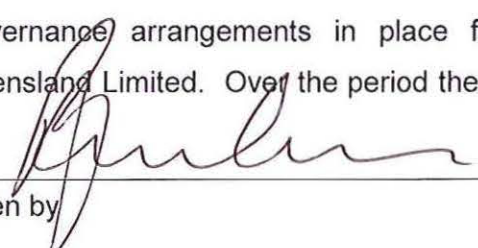


Statement of Bradley John Ryan

BRADLEY JOHN RYAN of [REDACTED], in the State of Queensland, Accountant, states on oath:

- 1 I am an Accountant by profession and I am a fellow of the Institute of Chartered Accountants.
- 2 My academic qualifications are BComm LLB from the University of Queensland and Masters in International Tax from the University of New South Wales.
- 3 In addition, I am a fellow of the Taxation Institute of Australia.
- 4 I am in practice as a Partner at Pilot Partners and I have practised as an Accountant for approximately eighteen (18) years.
- 5 I am experienced as a Company Director and am currently a Director of Absolute Software Australia Pty Ltd and a Director of a number of family companies and companies associated with my accountancy practice.
- 6 I was appointed as a Director of Queensland Racing Limited in December 2009.
- 7 I remained a Director of that company until the company was disbanded and at that time I was appointed to the Board of Racing Queensland Limited ('RQL') from about June 2010.
- 8 I was on the Audit Risk & Finance Committee ('ARFC') of Queensland Racing Limited and after about three (3) to six (6) months I was appointed as the Chair of that Committee and upon becoming Director of Racing Queensland Limited I continued in the role of the Chair of the ARFC of that company.
- 9 There was no great difference to the governance arrangements in place for Queensland Racing Limited as for Racing Queensland Limited. Over the period there


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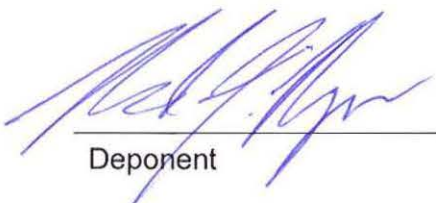
STATEMENT OF BRADLEY JOHN RYAN

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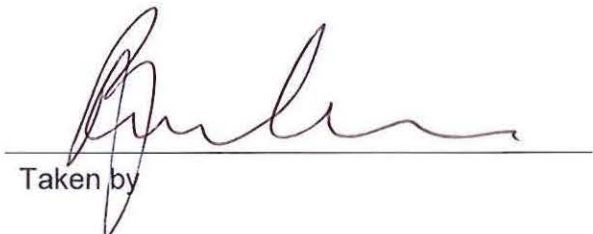
was a process of improvement of procedures from a governance perspective but the fundamentals remained the same so that my comments in this sworn statement of a general nature apply to both Queensland Racing Limited and Racing Queensland Limited.

Contract Management and Financial Accountability

- 10 In respect of procurement contract management and financial accountabilities, the organisation (by which I mean both Queensland Racing Limited and Racing Queensland Limited) had different policies in place concerning the levels of expenditure.
- 11 The ARFC at one stage sought to look at delegation of authorities and to set limits for both the CEO and the CFO in respect of their limits of authority.
- 12 These were incorporated into policy such that the CEO and CFO had delegated authority up to the designated limits.
- 13 The Board of Racing Queensland Limited approved the delegation limits.
- 14 I consider this to be standard or regular process in companies such as Racing Queensland Limited.
- 15 With respect to tendering, there were policies in place with Racing Queensland Limited, in fact a whole set of policies. In about August of 2011 we were looking at some of the expenditure and specifically that relating to infrastructure projects.
- 16 An Infrastructure Committee was formed to take responsibility for the implementation of the Industry Infrastructure Plan. The committee was accountable to and reported to the Board of RQL.
- 17 Mark Snowdon, who had significant property development experience, was charged with ensuring that RQL was getting value for money in negotiations concerning infrastructure projects. Mark's primary role was to manage the infrastructure plan's implementation. So it appeared to me that the processes were being appropriately followed.



