

CTO - 02989

Treasurer of Queensland
Ministerial Correspondence Action Sheet

Due Date: 28 Aug 08	Division: SA Racing	Dept Ref:
	AUT/ED: m. Kelly	

ACKNOWLEDGEMENT LETTER

One option must be selected:

- Treasurer - Noted: no further action required
- Treasurer - Further response required
- SA - Noted: no further action required
- SA - Further response required
- Parl Sec - Noted: no further action required
- Parl Sec - Further response required
- Referral to another agency (SA to SPA)
- No Ack letter required

ACTION

One option must be selected:

- Briefing Note
- Reply from Treasurer
- Reply from Under Treasurer
- Reply from Parl Sec
- Reply from SA
- For information
- Necessary Action

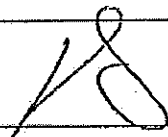
PRIORITY

Copy to:

Ministerial Policy Advisor Comments:

Brief should incl. information regarding the voting system (i.e. class A vs. class B voting rights and who holds what) as well as our legislative options (i.e. approve or reject) and the consequences of either action.

Many thanks

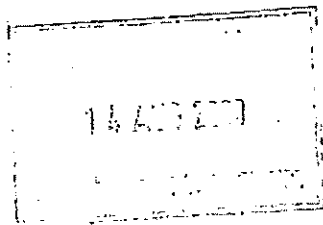
Name: Lottina Smith Signature:  Date: 14/8/2008

Keyword:

Racing

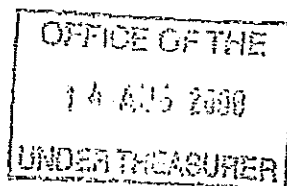
Notes:

MC		D/OUT	
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12 August 2008

The Honourable Andrew Fraser, MP
Treasurer
Queensland Government
GPO Box 611
BRISBANE QLD 4001



Queensland Racing Limited
A.B.N. 73 116 735 374
Racecourse Rd Deagon C/D 4017
PO Box 62 Sandgate QLD 4017
T 07 3069 9777
F 07 3269 6104
E info@queenslandracing.com.au
W www.queenslandracing.com.au

Dear Minister

RE: **RACING ACT 2002**
QUEENSLAND RACING LIMITED (ACN 116 735 374) –
THOROUGHBRED RACING CONTROL BODY

I write to you in connection with the post-constitutional changes that were put to the Members of Queensland Racing Limited (Queensland Racing) on Wednesday, 6 August 2008.

Background

The terms of approval of Queensland Racing as the control body of the Thoroughbred Racing Code included a provision (condition 4) that changes to the constitution are to be approved by you as the responsible Minister (see Attachment 'A').

Queensland Racing as a control body regulates the affairs of the Thoroughbred Code of Racing in Queensland. It is the industry regulator.

Regulators are normally statutory bodies appointed by Government.

The Racing Industry in the past has been regulated by a body appointed by industry representatives. It led to past conflicts of interest and of course was a body which sections of interest sought to control. That conferred a potentially biased and prejudicial body with industry regulatory powers which eventually led to a complete breakdown of the system in 2001. This was not at all in the interests of racing.

In 2002, the *Racing Act* was passed by the Queensland Parliament which, as you well appreciate, provided for an interim board - the Queensland Thoroughbred Racing Board. After consultation with all sectors of industry, the Queensland Thoroughbred Racing Board secured the adoption of a constitution for a new body (Queensland Racing) with a corporate governance structure unique in the Racing Industry in this country. It was adopted with the support of an overwhelming majority of Queensland Industry members who voted on the matter. Queensland Racing was therefore incorporated under the *Corporations Act 2001* and it applied for and received the approval of your Government to

operate as the control body of the Thoroughbred Code of Racing in this State for a term of six years from 1 July 2006.

The approval was subject to a condition that any change to the Constitution of Queensland Racing requires your approval.

Any change to the Constitution of Queensland Racing also requires the approval of its members by special resolution and, in practical terms, that means that the Class 'A' Members must in their vote, support the amendments or the amendments will not be permitted (*Corporations Act 2001 (Cth)*).

Members' Vote

I advise that on Wednesday, 6 August 2008, four (4) meetings were held:

1. Class 'A' Member Representative Meeting – 10:12am

The business of this meeting was:

- (a) Confirmation of the Class 'A' Member Representative Minutes of 4 February 2008
- (b) To remove Mr Bob McHarg¹ as the Authorised Representative of the Class 'A' Members, and
- (c) To appoint a new Authorised Representative of the Class 'A' Members.

Mr Neville Stewart was appointed as the Authorised Representative of the Class 'A' Members.

I advise that at the General Meeting the only vote was cast by the Class A Member Authorised Representative and the Class B Member Authorised Representative in accordance with the quorum provisions of clause 11.2 and the provisions of clause 12.1 of the Constitution of Queensland Racing.

Please find **enclosed** at Attachment 'B' copy of the Minutes of Meeting of Class 'A' Member Representatives.

2. Class 'A' Member Meeting – 10:35am

The Notice of Meeting to the Class 'A' Members dated 4 July 2008 including amended Constitution of the Company signed by the Company Secretary was tabled at the meeting.

The vote was carried out by a show of hands pursuant to section 250J of the *Corporations Act 2001 (Cth)*.

¹ Mr Bob Mcharg was unable to act as the Authorised Representative of the Class 'A' Members due to being overseas at the time of the vote of the Class 'A' Members.

Pursuant to section 250L (3) (c) of the *Corporations Act 2001* (Cth), a poll was demanded immediately after the voting results on a show of hands was declared.

A poll was conducted, which 75% or more of Class A Members approved the changes to the Constitution by Special Resolution (14 votes 'In Favour' and 1 vote 'Against').

I note that as per the Constitution of Queensland Racing, there are 16 Class 'A' Members. Unfortunately, the vote of the Townsville Turf Club was considered void as they did not provide their proxy within the required time period of 48 hours prior to the meeting.

By Ordinary Resolution, it was resolved that the poll papers be destroyed.

Please find **enclosed** at Attachment 'C' a copy of the Minutes of the Class 'A' Meeting.

3. Class 'B' Member Meeting – 11:18am

The Notice of Meeting to the Class 'B' Members dated 4 July 2008 including amended Constitution of the Company signed by the Company Secretary was tabled at the meeting

The Chairman advised that the Class A Members had earlier met and resolved to approve the motion by special resolution.

The vote was carried out by a show of hands pursuant to section 250J of the *Corporations Act 2001* (Cth), which 75% or more of Class B Members approved the changes to the Constitution by Special Resolution.

Please find **enclosed** at Attachment 'D' a copy of the Minutes of the Class 'B' Meeting.

4. General Meeting - 11:24am

Class 'A' Authorised Representative – Mr Neville Stewart, and
Class 'B' Authorised Representative – Mr Robert Bentley.

The Chairman told the meeting that the amendments proposed by the Resolution will have no force or effect unless:

- 75% or more of Class A Members approve the Resolution at the Class 'A' Meeting;
- 75% or more of Class B Members approve the Resolution at the Class 'B' Meeting; and
- the Minister approves the amendments proposed by the resolution.

The Chairman told the meeting that the Class A and Class B Members had approved the changes by Special Resolution at their respective meetings.

Please find **enclosed** at Attachment 'E' a copy of the Minutes of General Meeting.

Ministerial Approval

As previously discussed, the approval of any change to the Constitution of Queensland Racing requires your approval.

Please find **enclosed**:

- Attachment 'F', a copy of the amended Constitution of Queensland Racing.
- Copy of Form 8 – '*Application for a Variation of a Control Body Approval*', which has been forwarded to Mr Mike Kelly, Qld Office of Racing (See Attachment 'G').
- Joint Opinion of D.F Jackson Q.C and Andrew Herbert (See Attachment 'H').
- Copy of ASIC Declaration dated 3 July 2008 (See Attachment 'I')

I confirm that:

- 75% or more of Class A Members approved the Resolution at the Class 'A' Meeting, and
- 75% or more of Class B Members approved the Resolution at the Class 'B' Meeting.

In light of the above, Queensland Racing seeks your approval of its amended Constitution.

Should you wish to discuss this matter further, please do not hesitate to contact Ms Shara Murray, Queensland Racing's Legal Compliance Counsel/Company Secretary on (07) 3869 9712.

Yours sincerely



RG BENTLEY
Chairman

Enc.

cc. Mr Mike Kelly
Office of Racing

Attachment A

CONTROL BODY APPROVAL NOTICE
(Section 26 Racing Act 2002)

To: Queensland Racing Limited
C/- Queensland Racing
PO Box 63
Sandgate QLD 4017

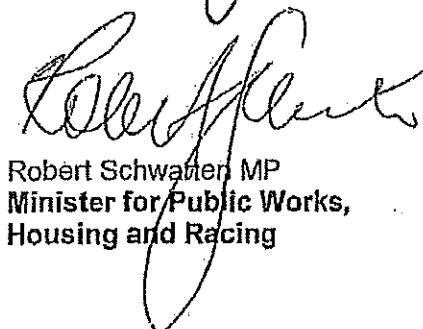
Notice is hereby given pursuant to section 26 of the *Racing Act 2002* that Queensland Racing Limited is approved as the control body for the thoroughbred code of racing in Queensland.

Details of the approval are as follows:

Name of the control body: Queensland Racing Limited
ACN: 116 735 374
Business Address: Racecourse Road, Deagon, QLD 4017
Date Approval takes Effect: 1 July 2006
Approved Code of Racing: Thoroughbred code of racing
Conditions of Approval: The approval is subject to the following conditions:

1. Queensland Racing Limited must consult in relation to the wording of the draft constitution of Queensland Racing Limited attached to this notice of approval (the draft constitution), with the proposed members of the company under the draft constitution.
2. By 1 March 2006, Queensland Racing Limited must provide a report to the Minister with responsibility for the *Racing Act 2002* (the Minister) with the results of the consultation carried out in accordance with condition 1 and recommend changes (if any) to the draft constitution of Queensland Racing Limited.
3. By 30 April 2006, Queensland Racing Limited must adopt the draft constitution, with changes (if any) approved by the Minister.
4. Queensland Racing Limited must obtain the ratification in writing of the Minister before implementing any amendment to the company's constitution.

Dated this *Twenty second* day of *December* 2005



Robert Swatten MP
Minister for Public Works,
Housing and Racing

Attachment B

QUEENSLAND RACING LIMITED ACN 116 735 374

MINUTES OF MEETING OF CLASS 'A' MEMBER REPRESENTATIVES

PLACE: Queensland Racing Limited, Racecourse Rd, Duff
DATE: 6 August 2008
TIME: 10-12 am
PRESENT: Pat Duff, Paul Williams, Richard Pratt,
Neville Stewart, Michael Paramor, David
Dawson, Bill Millican and Wayne Milner.
Gary Peoples - via telephone
Shane Murray - company secretary

CHAIR

Mr Wayne Milner

BUSINESS

Confirmation of the Class 'A' Member Representative
Minutes of 4 February 2008.

To remove Mr Bob McHarg as the Authorised
Representative of the Class 'A' Members.

To appoint a new Authorised Representative of the Class
'A' Members.

RESOLVED

That the previous minutes dated 4 February 2008 were a
true reflection of the meeting

That Mr Bob McHarg be removed immediately as the
Authorised Representative of the Class 'A' Members.

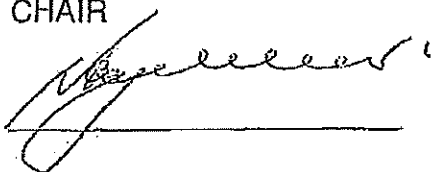
That Mr Neville Stewart be appointed as the
Authorised Representative of the Class 'A' Members until
further notice.

CONFIRMED

First - Richard Pratt
Second - Bill Millican

MEETING CLOSED 10.30 am

CHAIR



Attachment C

QUEENSLAND RACING LIMITED ACN 116 735 374

MINUTES OF CLASS A MEETING

HELD AT Queensland Racing Limited, Racecourse Road Deagon

ON 6 August 2008 at 10:35 am

PRESENT: Brisbane Turf Club Limited – Mr Wayne Milner, Queensland Turf Club Limited – Mr David Dawson, Mackay Turf Club – Ms Shara Murray, Rockhampton Turf Club – Mr Wayne Milner, Sunshine Coast Turf Club – Mr Les Geeves, Toowoomba Turf Club – Mr Neville Stewart, Gold Coast Turf Club – Mr Bill Millican, Tattersall's Racing Club Inc – Mr Michael Paramor AM, Queensland Country Racing Committee – Mr Bill Ludwig, Australian Trainers' Association (Queensland Branch) – Mr Bob Bentley, Thoroughbred Breeders' Association of Queensland – Mr Bob Bentley, Thoroughbred Racehorse Owners' Association of Queensland – Mr Paul Williams, Queensland Jockeys' Association Inc – Mr Richard Pratt, Queensland Bookmakers' Association – Mr Richard Fewster, Ipswich Turf Club – Mr Wayne Patch.

