

QUEENSLAND RACING COMMISSION OF INQUIRY

AFFIDAVIT OF BYRON ALEXANDER BEAVERS


I, **BYRON ALEXANDER (KNOWN AS ALEX) BEAVERS**, c/o Crown Law, State Law Building, 50 Ann Street, Brisbane in the State of Queensland, Deputy Under Treasurer state on oath:

Role

1. I am currently a Deputy Under Treasurer, in the Department of Queensland Treasury and Trade (Treasury).
2. During the relevant period, I was employed with Treasury in 2007 as the Assistant Under Treasurer, Fiscal. This role was not portfolio specific, but was responsible for the whole-of-government fiscal position. Accordingly, I was unlikely to have been involved in matters relating to the racing industry.
3. On 22 March 2007, I was appointed to the role of Deputy Director-General in the Department of Premier and Cabinet. I was then seconded back to Treasury on 17 June 2009 in the role of Deputy Under Treasurer.
4. I was appointed as Deputy Under Treasurer on a permanent basis with effect from 7 April 2011.
5. I am one of two Deputy Under Treasurers. I am currently responsible for Budget matters. My role is to provide broad support for the Under Treasurer in relation to the Budget, including both Whole-of-Government and portfolio specific matters.

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Deponent

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Affidavit of Byron Beavers

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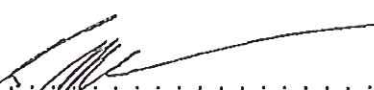
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6. Responsibility for matters concerning the racing industry sat within the Resources and Economic Development Branch within Treasury. This Branch is within my broader portfolio responsibilities.
7. By way of contemporaneous context, I note that during the relevant period Treasury was occupied with, amongst other issues, managing the State Budget during the difficult period of the global financial crisis and the downgrade of the State's credit rating, State Government asset sales and natural disaster recovery. Coupled with the fact that Treasury, by necessity, focuses its resource effort towards portfolios commensurate with their budget and policy significance, racing industry matters were not a high priority to Treasury.
8. Given Treasury does not have any particular expertise in relation to racing industry matters, the junior Treasury officers who were tasked with this work would have had to manage it in the context of other work priorities and would have undertaken such work under the guidance and direction of superiors.
9. Treasury's role is to assist the Government of the day by providing advice on proposals from Ministers and departments. Once a decision is made, Treasury's role is to implement that decision to the extent that it relates to Treasury's responsibilities.

