

Monday, 19 December 2011

Board Room, Racing Queensland
Racecourse Road, Deagon

Meeting Commenced at 9:05am
Meeting Concluded at 4:20pm

Board Directors Present:	Bob Bentley Tony Hanmer Bob Lette Bill Ludwig Wayne Milner Bradley Ryan	- <i>Chairman</i> - <i>Deputy Chairman</i>
In attendance:	Malcolm Tuttle Shara Reid Adam Carter Jamie Orchard Paul Brennan David Rowan Mark Snowdon Ron Mathofer Peter Smith	- <i>Chief Executive Officer</i> - <i>Senior Corporate Counsel/Company Secretary</i> - <i>Chief Financial Officer</i> - <i>Director, Integrity Operations</i> - <i>Director, Product Development</i> - <i>IT & Communications Manager</i> - <i>Project Director</i> - <i>Business Analyst</i> - <i>Licensing & Training Manager</i>
Item 3.1 (only)	Bill Dixon Bob Lutherborrow	- <i>BOTRA</i> - <i>Standardbred Breeders Qld</i>
Minutes:	Debbie Toohey	- <i>Board Secretary</i>

The Chairman opened the Meeting at 9:05am.

1.1 Apologies

Nil.

1.2 Declaration of Conflicts of Interest

Directors are required by the *Corporations Act 2001(Cth)* to disclose any material personal interest in a matter relating to the affairs of the Company.

-----There were no other additional Declarations of Conflicts of Interest.-(See Attachment "A")-----

1.3 Confirmation of Minutes of RQL Board meeting of 4 November 2011

The Board **RESOLVED** that the RQL Board Meeting Minutes of 4 November 2011 be received and confirmed.

MOVED by Mr Wayne Milner **SECONDED** by Mr Bill Ludwig

Motion carried

1.4 Action Sheet

The Board **NOTED** the action sheet.

1.5 Media Releases / Correspondence / Matters for Noting

The Board **NOTED** the following:

Emails

Revised strategy for the delivery of the Mackay Project	22 November 2011
Gold Coast Turf Club	25 November 2011

The Chairman tabled the following letters on the day:

Letters

Letter to Mr Mike Kelly, re: Gold Coast Project Update	16 December 2011
Letter to Mr Mike Kelly, re: QRIS or Super – QRIS (1992 – 2002)	16 December 2011

The above correspondence was **NOTED** by the Board.

1.6 Confirmation of Flying Minutes

The Board **NOTED** the following Flying Minutes:

Business Case for Cronulla Park, Logan	17 November 2011
Warning Off of Cameron Barnes	21 November 2011
The Gold Coast Turf Club	24 November 2011
Cairns Turf Club	29 November 2011

The above Flying Minutes were **CONFIRMED** by the Board.

1.7 Changes to National OH & S Laws

The company secretary opened this item with a detailed analysis of new O H & S obligations. The Board viewed the State Government video of Directors obligations and liability on O H & S matters.

The Board discussed the issues surrounding its and company liability, many issues were raised by board members in relation to country and tab clubs and, in position where liability arose.

Mr Bob Lette raised the issue of the jockeys who were now considered employees and how the liability of harness drivers was to be covered in future.

The main areas of concern for directors focused on the following:

- Jockey liability
- harness drivers
- country race meetings
- training at race clubs
- overall RQL liability in relation to licensing and current licencing policy.

In addition, the Board agreed that a Workplace Health and Safety seminar be held during February 2012 and that the posters be prepared for erecting at the relevant places at RQL headquarters.

Mr Malcolm Tuttle was directed as a matter of urgency to seek legal advice from a qualified lawyer specialising in workplace health and safety issues.

2.1 CEO's Report

Mr Malcolm Tuttle updated the Board in relation to the CEO's report.

National Jockeys Trust

The Chairman and Mr Tuttle will meet with Mr Glen Prentice prior to setting next years budget to discuss what additional funding RQL will need to consider for the 2012/2013 budget in relation to payments and other commitments with a view to discussing riders' initiatives in totality so that consideration for funding over the next couple of years could be discussed collectively.

Mr Prentice be requested to provide a report to Mr Tuttle prior to this meeting

Asian Racing Federation

The Chairman informed the Board that at the recent Asian Racing Board meeting in Hong Kong, that there were definitive moves at foot to restructure the international horse racing Board (IHFA) due to the shift of racing importance to Asia and the prohibitively expensive operation in Paris.

The recent examination of the finances of the IHFA reveal that the Asian Racing Federation is responsible for the majority of costs and this can no longer be acceptable, in addition, Mr Akatini of Japan is acting as the international secretary at the expense of the Japan Racing Association. Japan has advised that Mr Akatini will be repatriated in March 2012 and this position would need to be filled if the Secretariat is to remain in Paris. This option would be expensive under French Industrial Law.

The funding of the IHFA in Paris cannot fall back on the Asian Board as there is little financial support from Europe.

Singapore/Turkey and Hong Kong have all offered support to relocate the IHFA to their respective countries.

A decision will be made at the Asian Racing Board meeting in Dubai at the end of March prior to a final decision being made by the Asian Board in Paris. Should Europe/South America/USA not be in favour, it is the Asian Board recommendation to proceed as the funding structure with Asia being the primary source of funds will see the others reconsider.

Executive Council of the Asian Racing Federation

Dr Koji Sato	Chairman	Japan
Mr Bob Bentley	Vice Chairman	Australia
Mr Guy Sargeant		New Zealand
Mr Winfried Engelbrecht-Bresges		Hong Kong
Mr Surender Reddy		India
Mr Yu Pang Fey		Singapore
Mr Rob De Kock		South Africa
Mr Omar Faruk Girgin		Turkey
Mr Frank Gabriel		UAE
Mr Andrew Harding	Secretary-General	Australia

Artificial Insemination

Mr Tuttle advised the Board that a decision on this long running matter is anticipated in March/April 2012.

Commission Agents

The Board noted the update on commission agents and agreed that there was an underlying issue on the strict definition of *commission agents*.