Townsville Turf Club - Vote Void

CHAIRMAN: Mr Wayne Milner (Motion moved by Mr Neville Stewart, seconded by Mr Richard Pratt)

DOCUMENTS TABLED:

Notice of Meeting to Class A Members dated 4 July 2008 including amended Constitution of the Company signed by the Company Secretary.

APOLOGIES:

N/A

BUSINESS:

The Chairman declared a quorum was present.

The Chairman declared that this Class A Meeting is a meeting of Class A Members held pursuant to section 246B of the *Corporations Act 2001* (Cth)

The Chairman proposed that the Resolution as set out in the tabled Notice of Meeting be taken as read.

Mr Richard Pratt seconded this motion.

The Chairman declared that the Resolution as set out below was passed as special resolution:

1. *That the Constitution of the Company be modified, with effect from the date that the Minister under the Racing Act 2002 (Qld) approves the amendments by:*
 - (a) *replacing the reference to clause 17.2 in the definition "Advertising Notice" to clause 17;*
 - (b) *adding the definition "Approval" in clause 1.1 as "Approval" "means an approval issued to the Control Body pursuant to section 26 of the Racing Act".*
 - (c) *changing the definition of "Initial Term" where it appears in clause 1.1 and throughout the Constitution to "Initial Control Body Term" as set out in the attached Constitution in clause 1.1 and to replace the words "Initial Term" where used throughout the Constitution with*

13

"Initial Control Body Term" and amending the definition to "Initial Control Body Term" means the term of six years from 1 July 2006 and expiring on 30 June 2012".

- (d) changing the definition of "Shortlist" where it appears in clause 1.1 to "Combined Shortlist" and amending the definition to: "Combined Shortlist" "means the shortlist of Director Candidates who are selected by each class, formulated in accordance with the procedure referred to in clause 17" and to replace the term "Shortlist" where used throughout the Constitution to "Combined Shortlist".*
- (e) adding the definition of "Subsequent Control Body Term" after the definition of "Selection Criteria" in clause 1.1 as: "Subsequent Control Body Term" means the term of any approval by the Minister under Division 6 of Part 2 of the Racing Act of the Control Body for the thoroughbred code of racing in Queensland subsequent to the "Initial Control Body Term".*
- (f) removing the definition "Independent Recruitment Consultant" from clause 1.1 of the Constitution and elsewhere throughout the Constitution where it appears;*
- (g) deleting the provisions of clause 15 and replacing them with the provisions set out in clause 15 (paragraphs 15.1 to 15.16 inclusive) in the attached Constitution;*
- (h) amending clause 16.1 to replace the words "will be" after "the Company" with "is";*
- (i) deleting the provisions of clause 17 and replacing them with the provisions set out in clause 17 (paragraphs 17.1 to 17.12 inclusive) in the attached Constitution;*
- (j) amending clause references throughout the document due to the amendments to clauses 15 and 17;*
- (k) deleting the signing provisions in the Constitution as this amended version of the Constitution is not the Constitution as adopted by the first members; and*
- (l) deleting the provisions of Appendix B Part II and the words "Part 1" as there are no longer two separate parts to Appendix B and replacing the word "Ballot" where it appears in the heading with "Selection".*

The vote was carried out by a show of hands pursuant to section 250J of the *Corporations Act 2001* (Cth).

Pursuant to section 250L (3) (c) of the *Corporations Act 2001* (Cth), a poll was demanded immediately after the voting results on a show of hands was declared.

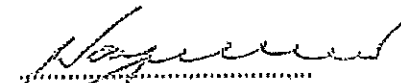
A poll was conducted, which 75% or more of Class A Members approved the changes to the Constitution by Special Resolution (14 votes 'In Favour' and 1 vote 'Against').

By Ordinary Resolution, it was resolved that the poll papers be destroyed. Motion moved by Mr Neville Stewart, seconded by Mr Richard Pratt.

The Chairman told the meeting that the amendments proposed by the Resolution will have no force or effect unless:

- 75% or more of Class B Members approve the Resolution at the Class B Meeting;
- 75% or more of Members at the General Meeting approve the Resolution; and
- the Minister approves the amendments proposed by the resolution.

CONFIRMED:


.....
CHAIRMAN

**NOTICE OF MEETING OF CLASS A MEMBERS
OF QUEENSLAND RACING LIMITED**

TAKE NOTICE that a meeting of the Class A Members of Queensland Racing Limited will be held on 6 August 2008 at 10.30a.m. at the Office of Queensland Racing Limited at Racecourse Road, Deagon.

The purpose of the meeting is to consider the following Special Resolutions to amend the Constitution of the Company:

1. That the Constitution of the Company be modified, with effect from the date that the Minister under the *Racing Act 2002* (Qld) approves the amendments by:
 - (a) replacing the reference to clause 17.2 in the definition "Advertising Notice" to clause 17;
 - (b) adding the definition "Approval" in clause 1.1 as "Approval" "means an approval issued to the Control Body pursuant to section 26 of the Racing Act".
 - (c) changing the definition of "Initial Term" where it appears in clause 1.1 and throughout the Constitution to "Initial Control Body Term" as set out in the attached Constitution in clause 1.1 and to replace the words "Initial Term" where used throughout the Constitution with "Initial Control Body Term" and amending the definition to "Initial Control Body Term" means the term of six years from 1 July 2006 and expiring on 30 June 2012".
 - (d) changing the definition of "Shortlist" where it appears in clause 1.1 to "Combined Shortlist" and amending the definition to: "Combined Shortlist" "means the shortlist of Director Candidates who are selected by each class, formulated in accordance with the procedure referred to in clause 17" and to replace the term "Shortlist" where used throughout the Constitution to "Combined Shortlist".
 - (e) adding the definition of "Subsequent Control Body Term" after the definition of "Selection Criteria" in clause 1.1 as: "Subsequent Control Body Term" means the term of any approval by the Minister under Division 6 of Part 2 of the Racing Act of the Control Body for the thoroughbred code of racing in Queensland subsequent to the "Initial Control Body Term".
 - (f) removing the definition "Independent Recruitment Consultant" from clause 1.1 of the Constitution and elsewhere throughout the Constitution where it appears;

- (g) deleting the provisions of clause 15 and replacing them with the provisions set out in clause 15 (paragraphs 15.1 to 15.16 inclusive) in the attached Constitution;
- (h) amending clause 16.1 to replace the words "will be" after "the Company" with "is";
- (i) deleting the provisions of clause 17 and replacing them with the provisions set out in clause 17 (paragraphs 17.1 to 17.12 inclusive) in the attached Constitution;
- (j) amending clause references throughout the document due to the amendments to clauses 15 and 17;
- (k) deleting the signing provisions in the Constitution as this amended version of the Constitution is not the Constitution as adopted by the first members; and
- (l) deleting the provisions of Appendix B Part II and the words "Part 1" as there are no longer two separate parts to Appendix B and replacing the word "Ballot" where it appears in the heading with "Selection".

If the approval of the Minister is not obtained, the amendments will have no force or effect.

Material Personal Interest of the Board of Queensland Racing Limited

Each Director of Queensland Racing has a material personal interest in the outcome of the proposed resolutions to amend the Constitution of Queensland Racing because, if passed, the proposed resolution to amend the Constitution will:

1. extend the term of the Board's office with Queensland Racing before retirement by rotation commences from three years to six years;
2. provide the Board with remuneration for the extended term of office with Queensland Racing;
3. modify the way in which the Board is selected in the future.

The Directors have disclosed their material personal interest to each other pursuant to section 191(1) of the *Corporations Act 2001* (Cth).

Further, the Directors have obtained a Declaration from The Australian Securities and Investments Commission dated 3 July 2008 under section 196(1) of the *Corporations Act 2001* (Cth) allowing the them, in accordance with section 195(3) of the *Corporations Act 2001* (Cth), to attend and vote at a meeting of the Board to call this meeting of members notwithstanding the material personal interest of each of the Directors.

Background to proposed adoption of the amendments to the Constitution

The Board of Queensland Racing believes that the existing Constitution of Queensland Racing should be amended to reflect the need for continued stability and continuity of the Board of Directors of a regulatory body during a time of important changes to the industry.

With respect to the amendments proposed, should the Constitution of Queensland Racing not be amended, then, commencing late 2008:

- (i) Queensland Racing will, given the length of time for the process of selection currently set out in the Constitution each year commencing at the AGM in 2009, be constantly in director selection mode;
- (ii) the industry will be put to regular annual expense in relation to advertising and the engagement of an Independent Recruitment Consultant; and
- (iii) a significant amount of Queensland Racing staff time will be devoted to the annual director selection/election processes; and
- (iv) all directors will be required to retire and seek re-election each alternate year in rotation, making it very difficult to maintain any continuity of membership so as to develop long-term forward-thinking policies.

In addition to normal integrity management of the industry the Board of Queensland Racing has major long-term projects under way including Corbould Park stabling and commercial development, the redevelopment of Deagon, the development of Palm Meadows on the Gold Coast, the construction of a synthetic track at Toowoomba and Palm Meadows as well as the merger of the metropolitan clubs, aggregation of TV rights and management of a volatile wagering environment.

The rapid expansion of corporate bookmakers in the Northern Territory who currently pay no fees to the racing industry and the inability of States to be able to rely on State based legislation restricting access to racing information to secure continuous payment of rights fees, leaves the racing industry in a perilous position.

To further complicate the matter, Tabcorp has recently purchased a corporate bookmakers' licence. Tattersalls holds a licence but to date has not used it.

It is therefore critical that the Board of Queensland Racing remain stable in this Initial Control Body Term to enable it to properly focus upon the continuing exercise of its powers and performance of the functions of a Control Body of the Thoroughbred Code of Racing in Queensland.

The proposed changes extend the time for the commencement of changes to the makeup of the Board from (currently) the Annual General Meeting 2009 to the Annual General Meeting in 2012 (the first AGM following the completion of the Initial Control Body Term of six years from 1 July 2006 to 30 June 2012). At the Annual General Meeting in 2012 50% of the Board (rounded up if that is not a whole number) shall retire, but shall be eligible for re-election. The balance of the Directors shall retire at the Annual

Annual General meeting in 2014. There are no other retirements by rotation during the term of the Approval of the Control Body.

In a Subsequent Control Body Term, which if it occurs will commence at the end of each prior Term, an election for 50% of directors will occur in the first year (17.1) and in the third year of the Term for the remaining sitting directors. Following this, no further election will be held prior to end of the Subsequent Control Body Term.

In summary, after the Initial Control Body Term expires, the whole Board retires in two retirement events during the first and third years of each Subsequent Control Body Term.

This will provide stability and consistency to the industry during that time and during each Subsequent Control Body Term to maximise efficiency.

The changes to the selection of directors involves:

- (a) the removal of the Independent Recruitment Consultant provisions;
- (b) amending the definition of "Initial Term" to "Initial Control Body Term" and amending the definition to include dates as these dates are now known;
- (c) deleting Part II of Appendix B – this simplifies the selection process. It enables a Selection Committee to determine the best candidate or candidates from a Shortlist determined through the process set out in Appendix B of the Constitution which involves the Class A Members and Class B Members respectively determining their preference of candidates from nominations. It changes a collegiate approach of Class A members to the decision on directors to be included on the Shortlist (which may not have regard to the talent required on the Board of Queensland Racing) to an approach that takes account fairly and equitably of the views of both Class A Members and Class B Member. From a corporate governance perspective it provides both greater consistency to a control body's term of office and rotation at the end of each term of office. It strikes a balance between industry having a voice on the composition of the Board of the control body and the need for the Board to act independently during its term as approved control body for the thoroughbred racing industry in Queensland.
- (d) The introduction of an independent person to sit on the Directors Selection Committee, who is to be selected with the agreement of Class A Member Representatives and Class B Members or chosen independently if agreement cannot be reached. This independent person will bring further experience and an independent approach to the selection of

directors, which from a corporate governance perspective strengthens the integrity control that Queensland Racing needs to carry out its functions and duties without fear or favour. This change will also ensure that there cannot be a drawn vote at the selection process, and a ballot will always determine the outcome.

