

**QUEENSLAND RACING COMMISSION OF INQUIRY**

*Commissions of Inquiry Act 1950*

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

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

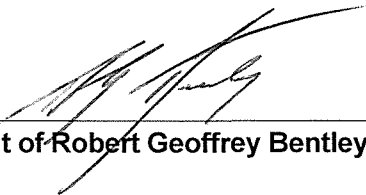
**BACKGROUND**

1. I was a director and the chairman of Racing Queensland Limited ("RQL") from 25 March 2010 until my resignation effective 30 April 2012.
2. RQL is an Australian Public Company limited by guarantee. It was established an amalgamation of the peak bodies representing the three racing codes of thoroughbred, harness and greyhound racing.
3. I have had a long history in the racing industry, since in or about 1975 when I was involved in breeding racehorses. I owned a thoroughbred stud. I was previously the chairman of the Ipswich Turf Club and I was involved in the Blood Horse Breeders Association.

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Signed:



**Statement of Robert Geoffrey Bentley**

Taken by:



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4. In 1992 I became the chairman of the then Queensland Principal Club ("QPC") which was formed by the State government as a control body for thoroughbred racing. I resigned from the QPC in 1996, having completed my statutory term.
5. In or about 2001/2002, a new organisation was formed, the Queensland Thoroughbred Racing Board ("QTRB") and I applied for the position of chairman. There was a panel of eight candidates shortlisted to be directors. Five people from those eight were selected to be directors and I was not included.
6. Subsequently to the five candidates being selected, the person originally selected to be chairman declined to accept the position. All of the original eight candidates had undertaken the probity process for the role, including myself, and an industry selection panel was convened again and I was appointed as a director and the chairman. In 2006, the QTRB transformed into Queensland Racing Limited ("QRL").

#### **MERGER OF THE CODES**


7. I identified concerns for the racing industry operating as separate bodies (thoroughbred, greyhound and harness), we had to continue to deal with various issues confronting the industry as a whole and the attendant impact on resources. This included concerns about workplace health and safety, aging infrastructure and substandard prize money when compared to our eastern seaboard counterparts. Many of the challenges faced by the industry were duplicated across the three codes, making amalgamation a sensible approach to cost minimisation.
8. With this in mind, in 2009 I worked on a paper which canvassed the depleted infrastructure and safety issues in the thoroughbred industry and focussed on the need for government funding. That paper was provided to State government, and as a



secondary issue to the need for funding, proposed an amalgamation of the three codes of racing.

9. In about December 2009/January 2010, discussions took place between myself and the chairpersons of harness and greyhound racing in relation to a proposed merger. In the end, both harness racing and greyhound racing proposed their current (at that time) chairperson to go onto the board of a merged organisation. The chair of harness racing at the time was Bob Lette. The chair of greyhound racing at the time was Kerry Watson.
10. On 25 March 2010, RQL was incorporated as an Australian public company limited by guarantee. Each of the following directors were appointed as a director of RQL: myself, Mr Anthony Hanmer, Mr Wayne Milner, Mr Brad Ryan, Mr William Ludwig, Mr Robert Lette and Ms Kerry Watson. On 1 July 2010, the amalgamation process was complete and RQL commenced operation and had its first board meeting. Subsequent to the incorporation the three codes were amalgamated and the assets transferred to RQL by legislation. The board directors of RQL are not government appointees.
11. Primarily, the funding for racing operations is not obtained by RQL from the government. The bulk of RQL's income is received from a Tatts Group agreement in relation to wagering and otherwise from nomination and acceptance fees. An exception to this was in relation to the redirection of tax funds that was sought by RQL from the State government for the purpose of improving infrastructure and rectifying workplace health and safety issues.
12. As part of the amalgamation process, there was an amalgamation committee established, chaired by Tony Hanmer. The government, as part of the approval for merging the codes, imposed a requirement that no employees who earned less than \$100,000 per annum would be retrenched for three years. Despite that type of restriction, the amalgamation still resulted in substantial cost savings.