Cabinet Submissions and Cabinet Budget Review Committee Submissions

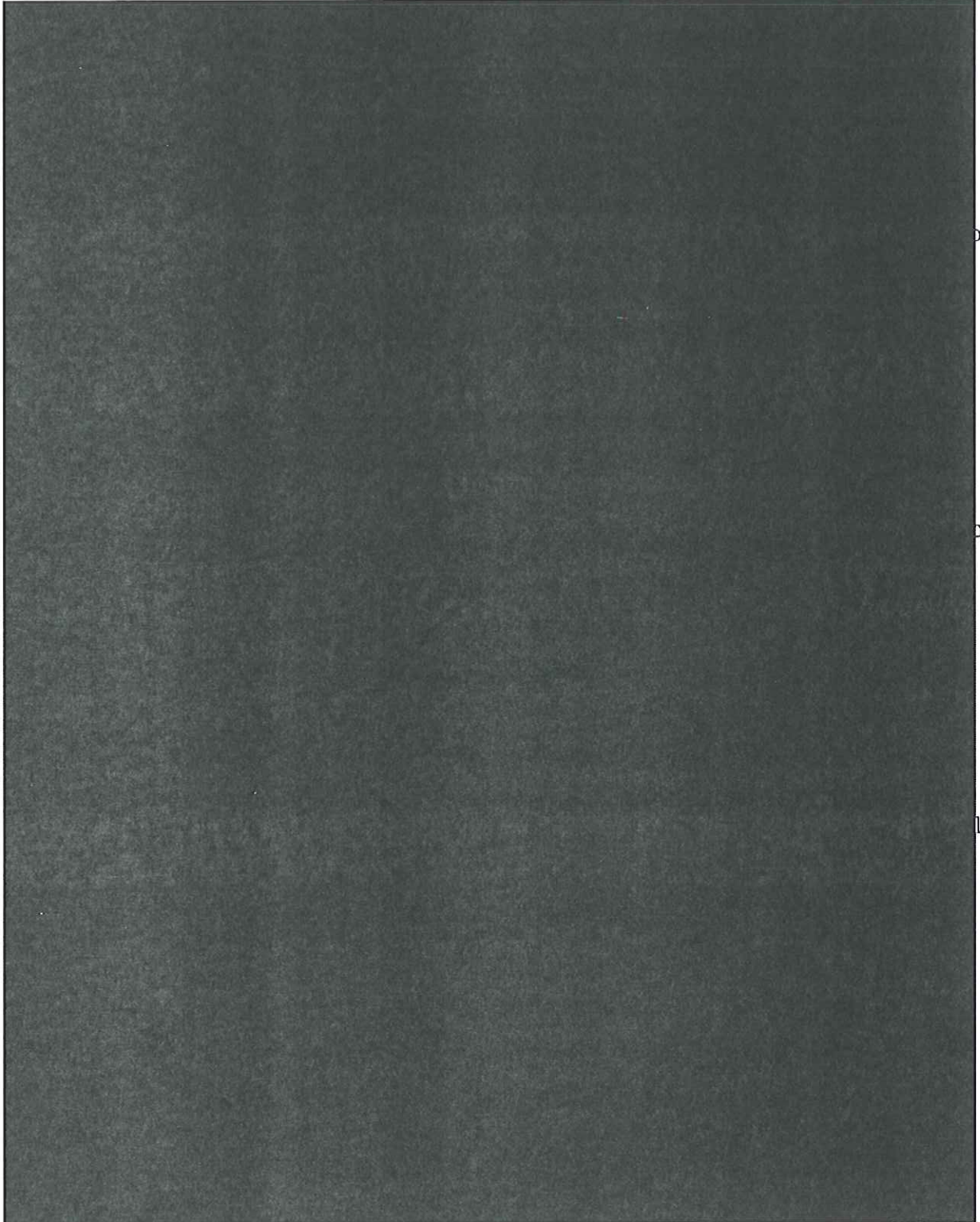
10. In my role as Deputy Under Treasurer, I would see most Treasury briefing notes in relation to Cabinet and Cabinet Budget Review Committee (CBRC) submissions. Whilst my name may not appear on the briefing notes, it is usual for the briefing notes to pass through me before they are reviewed by the Under Treasurer.
11. I review and clear or change briefing notes as appropriate to properly reflect Treasury's position in relation to submissions.
12. If the content of the submission is of relatively minor significance or if there is an urgent need for a briefing note to be signed and the Under Treasurer is unavailable, I will sign on his/her behalf.

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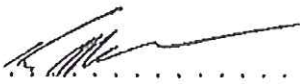
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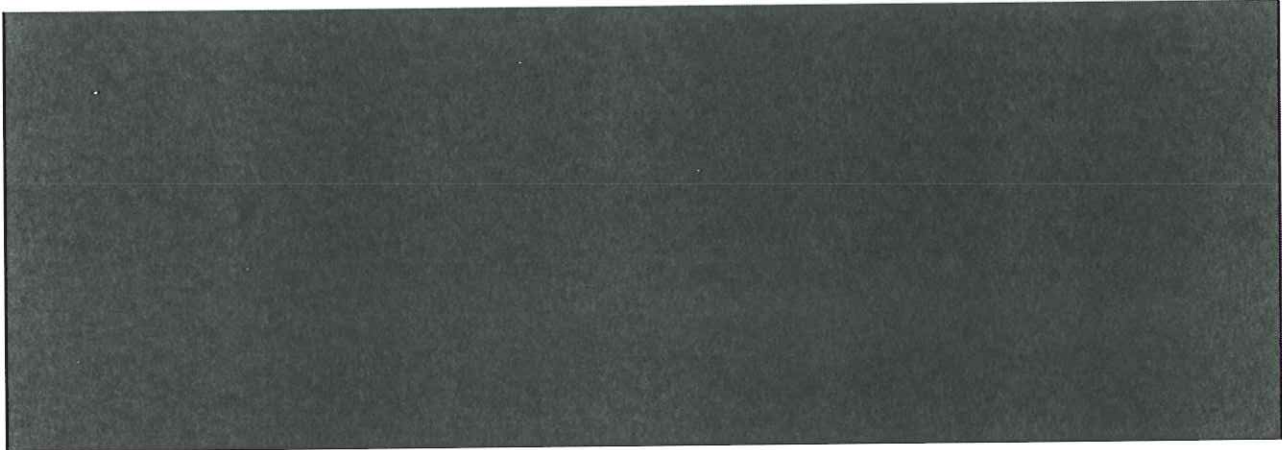
13. For convenience and ease of understanding, I address the various submissions I have been asked to comment on in chronological order.