New clauses 15.9 and 15.10 clarify the mechanism by which the Board can appoint directors up to the maximum permitted by the Constitution (clause 15.9) and appoint directors to fill a vacancy caused by an event listed in clause 15.8.


If the Board fills a vacancy pursuant to clause 15.9, the person will hold office until the next Annual General Meeting following his or her appointment when the Company can confirm his or her appointment. If the appointment is not confirmed, the person ceases to be a director. If the appointment is confirmed, the person is then subject to the normal rotational provisions of clause 15 after that time.

If the Board fills a vacancy pursuant to clause 15.10, that person is subject to the same rotation requirements as the Founding Directors, as such director is filling an existing place on the Board

In order to be eligible to be appointed to a vacancy pursuant to clause 15.9 or 15.10, the person concerned must meet the Directors Selection Criteria contained in Appendix A, in the opinion of the appointing Directors.

DATED the 4th day of July 2008

BY ORDER OF THE BOARD


.....

Company Secretary

Notes:

1. A member may appoint a proxy.
2. The proxy need not be member of the Company.
3. An instrument appointing a proxy is not valid unless the instrument, and the original or notarially certified copy of the power of attorney or other authority under which the instrument is signed, is deposited, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, at the registered office of the Company
4. Where the time to lodge falls on a day which is not a business day in the place where the registered office of the Company is located, this clause requires the deposit of the document at the same time on the previous business day.

5. *A document is taken to be "deposited at the registered office of the Company" if a legible, true copy of a document is received on a facsimile machine located at the registered office of the Company within the time referred to above.*

CJC10059955 2069838v9

Attachment D

QUEENSLAND RACING LIMITED ACN 116 735 374

MINUTES OF CLASS B MEETING

HELD AT Queensland Racing Limited, Racecourse Road Deagon

ON 6 August 2008 at 11:18 am

PRESENT: Mr Bob Bentley, Mr Tony Hanmer, Mr Bill Ludwig and Mr Bill Andrews.

Ms Shara Murray – Company Secretary

CHAIRMAN: Mr Bob Bentley (Motion moved by Mr Tony Hanmer, seconded by Mr Bill Ludwig)

DOCUMENTS TABLED:

Notice of Meeting to Class B Members dated 4 July 2008 including amended Constitution of the Company signed by the Company Secretary.

APOLOGIES:

N/A

BUSINESS:

The Chairman declared a quorum was present.

The Chairman declared that this Class B Meeting is a meeting of Class B Members held pursuant to section 246B of the *Corporations Act 2001* (Cth)

The Chairman proposed that the Resolution as set out in the tabled Notice of Meeting be taken as read.

Mr Tony Hanmer seconded this motion.

The Chairman declared that the Resolution as set out below was passed as special resolution:

1. *That the Constitution of the Company be modified, with effect from the date that the Minister under the Racing Act 2002 (Qld) approves the amendments by:*
 - (a) *replacing the reference to clause 17.2 in the definition "Advertising Notice" to clause 17;*
 - (b) *adding the definition "Approval" in clause 1.1 as "Approval" "means an approval issued to the Control Body pursuant to section 26 of the Racing Act".*
 - (c) *changing the definition of "Initial Term" where it appears in clause 1.1 and throughout the Constitution to "Initial Control Body Term" as set out in the attached Constitution in clause*

1.1 and to replace the words "Initial Term" where used throughout the Constitution with "Initial Control Body Term" and amending the definition to "Initial Control Body Term" means the term of six years from 1 July 2006 and expiring on 30 June 2012".

- (d) changing the definition of "Shortlist" where it appears in clause 1.1 to "Combined Shortlist" and amending the definition to: "Combined Shortlist" means the shortlist of Director Candidates who are selected by each class, formulated in accordance with the procedure referred to in clause 17" and to replace the term "Shortlist" where used throughout the Constitution to "Combined Shortlist".
- (e) adding the definition of "Subsequent Control Body Term" after the definition of "Selection Criteria" in clause 1.1 as: "Subsequent Control Body Term" means the term of any approval by the Minister under Division 6 of Part 2 of the Racing Act of the Control Body for the thoroughbred code of racing in Queensland subsequent to the "Initial Control Body Term".
- (f) removing the definition "Independent Recruitment Consultant" from clause 1.1 of the Constitution and elsewhere throughout the Constitution where it appears;
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- (h) amending clause 16.1 to replace the words "will be" after "the Company" with "is";
- (i) deleting the provisions of clause 17 and replacing them with the provisions set out in clause 17 (paragraphs 17.1 to 17.12 inclusive) in the attached Constitution;
- (j) amending clause references throughout the document due to the amendments to clauses 15 and 17;
- (k) deleting the signing provisions in the Constitution as this amended version of the Constitution is not the Constitution as adopted by the first members; and

- (l) *deleting the provisions of Appendix B Part II and the words "Part 1" as there are no longer two separate parts to Appendix B and replacing the word "Ballot" where it appears in the heading with "Selection".*

The Chairman told the meeting that the amendments proposed by the Resolution will have no force or effect unless:

- 75% or more of Class A Members approve the Resolution at the Class A Meeting;
- 75% or more of Members at the General Meeting approve the Resolution; and
- the Minister approves the amendments proposed by the resolution.

The Chairman advised that the Class A Members had earlier today met and resolved to approve the motion by special resolution.

CONFIRMED:



CHAIRMAN

**NOTICE OF MEETING OF CLASS B MEMBERS
OF QUEENSLAND RACING LIMITED**

TAKE NOTICE that a meeting of the Class B Members of Queensland Racing Limited will be held on 6 August 2008 at 11.00a.m. at the Office of Queensland Racing Limited at Racecourse Road, Deagon.

The purpose of the meeting is to consider the following Special Resolutions to amend the Constitution of the Company:

1. That the Constitution of the Company be modified, with effect from the date that the Minister under the *Racing Act 2002 (Qld)* approves the amendments by:

- (a) replacing the reference to clause 17.2 in the definition "Advertising Notice" to clause 17;
- (b) adding the definition "Approval" in clause 1.1 as "Approval" "means an approval issued to the Control Body pursuant to section 26 of the Racing Act".
- (c) changing the definition of "Initial Term" where it appears in clause 1.1 and throughout the Constitution to "Initial Control Body Term" as set out in the attached Constitution in clause 1.1 and to replace the words "Initial Term" where used throughout the Constitution with "Initial Control Body Term" and amending the definition to "Initial Control Body Term" means the term of six years from 1 July 2006 and expiring on 30 June 2012".
- (d) changing the definition of "Shortlist" where it appears in clause 1.1 to "Combined Shortlist" and amending the definition to: "Combined Shortlist" "means the shortlist of Director Candidates who are selected by each class, formulated in accordance with the procedure referred to in clause 17" and to replace the term "Shortlist" where used throughout the Constitution to "Combined Shortlist".
- (e) adding the definition of "Subsequent Control Body Term" after the definition of "Selection Criteria" in clause 1.1 as: "Subsequent Control Body Term" means the term of any approval by the Minister under Division 6 of Part 2 of the Racing Act of the Control Body for the thoroughbred code of racing in Queensland subsequent to the "Initial Control Body Term".
- (f) removing the definition "Independent Recruitment Consultant" from clause 1.1 of the Constitution and elsewhere throughout the Constitution where it appears;

- (g) deleting the provisions of clause 15 and replacing them with the provisions set out in clause 15 (paragraphs 15.1 to 15.16 inclusive) in the attached Constitution;
- (h) amending clause 16.1 to replace the words "will be" after "the Company" with "is";
- (i) deleting the provisions of clause 17 and replacing them with the provisions set out in clause 17 (paragraphs 17.1 to 17.12 inclusive) in the attached Constitution;
- (j) amending clause references throughout the document due to the amendments to clauses 15 and 17;
- (k) deleting the signing provisions in the Constitution as this amended version of the Constitution is not the Constitution as adopted by the first members; and
- (l) deleting the provisions of Appendix B Part II and the words "Part 1" as there are no longer two separate parts to Appendix B and replacing the word "Ballot" where it appears in the heading with "Selection".

If the approval of the Minister is not obtained, the amendments will have no force or effect.

Material Personal Interest of the Board of Queensland Racing Limited

Each Director of Queensland Racing has a material personal interest in the outcome of the proposed resolutions to amend the Constitution of Queensland Racing because, if passed, the proposed resolution to amend the Constitution will:

1. extend the term of the Board's office with Queensland Racing before retirement by rotation commences from three years to six years;
2. provide the Board with remuneration for the extended term of office with Queensland Racing;
3. modify the way in which the Board is selected in the future.

The Directors have disclosed their material personal interest to each other pursuant to section 191(1) of the *Corporations Act 2001 (Cth)*.

Further, the Directors have obtained a Declaration from The Australian Securities and Investments Commission dated 3 July 2008 under section 196(1) of the *Corporations Act 2001 (Cth)* allowing the them, in accordance with section 195(3) of the *Corporations Act 2001 (Cth)*, to attend and vote at a meeting of the Board to call this meeting of members notwithstanding the material personal interest of each of the Directors.

Background to proposed adoption of the amendments to the Constitution

The Board of QRL believes that the existing Constitution of QRL should be amended to reflect the need for continued stability and continuity of the Board of Directors of a regulatory body during a time of important changes to the industry.

With respect to the amendments proposed, should the Constitution of QRL not be amended, then, commencing late 2008:

- (i) QRL will, given the length of time for the process of selection currently set out in the Constitution each year commencing at the AGM in 2009, be constantly in director selection mode;
- (ii) the industry will be put to regular annual expense in relation to advertising and the engagement of an Independent Recruitment Consultant; and
- (iii) a significant amount of QRL staff time will be devoted to the annual director selection/election processes; and
- (iv) all directors will be required to retire and seek re-election each alternate year in rotation, making it very difficult to maintain any continuity of membership so as to develop long-term forward-thinking policies.

In addition to normal Integrity management of the industry the Board of QRL has major long-term projects under way including Corbould Park stabling and commercial development, the redevelopment of Deagon, the development of Palm Meadows on the Gold Coast, the construction of a synthetic track at Toowoomba and Palm Meadows as well as the merger of the metropolitan clubs, aggregation of TV rights and management of a volatile wagering environment.

The rapid expansion of corporate bookmakers in the Northern Territory who currently pay no fees to the racing industry and the inability of States to be able to rely on State based legislation restricting access to racing information to secure continuous payment of rights fees, leaves the racing industry in a perilous position.

To further complicate the matter, Tabcorp has recently purchased a corporate bookmakers' licence. Tattersalls holds a licence but to date has not used it.

It is therefore critical that the Board of QRL remain stable in this Initial Control Body Term to enable it to properly focus upon the continuing exercise of its powers and performance of the functions of a Control Body of the Thoroughbred Code of Racing in Queensland.

The proposed changes extend the time for the commencement of changes to the makeup of the Board

Board from (currently) the Annual General Meeting 2009 to the Annual General Meeting in 2012 (the first AGM following the completion of the Initial Control Body Term of six years from 1 July 2006 to 30 June 2012). At the Annual General Meeting in 2012 50% of the Board (rounded up if that is not a whole number) shall retire, but shall be eligible for re-election. The balance of the Directors shall retire at the Annual General meeting in 2014. There are no other retirements by rotation during the term of the Approval of the Control Body.

In a Subsequent Control Body Term, which if it occurs will commence at the end of each prior Term, an election for 50% of directors will occur in the first year (17.1) and in the third year of the Term for the remaining sitting directors. Following this, no further election will be held prior to end of the Subsequent Control Body Term.

In summary, after the Initial Control Body Term expires, the whole Board retires in two retirement events during the first and Third years of each Subsequent Control Body Term.

This will provide stability and consistency to the industry during that time and during each Subsequent Control Body Term to maximise efficiency.