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## INFRASTRUCTURE PLAN

13. The initial proposal for amalgamation and improvement was comprehensive and estimated to cost in the vicinity of \$213 million. The State government was not prepared to consider a plan of that magnitude. The State government instead committed to reinvesting \$80 million back into racing through RQL over a four year period through a tax redirection for infrastructure and workplace health and safety work only. There were no funds being made available for increased prize money. The tax redirection diverted a government tax on betting, which would ordinarily go to consolidated revenue, back to RQL. RQL re-evaluated its plans and proposed a request for funding of about \$120 million. The government wouldn't agree to that cost. The Treasurer indicated that they would look at a five year tax redirection, and the land at Logan would revert to the government if not used. So we had to go back over the draft plan and make more changes to get the budget the government was setting.

14. To secure the funding, RQL was required to set out a plan for how it wished to use the money for the development of infrastructure. After further revisions, we finally came up with a plan that was going to cost about \$110 million which was still more than what five years of tax redirection was probably going to amount to. The plan had to be considered by the board and approved and then would go to Cabinet for approval. Other than this, the government had no real control over the day to day operations of RQL (other than, of course, requiring compliance with the *Racing Act*).

15. To put the position of the government into context, I should go back to discussions that I had with the government in about 2002. The then minister responsible for racing, Merry Rose, addressed the newly formed QTRB at a meeting held at the Treasury Casino. She said words to the effect that the government wanted to distance itself from racing; that is why it had appointed independent people and that the government

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expected us to run the thoroughbred racing industry and put it on a commercial footing.

16. Pursuant to the *Racing Act 2002*, there is only limited discretion that the State government, through the Minister, has to dictate the actions of RQL as the control body. That discretion is primarily limited to issuing directions to the control body. The circumstances in which those directions can be made and the kind of directions which can be issued are set out in section 45 of the Act.
17. RQL is not, and should not be considered, an arm or a part of government. It is not a statutory body or government owned corporation. The government has no right to appoint or remove directors or members from the board of RQL.
18. At the first RQL board meeting, I provided all of the directors with a briefing in relation to their obligations and duties as directors of RQL. I also recall that similar training had previously been provided to the directors of all of the control bodies in relation to the importance of directors' duties. The training was organised and provided by Barry Dunphy of Clayton Utz, organised through the Office of Racing.
19. Further, all directors to the RQL board had been directors in their own right in previous capacities.
20. I recall having discussions with all directors to the RQL board to confirm, prior to their appointment, that if they were to accept the appointment they would be acting as a director of a board designed to consider all three racing codes and as such they were not acting as a director representing the interest of one code of racing but must act and be seen to be acting in the interest of RQL and all three codes of racing. I also emphasised to all board members the need for confidentiality of board deliberations.



21. As set out above, the ability of RQL to obtain government funding for the industry infrastructure plan was contingent upon the State government approving the plan in relation to upgrading infrastructure facilities. This was a substantial request. A key factor in securing a decision of the State government to provide the funds was the ability of the racing industry to demonstrate that the tax redirection would remedy the infrastructure and workplace health and safety issues faced by the industry. The State government indicated that they would be seeking to approve the overall plan, but the business case for each project within the plan, setting out the budget, had to also go to the government for approval.
22. The plan was a critical consideration by RQL in terms of the safety and the standard of facilities used by the stakeholders within each of the three codes and the plan represented a blueprint for modernising racing in Queensland.
23. The plan was designed to look at underutilised assets, aging infrastructure and address issues of downturn and attendance and clubs struggling to maintain financial viability with substandard facilities. The plan supported the creation of new multi-use venues to make strategic use of long-held facilities to offer the best opportunity for the racing industry in Queensland to grow and develop.
24. In order to present a plan and have something to discuss with government, it was necessary that there be some work done in terms of track design. Putting together even the most basic proposal required a credible amount of engineering expertise.
25. QRL had previously had work done in relation to Corbould Park on the Sunshine Coast where a company called Arben Management had been engaged as the project manager. Contour Consulting Engineers Pty Ltd ("Contour") was the engineer that was subcontracted under Arben Management. The work that was undertaken by Contour was acceptable and over a period of time, that firm had accumulated significant



intellectual property in relation to works required on racecourse infrastructure, especially the drainage and other engineering aspects required for the installation of the specific type of synthetic track that had been chosen after considerable research. Therefore, when we had to develop draft plans for the proposal which would be discussed with the government on a confidential basis, it seemed logical to me that Contour was the only firm that we could engage for that purpose. After the initial discussions with the Treasurer and the Minister for Racing, when the broader industry infrastructure plan was put together, the various "sub-plans" included within the draft plan were heavily reliant upon the work that had been carried out by Contour. In fact, that firm's details were clearly shown within the draft plan and the details of that firm were also outlined in the plan. In my opinion, given the need for confidentiality, I do not believe it would have been prudent to go to a public tender to seek engineering services for putting together the draft industry infrastructure plan, especially when the plan was reliant on expertise and intellectual property that Contour had gained in relation to some of the works required. Further, the nature of the proposals for works to be carried out was an evolving matter where it could not have been gauged at an early stage exactly how much work would be required from the engineers. Rather, we needed to work with engineers in order to flesh out the details that may be required for the plan. This was especially the case when significant revisions had to be done following further discussions with government as to how much it would fund.