Breeding Panel Report

Mr Tuttle informed the Board of a Swedish initiative regarding the expansion of ownership. Mr Tuttle advised the he will request Mr Blair Odgers to look at this initiative with the idea that all codes could be involved.

Mr Tuttle to report back to the Board.

National Greyhound Welfare Committee

Mr Tuttle advised the Board that a formal welfare committee will be formed for Greyhounds.

The Board noted the critical nature of welfare issues across all codes and the heightened interest in this area.

National Race Planning Committee

Mr Tuttle chairs this National Committee and the Board noted that the committee was working towards setting race dates for thoroughbreds for the next financial year. Items under consideration:

- Night racing strategy with 35 minute intervals
- Staying race series revival

Personal Property Securities Act 2009

Mr Tuttle informed the Board that Mr Andrew Harding has written to the Attorney General, the Hon. Robert McLelland MP seeking clarification as to the application of this legislation to the racing industry, in particular whether or not owners should register horses on a Personal Property Securities Register.

Mr Tuttle will keep the Board updated.

Fairfax Media (AAP)

RISA is currently negotiating to expand its supply of racing material and the Board noted this strategy with interest.

HR Report

Ms Reid tabled the current HR report for Board members.

The Report was **NOTED**.

2.2 Legal & Compliance Report

First Level Appeals

The Board **NOTED** that there have been Four (4) First Level Appeals for the month of November 2011.

Appeal Committee Restructure

Ms Reid sought the Board's approval for the restructure of RQL's First Level Committee.

Ms Reid advised the Board that she had concerns over the present structure and she considered that the decision making process was compromised by not having a more permanent principal member backed up by a Deputy Member. The Following structure was put to the Board as a recommendation from the Company Secretary.

Mr Lette suggested to include accommodation as part of the retainer for the Principal Member and Deputy Member and also include a fixed term of 2 years.

1. RQL to appoint a Principal Member to reside on all First Level Appeals. This Principal Member will receive a retainer of \$15,000.00 per year, which will include his or her mileage and remuneration. RQL will pay for airfares required for the Principal Member to reside on appeals located in Townsville. The Principal Member is to comply with RQL's Policies and Procedures and is to undertake that he or she will not bet on any races.
2. RQL to appoint a Deputy Member to reside on all First Level Appeals. This Deputy Member will receive a retainer of \$10,000.00 per year, which will include his or her mileage and remuneration. RQL will pay for airfares required for the Deputy Member to reside on appeals located in Townsville. The Deputy Member is to comply with RQL's Policies and Procedures and is to undertake that he or she will not bet on any races.
3. If the Principal Member is unable to act, the Deputy Member is to act in his or her position.
4. A pool of four (4) Appeal Members located in Townsville will be kept and will be called upon to reside as a Member/s of the First Level Appeal Committee in Townsville.
5. A pool of six (6) Appeal Members located in Brisbane will be kept and will be called upon to reside as a Member/s of the First Level Appeal Committee in Brisbane and Toowoomba.
6. Any Member called upon to sit on a First Level Appeal must complete a Conflict of Interest Form prior to sitting on an Appeal.

7. A decision supported by a majority of the Members of the Appeal Committee hearing an appeal is the decision of the Committee. If the Members of the Appeal Committee are evenly split on a question, the decision of the Principal Member of the Committee is the decision of the Committee.

The Board **APPROVED** the restructure with the following change; that a fixed term be included of 2 years.

MOVED by Mr Bob Lette **SECONDED** by Mr Wayne Milner

Motion carried

Anti- Discrimination Commission Matters

- Bobby Chrystal - This matter was resolved by way of a Deed of Settlement. The matter is now closed.



- Heather Warland – RQL has responded to allegations. Ms Reid contacted ADCQ and was informed that the complainant had identified Mr Craig Williams as the Security Guard – Tru-Guard. The ADCQ confirmed that the complainant was serious with her complaint and still intends to pursue the matter. Ms Reid will keep the Board updated.
- Donald Cavanough – A Conciliation Conference was held on 4 October 2011 in which Mr Cavanough failed to attend. RQL briefed the Conciliator as to why the matter should lapse, however, the Conciliator determined that Mr Cavanough would be allowed a further seven (7) days to continue to pursue his complaint against RQL. On Monday, 24 October 2011, the ADCQ advised RQL that they have had no response to their first letter. The ADCQ advised that they would now write again and provide Mr Cavanough a further seven (7) days to respond – if no response, the ADCQ will lapse the complaint. This has now lapsed. Mr Cavanough has a right of appeal to QCAT: appeal period expires 3 January 2012.

Litigation Matters

- **Qld Harness Racing Limited v RQL & Anor**

This matter is still progressing these matters is so that RQL are in a position to move quickly toward trial in the event the strikeout application is unsuccessful.

- **John Maguire v Greyhound Racing Authority [8110/09] (Supreme Court)**

A mediation conference was held on Monday, 12 December 2011. Mr Maguire made a settlement offer to RQL:

- (a) RQL pay \$15,000.00 in damages
- (b) RQL waive costs orders made against Mr Maguire, and
- (c) RQL pay mediation costs.

RQL rejected this offer. A further Application Hearing date will be set in relation to this matter.

Ms Reid will keep the Board updated on this matter.

- **Race Information – Debt Recovery x 3**

The defendants are being represented by Mr Peter Previtera of Alex Mackay & Co.

The defendants have required all documents as per the 222 Rule prior to entering their defence. Time then runs from the delivery of the last Rule 222 document.

Each defendant filed their defence on 20 September 2011.

Particulars were received by RQL on Monday, 31 October 2011.

RQL has drafted Orders requesting that the matters be heard together as one matter in the District Court and that the matter be set down for trial in February 2012 – dates not yet set.

The defendants have requested that a Mediation Conference occur late January 2012 – The Board noted that Courts are mindful to grant mediation requests.

Ms Reid to keep the Board updated.