The changes to the selection of directors involves:

- (a) the removal of the Independent Recruitment Consultant provisions;
- (b) amending the definition of "Initial Term" to "Initial Control Body Term" and amending the definition to include dates as these dates are now known;
- (c) deleting Part II of Appendix B – this simplifies the selection process. It enables a Selection Committee to determine the best candidate or candidates from a Shortlist determined through the process set out in Appendix B of the Constitution which involves the Class A Members and Class B Members respectively determining their preference of candidates from nominations. It changes a collegiate approach of Class A members to the decision on directors to be included on the Shortlist (which may not have regard to the talent required on the Board of Queensland Racing) to an approach that takes account fairly and equitably of the views of both Class A Members and Class B Member. From a corporate governance perspective it provides both greater consistency to a control body's term of office and rotation at the end of each term of office. It strikes a balance between industry having a voice on the composition of the Board of the control body and the need for the Board to act independently during its term as approved control body for the thoroughbred racing industry in Queensland.

- (d) The introduction of an independent person to sit on the Directors Selection Committee, who is to be selected with the agreement of Class A Member Representatives and Class B Members or chosen independently if agreement cannot be reached. This independent person will bring further experience and an independent approach to the selection of directors, which from a corporate governance perspective strengthens the integrity control that Queensland Racing needs to carry out its functions and duties without fear or favour. This change will also ensure that there cannot be a drawn vote at the selection process, and a ballot will always determine the outcome.

New clauses 15.9 and 15.10 clarify the mechanism by which the Board can appoint directors up to the maximum permitted by the Constitution (clause 15.9) and appoint directors to fill a vacancy caused by an event listed in clause 15.8.

If the Board fills a vacancy pursuant to clause 15.9, the person will hold office until the next Annual General Meeting following his or her appointment when the Company can confirm his or her appointment. If the appointment is not confirmed, the person ceases to be a director. If the appointment is confirmed, the person is then subject to the normal rotational provisions of clause 15 after that time.

If the Board fills a vacancy pursuant to clause 15.10, that person is subject to the same rotation requirements as the Founding Directors, as such director is filling an existing place on the Board

In order to be eligible to be appointed to a vacancy pursuant to clause 15.9 or 15.10, the person concerned must meet the Directors Selection Criteria contained in Appendix A, in the opinion of the appointing Directors.

DATED the 11th day of July 2008

BY ORDER OF THE BOARD


.....

Company Secretary

Notes:

1. *A member may appoint a proxy.*
2. *The proxy need not be member of the Company.*
3. *An instrument appointing a proxy is not valid unless the instrument, and the original or notarially certified copy of the power of attorney or other authority under which the instrument is signed, is deposited, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the*

case of a poll, not less than 24 hours before the time appointed for the taking of the poll, at the registered office of the Company

4. *Where the time to lodge falls on a day which is not a business day in the place where the registered office of the Company is located, this clause requires the deposit of the document at the same time on the previous business day.*
5. *A document is taken to be "deposited at the registered office of the Company" if a legible, true copy of a document is received on a facsimile machine located at the registered office of the Company within the time referred to above.*

Attachment E

QUEENSLAND RACING LIMITED ACN 116 735 374

MINUTES OF GENERAL MEETING

HELD AT Queensland Racing Limited, Racecourse Road Deagon

ON 6 August 2008 at 11:24 am

PRESENT:

Mr N Stewart as the Authorised Representative of the Class A Members

Mr R G Bentley as the Authorised Representative of the Class B Members

Ms S Murray – Company Secretary

CHAIRMAN: Mr R G Bentley

DOCUMENTS TABLED:

Notice of General Meeting to Members dated 4 July 2008 including amended Constitution of the Company signed by the Company Secretary.

APOLOGIES:

N/A

BUSINESS:

The Chairman declared a quorum was present.

The Chairman proposed that the Resolution as set out in the tabled Notice of Meeting be taken as read.

Mr Neville Stewart seconded this motion.

The Chairman declared that the Resolution as set out below was passed as special resolution:

1. *That the Constitution of the Company be modified, with effect from the date that the Minister under the Racing Act 2002 (Qld) approves the amendments by:*
 - (a) *replacing the reference to clause 17.2 in the definition "Advertising Notice" to clause 17;*
 - (b) *adding the definition "Approval" in clause 1.1 as "Approval" "means an approval issued to the Control Body pursuant to section 26 of the Racing Act".*

- (c) *changing the definition of "Initial Term" where it appears in clause 1.1 and throughout the Constitution to "Initial Control Body Term" as set out in the attached Constitution in clause 1.1 and to replace the words "Initial Term" where used throughout the Constitution with "Initial Control Body Term" and amending the definition to "Initial Control Body Term" means the term of six years from 1 July 2006 and expiring on 30 June 2012".*
- (d) *changing the definition of "Shortlist" where it appears in clause 1.1 to "Combined Shortlist" and amending the definition to: "Combined Shortlist" "means the shortlist of Director Candidates who are selected by each class, formulated in accordance with the procedure referred to in clause 17" and to replace the term "Shortlist" where used throughout the Constitution to "Combined Shortlist".*
- (e) *adding the definition of "Subsequent Control Body Term" after the definition of "Selection Criteria" in clause 1.1 as: "Subsequent Control Body Term" means the term of any approval by the Minister under Division 6 of Part 2 of the Racing Act of the Control Body for the thoroughbred code of racing in Queensland subsequent to the "Initial Control Body Term".*
- (f) *removing the definition "Independent Recruitment Consultant" from clause 1.1 of the Constitution and elsewhere throughout the Constitution where it appears;*
- (g) *deleting the provisions of clause 15 and replacing them with the provisions set out in clause 15 (paragraphs 15.1 to 15.16 inclusive) in the attached Constitution;*
- (h) *amending clause 16.1 to replace the words "will be" after "the Company" with "is";*
- (i) *deleting the provisions of clause 17 and replacing them with the provisions set out in clause 17 (paragraphs 17.1 to 17.12 inclusive) in the attached Constitution;*
- (j) *amending clause references throughout the document due to the amendments to clauses 15 and 17;*
- (k) *deleting the signing provisions in the Constitution as this amended version of the Constitution is not the Constitution as adopted by the first members; and*

- (i) deleting the provisions of Appendix B Part II and the words "Part 1" as there are no longer two separate parts to Appendix B and replacing the word "Ballot" where it appears in the heading with "Selection".

The Chairman told the meeting that the amendments proposed by the Resolution will have no force or effect unless:

- 75% or more of Class A Members approve the Resolution at the Class A Meeting;
- 75% or more of Class B Members approve the Resolution at the Class B Meeting; and
- the Minister approves the amendments proposed by the resolution.

The Chairman told the meeting that the Class A and Class B Members had approved the changes by Special Resolution at their respective meetings earlier today.

CONFIRMED:



.....
CHAIRMAN

**NOTICE OF GENERAL MEETING
OF QUEENSLAND RACING LIMITED**

TAKE NOTICE that a General Meeting of Queensland Racing Limited will be held on 6 August 2008 at 11.30a.m. at the Office of Queensland Racing Limited at Racecourse Road, Deagon.

The purpose of the meeting is to consider the following Special Resolutions to amend the Constitution of the Company:

1. That the Constitution of the Company be modified, with effect from the date that the Minister under the *Racing Act 2002 (Qld)* approves the amendments by:
 - (a) replacing the reference to clause 17.2 in the definition "Advertising Notice" to clause 17;
 - (b) adding the definition "Approval" in clause 1.1 as "Approval" "means an approval issued to the Control Body pursuant to section 26 of the Racing Act".
 - (c) changing the definition of "Initial Term" where it appears in clause 1.1 and throughout the Constitution to "Initial Control Body Term" as set out in the attached Constitution in clause 1.1 and to replace the words "Initial Term" where used throughout the Constitution with "Initial Control Body Term" and amending the definition to "Initial Control Body Term" means the term of six years from 1 July 2006 and expiring on 30 June 2012".
 - (d) changing the definition of "Shortlist" where it appears in clause 1.1 to "Combined Shortlist" and amending the definition to: "Combined Shortlist" "means the shortlist of Director Candidates who are selected by each class, formulated in accordance with the procedure referred to in clause 17" and to replace the term "Shortlist" where used throughout the Constitution to "Combined Shortlist".
 - (e) adding the definition of "Subsequent Control Body Term" after the definition of "Selection Criteria" in clause 1.1 as: "Subsequent Control Body Term" means the term of any approval by the Minister under Division 6 of Part 2 of the Racing Act of the Control Body for the thoroughbred code of racing in Queensland subsequent to the "Initial Control Body Term".
 - (f) removing the definition "Independent Recruitment Consultant" from clause 1.1 of the Constitution and elsewhere throughout the Constitution where it appears;

- (g) deleting the provisions of clause 15 and replacing them with the provisions set out in clause 15 (paragraphs 15.1 to 15.16 inclusive) in the attached Constitution;
- (h) amending clause 16.1 to replace the words "will be" after "the Company" with "is";
- (i) deleting the provisions of clause 17 and replacing them with the provisions set out in clause 17 (paragraphs 17.1 to 17.12 inclusive) in the attached Constitution;
- (j) amending clause references throughout the document due to the amendments to clauses 15 and 17;
- (k) deleting the signing provisions in the Constitution as this amended version of the Constitution is not the Constitution as adopted by the first members; and
- (l) deleting the provisions of Appendix B Part II and the words "Part 1" as there are no longer two separate parts to Appendix B and replacing the word "Ballot" where it appears in the heading with "Selection".

If the approval of the Minister is not obtained, the amendments will have no force or effect.

Material Personal Interest of the Board of Queensland Racing Limited

Each Director of Queensland Racing has a material personal interest in the outcome of the proposed resolutions to amend the Constitution of Queensland Racing because, if passed, the proposed resolution to amend the Constitution will:

1. extend the term of the Board's office with Queensland Racing before retirement by rotation commences from three years to six years;
2. provide the Board with remuneration for the extended term of office with Queensland Racing;
3. modify the way in which the Board is selected in the future.

The Directors have disclosed their material personal interest to each other pursuant to section 191(1) of the *Corporations Act 2001* (Cth).

Further, the Directors have obtained a Declaration from The Australian Securities and Investments Commission dated 3 July 2008 under section 196(1) of the *Corporations Act 2001* (Cth) allowing the them, in accordance with section 195(3) of the *Corporations Act 2001* (Cth), to attend and vote at a meeting of the Board to call this meeting of members notwithstanding the material personal interest of each of the Directors.

Background to proposed adoption of the amendments to the Constitution

The Board of QRL believes that the existing Constitution of QRL should be amended to reflect the need for continued stability and continuity of the Board of Directors of a regulatory body during a time of important changes to the industry.

With respect to the amendments proposed, should the Constitution of QRL not be amended, then, commencing late 2008:

- (i) QRL will, given the length of time for the process of selection currently set out in the Constitution each year commencing at the AGM in 2009, be constantly in director selection mode;
- (ii) the industry will be put to regular annual expense in relation to advertising and the engagement of an Independent Recruitment Consultant; and
- (iii) a significant amount of QRL staff time will be devoted to the annual director selection/election processes; and
- (iv) all directors will be required to retire and seek re-election each alternate year in rotation, making it very difficult to maintain any continuity of membership so as to develop long-term forward-thinking policies.

In addition to normal integrity management of the industry the Board of QRL has major long-term projects under way including Corbould Park stabling and commercial development, the redevelopment of Deagon, the development of Palm Meadows on the Gold Coast, the construction of a synthetic track at Toowoomba and Palm Meadows as well as the merger of the metropolitan clubs, aggregation of TV rights and management of a volatile wagering environment.

The rapid expansion of corporate bookmakers in the Northern Territory who currently pay no fees to the racing industry and the inability of States to be able to rely on State based legislation restricting access to racing information to secure continuous payment of rights fees, leaves the racing industry in a perilous position.

To further complicate the matter, Tabcorp has recently purchased a corporate bookmakers' licence. Tattersalls holds a licence but to date has not used it.

It is therefore critical that the Board of QRL remain stable in this Initial Control Body Term to enable it to properly focus upon the continuing exercise of its powers and performance of the functions of a Control Body of the Thoroughbred Code of Racing in Queensland.

The proposed changes extend the time for the commencement of changes to the makeup of the Board from (currently) the Annual General Meeting 2009 to the Annual General Meeting in 2012 (the first AGM following the completion of the Initial Control Body Term of six years from 1 July 2006 to 30 June 2012). At the Annual General Meeting in 2012 50% of the Board (rounded up if that is not a whole number) shall retire, but shall be eligible for re-election. The balance of the Directors shall retire at the Annual

Annual General meeting in 2014. There are no other retirements by rotation during the term of the Approval of the Control Body.