26. Of course, once the industry infrastructure plan was approved by the government and we could then move to the next stage of actually having the plan carried out, RQL took steps to secure intellectual property that was needed for carrying out the works and to ensure that the actual works that would be carried out in pursuance of the industry infrastructure plan would go to tender in the normal course.

27. On 24 September 2010, a board meeting took place which included a full briefing in respect of the proposed industry infrastructure plan. In that meeting:



(a) The briefing on the plan was provided to the RQL board by the project manager, Mr Mark Snowden;

(b) The board members were provided with copies of the draft plan and I directed them to take the documentation away and to consider it so that we could meet again on 28 September 2010 before making any recommendation to the government;

(c) I stressed the importance of confidentiality. I recall saying words to the effect "this is terribly important for the industry; if leaked to the press it will be killed off before it gets off the ground. You must treat what I am giving you with the utmost confidentiality".

28. A further board meeting took place on 28 September 2010. At that meeting, we discussed the proposed plan. No changes were proposed to the plan that had been presented at the previous meeting. I recall that everyone supported the plan and voted in favour of it (except Bob Lette who, as far as I can remember, did not support the part of the plan dealing with Albion Park). Kerry Watson said she would support the plan but was disappointed that Logan was not the site of the greyhound track.

29. My concern about confidentiality was reinforced when I had met with the Premier who said to me that there was to be no public discussion until Cabinet had considered the plan. At the meeting on 28 September 2010, the vote was taken in favour of the plan and the board discussed next steps and strategy including the importance of receiving final approval from the State government and timing around distribution of the proposed plan to the racing community and stakeholders.





30. I believe the minutes of board meetings will reflect that I had stressed the importance of confidentiality in relation to the draft plan. My instructions to all board members at the time the plan was circulated to them was that confidentiality is of the utmost importance and that failure to maintain confidentiality of the plan until it was in a position to be released to stakeholders would jeopardise our objective to secure the proposed funding from government. I believed that the government would not be inclined to provide the tax redirection if the plan that it agreed to lacked community support and there was adverse media. Hence, it was going to be important to sort out the plan first and then have a proper process around how to present it to the industry and the public.


31. On 1 November 2010, I received a letter from Kerry Watson dated 30 October 2010 that had been copied to the then Minister for racing, Mr Lawlor, and to Mike Kelly, the executive director of the Office of Racing. The letter from Ms Watson highlighted her concerns in relation to the proposed plan and the promises she alleged were previously made in December 2009 and January 2010 to greyhound racing. That letter in effect signalled to the government that Ms Watson, as a director of RQL, was not agreeable to the plan. Her letter also purported to represent stakeholders of the greyhound community.

32. In my opinion, a divisive board is not in the best interest of the company and is prejudicial to the company ultimately achieving its required goals.

33. Ms Watson's concerns that promises made to her and the greyhound racing community as to the location of key facilities were broken were not the issue. The means by which she sought to address her concerns were improper and jeopardised the ability of RQL to achieve its corporate goals for the following reasons:

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- (a) The assets of the industry had only started to be evaluated in late March 2010 and this process was still being undertaken at the time of the amalgamation, though it was always accepted that development of greyhound facilities was necessary;
- (b) The board, including Ms Watson, had resolved that a back to back facility catering to both greyhound and harness racing at Deagon was the best possible use of assets;
- (c) The industry is parochial, and change does not sit easily with any stakeholders unless a unified approach is taken when advancing any plan for development;
- (d) There is no point putting out a plan or strategy unless it is well thought out and advanced before consultation takes place;
- (e) Objecting to the plan before proper consultation and approval damaged both the consultation process and prospect of obtaining funding.