- **Gold Coast Greyhound Racing Club**

A letter was served on the GCGRC on 21 November 2011 - the letter was intended to establish documentary evidence to support RQL's defence to any claim which might be made by the GCGRC that:

- (a) Mrs Reid's (nee Murray) explanation of the Deed misled Mr Irwin as to the true meaning and effect of the Deed of Settlement;
- (b) Mr Irwin did not otherwise understand the true meaning and effect of the Deed of Settlement; and
- (c) the GCGRC would not have entered into the Deed of Settlement if it had understood its true meaning and effect.

If the proposal is not accepted by the GCGRC, the letter of 21 November 2011 would be powerful evidence to refute any claim by the GCGRC, as set out above, that they would not have signed if they had fully understood its terms. This evidence would support RQL's counterclaim, seeking recovery of the \$20,000 settlement payment.

On 30 November 2011, the GCGRC requested an extension of time for the provision of their Reply and Answer to RQL's counter-claim. RQL advised that it was not agreeable to the GCGRC's proposal, and as such, required the GCGRC and Mr Irwin to file documents when required.

On 6 December 2011, the GCGRC filed its Reply and Answer.

On 10 December 2011, the GCGRC rejected RQL's offer to unwind the Deed of Settlement.

Mr Irwin's Reply and Answer is due on 20 December 2011.

Ms Reid to keep the Board updated.

Review of Control Body Section 81 Policies – Office of Racing

Ms Reid updated the Board in relation to the Office of Racing conducting a desktop audit of RQL's website in relation to RQL's Section 81 policies, with a follow up interview on 31

May 2011. The Office of Racing provided RQL with its assessment for RQL's consideration and review. RQL provided further clarification and an Action Plan to the Office of Racing.

The assessment revealed that RQL was compliant with a suggestion that a few minor amendments should be included. The Board noted the advice of the company Secretary and asked that the amendments be incorporated.

MOVED by Mr Wayne Milner **SECONDED** by Mr Bill Ludwig

Motion carried

Section 81 Policies – Office of Racing Review

Ms Reid informed the Board that at its 3 September 2010, the Board of RQL confirmed that three (3) formal submissions had been received from Mr Jamie Orchard (Director of Integrity Operations), Mr Darren Beavis (Greyhound Racing Manager) and Shara Murray (Senior Corporate Counsel/Company Secretary in relation to the below named policies:

- (a) Licensing Scheme Policy 81(c)
- (b) Policy for a Program for the Testing and Training of Racing Animals, Including Holding Trials 81(e)
- (c) Policy for First Level Appeals 81(h)
- (d) Policy on the Formation, Management and Licensing of Clubs 81(i)
- (e) Policy on the Standards Required for Licensed Venues, Including Venue Licensing Procedures 81(k)
- (f) Policy for Decision Making by Stewards 81(n)
- (g) Drug and Alcohol Policy (Licence holders and Race Club officials) 81(q)
- (h) Awareness of Duties Policy, Including Sexual Harassment, Bullying and Unlawful Discrimination in the Racing Industry 81(p)

The Board considered the feedback that had been received and confirmed their agreement that the changes made to the following policies be adopted.

- 1. Drug and Alcohol Policy
- 2. Licensing Scheme Policy
- 3. Policy on the Standards required for Licensed Venues, including Venue Licensing Procedures
- 4. Policy for Decision Making by Stewards

The Board approved and confirmed the above Policies with the above requested changes.

Ms Reid advised the Board that the minutes of the Board meeting of 1 July 2011, in her opinion did not reflect the Policies made under Sections 81(e), 81(h), 81(i) and 81(p) and sought the Board's approval to re-affirm that these policies be approved and confirmed.

The Board approve and confirm the following policies:

- 1. Policy for a Program for the Testing and Training of Racing Animals, Including Holding Trials 81(e)
- 2. Policy for First Level Appeals 81(h)
- 3. Policy on the Formation, Management and Licensing of Clubs 81(i)
- 4. Awareness of Duties Policy, Including Sexual Harassment, Bullying and Unlawful Discrimination in the Racing Industry 81(p)

MOVED by Mr Bob Lette **SECONDED** by Mr Bradley Ryan

Motion carried**Review of Control Body Section 81 Policies – Clayton Utz**

Following a request from Mr Hanmer that RQL's lawyers should review RQL's section 81 policies in addition to the Office of Racing desktop audit.

Ms Reid informed the Board that she has received comments from Clayton Utz regarding all RQL's Section 81 Policies which they have suggested amendments to certain policies.

The Board instructed the Company Secretary to make the necessary changes and bring the amended policies to the Board for approval.

MOVED by Mr Tony Hanmer **SECONDED** Mr Bob Lette

Motion carried**Race Information – Waterhouse Entities**

The Chairman declared a conflict of interest and left the meeting at 11:13am. Mr Tony Hanmer took the Chair. The Company Secretary advised the remaining Board members that the update was not provided to the Chairman in the Board papers.

Ms Reid updated the Board in relation to the meeting that was held in Sydney between David Quach, CFO of the Waterhouse Entities and Ms Louise Raedler-Waterhouse. The following was discussed:

- (a) Payment of outstanding fees for the authorisation period 1 September 2008 to 31 December 2010, and
- (b) Authorisation for the current authorisation period of 1 January 2011 to 31 July 2012.

After a long discussion, Ms Raedler-Waterhouse proposed the following and for Ms Reid to take her proposal to the next Board meeting for the Board's consideration.

- (a) No retrospective payment – forget the past – do not see why they have to pay a retrospective payment
- (b) The Waterhouse Entities are charged a yearly fee, broken down per month, and
- (c) Credit is taken where there is a loss.

The Board considered at length Ms Raedler-Waterhouse's proposal but did not accept the proposal that was put forward by Ms Raedler-Waterhouse for the Waterhouse entities, and in the absence of the entities entering into the required agreement. The Board determined the Waterhouse Entities be referred to the Office of Racing.