In a Subsequent Control Body Term, which if it occurs will commence at the end of each prior Term, an election for 50% of directors will occur in the first year (17.1) and in the third year of the Term for the remaining sitting directors. Following this, no further election will be held prior to end of the Subsequent Control Body Term.

In summary, after the Initial Control Body Term expires, the whole Board retires in two retirement events during the first and Third years of each Subsequent Control Body Term.

This will provide stability and consistency to the industry during that time and during each Subsequent Control Body Term to maximise efficiency.

The changes to the selection of directors involves:

- (a) the removal of the Independent Recruitment Consultant provisions;
- (b) amending the definition of "Initial Term" to "Initial Control Body Term" and amending the definition to include dates as these dates are now known;
- (c) deleting Part II of Appendix B – this simplifies the selection process. It enables a Selection Committee to determine the best candidate or candidates from a Shortlist determined through the process set out in Appendix B of the Constitution which involves the Class A Members and Class B Members respectively determining their preference of candidates from nominations. It changes a collegiate approach of Class A members to the decision on directors to be included on the Shortlist (which may not have regard to the talent required on the Board of Queensland Racing) to an approach that takes account fairly and equitably of the views of both Class A Members and Class B Member. From a corporate governance perspective it provides both greater consistency to a control body's term of office and rotation at the end of each term of office. It strikes a balance between industry having a voice on the composition of the Board of the control body and the need for the Board to act independently during its term as approved control body for the thoroughbred racing industry in Queensland.
- (d) The Introduction of an Independent person to sit on the Directors Selection Committee, who is to be selected with the agreement of Class A Member Representatives and Class B Members or chosen independently if agreement cannot be reached. This independent person will bring further experience and an independent approach to the selection of

directors, which from a corporate governance perspective strengthens the integrity control that Queensland Facing needs to carry out its functions and duties without fear or favour. This change will also ensure that there cannot be a drawn vote at the selection process, and a ballot will always determine the outcome.

New clauses 15.9 and 15.10 clarify the mechanism by which the Board can appoint directors up to the maximum permitted by the Constitution (clause 15.9) and appoint directors to fill a vacancy caused by an event listed in clause 15.8.

If the Board fills a vacancy pursuant to clause 15.9, the person will hold office until the next Annual General Meeting following his or her appointment when the Company can confirm his or her appointment. If the appointment is not confirmed, the person ceases to be a director. If the appointment is confirmed, the person is then subject to the normal rotational provisions of clause 15 after that time.

If the Board fills a vacancy pursuant to clause 15.10, that person is subject to the same rotation requirements as the Founding Directors, as such director is filling an existing place on the Board. In order to be eligible to be appointed to a vacancy pursuant to clause 15.9 or 15.10, the person concerned must meet the Directors Selection Criteria contained in Appendix A, in the opinion of the appointing Directors.

DATED the

27th

day of

July

2008

BY ORDER OF THE BOARD



Company Secretary

Notes:

1. *A member may appoint a proxy.*
2. *The proxy need not be member of the Company.*
3. *An instrument appointing a proxy is not valid unless the instrument, and the original or notarially certified copy of the power of attorney or other authority under which the instrument is signed, is deposited, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, at the registered office of the Company*

4. *Where the time to lodge falls on a day which is not a business day in the place where the registered office of the Company is located, this clause requires the deposit of the document at the same time on the previous business day.*
5. *A document is taken to be "deposited at the registered office of the Company" if a legible, true copy of a document is received on a facsimile machine located at the registered office of the Company within the time referred to above.*

**CONSTITUTION OF
QUEENSLAND RACING LIMITED**

ACN 116735374

CJC10059955 2098666v3 (16.08.08)

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Corporations Act 2001

A Company Limited by Guarantee and not having a Share Capital

**CONSTITUTION OF
QUEENSLAND RACING LIMITED**

1. INTERPRETATION

1.1 In this Constitution:

“**Advertising Notice**” means the advertising notice to be placed in all metropolitan and Queensland state-wide newspapers by the Company in accordance with clause 17.

“**Annual General Meeting**” means the general meeting held each year as required by the Corporations Act and this Constitution.

“**Approval**” means an approval issued to the Control Body pursuant to section 26 of the Racing Act.

“**Auditor**” means the Auditor of the company appointed in accordance with clause 24.

“**Authorised Representative**” means the representative of a class of Members appointed in accordance with clause 13 from time to time.

“**Business Day**” means a day which is not a Saturday, Sunday or a public holiday in Brisbane.

“**category**” when referring to Class A Members means a Metropolitan TAB Club, an Other TAB Club, a Participant’s Association including those referred to in (d), (e), (f), (g) and (h) of the definition of Class A Members or a Committee such as that referred to in (c) of the definition of Class A Members.

“**Chairman**” means the chairman of the Board of Directors of the Company from time to time.

“**Class A Members**” means each of the following:

- (a) each of the Metropolitan TAB Clubs;
- (b) each of the Other TAB Clubs;
- (c) the Queensland Country Racing Committee;
- (d) the Australian Trainers’ Association (Queensland Branch);
- (e) the Thoroughbred Breeders’ Association of Queensland ABN 94 847 358 009;
- (f) the Thoroughbred Racehorse Owners’ Association of Queensland ABN 12 408 715 441;

- (g) the Queensland Jockeys' Association Inc ABN 57 192 901 365;
- (h) Queensland Bookmakers' Association ABN 31 010 051 902; and
- (i) such other persons that are from time to time admitted to Class A Membership in accordance with clause 4.

"Class B Members" means the class of members consisting of all persons who are Directors of the Company from time to time.

"Class A Voting Right" means, subject to this Constitution, the right of all Class A Members to exercise one collective vote on Members' resolutions in accordance with the processes set out in this Constitution.

"Class B Voting Right" means the right of all Class B Members to exercise one collective vote on Members' resolutions in accordance with the processes set out in the Constitution.

"Combined Shortlist" means the shortlist of Director Candidates who are selected by each class, formulated in accordance with the procedure referred to in clause 17.

"Company" means Queensland Racing Limited.

"Company Secretary" means the secretary of the Company.

"Corporations Act" means the *Corporations Act 2001*.

"Control Body" means a Control Body under the Racing Act, or a similar body under any Act passed in substitution of the Racing Act.

"Directors" or "Board of Directors" or "Board" means the directors of the Company.

"Director Candidates" means persons named on the Combined Shortlist and to be considered by the Selection Committee in accordance with the provisions of clause 17.

"Financial Year" means the period from the date of establishment of the Company to the following 30 June, and after that, the period 1 July in a calendar year through to 30 June in the next calendar year or such other period of 12 consecutive months determined by the Board.

"Founding Directors" means the Directors referred to in clause 15.

"Initial Control Body Term" means the term of six years from 1 July 2006 and expiring on 30 June 2012.

"Licensed Club" has the meaning given in the Racing Act.

"Member" means the Class A Members and the Class B Members.

"Member Representatives" means a representative of a category of Class A members appointed in accordance with clause 7.

"Metropolitan TAB Clubs" means for the time being:

- (a) The Brisbane Turf Club Limited;

(b) The Queensland Turf Club Limited; and

(c) such other TAB Licensed Club as may from time to time come into existence and which is nominated as a "Metropolitan TAB Club" by the Board when admitted to membership in accordance with clause 4.

"Minister" means the Queensland Government Minister with responsibility for the Racing Act.

"Notice of Meeting" means a notice provided in accordance with clause 25.

"Notice of Appointment" means a notice provided in accordance with clause 7.

"Office" means the registered office for the time being of the Company.

"Other TAB Clubs" means for the time being:

(a) The Townsville Turf Club ABN 75 509 244 921;

(b) The Mackay Turf Club ABN 26 427 654 033;

(c) The Rockhampton Turf Club ABN 51 815 034 474;

(d) The Sunshine Coast Turf Club ABN 22 950 178 141;

(e) The Ipswich Turf Club ABN 39 940 361 195;

(f) The Toowoomba Turf Club ABN 61 398 954 669;

(g) The Gold Coast Turf Club Limited ABN 22 426 910 791;

(h) Tattersall's Racing Club Inc ABN 44 468 727 842;

(i) Clubs licensed by Queensland Racing to conduct ten or more TAB Race Meetings, or, more than three but less than ten Metropolitan Race Meetings; and

(j) such other TAB Licensed Club as may from time to time come into existence and which is nominated as an "Other TAB Club" by the Board when admitted to membership in accordance with clause 4.

"Participants' Association" means an association formed to represent and promote the interests of a group of persons having a common interest in the thoroughbred racing industry.

"Queensland Country Racing Committee" means the committee established pursuant to section 66 of the Racing Act.

"Racing Act" means the *Racing Act 2002* (Queensland).

"Removal Notice" means a notice provided in accordance with clause 8.2(b).

"Replacement Entity" means an entity described in clause 4.2.

"Revocation Notice" means a notice provided in accordance with clause 7.5.

"Selection Committee" means the Committee formed and convened in accordance with clause 17.

"Selection Criteria" means the criteria for the selection of directors set out in Appendix A.

"Subsequent Control Body Term" means the term of any approval by the Minister under Division 6 of Part 2 of the Racing Act of the Control Body for the thoroughbred code of racing in Queensland subsequent to the "Initial Control Body Term".

"TAB Licensed Club" means a Licensed Club on which the TABQ offers wagering on the majority of races of thoroughbred horses conducted by the club in the current racing year, being the period from 1 August in a year to 31 July of the following year.

"TABQ" has the meaning given in the Racing Act.

1.2 **"State"** means the State of Queensland.

1.3 Unless the contrary intention appears in this Constitution, an expression used in a particular Part or Division of the Corporations Act that is given a special meaning for the purposes of that Part or Division has, in this Constitution where it deals with a matter dealt with by that Part or Division, the same meaning as in that Part or Division.

1.4 Words importing the singular include the plural (and vice versa) and words denoting a gender include all other genders.

1.5 Clause headings are inserted for convenience only and are not to be used in interpreting this Constitution.

1.6 Reference to legislation or to a provision of legislation includes any modification or re-enactment or any legislative provision substituted for it, and all regulations and subordinate legislation and statutory instruments issued under such legislation.

1.7 A reference to a clause number, unless the context otherwise requires, is a reference to a clause in this Constitution.

2. LIMITED COMPANY

2.1 The liability of the Members is limited to the payment of the amount prescribed by clause 26.3.

2.2 The name of the Company is "Queensland Racing Limited".

2.3 The registered office of the Company will be as the Board of Directors determines from time to time, but must always be in the State of Queensland.

3. OBJECTS

3.1 The objects for which the Company is established are, in addition to those powers conferred by section 124 of the Corporations Act, to exercise the powers and perform the functions of a Control Body.

3.2 The income and property of the Company must be applied solely towards the promotion of the objects of the Company as set forth in this Constitution and no portion of it can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the Members.

4. MEMBERSHIP

4.1 Members are those persons who are:

- (a) Class A Members; or
- (b) Class B Members.

4.2 A Class A Member may from time to time be:

- (a) re-organised;
- (b) amalgamated with another entity; or
- (c) wound up,

and another entity with substantially similar purposes and objectives may carry on the activities of that Member (the "Replacement Entity").

4.3 The Replacement Entity is entitled to be admitted as a Class A Member, subject to Board approval. If the Replacement Entity can demonstrate to the Board that it has substantially similar purposes and objectives of the former Class A Member and its activities will include substantially all of the activities of the former Class A Member, then the Board shall approve the Replacement Entity as a Class A Member.

4.4 In the event that an entity becomes a TAB Licensed Club it will automatically be admitted as a Class A Member. The Board will nominate whether the new Class A Member is a "Metropolitan TAB Club" or an "Other TAB Club".

4.5 A Participants' Association may be admitted as a Class A Member if approved by the Board and by the Class A Members in a General Meeting of the Members of that Class. A resolution of the Class A Members to approve the admission of a new Class A Member:

- (a) must decide whether the Participants' Association has the right to appoint one Member's Representative; and
- (b) must be passed by a majority of 75% of the Class A Members present in person or by proxy and voting at the meeting of Class A Members.

4.6 The Board may prescribe the form of application for Membership.

4.7 The formation or coming into existence of a Replacement Entity does not change the right to the number of Member Representatives for Class A Members in that category set out in clause 7.1.

5. RIGHTS OF MEMBERS

5.1 At a meeting of Members:

- (a) the Class A Members have a Class A Voting Right;
- (b) the Class B Members have a Class B Voting Right.

5.2 Subject to clause 5.3, the Members of each class of Members shall determine how the class voting right is to be exercised on any resolution of Members.

