



memo

From: David Grace
Re: Attendance at board meeting of Queensland Product Co Ltd
Matter No: 10066850 Qld Race Product Co Ltd Re Product & Program Agt Date: 5 March 2009

Attendance at board meeting of Queensland Product Co Ltd on 5 March 2009 from 11.30 am to 12.40 pm.

MATTERS DISCUSSED:

1. Amendments to constitution of Queensland Product Co. I handed all directors present a letter dated 5 March 2009 with recommended change to constitution which arises directly out of the amendments to the Racing Act December 2008. Amendment agreed.
2. Additional amendments required:
 - Reference to name of codes to be updated.
 - Rotation of Queensland directors is not possible because of the fact that only four Queensland Racing directors may exercise the right and the fifth is Mr Bentley who as chairman is not able to sit on the board of Product Co. In any event he is on the board of Tattersalls which owns Unifab and therefore would have a conflict anyway.
 - There are also drafting cross-references within the document that need to be picked up.
 - Intellectual property is required to be licensed by Queensland Product Co to each of the control bodies so that they may deal with the racing information under that licence. We to quote. That information and documentation is to have regard to:
 - RISA participation agreement;
 - nominated agreements;
 - transaction implementation deed;
 - the approach of Racing New South Wales (which does not want any three-month transition period);
 - the approach of Racing Victoria which does want a three-month concession.

The different approaches of New South Wales and Victoria have to be reconciled so that there is consistency. It also must have regard to the content of all race information legislation both in Queensland and elsewhere.

Racing New South Wales are happy to throw out the nominated arrangements.

Racing Victoria want to preserve the nominated arrangements which gives them three months of the "gentleman's arrangements".

3. Discussion of the fee arrangements

Chairman advised that the board would approve payment of the \$18,000 fees to date. Explained that there is \$18,000 in billings and another \$4,000 in WIP making a total of \$22,000. There was also the \$10,000 for the constitution but I thought we could do it for less than that. Tony Hanmer said he would approve an additional \$5,000 for the completion of the work on non-constitutional matters. We to provide a quote on the licence and intellectual property issues.

4. We then turned to discuss our letter of 18 November 2008 in relation to the impact of the 2008 amendments on the arrangements with Unltab.

Michael Lambert raised the issue of what was to be done and what the board's position was. General discussion followed.

- The result of the general discussion was that it was agreed a letter would be written to the Director-General of the Department of Racing and a request would be made to provide the Queensland Government understanding of the background to the arrangements behind the Queensland Government's agreement with Unltab (then TABQ). The point of getting that advice was to see whether there was so far as the Queensland Government was concerned an intent that the payments for Race Day legislation be able to be deducted by Unltab from the payment as a Third party charge out of payments to Queensland Racing.
- Discussion revolved around directors' duties. I advised that having given a letter of advice to Queensland Racing and that matter had not been taken into the board of Product Co and the board of Product Co haven't been aware of our views on the interpretation of the Act and its interaction with the product and program agreement, the board would be unwise to ignore the advice because auditors looking at the accounts may, if they became aware of the advice, query the directors' treatment of the contractual arrangements. It was therefore necessary to address the issue and if it was not intended to take an adversarial role with Unltab, then to consider whether the existing agreements should be changed in order to remove any ambiguity that may exist as a result of the 2008 amendments to the Racing Act.
- It was agreed that a letter would be written with a view to seeing if the Queensland Government's view of the arrangements was intended to be the same as was thought by some of the directors, namely that commercially the amounts of these costs should be deductible by Unltab from the amounts payable to Product Co under the product and program agreement.

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