The Board **AGREED** that:

1. The Board does not approve the proposal from the Waterhouse entities and in the absence of the entities entering into the required agreement, inform the Office of Racing that they are in breach of Chapter 3, Part 6 of the Racing Act 2002 (Qld).
2. That the Waterhouse entities be referred to the Office of Racing
3. Ms Reid to inform Ms Raedler-Waterhouse of RQL's Board decision.

MOVED by Mr Bill Ludwig **SECONDED** by Mr Bob Lette

Motion carried

Ms Reid advised the Board that Betezy have confirmed that they will enter into a Deed of Settlement with RQL in relation to the retrospective payments from September 2008 for Queensland Race Information fees.

The Chairman returned to the meeting.

Mackay Contract (Contour)

The Company Secretary advised that the Contract for the construction at Mackay had been executed and tabled the contract.

Contract **NOTED**.

Resignation

The Board **NOTED** the resignation of Ms Wendy Thomas.

The Board **NOTED** the Legal & Compliance Report.

2.3 Finance Report

Mr Adam Carter updated the Board in relation to the management accounts for the period ending 30 November 2011. The Chairman sought the Board's agreement for the November accounts to be noted rather than discussed in detail as the November outcomes would be incorporated and fully discussed in the budget session later in the meeting.

The Board agreed that this would be the most appropriate way to handle the Wagering Report.

Mr Carter directed Board members to the Forecast 2012 and the comparison of current year against budget, full year against budget and the Forecast 2011/2012. The figures point to significant downturn in revenue notwithstanding wagering levels being up by 1%. The accounts record increased expenditure on:

- a. OB Subsidy to Thoroughbred Clubs \$1M.
- b. Increase in Jockey riding fees \$600K increase on FY1011.
- c. Legal fees provision with an increase of \$1M due to impeding legal cases. Currently \$400K over budget YTD.
- d. Grant of \$750K to the BRC.

~~The 2011/12 forecast shows revenue down by approximately \$2M over full year 2011, the prizemoney forecast of \$104.5M compared to full year 2010/2011 of \$98.5M was a budgeted increase of \$6M. Administration costs have been reduced significantly on FY11.~~

The forecast deficit for 2011/12 currently stands at \$4.6M.

The Board expressed their concerns at the deteriorating revenue projections and resolved that the budget for 2012/13 would need to be framed against the forecasted projections that currently could see a significant downturn in revenue. The Board expressed the view that there would need to be a review of Harness prizemoney distributions, thoroughbred prizemoney distributions as well as race club subsidies, with particular attention to the advantageous position of the Sunshine Coast Turf Club and Rockhampton Jockey Club through their receipt of generous administration subsidy.

Mr Mathofer addressed the Board on wagering trends and expressed an opinion that after discussions with Tattsbet that wagering revenue is predicted to remain flat for the remainder of 2010/11. Mr Carter advised the Board that the forecast for 2011/12 projected

an increase of 1% in wagering revenue. The CEO expressed the view that whilst he did not consider the forecast should be changed, the 1% increase may prove to be a bullish forecast. The Board noted the wagering trends and resolved that they would accept Mr Carter's 1% forecasted increase. The Board members discussed the wagering trends with particular concern to the continuing deteriorating performance of the Harness code.

The Chairman complimented Mr Mathofer for his report and advised that he should monitor closely the trends for Board members consideration.

Mr Tuttle informed the Board that there was a meeting scheduled in January 2012 with RQL Managers to review expenditure for the current year.

Mr Hanmer advised the Board that he would review the marketing budget as to the timing of capital expenditure for the second half of 2012.

Following discussion the Board agreed that a budget session for 2012/13 should be scheduled mid March 2012 to allow sufficient time to notify stakeholders of any prizemoney changes from 1 July 2012 or to any changes to the administration levy.

The Board **RESOLVED** the current levels of prizemoney paid to the 3 codes for the 2011/12 year will remain unchanged and funded from RQL reserves.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Bill Ludwig

Mr Wayne Milner left the meeting at 12:05pm.

As part of the half yearly review of the budgeted forecast, Mr Carter was asked to present a table on the current loan covenants with both the NAB and Westpac for the Board's consideration.

Taking into consideration the forecasted result for the 2011/12 year the forecasted result would place RQL in breach of its loan covenants. The amount outstanding at the 30 November 2011 was NAB - \$8.387M and the loan for the demolition of Albion Park currently stands at \$3.332M.

The Board discussed at length the situation and debated the possibility of paying out the loans and the estimated break fees that may apply. Mr Carter advised he had contacted the NAB and the break fee would be approximately \$450,000 to NAB. The break fee on the Westpac loan had to be determined but would be less than that of the NAB.

Mr Ludwig commented that in his opinion there was no advantage in having loans outstanding at high interest rates and receiving a much lower rate on deposit. Mr Carter advised that the current interest rates on NAB was a fixed rate of 6.99% and Westpac was a variable rate of 6.84%.

Mr Lette advised that in his opinion if there was sufficient capacity to payout the loans and leave RQL with sufficient liquidity then this course of action should be strongly considered.

Mr Ryan inquired of Mr Carter what the cash flow would be at 30 June 2012 if both loans were paid out. Mr Carter advised that there would be \$15M remaining after paying out the NAB and Westpac loans.

After further discussion:

The Board resolved that the loan to NAB and Westpac should be paid out at the earliest.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Bob Lette

Motion carried

Appendix A – TAB Club Financials FY1011 Update

Mr Carter presented to the Board the financial positions of TAB Clubs for all codes as at 30 June 2011.

The report discloses that TAB Clubs have had improved results due in large part to the significant upside from the renegotiated SKY agreement for FY10/11. Total upside for all clubs for FY10/11 \$4.8M is due in large part to sign on rights fees from SKY in year 1. Clubs have received a sign on fee, incentive fee, less costs of negotiations. RQL added a new initiative to the clubs \$1M annually in the OB subsidy for steward's footage. The Agreement is due to finalise on 24 December 2010.