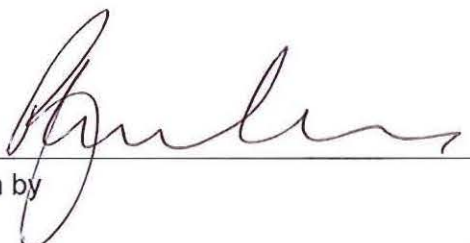
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- 18 Robert Bentley, Shara Reid (formerly Murray) and Paul Brennan were also on that infrastructure sub-committee. This committee was established at the behest of the Chairman. I knew about that committee and I was satisfied with the arrangements in respect of that committee.
- 19 The ARFC could ask and enquire of the Infrastructure Committee in relation to any query it might have had. On one occasion Tony Hamner in one ARFC meeting requested details concerning tendering for an infrastructure project. The answers to those queries raised were sought from the Infrastructure Committee and were supplied by that committee to the ARFC.
- 20 In addition, Shara Reid, as an executive member, was there to review contracts.
- 21 I exercised no oversight of day to day operations in respect of contract management but considered that to be a management task. The Board and the ARFC respected the divide between the governance role and operational matters. In my role as Chair of the ARFC I met with the CFO on a regular basis, at least monthly, to review financial statements, reports from internal and external auditors and reports relating to our primary income source being Tattersalls Ltd.
- 22 There was strong financial reporting each month to the Board against budget. The financial reports presented monthly went straight to the Board and the Board had opportunity to question, debate and discuss the accounts presented. Matters relating to disclosure for financial statements went to the ARFC for discussion and resolution of such issues. Such an issue was how we dealt with the treatment of receipt of funds from government with respect to monies for the infrastructure program and specifically, how such receipt was recorded in the accounts was a matter which was referred to the ARFC.
- 23 The firm BDO was the company's external auditors. They provided advice about accounting treatments and in respect of the issue of funds from Treasury with respect to the Infrastructure Plan. The advice also considered how the subsequent grant of these funds to race clubs was to be treated.. There was sufficient expertise on the ARFC And it was well equipped in relation to its understanding of what proper accounts should look like. In addition, the ARFC met with the external auditors, BDO Kendall, to discuss and approve the audit plan.

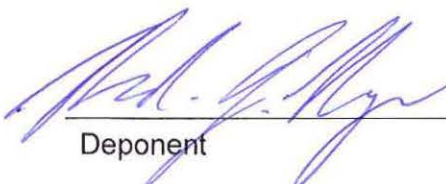

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- 24 Deloitte were the internal auditors of Racing Queensland Limited and there was a proper program of internal audit in place. There was interaction between the ARFC and the internal auditors to coordinate the internal audit activity. The internal audit function related to financial aspects, but also in relation to the audit of procedures, policies and compliance. This included legislative compliance.
- 25 Carl Gerard came twice a year to meetings of the ARFC to report on the internal audit function. As a result of his reporting, the ARFC was able to decide on areas to work on. Generally, I was satisfied with compliance within Racing Queensland Limited based on the results of the internal audit function carried out by Deloitte. There were always issues for improvement, but that is to be expected in relation to the affairs of any company such as Racing Queensland Limited. Areas for improvement were directed to the CFO and that was done within meetings of the ARFC.
- 26 My opinion was that there was a pretty good governance process as a result within Racing Queensland Limited.
- 27 One of the aspects to be put in place was financial procedures ensuring compliance for racing clubs under the Racing legislation.
- 28 Deloitte undertook audits as part of the program for some clubs. Significant issues were identified to be attended to, particularly around the area of reporting. That is the requirements for clubs to report on a regular basis to Racing Queensland, their financial results and budgets.
- 29 All clubs received a subsidy and we tied the payment of that subsidy to a requirement for compliance in lodging budgets and compliance in financial reporting back to Racing Queensland. I considered this to be a very appropriate measure. Jamie Orchard did not have a role here, but rather the role was one for the CFO to implement. I think this was a good governance process and we sought to lift standards of compliance by race clubs and at the same time, to offer assistance to them in achieving the required standards.

Policies, processes, guidelines and measures adhered to

- 30 To the best of my knowledge, by and large the policies, processes, guidelines and measures were adhered to. Priorities were set and plans were put in place for the


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work to be done. There was some measure of lack of compliance, but in my judgment there was so significant risk.

Events surrounding contractual arrangements between relevant entities and Contour

- 31 I know nothing specific about the contract with Contour. I was aware they were principal contractor. I knew that they had experience in the area. One issue that came up was an issue in relation to ownership of IP. There was an issue around an amendment to the contract on that matter but I did not see the contract, I just know that the IP ownership was raised as an issue. The IP in dispute was in relation to the plans, sketches and drawings. This issue of the negotiation and amendment of the contract in relation to the intellectual property rights was an issue for the full Board and not an issue for the ARFC.
- 32 The only thing of which I am aware in relation to Contour was that it was a sponsor of the racing award nights and on one such occasion I met Brett Thomson and one of the other Directors of Contour at an industry awards night function.