5.3 At any general meeting of the Company:

(a) where there is a motion for an increase in the aggregate fees paid to Directors

(i) Class B Members have no voting rights and for that motion there is no Class B Voting Right (see clause 15.17); and

(ii) each Class A Member has the right to vote in accordance with Clause 15.17 and for that motion there is no Class A Voting Right (see Clause 12.2(a)).

(b) where there is a motion for the removal of a Class A Member, each Class A and Class B Member has the right to one vote and for that motion there is no Class A Voting Right or Class B Voting Right (see clause 12.2(a)).

5.4 The election of Directors will be determined in accordance with clauses 15, 16 and 17.

6. CESSATION OF MEMBERSHIP

6.1 A person ceases to be a Member if any of the following circumstances occur:

(a) The Member resigns as a Member by giving the Board notice, effective from the date specified in the notice;

(b) The Member being a Class B Member ceases to be a Director;

(c) The Member being a Class A Member is formally wound up or otherwise formally ceases to carry on its activities;

(d) The Member being a Class A Member and a Licensed Club under the Racing Act, ceases to be a Licensed Club;

(e) The Member being a Class A Member is removed by unanimous vote of Members (excluding that Member) in general meeting.

7. APPOINTMENT OF MEMBER REPRESENTATIVES

7.1 Subject to Clause 7.6, Class A Members have a right to appoint Member Representatives as follows:

(a) the Metropolitan TAB Clubs collectively have the right to appoint two representatives;

(b) the Other TAB Clubs collectively have the right to appoint four representatives;

(c) the Queensland Country Racing Committee has the right to appoint two representatives;

(d) the Australian Trainers' Association (Queensland Branch) has the right to appoint one representative;

(e) the Thoroughbred Breeders' Queensland Association has a right to appoint one representative;

(f) the Queensland Racehorse Owners' Association has a right to appoint one representative;

(g) the Queensland Jockeys' Association Inc has the right to appoint one representative;

(h) the Queensland Bookmakers' Association has the right to appoint one representative; and

7.2 a Participants' Association which is admitted as a new Class A Member by Resolution passed under Clause 4.5, the one representative (if approved in that resolution). In order to validly appoint its Member Representative or Representatives a Class A Member or Members must send a Notice of Appointment to the Company Secretary which sets out the following:

- (a) The name of the Member Representative;
- (b) The name of the Member or Members; and
- (c) The term of the appointment.

7.3 A Notice of Appointment must be sent to the Company Secretary within 48 hours of the date of appointment of the Member Representative.

7.4 Where a Notice of Appointment received by the Company Secretary does not specify the term of the appointment, the appointment will be a standing one.

7.5 A Member or Members may revoke the appointment of a Member Representative by sending a Revocation Notice to the Company Secretary which sets out the following:

- (a) The name of the Member Representative whose appointment is being revoked;
- (b) The name of the Member or Members; and
- (c) The date from which the appointment is to be revoked which cannot be a date earlier than three Business Days after the Notice of Revocation is given to the Company Secretary.

7.6 No change to the number of representatives of each category of Class A Members as stated in clause 7.1 shall be made without the approval by resolution passed at a general meeting of Members of the Class by:

- (a) a majority of 75 percent of Class A Members present in person or by proxy and voting at the meeting of Class A Members; and
- (b) a majority of 75 percent of all Class A Members of the category whose number of representatives will be affected.

At that meeting the Class A Members shall have the right to vote as provided by clause 12.2(a)(ii).

8. REMOVAL OF MEMBER REPRESENTATIVE

8.1 In circumstances where a Member Representative:

- (a) is found guilty of a criminal offence;
- (b) wilfully refuses or neglects to comply with the provisions of this Constitution;

(c) in the opinion of the Board, is guilty of any dishonest, corrupt, fraudulent improper or dishonourable action or practice in connection with racing;

(d) is guilty of any conduct which in the opinion of the Board is unbecoming of a Member Representative or prejudicial to the interests of the Company,

(i) the Board may take the following steps

8.2

(a) Where the Board determines that the circumstances set out in clause 8.1 apply to a Member Representative the Board, before issuing a Removal Notice under clause 8.3, must give to each Member whose Member Representative is guilty of the conduct referred to in clause 8.1 a notice requiring that each Member show cause why a Removal Notice should not be served.

(b) If within 14 days of the date of giving the notice under clause 8.2(a), the Member or Members fails to:

(i) show cause to the satisfaction of the Board why the Member Representative should not be removed as its Member Representative for that category of Members; or

(ii) remove the Member Representative itself under clause 7.5,

the Board may serve a Removal Notice on the Class A Member or Members advising them:

(iii) the name of the Member' Representative whose appointment is being removed;

(iv) the name of the Member or Members which that Member Representative represents; and

(v) the date upon which the Member Representative's appointment is to be removed which date cannot be a date earlier than the date the Removal Notice is given.

8.3 Where a Removal Notice is issued by the Board, the Class A Member or Members who appointed the Member Representative may not appeal the decision.

9. ANNUAL GENERAL MEETING

9.1 Subject to the Corporations Act the Annual General Meeting must be held each year no later than five months after the end of the previous financial year.

10. GENERAL MEETINGS

10.1 A general meeting may be convened by the Board at any time and must be convened within two calendar months of receiving a requisition in writing from at least 75% of the Class A Members.

10.2 At least 28 days written notice of a general meeting must be given to all Members who are entitled to receive such a notice.

10.3 A notice of a general meeting must contain all information required by the Corporations Act, including:

- (a) the place, the day and the hour of the meeting; and
- (b) the general nature of the business to be transacted at the meeting.

11. PROCEEDINGS AT GENERAL MEETINGS

11.1 No business can be transacted at any Annual General Meeting or general meeting unless a quorum of Members is present in person or by proxy, attorney or Authorised Representative at the time when the meeting is due to commence.

11.2

(a) A quorum of members is the Class A Member Authorised Representative and the Class B Member Authorised Representative except for motions to be considered at meetings of the Company referred to in subparagraphs (b), (c) or (d) of this Clause 11.2;

(b) at a meeting of the Company at which a motion to remove a Member under clause 6.1(e) is proposed a quorum of Members for the purpose of that motion is all Members other than the one the subject of the removal motion, present in person or by proxy;

(c) at a meeting of the Company at which a motion to increase the remuneration of Directors is proposed, a quorum of Members for the purpose of that motion will be the majority of Class A Members present in person or by proxy;

(d) at a meeting of a Class of Members of the Company the quorum for that motion only shall be the majority of the Members of that Class present in person or by proxy;

(e) if a quorum is not present within half an hour from the time appointed for the meeting, the meeting:

(i) if convened upon the requisition of Members, is dissolved; or

(ii) in any other case, the meeting is adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Chairman may determine.

11.3 If a quorum is not present at the adjourned meeting within half an hour from the time appointed for the meeting, the Authorised Representative or Members (as applicable) present constitute a quorum.

11.4 The Chairman may, with the consent of the Members present at any meeting at which a quorum is present (and must if so directed by those Members), adjourn the meeting from time to time and from place to place but no business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.5 When a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting but it is not otherwise necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting.

11.6 In the case of an equality of votes, the Chairman of the meeting has a second or casting vote except:

- (a) on a resolution to amend the Constitution;
- (b) on the election or removal of Directors; and
- (c) on a resolution to increase the Directors' remuneration.

11.7 Unless a poll is demanded, a declaration by the Chairman is conclusive evidence of the result, provided the declaration reflects a show of hands. Neither the Chairman nor the minutes need to state the number or proportion of votes recorded in favour or against.

11.8 If a poll is duly demanded it must be taken in such manner and time as the Chairman directs, and the result of the poll is the resolution of the meeting at which the poll was demanded. If a poll is demanded on the election of a Chairman or on a question of adjournment, it must be taken immediately.

12. VOTING

12.1 (a) The Class A Voting Right is exercisable only by the Authorised Representative appointed by the Class A Members.

(b) The Class B Voting Right is exercisable only by the Authorised Representative appointed by the Class B Members.

(c) On a resolution, the Authorised Representatives of the Class A Members and the Class B Members have one vote each.

12.2 (a) A Member may only vote at a meeting of the Company:

(i) on the removal of a Member being a Class A Member under clause 6.1(c);

(ii) on a resolution considered by its class of Members; or

(iii) on a motion to increase Directors' fees referred to in clause 15.17.

(b) A Member may vote in person or by proxy. Each Member has one vote whether on a show of hands or on a poll.

13. AUTHORISED REPRESENTATIVE

13.1 Each class of Members may appoint and remove from time to time one Authorised Representative by notice in writing to the Company Secretary.

13.2 (a) The Authorised Representative of the Class A Members shall be selected by ordinary resolution of the Member Representatives.

(b) The Authorised Representative of the Class B Members shall be selected by ordinary resolution of the Class B Members.

14. PROXIES

A proxy must:

(a) be in writing under the hand of the appointer or of the appointer's attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised; and

(b) contain:

- (i) the Member's name; and
- (ii) the meetings at which the proxy may be used.

14.2 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.

14.3 An instrument appointing a proxy is taken to confer authority to demand or join in demanding a poll.

14.4 An instrument appointing a proxy must be in the following form or in a form that is as similar to the following form as the circumstances allow:

Queensland Racing Limited

I, _____, of _____,
 being a member/members of the Company, appoint _____ of _____ or, in their absence,
 of _____
 as my proxy to vote for me on my behalf at the *Annual General Meeting/*general meeting of the
 Company to be held on the _____ day of _____ 200 _____ and at any adjournment of that
 meeting.

+This form to be used *in favour of/*against the resolution.

Signed this _____ day of _____ 200 _____.

*Strike out whichever is not desired

+To be inserted if desired.

14.5 An instrument appointing a proxy is not valid unless the instrument, and the original or notarially certified copy of the power of attorney or other authority under which the instrument is signed, is deposited, not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting. Where the time to lodge falls on a day which is not a business day in the place where the registered office of the Company is located, this clause requires the deposit of the document at the same time on the previous business day.

14.6 For the purpose of clause 13.7, a document is taken to be "deposited at the registered office of the Company" if a legible, true copy of a document is received on a facsimile machine located at the registered office of the Company within the time referred to in clause 13.7.

14.7 A vote given in accordance with the terms of an instrument of proxy or of a power of attorney is valid despite:

- (a) the previous death or unsoundness of mind of the principal; or
- (b) the revocation of the instrument (or of the authority under which the instrument was executed) or of the power,

- (c) if no intimation in writing of any of those events has been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised

15. APPOINTMENT, REMOVAL & REMUNERATION OF DIRECTORS

15.1 The Board will consist of not less than five nor more than seven Directors. The Board may at any time determine by resolution to increase the number of Directors to a number not exceeding seven by the appointment of an extra Director or Directors.

15.2 The first Founding Directors are:

- (a) Robert Geoffrey Bentley;
- (b) Anthony John Hanmer;
- (c) Michael George Lambert;
- (d) William Patrick Ludwig; and
- (e) William Bernard Andrews.

who will hold office until the Annual General Meeting of the Company following the Initial Control Body Term, unless they cease to hold office sooner in accordance with this Constitution or the Corporations Act.

15.3 At the Annual General Meeting following the conclusion of the Initial Control Body Term and each Subsequent Control Body Term (as the case may be) three (or such greater number as equals 50% (rounded up if not a whole number) of the sitting Directors must retire and an election of that same number of Directors must take place in accordance with clause 17. For the purpose of calculating the number of sitting Directors to retire under this clause at any time:-

- (a) a Director who was appointed under clause 15.9 since the holding of the last Annual General Meeting will not be counted as a sitting Director; and
- (b) a Director appointed under clause 15.10 since the holding of the last Annual General Meeting to fill a vacancy caused by an event referred in clause 15.8 will be counted as a sitting Director.

15.4 All sitting Directors other than those who were elected to office following the retirement of directors under clause 15.3, following the conclusion of the Initial Control Body Term and each Subsequent Control Body Term) must retire at the third Annual General Meeting following the Initial Control Body Term and each Subsequent Control Body Term and an election of that same number of directors must take place in accordance with clause 17. No Directors will otherwise retire by rotation during any Subsequent Control Body Term.

15.5 The Directors to retire by rotation in accordance with clauses 15.3 and 15.4 are those to have been longest in office since the most recent election, but as between Directors who have been in office an equal length of time, those to retire must in default of an agreement between them, be determined by lot in any manner determined by the Chairman.