Mr Hanmer commented that on examination of the figures he noted that attendance is down at all Clubs and highlighted the fact that the new RISA admission and ticketing at the Sunshine Coast Turf Club had captured all attendees as against previous years arbitrary recording. The new system at the SCTC showed an increase in attendance as well as revenue.

Mr Lette advised that the report was excellent as far as Board directors were concerned, however, to make full use of the report a system of benchmarking clubs against the average should be initiated. Mr Carter advised that his section was currently working on a template to do this for all clubs.

The Board **NOTED** the Report.

Appendix B – Review of Strategic Non-TAB Thoroughbred Club Financials FY 10/11

Mr Carter and Mr Mathofer presented to the Board the Strategic Non-TAB Club financial results for year ended 30 June 2011.

The Chairman suggested that Mr Mathofer write a generic letter to all Clubs acknowledging their input and advising that a report will follow in late February 2012 where clubs will be ranked against a benchmark on a set KPI's.

The Board **NOTED** the Report.

Appendix C – Purchasing Policy Addendum – Industry Infrastructure Plan

Mr Carter tabled the Purchasing Policy Addendum – Industry Infrastructure Plan for Board approval.

The Board discussed the policy and no amendments were requested.

The Board **APPROVED**.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Bob Lette

Motion carried

Mr Milner returned to the meeting at 12:50pm.

Appendix D

The CEO advised that he had received a request by the Brisbane Racing Club (**BRC**) for approval of expenditure of \$1.5M, for the acquisition of gaming entitlements and a refurbishment of the BRC Sports and Social Club. This purchase to be debt funded.

The Board discussed the BRC request at length, but Board members were of the opinion that insufficient detail had been provided for a decision to be made at this stage.

Mr Hanmer advised the Board that the additional expenditure proposed by the BRC on non-racing infrastructure needed to be considered carefully as previously the BRC had projected that by this stage the Sports and Social Club would be profitable. However, on the BRC's submission the Sports and Social Club showed a surplus of \$2K on the 2010/11 year and even with the improvements contemplated funded by the proposed loan the Sports and Social Club would continue to show a loss of \$67K for the 2011/12 and not returning a budgeted profit before the year 2012/13. Mr Hanmer had concerns in BRC's ease of loan servicing because of the projected losses for 2011/12, 2012/13 and 2013/14 b the Club.

Mr Ryan commented that Mr Hanmer was correct, however, the non cash item of depreciation for the years quoted would allow the BRC to record a trading profit and positive cashflow at balance sheet cost.

The Chairman discussed with the Board the administration subsidy going forward for all Clubs in the light of the downturn in revenue for the industry and the BRC need to be made aware that the administration subsidy currently paid cannot be guaranteed going forward.

Mr Carter was directed to request the following information from the BRC to be made available to the Directors:

- Business plan for the Sports & Social Club
- Profile of key personnel
- Membership projections/Demographic Analysis
- Gaming machine application

The Board **NOTED** that Mr Carter will seek the above required information from the BRC and this information to be made available to Directors and the request or otherwise to be settled by Flying Minute.

MOVED by Mr Wayne Milner **SECONDED** by Mr Tony Hanmer

Motion carried

Mackay Turf Club Infrastructure Upgrade Request

Mr Carter tabled a report for the request by the Mackay Turf Club to spend \$500,000 on refurbishment and construction of racing and public facilities in co-ordination with the Infrastructure Plan project expenditure currently underway.

In accordance, with RQL policy on spending by Non-Proprietary Licensed Clubs and conjunction with the Industry Infrastructure Plan project work. The Board **APPROVED** the investment of \$500,000 of the Club's capital into the following:

- Refurbished and improved Members' Bar
- New roof on Members' Deck
- Demolition of existing Jockey and Steward Building
- New public bar (ground level of Member's Bar)
- New furniture and televisions
- Internal and external painting
- Removal of grandstand roof
- Betting ring rectification

MOVED by Mr Bill Ludwig **SECONDED** by Mr Wayne Milner

Motion carried**Rockhampton Jockey club Members' Grandstand Redevelopment Request**

Mr Carter tabled a report for the request by the Rockhampton Jockey Club to spend \$2.32M on redevelopment of the Members' grandstand at the Callaghan Park Racecourse Facility. Included was an update of the financial position of the Rockhampton Jockey Club. The concept plans were tabled at the November 4, 2011 board meeting.

As a continuation of the redevelopment of the Callaghan Park Racecourse the Rockhampton Jockey Club proposes to inject a further \$2.32M into the Members' facilities. This proposal is to be funded from club cash funds of \$1.87M as well as \$455K held by Rockhampton Racing Pty Limited on behalf of the Rockhampton Jockey Club. Correspondence from Rockhampton Jockey Club Chief Executive Officer Denis Cox, dated 13 December 2011, outlines the intention of the club to invest club capital in the Members' Grandstand development. Included in the correspondence are scope of works, breakdown of project costs, and sources of funding to provide for this redevelopment.

The Board **APPROVED** the investment of \$2.32M into the clubs infrastructure.

MOVED by Mr Wayne Milner **SECONDED** by Mr Bill Ludwig

Motion carried**2.4 Product Development Report**

Mr Paul Brennan presented his monthly report.

Provision of Training Facilities at Sunshine Coast

Mr Brennan advised the Board that he had been liaising with Mr Peter Smith and the Sunshine Coast TAFE in relation to relocating the main RQL training base to Corbould Park, Caloundra. This move will require a modest capital expenditure of \$100,000 for the transition of student training. The previous Board meeting had approved in the Product Development budget at an amount of \$150,000 for Yeppoon. This amount will no longer be required and Mr Brennan proposed that the \$100,000 be transferred from the previously approved Yeppoon budget. This will produce a neutral effect on the overall RQL budget.

Motion - The Board's approval for the allocation of \$100,000 to enable the current facilities at Corbould Park to be altered to support the provision of student training. These funds will be sourced from the previous allocation for Yeppoon.