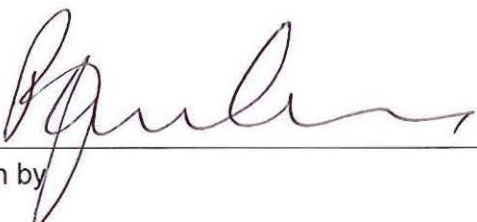
Contracts entered into between relevant entities and Contour

- 33 The Infrastructure Committee dealt with this matter. Robert Bentley, Shara Reid, Mark Snowdon and Paul Brennan I think were on the Infrastructure Committee but I have no specific knowledge of these matters.

Management

- 34 There were a lot of policies, processes, guidelines, work place culture and practices in place at a management level within Racing Queensland and before it, Queensland Racing Limited. Each of the executives in the executive management team was responsible in their respective area. I relied generally on the executives for their management expertise in relation to operational matters.
- 35 The Board had set authorisation limits and it was for the executive to work within those limits. The Board gave appropriate guidelines and it was my observation that the executive operated within those guidelines and authorisation limits to carry on the operational aspects. I personally left operational and management matters to the executive.


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Involvement of Boards or members of Boards in the exercise of management functions

- 36 From my perspective, my involvement was not with operational matters.
- 37 As part of the function of the ARFC, and particularly its audit function, and in relation to internal audits, there was review and discussion concerning such matters but it was my role as Chair of the ARFC to have people function on key risk areas.
- 38 One such area was changes in the charging/betting arrangements. The CFO was charged to look at different models for different procedures for revenue gathering.
- 39 Jamie Nettleton of Addisons provided expert advice in relation to gambling/administration and legal processes.

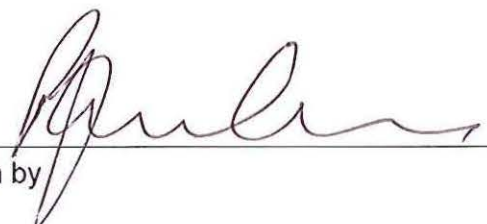
Corporate governance

- 40 It was my opinion that the corporate governance arrangements for Racing Queensland in the relevant period were fully appropriate.

Operations and actions of Racing Queensland Limited and its Officers

- 41 In my opinion Racing Queensland Limited and its officers operated in the relevant period with integrity. Pursuant to the constitution of the company, members were also directors. This arrangement was unique and the appointment process was different to other government owned corporations. I had no input into appointment processes so the ownership structure of the company was different to other government owned corporations which made Racing Queensland Limited unique amongst such corporations.
- 42 In my opinion Racing Queensland Limited and its officers operated in the relevant period in the best interests of the company.
- 43 In my opinion, in the relevant period, Racing Queensland and its officers operated in the best interests of the Racing Industry.
- 44 The company secretary Shara Reid (Murray) was responsible for ensuring the Board, company officers and the organisation complied with the *Racing Act*. When the Board sought to make policies it had regard to the procedures required and sought

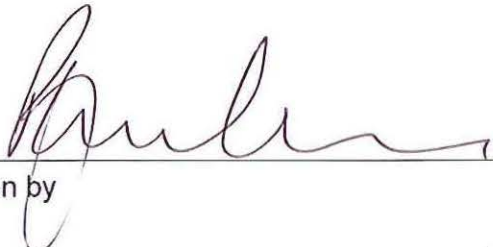

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appropriate instruction from the company secretary to ensure compliance with the *Racing Act*.