Cabinet Budget Review Committee Submission No 3756 for 26 November 2009

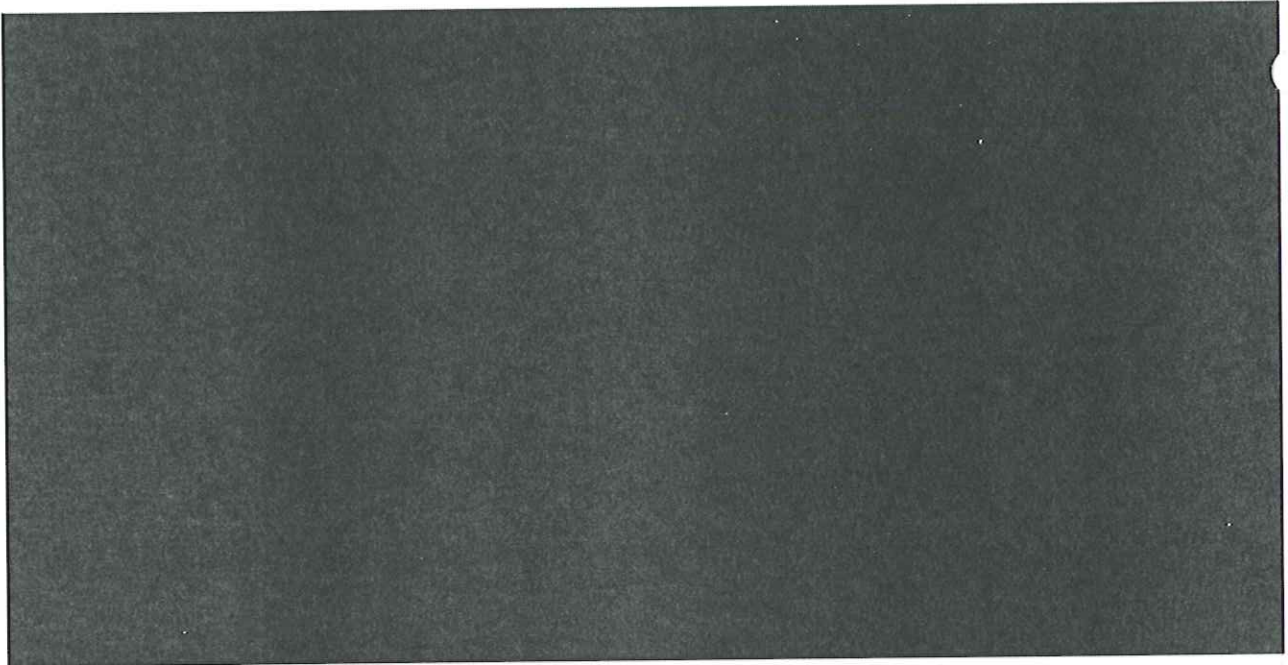


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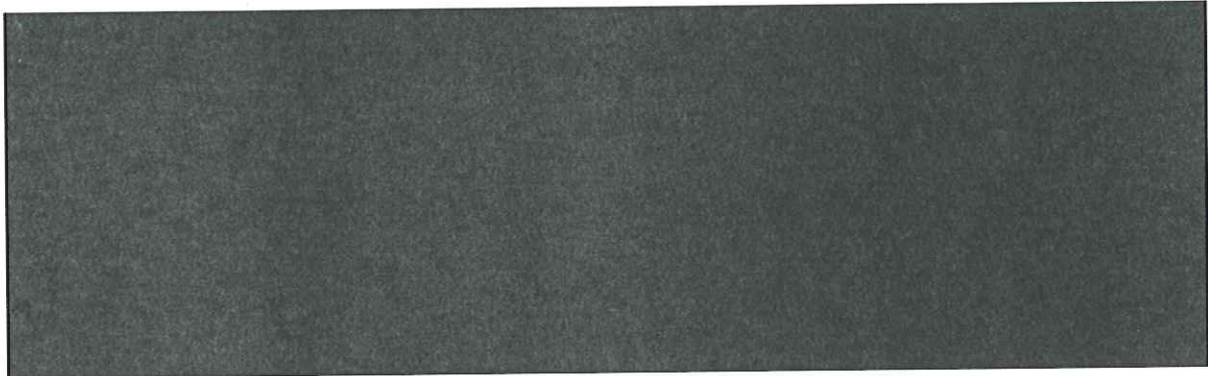
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Cabinet Submission No 7290, for 22 February 2010