34. A board meeting was held on 5 November 2010. At that meeting, I expressed my concerns about Ms Watson's letter to the government and the approach I understand that she made to Mr Felgate to lobby against the plan. At that meeting, Ms Watson said that she had written the letter to the State government and spoke to Mr Felgate about the plan and that she said that "this is the way I operate".

35. I recall that Ms Watson was asked to step outside the room while the board discussed its concerns about her conduct. The concerns that we discussed was that Ms Watson acted publically against an agreed board and company position, had breached her obligations of confidentiality and had disregarded her duties as a director. The board

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resolved to call a member's meeting to discuss the matter further and decide what steps should be taken in relation to Ms Watson's conduct.

36. The members' meeting was called for 6 December 2010. Prior to the members' meeting, Ms Watson through her solicitor made a submission as to the position taken by Ms Watson in this matter. At the members' meeting, the members resolved to remove Ms Watson as a director.

37. Ms Watson subsequently commenced legal proceedings. The proceedings were defended but after the change of government in 2012, the proceedings were subsequently settled. While I was pleased that the proceedings were concluded, I did not think and still do not think that the conduct of Ms Watson that took place in October 2010 should be condoned.

#### **CONTRACT MANAGEMENT AND FINANCIAL ACCOUNTABILITY**

38. In relation to contract management and financial accountability, I believe that the executive management team had policies or processes that had to be followed in relation to managing contracts and ensuring financial accountability. There were a number of mandatory policies required by the *Racing Act*. However, there were also other policies that the company had dealing with various aspects of the company's business. I cannot now recall but I believe there would have been a policy for purchasing and acquisition. That would have been under the responsibility of the chief financial officer, Adam Carter. Deloitte was also engaged as an internal auditor to monitor compliance with various policies. My recollection is that Deloitte would report to the audit committee, but I did not sit on the audit committee. If policies were not being adhered to, then I assume that any non-compliance would have been picked up by the internal auditors as part of their processes.



39. In relation to the engagements of Contour by QRL and RQL, as mentioned above, Contour was initially a subcontractor to Arben Management but then Contour took on a role of a preferred supplier as they had accumulated considerable intellectual property which was needed for the industry infrastructure plan. While Contour carried out a fair amount of design work and project managed some works on behalf of the control body, I do not recall that Contour's own engagement went through any public tender process. But then, I would not expect that that would be the case anyway. The control body did not go through a tender process for the purposes of engaging professional consultants such as lawyers, accountants and the like. As far as I can recall, any work that was required to be done by contractors under the supervision of Contour would have been subject to a tender process.

40. In relation to the management of the control body during the period covered by the terms of reference, the actual management of processes is a matter within the responsibilities of the chief operating officer or chief executive officer of the company. As far as I can recall, Mal Tuttle had management meetings after every board meeting. The board would meet on a regular basis and the meetings would last quite some time. Board papers were circulated and through the course of the meetings there would be presentations by particular members of the executive management team who would come into the board meeting to present their specific issues. Once the board deliberated on whatever was covered in the agenda, the management of the company was left to the executive management team.

41. I believe the relationship between the members of the board and members of the executive management team was quite good. I was more involved than other members of the board in certain activities of the control body as I would regularly attend the premises at Deagon on occasions other than designated board meeting days. I was more involved in discussions with Mr Tuttle and others in relation to the industry infrastructure plan and infrastructure issues in general. The reason for taking



an active involvement in those matters is because the infrastructure plan was such a major issue that I had to discuss with the government and I was the one who was called upon to meet with government in relation to it. Further, if major issues of complaint arose within the industry then chances are I would be the one who would be contacted and receive a complaint. Therefore, if there was a major issue that was brewing then I would need to know about it so that I would not be at a disadvantage when contacted.

42. I also had some involvement with Paul Brennan in relation to the QTIS Scheme and in relation to programming of races because I was concerned to try to maximise the revenue that could be generated from race meetings. The more money generated in betting revenue, the more that could flow to RQL for its purposes. This was an even greater concern after Racing NSW ceased the 'Gentlemen's Agreement' because we had to make sure that a better quality program could be presented to ensure that people bet on Queensland races rather than interstate races.