- 45 The Board in making various decisions was always mindful of its obligations under the *Racing Act 2000* and the *Corporations Act 2001*. Where matters were considered to be contentious or there were areas of doubt with respect to the responsibilities of the Board, legal advice was sought from outside the organisation to ensure that the Board operated within its charter and legislation applicable to it.
- 46 In the relevant period there were in place policies, rules and procedures within Racing Queensland to identify and manage conflicts of interest. There was a conflicts register and I was aware of everyone's involvement in other directorships or activities which presented conflict for them. I myself had a conflict on the basis that a relative of mine was on the Roma Turf Club Committee and the Country Racing Committee. I disclosed that potential conflict and so people knew about that and I was not involved in matters involving the Roma Turf Club.
- 47 In respect of policies, rules and procedures within Racing Queensland, to minimise the risk of directors and executives in improperly using their position and information for personal or financial gain, appropriate procedures were in place to identify any such activity including:
- (a) Internal review of payroll;
 - (b) internal review of purchasing system; and
 - (c) disclosure in financial statements of director's remuneration and benefits.
- 48 In relation to terms of employment in contracts restraining directors and executives from seeking employment with Racing Queensland's contractors and suppliers, I can say that to my knowledge there were no contracts with directors, but in relation to contracts with executives, I had occasion to see those contracts when they were renegotiated. I recall that they did not have in them such provisions.


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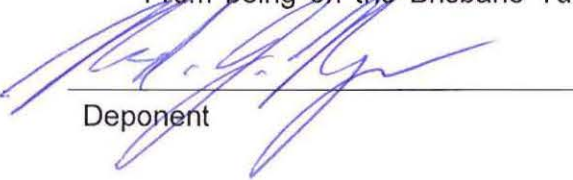

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Oversight by the Minister, the Executive Government and the Chief Executive

- 49 The only thing I can say in relation to these matters is that they were predominately within the domain of Robert Bentley. He dealt with government. I never went to a meeting with the Minister or with anyone in the Office of Racing.
- 50 Tony Hamner had a discussion as a director of Queensland Product Co when addressing the renegotiation of the Product and Program Agreement with the Tatts Group.
- 51 Negotiations concerning the infrastructure plan were done predominantly by Robert Bentley. He would report to the Board on these matters so that the Board knew what was going on. The CEO reported to the Board concerning discussions with the Office of Gaming and the Office of Racing. I considered that there was appropriate reporting on these dealings back to the Board.

Employment Contracts: Tuttle, Orchid, Brennan, Reid

- 52 I know nothing of event surrounding the renegotiation of employment contracts in 2011 for senior executives including Malcolm Tuttle, Jamie Orchid, Paul Brennan and Shara Reid (formerly Murray), apart from what I learned via attendance at Board meetings.
- 53 The Remuneration Committee handled these negotiations and I was not on that committee. The Remuneration Committee made recommendations to the Board. I can recall reports being made to the Board by Robert Bentley and Bill Ludwig to support those recommendations.
- 54 The initial recommendations made were not accepted by the Board. The Board wanted more information. This centred around the terms and conditions sought. There was discussion concerning a 30% increase in TRV (Total Remuneration Value) for the senior executives. Further enquiries were made of the Remuneration Committee concerning the appropriateness of these increases.
- 55 There was an issue or a difficulty concerning getting comparable information from interstate due to privacy issues. Robert Bentley told the Board that the executives were being paid significantly under their Victorian and New South Wales equivalents. From being on the Brisbane Turf Club Board I understood the level of salary being


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paid to the CEO of that club and these executives were being paid significantly less than that so I thought the 30% increase was reasonable for their positions.

- 56 I can recall there was some debate around various clauses triggering termination and advise was sought from Clayton Utz and further advice then sought from Norton Rose concerning these issues. As a result of that, it was thought acceptable to have one trigger and that was change of government and this was appropriate to protect Racing Queensland's interests. These discussions and the seeking of advice took place over some months between June to about August/September. The other matter relevant here was the Queensland Audit Office inquiries in relation to the Contour issue.

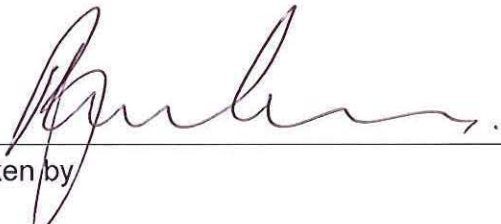
Events surrounding payouts made to Tuttle, Orchid, Brennan and Reid

- 57 On the Monday or Tuesday after the election resignations were received my understanding was that Adam Carter was directed by Robert Bentley to do up calculations for payouts to be made to these staff members. I said to Adam it was not appropriate until Board members felt comfortable that the payments to be made were in compliance with the contracts of employment. Accordingly, I reviewed the contracts with Adam and sent them to BDO for checking. There was some small adjustments made to the calculations. These related to leave or something of that nature.
- 58 All Board members were told of BDOs certification and minutes were prepared confirming authorisation. In my view, therefore, there was nothing untoward about any of this. I was annoyed that these senior staff members decided to resign. I thought they ought to have stayed and continued on their positions.