This was **APPROVED** by the Board

MOVED by Mr Wayne Milner **SECONDED** by Mr Bradley Ryan

Motion carried**Magic Millions**

The Board further considered the provision of a financial contribution of 20% to the \$500,000 Magic Millions all female bonus scheme.

This was **APPROVED** by the Board

MOVED by Mr Wayne Milner **SECONDED** by Mr Bradley Ryan

Motion carried**Events Queensland and Brisbane Racing Club Strategy**

Mr Brennan tabled a report for the Board to consider a request from the Brisbane Racing Club (**BRC**) to provide a financial contribution to a strategy they are currently developing in conjunction with Events Queensland.

Mr Brennan informed the Board that this expense was not included in the 2011/12 budget, and the proposal would see the Stradbroke have 11 ballot free entries to Queensland signature race is not in the best interests of racing in Queensland. Mr Brennan sought the Board's approval that the request from the BRC be **denied**.

MOVED by Mr Wayne Milner **SECONDED** Mr Mr Tony Hanmer

Motion carried

1. That the Board deny the approval of the requested ballot free entries for the stradbroke and that RQL not fund this request.
2. Mr Brennan to advise the BRC.

Deagon Thoroughbred Trainers

Mr Brennan advised the Board that he had previously prepared correspondence to send to the Deagon Training Committee, the compensation package and cut off date for training as of 31 March 2012.

Mr Brennan requested the Board to give consideration to a letter of advice to the Deagon trainers updating them on the current position. The position had changed considerably since the preparation of the original letter and further meetings with the Deagon trainers in particular, Mr Duff and Mr Murdoch a 1000m sand training track had been included in the Brisbane City Council application and there was a question as to whether compensation would be applicable.

The Chairman commented that the Deagon trainers had received a good hearing from RQL and that RQL at the time of the meetings had acted in good faith and were endeavouring to reach an acceptable compensation package and long term resolution to Deagon.

The Board generally agreed and commented that the Deagon trainers had not acted in good faith and that RQL should proceed with the 1000m track seeing as it was a request from the Deagon trainers to continue to train at Deagon.

The Board considered the proposal put forward by Mr Brennan.

The Board resolved that a new letter should be sent to the Deagon trainers advising that a sand training track had now been included in the application drawings at their request (Deagon trainers) and that the compensation package previously offered should be withdrawn.

In relation to the cut off date for training, the Board resolved to advise that the cut off date at this stage on best estimates of the project manager would be 30 June 2012 and should there be any further delays after 30 June 2012, a month by month lease would be an acceptable resolution to give some certainty.

Operational/Management Models – IIP Venues

Following the Gold Coast Turf Club's (GCTC) elections and the passing of a motion by the GCTC members on ownership change requiring a 75% vote, the Board needed to consider a revision of the previous policy to seek equity for funds expended from the IIP plan.

Mr Brennan advised that following discussions with the Chairman and CEO, he sought the Board's 'in-principle' support for the following operational/management models for the following racecourses:

The Chairman asked the Board to consider the following operational management models as put forward by Mr Brennan and if they were in agreement, he requested the same mover and seconder.

Cairns – The IIP expenditure will be provided to the club as a grant. RQL will enter into an SLA with the Club.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Wayne Milner

Motion carried

Townsville – RQL enter into a Heads of Agreement with the Townsville Turf Club (TTC) for the total funds to be expended at the TTC. The IIP expenditure will be provided to the Club as a grant as part of the Heads of Agreement for the construction of a greyhound track at Cluden. The lease will be 99 years at \$1 per year. This arrangement has not been confirmed in writing at this stage. RQL will enter into an SLA with the Club.

The Board approved the Chairman and Mr Brennan to continue to negotiate with the TTC and report back to the Board if this arrangement is not achievable.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Wayne Milner

Motion carried

Rockhampton – This is an asset of RQL.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Wayne Milner

Motion carried

Mackay – The upgraded facilities will be treated as a grant. Mr Brennan is currently working with the Club to review the feasibility of RQL assuming responsibility for maintaining the new facilities for a two year period. Mr Brennan to report back to the Board. An SLA will be entered into for the maintenance.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Wayne Milner

Motion carried

Beaudesert – This is an asset of RQL. RQL has received an extension of the lease for a further 2 years and will seek a long term of the lease or consider an agreement for the future.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Wayne Milner

Motion carried

Gold Coast Turf Club – The upgrade facilities will be treated as a grant. An SLA will be entered into. The Board approved the continued negotiations with the Traintech facilities at the Bundall to a maximum of \$3.5M. This will remain an asset of RQL.

Mr Brennan tabled a due diligence report from aQuenta Consulting for Traintech 2000.

The Board approved the GCTC arrangements and the progression of the purchase of Traintech 2000.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Wayne Milner

Motion carried

Wagering Report

The board noted the Wagering report and accepted that this report had been fully discussed in the budget session of finance.

The Board **NOTED** the Product Development Report.

2.5 Integrity Services Report

Amendments to Local Rules

Mr Orchard sought the Board's approval to the proposed amendment to the Local Rule 101 (Thoroughbreds), 80 (Greyhounds) and 61 (Harness):

"Each Way betting

Where a Bookmaker bets "Win and Place" or "Each Way", the dividend for the place bet shall be at least 25% of the dividend for the win bet when there are 8 or more runners in the race at the time the bet is made and at least 33.3% of the dividend for the win bet when there are 5, 6 or 7 runners in the race at the time the bet is made."

The Board **APPROVED** to amend Local Rule Local Rule 101(Thoroughbreds), 80 (Greyhounds) and 61 (Harness) removing the phrase "win and place", or".

MOVED by Mr Bradley Ryan **SECONDED** by Mr Wayne Milner

Motion carried

Adoption of National Rules

Mr Orchard sought the Board's approval to adopt the amendments to the Greyhound Australasian Rules and Australian Harness Racing Rules as presented.