Cabinet Submission No 7372, for 14 April 2010



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Cabinet Budget Review Committee Submission No 4210 for 7 July 2011

29. Treasury's position was to oppose the submission with regards to the one year extension of the wagering tax sharing arrangements and the Mackay business case.
30. I was consulted in the development of the submission. Exhibit **AB3** is an email string which speaks for itself as to my involvement in the development of the submission.
31. I designed the model proposed in the submission under which Racing Queensland Limited (RQL) could obtain a loan from Queensland Treasury Corporation (QTC) to be repaid from the funding previously agreed. This was in response to a proposal put forward by RQL whereby the State would provide a guarantee for a loan from a commercial vendor, with the State guarantee to be secured via a mortgage over Albion Park Raceway. Exhibit **AB4** is a copy of an email from me to Nicholas Lindsay which sets out Treasury's approach to the loan from QTC. Treasury's position on the proposed loan is set out in paragraph 84 of the body of the submission.
32. Treasury's position is otherwise articulated in the briefing note regarding the submission. I was sent a draft of the briefing note from John O'Connell. Exhibit **AB5** is a copy of that email and draft briefing note. Exhibit **AB6** is a copy of the signed briefing note. The briefing note is signed by the Cabinet Liaison Officer rather than the Under Treasurer.

Matter to note or briefing on 30 January 2012




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Business Cases

- 35. I do not specifically recall the details of the Mackay business case, but I recall that Treasury opposed it on the basis that approving the release of the funds would have been inconsistent with a previous CBRC decision.
- 36. I may have reviewed the briefing note which relates to the Mackay business case. Exhibit **AB8** is a copy of that briefing note.
- 37. I recall the business cases generally were difficult to assess and reach a firm conclusion upon. This is because racing infrastructure sits awkwardly as being neither solely commercial nor solely community/sporting infrastructure.
- 38. Treasury's review and assessment of the business cases was largely limited to trying to determine whether the proposed investment would aid the longer term viability of the clubs. In this context, Treasury was seeking to mitigate the chance of the racing industry requiring another injection of State funds for the same facilities.
- 39. Given that Treasury was unable to satisfy itself of the ongoing viability of the clubs, Treasury recommended that a letter of comfort be sought from RQL in order to mitigate future risk to the State.
- 40. I would have likely reviewed the briefing notes of 10, 14 and 17 February 2012 which articulate Treasury's analysis of the business cases. Exhibits **AB9**, **AB10** and **AB11** are copies of those briefing notes.
- 41. Exhibit **AB12** is a bundle of emails which speak for themselves on this matter. I was kept informed of the progress of Treasury's analysis generally but was not aware of the specific details in relation to each of the business cases. I was also aware that Treasury staff were seeking to deal with the business cases while at the same time having to deal with other, and arguably more pressing, priorities.
- 42. It was my expectation that the business cases had been prepared by or for RQL and reviewed by the Office of Racing at some level before being submitted to Treasury.

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Other relevant meetings

- 43. I was involved in two meetings with RQL officials. The first was on 2 September 2010 which was attended by Gerard Bradley and Robert Bentley. There may have been other people present, but I cannot recall.

- 44. At this meeting RQL proposed a strategic asset plan which proposed numerous and various plans for racing infrastructure around the State.

- 45. The second meeting was a follow-up on 10 September 2010 where RQL presented a proposal to free up funds (by way of early access to wagering moneys) through the redevelopment and future sale of Albion Park. The invitees were Robert Bentley, Carol Perrett, Malcolm Tuttle and R Whitchurch. I cannot recall who actually attended the meeting but I recall meeting Mr Mark Snowden (who was advising RQL on the development aspects) at that meeting.

- 46. Exhibit **AB13A** and **AB13B** is a copy of the presentation and spreadsheets relating to the cash flow budget of the industry an individual clubs and the Albion Park development feasibility analyses delivered by RQL at the meeting on 10 September 2010.


- 47. I also met with Gerard Bradley, Minister Lawlor and the Treasurer on 14 September 2010. That meeting dealt with two issues being Treasury's position on providing a guarantee (secured by a mortgage over Albion Park) to a commercial lender and a separate matter regarding Tabcorp.