Queensland Race Product Co Limited and Tatts Group

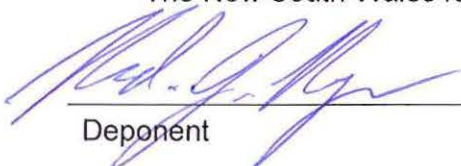
- 59 Arrangements between Queensland Racing Product Co Limited and Tatts Group concerned fees (Race Information Fees) paid by Tatts Group for Queensland wagering on interstate races through Tatts Bet. This involved the deduction of those amounts from the Product and Program fee payable to Queensland Race Product Co Limited that were paid by Tatts Group to interstate operators.
- 60 Race information fees were paid by out-of-state operators to Queensland Product Co Limited. Tatts Group deducted Race Information Fees charged to it by interstate betting operators from that amount otherwise receivable to Queensland Race Product

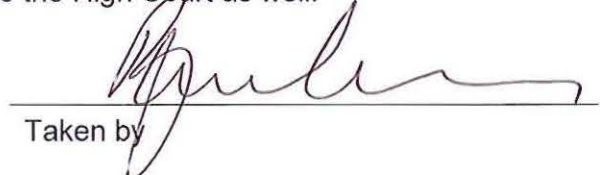

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Co Limited. I asked for a copy of the Product and Program Agreement from Malcolm Tuttle. I wanted to see if deductions made were valid deductions.

- 61 My recollection of the agreement was that it gave Tatts Group the right to make that charge. I raised the issue at meetings of Queensland Racing Product Co Limited with Tony Hamner and he said that it was his understanding of the agreement as well.
- 62 The Product and Program Agreement was executed in 1999 for a fifteen (15) year term and that was before I was on the Board. I understand that Cooper Grace & Ward gave legal advice to the effect Tatts Group were not able to deduct the Race Information Fees from the fee payable to Queensland Racing Product Co Limited. However, I have never seen that written advice.
- 63 Legislation gave Queensland Racing Product Co Limited the right to charge race information fees. It was necessary for Queensland Racing Product Co Limited to get gambling operators registered and have licensing arrangements in place for those operators to facilitate the collection of Race Information Fees.
- 64 There were various levels of compliance with those requests from bookmakers, corporate bookmakers and tote operators. State based totes were the most compliant. The rest essentially needed to be dragged kicking and screaming to the arrangements as they did not want to pay those fees.
- 65 One issue which Queensland Racing Product Co Limited considered was the length of term of the licence given to betting operators. The Queensland Product Co Racing Board agreed to various arrangements but the issue was in continual state of flux, given that there were issues around the validity of the legislation and accordingly, Queensland Product Racing Co Limited decided to give operators a twelve (12) month term on arrangements reached so that it was not locked in to unsuitable long term agreements. As it did not want to enter into a fifteen (15) year arrangement, the twelve (12) month arrangement seemed to be in the best interests of the company.
- 66 Advice on procedural matters was obtained from Jamie Nettleton and Cooper Grace & Ward. We also reviewed the advice provided by PWC in its delivery of the Productivity Commission Reports relating to this matter. We followed the course of negotiations between Tab Corp and Victorian Racing Authority to see how those were handled. The New South Wales racing case went to the High Court as well.


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- 67 The CFO was charged to provide financial modelling, looking at the information available from betting operators and modelling different outcomes so that we could see the impact different charging methodologies would have on the outcomes for Queensland Racing Product Co Limited.
- 68 Board minutes showed a licensing/authority process for each licence. There was approval by the Board, police certification and electronic lodgement of returns. Various administrative issues were dealt with and differences in regularity of reporting requirements for different types of operators and different methods to make collections to allow for efficiency. Cooper Grace & Ward provided advice in relation to the fees to be charged and in relation to the administrative process.
- 69 Action was taken to get up the process to allow betting agents to pay the racing information fees. The ability was provided under the statute to change arrangements for prior periods and the process started at a later time and so there were various negotiations entered into with operators to settle on appropriate amounts in the period from the commencement of the legislation up to the time the process was set up and following such negotiations, the agreed amounts were paid.
- 70 When the race information fees were introduced, the directors and senior executives of the relevant entities, in my opinion, acted in good faith, consistently with their responsibilities, consistently with their duties and legal obligations and in the best interests of the company or companies of which they were directors or senior executives. It seemed to me the actions of such directors or senior executives, relating to fee arrangements, were not influenced by conflict of interest when the race information fees were introduced or at any other relevant time in the relevant period.
- 71 Further, in my opinion, in the relation to the fee arrangements, the directors and senior executives of the relevant entities did not use their position to gain any personal advantage when the race information fees were introduced or at any other time in the relevant period.