15.6 A retiring Director may act until the conclusion of the Annual General Meeting at which he or she retires.

15.7 Each Director retiring from office in accordance with clauses 15.3 and 15.4 are eligible to apply to become a Director under clause 17.

15.8 The Company may by ordinary resolution remove any Director before the expiration of his or her period of office. The office of a Director becomes vacant if the Director:

- (a) dies;
- (b) is convicted of a criminal offence;
- (c) becomes bankrupt or makes any arrangement or composition with his or her creditors generally;
- (d) becomes prohibited from being a director of a company by reason of any order made under the Corporations Act;
- (e) ceases to be a Director by operation of any provision of the Corporations Act;
- (f) ceases to be a Member;
- (g) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Corporations Act relating to mental health;
- (h) resigns as a Director by notice in writing to the Company;
- (i) is absent from three consecutive meetings of the Board without having previously obtained leave of the Board; or
- (j) ceases to be an eligible individual under the Racing Act.

15.9 Where a vacancy exists at any time by reason of the number of Directors elected being fewer than the maximum number of Directors permitted under clause 15.1, (other than for a reason referred to in clause 15.8), the Board may appoint a Director to fill the vacancy. A Director appointed under this clause 15.9 will hold office initially until the conclusion of the next Annual General Meeting of the Company, and if the Company confirms the appointment as a Director by resolution of the Company at that Annual General Meeting, the person then holds office as a Director in accordance with that resolution from the conclusion of that Annual General Meeting and is then subject to the rotational retirement provisions of this clause 15. If the appointment is not confirmed, the person ceases to be a Director of the Company at the conclusion of the Annual General Meeting and the resulting vacancy may be filled again by the Directors in accordance with this clause, provided that the same person may not be re-appointed by the Directors to fill that vacancy. Clauses 15.3, 15.4 and 15.5 do not apply to a Director appointed under this clause 15.9, until immediately after the conclusion of the Annual General Meeting at which his or her initial appointment is confirmed

15.10 Where a vacancy occurs at any time by reason of a matter referred to in clause 15.8, the Board may appoint a Director to fill the vacancy. The Director so appointed will hold office initially until the conclusion of the next Annual General Meeting of the Company following the date of his or her initial appointment. If the next Annual General Meeting of the Company occurs in a year referred to in clause 15.3 or 15.4, the Director, being eligible, may nominate for election as a Director in accordance with the process set out in clause 17. If the next Annual General Meeting of the Company is not in a year

referred to in clause 15.3 or 15.4, the Company may confirm the appointment by resolution at that Annual General Meeting. If the appointment is not confirmed, the person ceases to be a Director of the Company at the conclusion of that Annual General Meeting and the resulting vacancy may be filled again by the Directors in accordance with this clause, provided that the same person may not be re-appointed by the Directors to fill that vacancy.

15.11 In order to be eligible to be appointed to fill a vacancy pursuant to clause 15.9 or 15.10 a person must, in the opinion of the sitting Directors, meet the Directors Selection Criteria contained in Appendix A.

15.12 The Directors are entitled to be remunerated for their services.

15.13 The Directors are also entitled to be paid their reasonable travelling and accommodation and other expenses incurred in consequence of their attendance at Directors' meetings and otherwise in the execution of their duties as Directors.

15.14 The remuneration accrues from day to day and is apportionable accordingly.

15.15 A Director is entitled to be remunerated from the date he or she is appointed to the Board. The amount to which each Director is entitled shall be determined by the Board or any sub-committee of it.

15.16 The Directors may be paid such aggregate remuneration as is from time to time determined by the Company in general meeting, and that remuneration accrues from day to day. The remuneration may be divided among the Directors in such proportion as they from time to time agree, and in default of agreement, equally.

15.17 Notwithstanding clauses 12.2 and 15.16 when there is on the agenda of a General Meeting of the Company, a motion to increase the aggregate fees payable to the Directors, the Class A Members are the only Members who may vote on that motion and each Class A Member has one vote whether on a show of hands or on a poll.

16. CHAIRMAN

16.1 The initial Chairman of the Company is Mr Robert Bentley, who shall hold office until the Annual General Meeting following the Initial Control Body Term.

16.2 The Chairman must retire following the Annual General Meeting following the Initial Control Body Term but may offer himself or herself for re-election as the Chairman.

16.3 Subject to this Constitution and the Corporations Act, any Director of the Company may offer himself or herself for election as Chairman.

16.4 Following the Initial Control Body Term the election of the Chairman will be determined by the Board following each director selection process in accordance with clause 17.

17. SELECTION OF DIRECTORS.

17.1 Four months prior to the Annual General Meeting after the conclusion of the Initial Control Body Term, a director selection process must take place in accordance with the provisions of this clause 17 (Selection Process 1).

17.2 The Subsequent director selection processes must be initiated four months prior to the Annual General Meeting:

- (a) which is two years after Selection Process 1;
- (b) in the year of completion of each term of an Approval in a Subsequent Control Body Term; and
- (c) every two years after the Annual General Meeting held for the purposes of clause 17.2(b) so that the same pattern of election of Directors occurs in each term during which the Company holds an Approval,

in accordance with the provisions of this clause 17.

17.3 Four months prior to the Annual General Meeting at which elections are to be held, the Company must, by public notice (an "Advertising Notice") advertise for applications from persons interested in filling the Directors positions which will be vacated on the Board of the Company at the next Annual General Meeting. The Company will send a copy of the Advertising Notice to each of the Class A Members and the Class B Members.

17.4 Applications received pursuant to clause 17.3 must be forwarded to and received by the Company Secretary by the date specified in the Advertising Notice.

17.5 Not less than three months prior to an Annual General Meeting at which elections are to be held, the Company Secretary must assess whether each applicant is suitable for election as a Director by reference to this Selection Criteria contained in Appendix A and provide a list of all suitably qualified applicants to each of the Class A Members and the Class B Members (other than those Class B Members who are Director Candidates).

17.6 Within four weeks of the provision by the Company Secretary of the list of suitably qualified applicants, the Class A Members and the Class B Members shall each select their respective preferred candidates from that list in accordance with the procedure set out in Appendix B. The number of candidates preferred by each Class must not exceed that number which is twice the number of Directors proposed to be elected (eg. If there are two positions for which elections are to be held, the number nominated by each Class must be not more than four). The preferred candidates from each Class will be those candidates who obtain the highest number of votes in the ballot for that Class determined in accordance with the provisions of Appendix B.

17.7 Not less than two months prior to the Annual General Meeting at which elections are to be held, the Class A Members and the Class B Members shall each provide to the Company Secretary a list of preferred candidates selected in accordance with clause 17.6, and the Company Secretary shall immediately prepare a Combined Shortlist containing all of the names of the preferred candidates selected by both Class A Members and Class B Members.

17.8 Not less than six weeks prior to the Annual General Meeting at which elections are to be held, a Selection Committee must be convened by the Chairman. The Selection Committee will be comprised of:

- (a) two Class A Member Representatives chosen from the Member Representatives appointed under clause 7 by agreement or ballot of the Class A Member Representatives;

(b) two Class B Members (who shall not include Class B members who are Director Candidates), one of whom, subject to the clause 17.10, will be the Chairman, and;

(c) one independent person – selected jointly and agreed by Class A Member Representatives and Class B Members (other than those Class B Members who are Director Candidates), or failing agreement within seven days of the date on which one Class proposes an independent person to the other Class, the independent person will be a solicitor with at least five years experience as a director on the board of one or more Public Companies who is appointed by the person acting for the time being as the President of the Queensland Law Society

17.9 As soon as practicable after the convening of the Selection Committee, the Company Secretary must provide the Combined Shortlist to the person chairing the Selection Committee.

17.10 The Chairman must chair the meeting of the Selection Committee save, where the Chairman is standing for election as a Director, the Board shall appoint one of the members of the Selection Committee referred to in clause 17.8 to chair the meeting.

17.11 Decisions of the Selection Committee may be made by a simple majority vote of those members who cast a vote. Each member (including the person chairing the Selection Committee) will have one deliberative vote. A vote shall not be taken unless all members of the Committee are present, except if, in the reasonable opinion of the chairman, a member has deliberately absented himself or herself from the meeting in order to deprive the meeting of a quorum or to render the vote ineffective.

17.12 The decision of the Selection Committee will effect the election of those Directors from the close of the next Annual General Meeting. The Chairman must, at the Annual General Meeting, announce the election of those Directors selected.

18. POWERS AND DUTIES OF THE DIRECTORS

18.1 The management of the Company is the responsibility of the Board and the Board may exercise all powers of the Company as are not, by the Corporations Act or by this Constitution, required to be exercised by the Company in general meeting.

18.2 The Board may make By-laws that are not inconsistent with the Constitution and the Corporations Act for the general management and running of the Company.

18.3 The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its property or any part of it, and to issue debentures and other securities whether outright or as security for any debt, liability, or obligation of the Company.

19. PROCEEDINGS OF THE BOARD

19.1 The Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A Director may at any time, and the Secretary must, on the requisition of a Director, summon a meeting of the Board.

19.2 Where a meeting of Directors is held and:

- (i) a chairman has not been elected; or

(ii) the Chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present must elect one of their number to be the chairman of the meeting.

19.3 Subject to this Constitution, questions arising at any meeting of the Board will be decided by a majority of votes, and a determination by a majority of the members of the Board is a determination of the Board.

19.4 In case of an equality of votes, the Chairman of the meeting has a second or casting vote.

19.5 The quorum necessary for the transaction of the business of the Board is three.

19.6 The continuing members of the Board may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the number fixed by or pursuant to this Constitution as the quorum of the Board, the continuing Directors may act for the purpose of filling a casual vacancy to that number or of summoning a general meeting of the Company, but for no other purpose.

19.7 A resolution in writing signed by all Directors in Australia for the time being entitled to receive notice of a meeting of the Board is as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Directors.

19.8 The Board may delegate any of its powers and/or functions to one or more sub-committees consisting of such of the Directors as the Board thinks fit and the Board may also appoint the chairman of any such sub-committee.

19.9 Each sub-committee must keep proper minutes of its meetings and the provisions regulating proceedings of the Board apply to the proceedings of subcommittees also.

19.10 A sub-committee may meet and adjourn as the members of it think proper.

19.11 Sub-Committees are appointed by the Board only and may only make recommendations to the Board. No decision of a sub-committee is binding on the Company unless it is ratified by the Board.

19.12 Every act done by any meeting of the Board or of a sub-committee or by any person acting as a Director is, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or in the formation or constitution of a sub-committee or any of them were disqualified, as valid as if every such person had been duly appointed and was qualified to be a Director or the formation or constitution of the sub-committee as the case may be.

20. MEETINGS USING TECHNOLOGY

20.1 A Directors meeting or meeting of any sub-committee may be called or held using any technology allowed under the Corporations Act and consented to by all the Directors.

20.2 The consent referred to in clause 20.1 may be a standing one. A Director may only withdraw their consent within a reasonable period before the meeting.

21. NO ALTERNATE DIRECTORS

21.1 No director may appoint any other person to be an alternate director of the Company.

22. DIRECTORS CONTRACTING WITH THE COMPANY

22.1 No Director is disqualified by his or her office from contracting with the Company (whether as vendor or purchaser or otherwise), nor can any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be avoided, nor can any director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of the director holding that office or of the fiduciary relationship, but the nature of the Director's interest must be disclosed by the director at a meeting of the Directors and the Secretary must record each declaration in the minutes of the meeting.

22.2 The declaration must be made at a meeting of the Directors at which the contract or arrangement is determined if the Director's interest then exists, or in any other case at the first meeting of the directors after the acquisition of the Director's interest.

22.3 A general notice that a Director is a member of a specified company or firm and is to be regarded as interested in any subsequent transaction with the company or firm is sufficient disclosure under this clause if:

- (a) the notice states the nature and extent of the interest of the Director in the company or firm; and
- (b) when the question of confirming or entering into the transaction is first taken into consideration the extent of the Director's interest in the company or firm is not greater than is stated in the notice; and
- (c) the notice is given at the meeting of Directors or the Director takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given.

22.4 The giving of a declaration or a general notice under this clause does not entitle a Director to be present or to vote at a meeting in relation to a particular contract unless a resolution of the Board under clause 22.5 has first been passed.