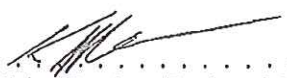
- 48. Exhibit **AB14** is a bundle of documents which speak for themselves in regards to this matter.

Other relevant matters

Flood remediation funding

- 49. I signed a briefing note on behalf of the Under Treasurer regarding flood remediation and urgent safety funding which was later ratified in the CBRC Decision number 3255. Exhibit **AB15** is a copy of that briefing note.


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50. Treasury's position was to recommend that the Treasurer approve the spending of \$2.35 million dollars on urgent flood remediation and safety works.
51. Given the widespread devastation caused by the floods, both officials and Ministers had to exercise judgement in discharging their responsibilities to ensure an appropriate balance between process and progress. In the context of the flood recovery, I considered it appropriate that Treasury recommend that the requirement for the business case be relaxed in that instance.

Business Case Costs


52. The decision to release funds for the costs of preparing the business case was made on or about 5 December 2011 as evidenced by a letter from the Treasurer to the Chairman of Racing Queensland Limited. Exhibit **AB16** is a copy of the Treasurer's letter.
53. Treasury supported the release of funds for this purpose on the basis that an investment in properly developed business cases should promote better decision making. Exhibit **AB17** is a copy of Treasury's Briefing Note to the Treasurer dated 1 December 2011, which it is likely passed through me.
54. While the actual release of funds to allow for the reimbursement of business case costs subsequently occurred during the caretaker period, I do not regard this as significant. There was an existing commitment of the Government to pay these costs given by the Treasurer prior to entering the caretaker period. It is normal practice for the public service to continue to process payments for expenditure already incurred during a caretaker period (as distinct from binding an incoming Government to new commitments).
55. I do not regard it as having been Treasury's role to undertake an analysis of the invoices relating to the preparation of the business case costs. Treasury's role is to distribute funding to departments in accordance with Government decisions. In the context of a Budget that has annual expenditure exceeding \$45 billion, it is not practical or desirable for Treasury to replicate the payment and audit functions of departments.

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56. Having been presented with the invoices, my expectation is that at most Treasury's role would have been limited to an overall review to determine whether they were consistent with the decision to release the funds rather than undertaking an in-depth analysis or reconciliation of the expenses incurred.
57. All of the facts and circumstances deposed to in this affidavit are within my own knowledge and belief, except for the facts and the circumstances deposed to from information only, and my means of knowledge and source of information appear on the face of this my affidavit.

Sworn by BYRON ALEXANDER BEAVERS on 5 September 2013 at Brisbane in the presence of:



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Deponent



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

**QUEENSLAND RACING
COMMISSION OF INQUIRY**

INDEX OF EXHIBITS

Bound and marked AB1 – AB17 are the exhibits to the affidavit of Byron Alexander Beavers on 5 September 2013.

Exhibit	Document	Date	Page
AB1			
AB2			
AB3	Email string relating to the consultation of the development of CBRC Submission 4210	Various	7 - 17
AB4	Email, Alex Beavers to Nicholas Lindsay re Racing CBRC Submission	7.10.2010	18 - 19
AB5	Draft briefing note regarding CBRC Submission 4210 with email attaching	06.07.2011	20 - 22
AB6	Signed briefing note regarding CBRC Submission 4210	06.07.2011	23 – 25
AB7			
AB8	Briefing note re Racing Industry Capital Development Scheme and Proposed Urgent Capital Works at Ooralea Park Racecourse, Mackay	30.06.2011	27 - 29
AB9	Briefing note re Business Cases for Racing Industry Infrastructure Expenditure	10.02.2012	30 - 33
AB10	Briefing note re Business Cases for Racing Industry Infrastructure Expenditure	14.02.2012	34 - 37
AB11	Briefing note re Business Cases for Racing Industry Infrastructure Expenditure	17.02.2012	38 - 40
AB12	Bundle of emails relating to assessment of business cases	Various	41 - 45
AB13A	Racing Queensland Limited Presentation to Treasury – Strategic Asset Plan For Queensland All Codes	10.09.2010	46 - 97
AB13B	Spreadsheets presented with Racing Queensland Limited Presentation to Treasury – Strategic Asset Plan For Queensland All Codes	10.09.2010	-
AB14	Bundle of documents relating to meeting on 14 September 2010	various	98 - 100
AB15	Briefing note re: Flood Remediation Works Funding for the Racing Industry	04.03.2010	101 - 102

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Affidavit of Byron Alexander Beavers

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