## **CORPORATE GOVERNANCE**

43. In relation to corporate governance, I believe that RQL had a strict process that echoed good corporate governance principles. For example:

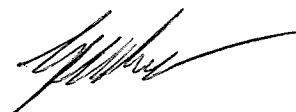
(a) The role of the board and the role of the senior executive team were fairly well defined. The board business was the subject of detailed papers that were prepared for each meeting and circulated to board members. Business at board meetings was recorded in minutes. The board exercised supervision over the senior executive team.

(b) The structure of the board was well balanced. When RQL was established in 2010, the board was basically configured so as to reflect the size of the respective boards from the three codes. All of the existing board members



from QRL went onto the board of RQL and the then chair of harness racing, Bob Lette, went onto the board and the then chair of greyhound racing, Kerry Watson, went onto the board. The various board members had considerable corporate and other experience. For example, Bob Lette was a lawyer and had corporate experience. Tony Hanmer had been on the board of the Queensland Thoroughbred Racing Board and has also held other board appointments. Brad Ryan was an accountant. Wayne Milner had a wealth of experience in the finance industry. Bill Ludwig had experience in the union movement but also had experience on boards such as Workcover and the Portable Long Service Leave Board. The board carried out its decision making independently from the senior executive team.

- (c) Steps were taken to ensure that members of the board were familiar with their responsibilities as directors. For example, when the board of RQL first met, we arranged to have Barry Dunphy from Clayton Utz come in and do training in respect of directors' duties. We also had very clear processes in place for carrying out the board's business. As mentioned above, detailed board papers were prepared with agendas, decisions were recorded in minutes and there was always free and open discussion at board level. We also had a rigorous process for ensuring that conflicts of interest were identified and appropriate steps taken to ensure that any conflicts of interest did not impact upon the business of the company. At the commencement of every board meeting, one of the standing points of business was to review the existing conflicts of interest disclosures that had been made previously and to update any disclosures that had to be made. Further, if there was any aspect of the board business that may be impacted by a potential conflict of interest then we ensured that the relevant board member would depart the meeting while that order of business was discussed. As a result, I never took part in any deliberations on the board of RQL which may conflict with business concerning



the Tatts Group (of which I was a director). Further, when board papers were distributed, if there was any papers relevant to business that may impact upon Tatts Group then those papers were excluded from the bundle that were sent to me.

(d) RQL had an audit committee established. I did not sit on the audit committee. As far as I am aware there was a charter for the audit committee.

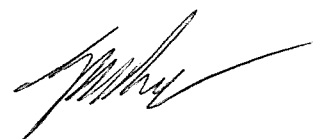
(e) In relation to identifying risks, as mentioned above, Deloitte had been engaged as the internal auditors for RQL. I understand their brief was to come in periodically and to check that policies of the company were being complied with and to identify any areas of non-compliance.

(f) In relation to the management of human resources and remuneration, RQL had a human resources and remuneration committee (HRRC). While I believe that RQL remunerated fairly, it will be discussed later in this statement that some members of the senior management team had their contracts reviewed so as to bring them into line with their counterparts interstate.

## OVERSIGHT BY GOVERNMENT

44. In relation to oversight by the Minister, the executive government and the chief executive, I say as follows:

(a) In the period from 2007 to 2010, QRL was subject to audit by the Auditor-General's office every year. There was a report to Parliament done by QRL. The government also required us to publish an annual report and racing calendar. Further, the Racing Office would be the body that could review or receive any complaints in relation to QRL. We had meetings with the relevant



Minister at the time when we sought funds for the work that was required for the installation of synthetic tracks such as at Sunshine Coast and Toowoomba during the drought. I should add that we also obtained Federal government funding to assist the industry in relation the devastating effect suffered as a result of the equine influenza virus.

- (b) We also had meetings with the State government in the lead up to the merger of the three codes when we were developing the plan for seeking funding for the draft infrastructure plan.
- (c) I also understand that there was regular contact between the Racing Office (in particular, Mike Kelly and Carol Perrett) and members of the senior executive team in relation to the policies that were required under the *Racing Act*.

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

45. The terms of reference also inquire in relation to the circumstances surrounding the renegotiation of the contracts of employment for Malcolm Tuttle, Shara Reid, Jamie Orchard and Paul Brennan. The events surrounding the renegotiation of those employment contracts were as follows (to the best of my recollection):

- (a) In 2010 when the three codes came together, a lot of work was done by the senior management team within a fairly short period of time to bring everything under one administration. As part of that process, the employment contracts of the senior executive team were rewritten with RQL as the new employer. However, as far as I can recall, there was not a major variation in the terms of employment, even though the responsibilities of the senior management team increased considerably. Not only were they now responsible for three codes rather than one but there were several additional heavy responsibilities that





were imposed upon them. For example, there was all of the work required for the infrastructure plan. Further, there was a lot of work involved in collecting fees for the provision of race information.