The Board **APPROVED** the adoption of National Rules.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Wayne Milner

Motion carried

Terry Butts Article

Mr Orchard informed the Board that he had taken advice from Mr Jim Murdoch in relation an article written by Mr Terry Butts that in his opinion was not in the best interest of racing. An inquiry will be held next week.

Mr Orchard also informed the Board that Mr Murdoch has since declared a conflict of interest and RQL will be represented by Mr Michael Byrne SC.

Scanning of Greyhounds

Mr Orchard informed the Board that from 1 January 2012, all states will start scanning of greyhounds and RQL will also participate, notwithstanding that older greyhounds are not microchipped. Mr Milner commented that it could encourage greyhounds to be microchipped if the stewards adopted the practice of 2 lines for inspection with microchipped greyhounds getting preferential treatment.

Finish on Lure

Mr Orchard advised the Board that marring and injuries have increased over the last 12 months since the Finish on Lure was replaced with the catching pen at Albion Park. Mr Orchard indicated that a proper review will be conducted in January and that he will request more feedback from the industry.

Betfair

The Chairman declared a conflict of interest and advised the he would not take part in the decision making process nor would he vote. The Deputy Chair canvassed the Boards opinion on its Chairman's conflict and whether remaining in the room constituted a conflict. The remaining Board members had no objection to him remaining through the discussion.

Mr Hanmer took the Chair.

Mr Orchard tabled a letter he received from Betfair in relation to RQL requesting Betfair to implement a wagering monitoring system.

Betfair raised the issue that RQL was only focused on Betfair at this stage. Mr Orchard assured betfair that this was not the case and that RQL was in the process of looking at other corporates, and RQL had initially written to Betfair because their risk profile warranted further examination.

Mr Orchard proposed to the Board that he write to Betfair to indentify that they do have effective measures in place and that accounts are only used by the identified individuals. Mr Orchard suggested a 'one off' initial audit be conducted by a forensic accountant and then to determine if a 6 monthly audit is needed; this is then to be conducted.

The Board authorised a one off forensic audit to be conducted by a forensic accountant and results advised to the Board when completed.

The Chairman declined to take part in this discussion or vote on the outcome.

MOVED by Mr Tony Hanmer **SECONDED** by Mr Bill Ludwig

The Board approved Mr Orchard to proceed with the above recommendations.

The Chairman resumed the Chair.

Motion carried

Appointment of Investigator

Mr Orchard advised the Board that the Integrity Department had employed a new investigator but sought the Board's approval for the investigator to have stewards powers.

This was **APPROVED** by the Board.

MOVED by Mr Wayne Milner **SECONDED** by Mr Tony Hanmer

Motion carried

The Board **NOTED** the Integrity Services Report.

Licensing Report

The Board noted the Licensing Report and no amendments are required.

MOVED by Mr Wayne Milner **SECONDED** by Mr Tony Hanmer

Motion carried

2.6 Industry Infrastructure Report

IIP Amended Budget

Mr Mark Snowdon sought the Board's approval for the budget with amendments.

The Board discussed the amended IIP budget and requested Mr Snowdon's opinion as to the accuracy of the figures portrayed. Mr Snowdon advised that he had checked the figures and he was confident that the Projects could be delivered within budget.

Mr Snowdon to send a copy to the Office of Racing seeking endorsement.

The Board **APPROVED** the amended IIP budget.

MOVED by Mr Bill Ludwig **SECONDED** by Mr Tony Hanmer

Motion carried

IIP Project Delivery Framework

As part of the amended IIP plan, Mr Snowdon presented a project management structure for the Board's consideration. The Board had stressed to Mr Snowdon that it was imperative from a Board and government point of view, that a Project Manager must be appointed as a separate discipline from all other contractors

The Board **APPROVED** the IIP Project Delivery Framework.

MOVED by Mr Bob Lette **SECONDED** by Mr Bradley Ryan

Motion carried

To appoint contractors for the development of the Business Cases

Mr Snowdon sought the Board's approval for the appointment of Contractors in order to prepare the required information to be included in the business cases for the projects.

The Board confirmed their approval of the Chairman's actions in progressing the business cases and approved the costs incurred to date in developing the business cases for Treasury approval.

MOVED by Mr Wayne Milner **SECONDED** by Mr Tony Hanmer

Motion carried

Appointment of Contractor for Mackay Project

Mr Snowdon advised the Board that a contractor's appointment had not been ratified to date and sought approval for the appointment of a contractor for the Mackay project.

The Board **APPROVED** Mr Snowdon's recommendation.

MOVED by Mr Bradley Ryan **SECONDED** by Mr Bob Lette

Motion carried

Mackay Business Case

The business case for Mackay was presented to the Board for approval.

Mr Snowdon gave an update on progress and outlined the detailed of the business case.

The Board **APPROVED**.

MOVED by Mr Bill Ludwig **SECONDED** by Mr Bradley Ryan

Motion carried

Project updates

The Board approved expenditure of up to \$500,000 on the IIP as may be required prior to each quarterly period for reimbursement from Treasury. The Board acknowledged that at all times that this expenditure would be at RQL's risk.

The Chairman advised that the Board needed to understand the risk, minimal as it maybe, and that under exceptional circumstances, this amount could be at risk.

Mr Snowdon advised the Board that he was working on the GCTC business case and that he was expecting to have a draft business case available by 23 December 2011 and this will be provided to the Office of Racing.

The Chairman advised that a binding Heads of Agreement with the Gold Coast Turf Club was signed on Friday, 16 December 2011 and Mr Brennan was proceeding with the necessary work to prepare and offer to Traintech 2000.

The Board approved the expenditure of up to \$500,000 a quarter on the preparation of the remaining business cases.

3.1 Harness Presentation – Mr Bill Dixon and Mr Bob Lutherborrow

Meeting commenced at 9:07am.

The Board afforded Mr Bill Dixon, President of BOTRA and Mr Bob Lutherborrow, President of the Standardbred Breeders Owners, the opportunity to address the Board in relation to previous submissions made to Mr Paul Brennan on issues concerning the RQIS Harness Scheme and the state of the Harness industry in general.

