrepresentation of what Logan was supposed to be and actually wasn't.

Okay. Okay. Thank you, your Honour. Thank you, Commissioner. So - - -

10 COMMISSIONER WHITE: Can I release Mr Hanmer or should we just do as we did with Mr Bentley?

15 MR BELL: I think that we probably will have to do that, the same as we did with Mr Bentley. Because at present, I wanted to announce to you, Commissioner, that I've made the decision to release from the hearings Mr Ryan, Mr Lette, Ms Watson. I think that's the list. But I'm in the throes of adding some people to the list. As soon as I decide who they are and when, I'll announce that on the website, of course. But because I don't know with any certainty how all that's going to pan out, it might be best to have Mr Hanmer in the same position as Mr Bentley, please.

20 COMMISSIONER WHITE: Well, Mr Hanmer, that means you're free to go. But your summons is still alive?--- Right.

25 So that if the commission needs to clarify some further matters with you, then you'll be notified by our secretary - - -?--- Right.

- - - of a mutually convenient time?--- Oh, good.

As you know, this is a continuing process?--- Yes.

30 And as new evidence emerges, and we're still getting statements - - -?--- Really.

- - - that it might be necessary to ask you to come back. But we'll try and do that in as accommodating a way as we can?--- Thank you for your intelligence.

35 All right, thanks.

**WITNESS STOOD DOWN**

**[5.01 pm]**

40 COMMISSIONER WHITE: All right, thanks. Adjourn till tomorrow. 10 o'clock tomorrow, Mr Bell?

45 MR BELL: Yes, please.

**MATTER ADJOURNED at 5.01 pm UNTIL FRIDAY, 27 SEPTEMBER 2013**