- (b) In the first part of 2011, I became aware of the mounting personal pressure that was being applied to some senior executives. In particular, Shara Reid (nee Murray) had experienced a lot of stress as a result of trouble at her daughter's school. Her daughter attended one of the local schools where there were a lot of children from racing families and Shara informed me that her daughter was subject of a lot of abuse and bullying merely because her mother worked at RQL.
- (c) I had a meeting with senior executives at which they elaborated on their concerns and I agreed to raise them with the board.
- (d) We obtained advice from Clayton Utz in relation to a review of the employment contracts. We also approved of the senior executives seeking further advice from Norton Rose.
- (e) The two issues that emerged as part of the review of the employment contracts were, firstly, an increase in remuneration and, secondly allowing a trigger for taking voluntary redundancy in the event that there was a change of government.
- (f) In relation to the review of remuneration which resulted in an increase, I believe the increase did not cause any difficulty for the lawyers advising on the matter.
- (g) Further, I in fact contacted the CEO of the Australian Racing Board, Mr Andrew Harding, to get some indication of what counterpart senior executives

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interstate were paid. I thought that making inquiries officially would probably be met with no response due to confidentiality so I thought that my inquiry to Mr Harding who could give me some credible information was a worthwhile way to proceed. My recollection is that the review of remuneration of the senior executives of RQL resulted in their remuneration being increased but being still less than those of their interstate counterparts on Mr Harding's assessment.

- (h) In relation to the change of government trigger for taking voluntary redundancy, I did not think that that would be a problem. Firstly, even under their existing employment contracts there was a provision that allowed them to leave in the event that RQL ceased to be a control body. Given all of the media attention and publicity at the time, it was a fair assumption to make that in the event of a change of government, there would be a change to the control body (which is in fact what exactly has happened).
- (i) Further, such was the hostility that the senior executives were experiencing from some quarters of the industry, I believed that if there was a change of government then the senior executives (some of them had been with the control body for a very long time) would be virtually unemployable in the industry in Queensland. Subsequent events have proven that concern to be well founded.
- (j) RQL could not afford for the senior executives to leave or be distracted by seeking other employment in the middle of 2011. There was a lot of work that was required to be done in the ensuing months concerning the infrastructure plan and collecting revenue from bookmakers. If any or all of the four senior executives decided to leave in the middle of 2011 then that would have been a major disruption in the preparation of the business cases for the works under the infrastructure plan, the execution of those works, as well as all of the other



business of the control body such as collection of fees from bookmakers and the court cases RQL was involved with.

- (k) Further, given the importance of securing funding from the government for the infrastructure plan, it was necessary to portray a level of stability within the control body. Therefore, I believe it was in the best interests of RQL to agree to the proposed variations of the employment contracts to keep the executives.

46. My recollection of the events surrounding the termination of employment of the four executives, Mr Tuttle, Mr Orchard, Mr Brennan and Mrs Reid, is as follows:

- (a) The election took place in March 2012. In the lead up to the election, it became quite apparent both from LNP announcements and from other publicity in the media that if there was a change of government there would definitely be a change in the control body.
- (b) Further, the open hostility that was being experienced by the senior executives was such that I believe they would have had no doubt that they would not be able to keep their jobs if the government changed.
- (c) I became concerned in the week prior to the election that if the government changed then the senior executive team would not bother to stay but would leave straight away. I met with Malcolm Tuttle on the Friday before the election and asked him the direct question, what if the LNP wins the election. He said to me that he would let me know on Monday.
- (d) On the Monday morning after the election, I attended at the office at Deagon before I had to fly to Melbourne for other business. I met with Malcolm Tuttle and he told me that he had decided to resign because he did not want to hang



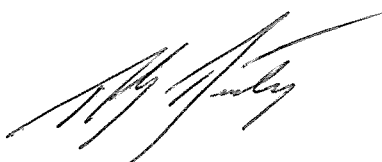
around and have Mr Dixon and Mr Ferguson sack him. He did not want being sacked on his record.