The Board complimented Mr Lutherborrow of the quality of his written submission and whilst not agreeing with the conclusions reached, none the less understood their concerns.

Mr Lutherborrow advised that:

1. The RQIS scheme payups are consistent with previous years.
2. The 2010/11 season fell by 28%
3. Current season estimated further drop of 30-40% demonstrating a loss of confidence and viability in the industry
4. Closure of Egmont Park is a blow to the Queensland breeding industry
5. Colemountain stud clearance sale was a disaster and mares are being relocated south
6. Western Australian harness breeding is now defunct.
7. Requesting a revision of the RQIS scheme immediately.

Mr Lutherborrow and Mr Dixon offered some solutions to the problem sighting that these solutions would be within the existing budget.

The Board engaged Mr Lutherborrow and Mr Dixon on their submission and the various points raised.

Mr Milner advised that the submission as presented would add an additional \$400,000 to the prizemoney budget in a full year and their submission was based on the fact that all prizemoney would be paid. This is not the budgeted outcome that was approved.

Mr Ludwig in discussing the state of the breeding industry pointed out that the problems of the harness breeding industry, has not suddenly appeared and there had been a steady decline in breeding numbers and the viability of the harness industry over the last 10 years.

The Chairman put the question to Mr Lutherborrow that breeding schemes no matter how well meant were only a stop gap measure and eventually they need to be renewed to be relevant. The harness breeding industry may have to face the fact that they are not competitive and level of subsidisation needed, is beyond the capacity for the Queensland racing industry to support.

The executive members expressed the view that it was not advisable to review the breeding scheme that had only been in operation for 4 months. But they would be prepared to recommend to the Board that the scheme be reviewed at the appropriate time.

Mr Hanmer confirmed that the quality of revenue from the racing product was in decline and additional money in his opinion was not available and that the level of support for harness racing will need to be reviewed in the up coming budget for 2012/2013.

The discussion concluded that Mr Dixon and Mr Lutherborrow be advised that at the time that RQL prepares the budget for 2012/2013 they will be invited to give input and put forward their own statistical review on the RQIS scheme and be consulted on the level of funding of the harness industry for the coming year.

In summing up, the Chairman confirmed the Board's intention for the invitation to be issued and for Mr Dixon and Mr Lutherborrow to fully understand that going forward the level of prizemoney available for Harness racing will be reviewed.

Mr Lutherborrow and Mr Dixon left the Board meeting at 9:57am.

Following the departure of Mr Dixon and Mr Lutherborrow the Board resolved to issue the invitation and for Mr Brennan to advise that the RQIS scheme would not be reviewed for this current year as there was insufficient evidence that a factual decision could be made.

3.2 Greyhounds System Replacement

Mr David Rowan spoke to his Board paper outlining to the Board the options to replace the greyhounds IT system and in doing so, updated the Board on the levels of risk attached to each proposal and the current risk profile currently being experienced.

Mr Rowan recommended that RQL migrate to the Ozchase system in conjunction with RWWA and GRNSW with the overall cost saving of \$26,000 per year.

The Board **APPROVED**.

MOVED by Mr Bob Lette **SECONDED** by Mr Bradley Ryan

Motion carried

3.3 Harness Racing Broadcast Agreement Extension

Mr Rowan sought the Board's approval to enter into a broadcast service agreement with Camera Control Unit Pty Ltd for 12 months from 30 June 2012, with an extension of 12 months in RQL's favour.

This was **APPROVED** by the Board

MOVED by Mr Bob Lette **SECONDED** by Mr Bradley Ryan

Motion carried

3.4 Review – Apprentice Jockey Recruitment Training and Welfare 2011

Mr Peter Smith sought the Board's approval for the presented recommendation and expenditure for the Apprentice Jockey Recruitment Training and Welfare scheme.

The Chairman complimented Mr Smith on the quality of his Board paper and the work and recommendations the report made good sense and requested him to speak to the report.

The key recommendations in the report were all endorsed by the Board. The financial impact to the budget for 2011/2012 was \$60,000 with ongoing support of \$130,000 per annum. Mr Smith was instructed to prepare a media release and a shorten version of the report prepared for the website and a letter to all apprentices and trainers, QJA, AJA and ATA.

The Board **APPROVED** the jockey recruitment training and welfare scheme.

MOVED by Mr Tony Hanmer **SECONDED** by Mr Bob Lette

Motion carried

3.5 Update on discussions with Sunshine Coast TAFE (SCT)

Mr Smith updated the Board in relation to the discussion held with Sunshine Coast TAFE in developing the new model for racing industry training.

The Board **NOTED** the update and encouraged Mr Smith to continue discussions. Mr Smith will keep the Board updated.

3.6 RQL 2012 Board Dates

The RQL 2012 Board dates were discussed and amendments were made to particular dates throughout 2012. These new dates will be distributed to the Board.

Confirmed as a true record.



R G Bentley
Chairman
Dated... 9th... 12th... /2012

Attachment 'A'

Mr Bob Bentley

Director of Tatts Group
Director/Chairman of Sunshine Coast Racing Pty Ltd
Director/Chairman of Australian Racing Board

Mr Tony Hanmer

Member of the Sunshine Coast Turf Club Inc.

Mr Bob Lette

Life Member Albion Park Harness Racing Club Inc.
Member of Brisbane Racing Club
Consultant to Mullins Lawyers
Non Executive Director Watpac Limited

Mr Bill Ludwig

Secretary of the Australian Workers' Union (including signing of all correspondence and Industrial Instruments)
Board Member of WorkCover Queensland
Member of Brisbane Racing Club

Mr Bradley Ryan

Member of Brisbane Racing Club
Member of Tattersalls Club

Mr Wayne Milner

Member of the Brisbane Racing Club
Member of the Sunshine Coast Turf Club
Member of the Ipswich Turf Club
Member of the Victoria Racing Club
Life Member of QROA
Holder of Victoria Owners Gold Card
ME Bank Consultant