Funds transfer in February 2012

- 72 I was not involved in the process of funds transfer from the Queensland Government to Racing Queensland Limited Infrastructure Trust Account. I have no knowledge in


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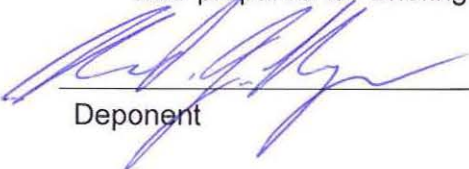

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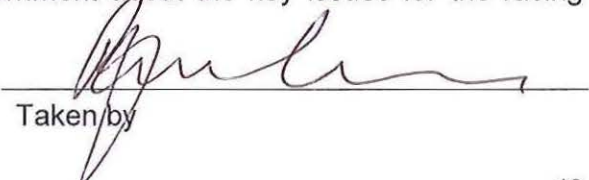
relation to that matter. I was aware that funds were transferred but I was not aware of the process by which that was done or achieved.

- 73 As to the basis on which the transfer was made, I was aware that Robert Bentley was negotiating with government for the transfer of funds to reimburse various expenditures made for projects under the infrastructure plan. The package was extensive. There was a plan which we wanted to implement for infrastructure. We put that together for government and for the industry.
- 74 My understanding was Robert Bentley as Chair of Racing Queensland Limited negotiated with the government for the redirection of 50% of the gambling tax by way of payments of \$20 million a year for a five (5) year period to provide the funds necessary to carry out the infrastructure developments outlined in the plan. In correspondence which we saw from the government there was a commitment for \$20 million per year over a five (5) year period.
- 75 We had to put in place a business case for each project, so consideration could be given to funding the final payments and how it was all to be achieved. I was aware the balance of funds were to come from the sale of Albion Park. Due to the apparent political opposition from various groups, the plan was modified and aspects of the plan were not proceeded with. Works took place for Mackay, Beaudesert and Rockhampton as part of the Infrastructure Program.
- 76 I was aware that we had to provide a submission to Treasury in relation to the funding and that documents were being submitted to Treasury concerning the same.
- 77 I do not know whether any influence was exercised by Directors of Queensland Racing Limited in relation to having the transfer made. I am sure Robert Bentley tried as hard as he could to keep the government committed to providing the necessary funding for the benefit of the racing industry.

Any other matter relevant to the Commission's terms of reference

- 78 The present Treasurer, the Honourable Tim Nichols, is a neighbour of mine. Prior to the election I approached Robert Bentley and told him that I thought the time had come where Racing Queensland Limited needed to be speaking to the opposition, given it was likely that there would be a change of government. Racing Queensland had prepared its Briefing Paper for Government about the key issues for the racing


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Industry in Queensland and I sought and obtained approval from Robert Bentley to share a copy of the Briefing Paper with Mr Nichols.

79 Mr Nichols visited my home and we had a discussion. Subsequent to that meeting I provided him with a copy of the Briefing Paper as I had been authorised to do by Mr Bentley as Chair of the Board of Racing Queensland Limited.

80 Further, I had a meeting with the then President of the LNP, Mr Bruce McIver at the LNP headquarters. This was a brief meeting when I discussed with Mr McIver the same matter as I discussed with Mr Nichols but I did not provide Mr McIver with a copy of the company's Briefing Paper.

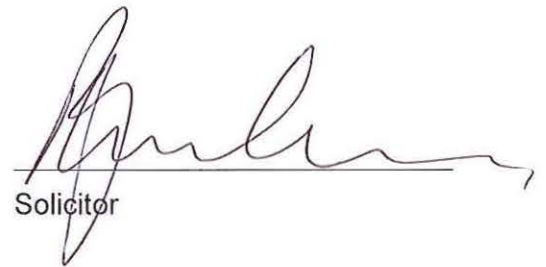
SWORN BY BRADLEY JOHN RYAN

on 25 July 2013 at Brisbane

in the presence of:



Signed
Deponent



Solicitor