- (e) I also spoke to the other executives who decided to resign. Succession was discussed and I accepted that the persons who they suggested taking over their tasks in the interim were appropriate in the short term and that the company could continue with the day to day operations. With the infrastructure plan not proceeding under the LNP, I did not consider that there would be any major gap if the executives left straight away.
- (f) I also spoke to each of the executives separately and sought their assurance that their files were up to date and that there were no matters of significance left outstanding and that could not be handled by their replacements. I was assured that this was indeed the case, and they all assured me that they would be available to assist their replacements on any matter.
- (g) I then spoke to Adam Carter, the chief financial officer to check that there was sufficient cash to make the payouts and he confirmed that this was the case but he would need to access a deposit with the bank at call. I also instructed Adam Carter to have the payout figures checked by one of his internal accountants and contact Deloitte to also check the payout figures.
- (h) In the circumstances, I decided there was no point in having the senior executives work out any period of notice because I did not believe that the LNP would waste any time in wanting a new board appointed and making changes to the industry.

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

47. The terms of reference also inquire into the arrangements between Queensland Race Product Co Limited and Tatts Group. I was not on the board of Queensland Race

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Product Co Limited. I did not take part in any dealings between that company and Tatts Group.

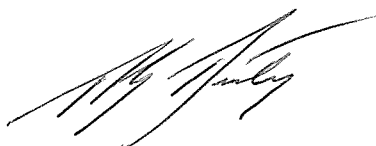
48. I am aware that certain advice was obtained by QRL from David Grace of Cooper Grace Ward in relation to the draft race information legislation that was being introduced in New South Wales. I am aware that Mr Tuttle had some concerns in relation to the matter. However, it was not a matter that I was involved in or needed to be involved in. Rather, I left all those issues to other directors.

#### **TRANSFER OF FUNDS FROM GOVERNMENT**

49. The terms of reference also inquire as to the transfer of funds in February 2012 from the Queensland government to the RQL infrastructure trust account. I recall that I had a meeting with the Treasurer in early 2012 at which the issue of seeking reimbursement of funds as raised in discussions. RQL had incurred substantial expenses in relation to infrastructure and putting plans in place. I believe it was responsible for us to seek the reimbursement from the government as had been agreed previously. However, I was not involved in the details of the reimbursement of the funds. Rather, the actual processes of verifying the expenditure and providing the necessary details to government was left to Adam Carter as the chief financial officer.

#### **OTHER MATTERS**

50. One further matter that I believe falls within the relevant period covered by the terms of reference are the circumstances of the transition of the board to an interim board after the election. Barry Dunphy from Clayton Utz came to see the board at Deagon after the election and said to us that the government wanted myself, Bill Ludwig and Tony Hanmer to leave the board. As the government had no direct say over the running of RQL, it would not have been a straightforward matter for the government to simply



51. dictate that we had to leave. However, Mr Dunphy told us that the message from the government was if we did not leave voluntarily then the government would send in the Auditor-General and would continue to investigate everything until they could find something to complain about. Basically the message was quite clear – leave or else. Mr Hanmer, Mr Ludwig and I tendered our resignations effective 30 April 2012.

52. I had a meeting with the Director General and with Mike Kelly of the Office of Racing to discuss a sensible exit strategy. I sought an extension of time to fulfil my obligations as chair of the Australian Racing Board. I suggested an orderly transition. The government wanted me to go straight away. I tried to explain that we all could not go straight away and leave the board without a quorum. Kevin Dixon had been identified as the new government's choice to chair RQL. To satisfy the government's demands, we on the board invited Mr Dixon to join prior to Tony, Bill and I resigning. That then at least left a quorum of three (with Mr Dixon on the board with Wayne Milner and Brad Ryan). I had offered Mr Dixon a briefing for hand-over but he was not interested and declined.

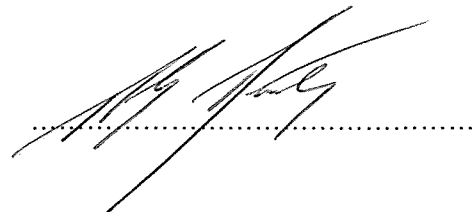
And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the *Oaths Act 1867*.

**SIGNED AND DECLARED** )

at *Brisbane* )

on: *26 July 2013* )

in the presence of: )



Solicitor / ~~Justice of the Peace~~