22.5 A Director who has a material interest in a matter that is being considered at a Directors Meeting must not be present at the meeting while the matter is being considered and must not vote on the matter unless clauses 22.2 and 22.3 have been satisfied and the Directors who do not have a material interest in the matter have passed a resolution in accordance with section 195 of the Corporations Act.

22.6 Subject to a Director having complied with this clause, the Director may affix and witness the affixing of the Common Seal of the Company to any contract in which he or she is interested.

23. COMPANY SECRETARY

23.1 The Secretary of the Company holds office on the terms decided by the Directors and in accordance with the Corporations Act.

23.2 The Secretary must cause minutes to be made and entered of:

- (a) the names of Directors and other persons present at all meetings of the Company and of the Board; and
- (b) all proceedings at all meetings of the Company and of the Board or of any committee or subcommittee constituted by the Board.

23.3 The minutes must be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

23.4 The Secretary of the Company will attend all meeting of Member Representatives and should keep minutes of those meetings and decisions of those meetings.

23.5 The Secretary of the Company must retain the voting papers of the Authorised Representatives of the Class A Members for a period of six months after the date of the General Meeting of which the vote was cast and at the request of any Class A Member shall make available for inspection and provide a copy of the voting paper to that Class A Member.

24. ACCOUNTS

24.1 The Auditor of the Company is appointed by the Company in general meeting and holds office in accordance with the Corporations Act.

24.2 The Board must cause:

- (a) proper accounting and other records to be kept;
- (b) copies of yearly financial statements (including every document required by law to be attached to them) accompanied by a copy of any auditor's report to be distributed to Members as required by the Corporations Act; and
- (c) a statement of financial position, a statement of financial performance and a statement of cash flow for the preceding financial year of the Company to be prepared to a date not more than twelve months before the date of the meeting and sent to every Member with the notice for each Annual General Meeting.

25. NOTICES

25.1 A Company may give the Notice of Meeting to a Member either by:

- (a) serving it on the Member personally;
- (b) by sending it by post to the Member at the address shown in the register of members or the address supplied by the member for the giving of notices;
- (c) forwarding it by facsimile transmission at the facsimile number shown in the registers of Members (if any) or the facsimile number supplied by the member for the giving of notices;
- (d) forwarding it by electronic mail to the electronic mail address shown in the register of Members (if any) or the electronic mail address supplied by the members for the giving of notices; or
- (e) in any other way allows by the Corporations Act.

25.2 A Notice of Meeting sent by post is taken to be given seven days after it is posted.

25.3 A Notice of Meeting sent by facsimile will be deemed to be effected on the date the Company receives a facsimile transmission report confirming receipt of the notice at the facsimile number for the member referred to in clause 25.1.

25.4 Where a notice is forwarded by electronic mail, service will be deemed to be effected on the day of the transmission, so long as the sender of the notice does not receive a delivery failure message in respect of the electronic mail.

25.5 Notice of every Meeting shall be given in any manner authorised by this Constitution to:

(a) every Member except those Members who have not supplied to the Company an address for the giving of Notices to them; and

(b) the auditor or auditors for the time being of the Company.

25.6 No other person is entitled to receive Notices of Meetings.

26. WINDING-UP

26.1 Upon the winding up or dissolution of the Company if any property remains after satisfaction of all its debts and liabilities, that property shall not be paid to or distributed among the Members of the Company but shall be given or transferred to a Control Body for thoroughbred racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then to an institution having similar objects of the Company as determined by a Judge of the Supreme Court of Queensland.

26.2 In the event that the Company ceases to be a Control Body under the Racing Act, the Board will forthwith call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company in accordance with clause 26.1.

26.3 Every Member of the Company undertakes to contribute to the assets of the Company to a maximum of \$10 in the event of the Company being wound up while he or she is a Member or within one year after he or she ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

27. INDEMNITY

27.1 Every Director, Secretary and other officer of the Company is indemnified out of the assets of the Company against any liability incurred by the person as officer except where the Company is prohibited from indemnifying the person under the provisions of the Corporations Act. The indemnity may extend to a liability for costs and expenses incurred by a person in defending proceedings, whether civil or criminal, irrespective of their outcome.

27.2 The Company may pay premiums in respect of contracts insuring persons who are or have been officers or auditors of the Company against liabilities incurred by them as officers or auditors and liability for costs and expenses incurred in defending proceedings (whether criminal or civil) whatever their outcome except in circumstances where the Company is prohibited from doing so under the Corporations Act.

27.3 A Director, manager, secretary or other officer of the Company is not liable for:

(a) the act, neglect or default of any other Director or officer;

(b) any loss or expenses incurred by the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company;

(c) the insufficiency or deficiency of any security in or upon which any of the moneys of the Company are invested;

(d) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects are deposited or left;
or

(e) for any other loss or damage which happens in the execution of the duties of his office,

unless the same happens through his or her own negligence, wilful default, breach of duty or breach of trust.

APPENDIX A**Directors Selection Criteria**

It is a mandatory requirement for any two or more of the following to apply:

1. Five or more years experience as a director or senior manager of a Large Proprietary Company*, a Public Company or a public sector entity;
2. Five or more years experience in a senior administrative role;
3. Five or more years experience at a senior level in the fields of finance, law, marketing or commerce; or
4. Five or more years experience as a non executive director in a Large Proprietary Company* or a Public Company.
5. Knowledge of the Thoroughbred Racing Code.

**A proprietary Company is a large proprietary company if it satisfies at least 2 of the following paragraphs:*

- (i) The consolidated gross operating revenue for the financial year of the company and the entities it controls (if any) is \$10 million or more;*
- (ii) The value of the consolidated gross assets at the end of the financial year of the company and the entities it controls (if any) is \$5 million or more;*
- (iii) The company and the entities it controls (if any) have 50 or more employees at the end of each financial year.*

Candidates must also be capable of demonstrating that they are an eligible individual within the meaning of the Racing Act.

APPENDIX B**Ballot Procedure****Selection procedure for voting by Class A Member Representatives and Class B Members (within their member groups) for preferred Director Candidates**

- 1 The order of preference of the Director Candidates is to be agreed by the Member Representatives on behalf of the Class A Members and by those Directors who are not Director Candidates on behalf of the Class B Members. If the Members of a class cannot reach agreement then the ballot method set out in paragraph 2 will be followed.
- 2 Ballot method:
 - (a) The voting must be conducted by secret ballot. The Company will supply the ballot papers.
 - (b) Each Member Representative or Director (other than those Directors who are Director Candidates), as applicable, will indicate their preference by marking the squares opposite the names of the Director Candidates with the numbers 1, 2, 3 etc up to the number of Director Candidates appearing on the ballot paper. The highest number is to be allocated to the most preferred Director Candidate. For example, if there were three Director Candidates, they would mark the square opposite the most preferred candidate with the number 3.
 - (c) The Company Secretary will act as scrutineer to count the ballot papers and declare the order of preference of the Director Candidates.
 - (d) The ballot papers are counted by adding together the numbers allocated to each Director Candidate by each Member Representative or Director (other than those Directors who are Director Candidates), as applicable, to reach a total amount.
 - (e) After all the ballot papers are counted the Company Secretary will sort the Director Candidates into order of preference according to the total amount allocated to each Director Candidate from highest to lowest. For example, the Director Candidate with the highest total amount allocated will be the most preferred candidate, and the Director Candidate with the second highest total amount will be ranked second, and so on until each Director Candidate has a ranking.
 - (f) If two or more Director Candidates receive the same total amount, then the company secretary will determine the rank for those Director Candidates by drawing lots. For example, if two Director Candidates have the ranking of "4", after the lot is drawn one Director Candidate would have the ranking of "4" and the other the ranking of "5". The Director Candidates will be allocated the rank from highest to lowest in the order their lot is drawn.
 - (g) A ballot paper will be informal if marked other than in accordance with the above method and will not be counted.



Application for a variation of a Control Body Approval

Guide to completion of this form

This form must also be completed by an Executive Officer of the Control Body if a variation to the Control Body approval is sought.

This completed form should be returned to The Chief Executive.

Section 313 of the Racing Act 2002 (the Act) provides that it is a criminal offence for a person to knowingly make a false statement in this form.

Privacy Statement

Queensland Treasury is collecting information, including personal information, on this form as required by Section 31 of the Act. This information will not be disclosed to a third party without your consent unless authorised or required by law.

Name of Control Body Applicant

Address

Telephone

Facsimile

Email

Date

Provide full details of the variation of the Control Body Approval that is being sought. A copy of all documents to support the variation must be attached,

I hereby certify that all the information stated on or attached to this form is true and correct in every particular and is not misleading in any way.

Signed on behalf of
(Print name)

by being duly authorised
(Print name)

this day of 20

(Signature)

In the presence of
(Signature of Witness)

A Justice of the Peace / Legal Practitioner

(Full Name of Witness)

Attachment H

RE: QUEENSLAND RACING LIMITED

JOINT OPINION

D.F. JACKSON Q.C.

Seven Wentworth
126 Phillip Street
SYDNEY NSW 2000

ANDREW HERBERT

Inns of Court
16th Level 107 North Quay
BRISBANE QLD 4000

Cooper Grace Ward
Solicitors
Level 23, Central Plaza Two
66 Eagle Street
Brisbane Qld 4000

Attention: Mr David Grace

Liability limited by a scheme approved under Professional Standards Legislation

RE: QUEENSLAND RACING LIMITED

JOINT OPINION

A. INTRODUCTION

1. Our instructing solicitors act for Queensland Racing Limited ("Queensland Racing"), an entity which acts as the Control Body of the Thoroughbred Code of Racing in Queensland. Pursuant to s.26 of the *Racing Act 2002 (Q.)*, Queensland Racing was appointed as the Control Body by the Queensland Minister for Public Works, Housing and Racing for a term of 6 years under a Control Body Approval Notice issued with effect from 1 July 2006.
2. Queensland Racing is incorporated under the *Corporations Act 2001 (Cth)*. It is a company limited by guarantee and is bound by a constitution ("Constitution"), the present form of which was adopted in 2006, with the approval of the Minister, as part of the process of obtaining the appointment as the Control Body. By condition 4 of the Control Body Approval Notice, Queensland Racing:

"must obtain the ratification in writing of the Minister before implementing any amendment to the company's constitution."
3. The board of directors appointed under the Constitution has now proposed that Queensland Racing should amend the Constitution in a manner set out in a draft Notice of General Meeting which is included in our brief. We have been asked to provide an opinion in relation to three discrete questions relating to that proposed course of action. Those questions and our views in relation to each are set out below.
4. It is desirable, however, to set out first some background matters.

B. STRUCTURE AND FUNCTIONS OF QUEENSLAND RACING

5. As noted above, Queensland Racing is controlled by a board of directors. The Constitution also provides for it to have members who are either Class A members or Class B members. The liability of members is limited by cl. 2 and 26.3 of the Constitution to \$10 in the event that the company is wound up;
6. Class A members consist of the following:
 - (a) each of the "Metropolitan TAB Clubs";
 - (b) each of the "Other TAB Clubs";
 - (c) the Queensland Country Racing Committee;
 - (d) the Australian Trainers' Association (Queensland Branch);
 - (e) the Thoroughbred Breeders' Association of Queensland;
 - (f) the Thoroughbred Racehorse Owners' Association of Queensland;
 - (g) the Queensland Jockeys' Association Inc;
 - (h) Queensland Bookmakers' Association; and
 - (i) such other persons that are from time to time admitted to Class A Membership in accordance with cl. 4.
7. "Metropolitan TAB Clubs" means for the time being:
 - (a) the Brisbane Turf Club Limited;
 - (b) the Queensland Turf Club Limited; and
 - (c) such other TAB Licensed Club as may from time to time come into existence and which is nominated as a "Metropolitan TAB Club" by the Board when admitted to membership in accordance with cl. 4.

8. "Other TAB Clubs" means for the time being:
- (a) the Townsville Turf Club ;
 - (b) the Mackay Turf Club ;
 - (c) the Rockhampton Turf Club ;
 - (d) the Sunshine Coast Turf Club ;
 - (e) the Ipswich Turf Club ;
 - (f) the Toowoomba Turf Club ;
 - (g) the Gold Coast Turf Club Limited ;
 - (h) Tattersall's Racing Club Inc ;
 - (i) clubs licensed by Queensland Racing to conduct ten or more TAB Race Meetings, or, more than three but less than ten Metropolitan Race Meetings; and
 - (j) such other TAB Licensed Club as may from time to time come into existence and which may be nominated as an "Other TAB Club" by the Board when admitted to membership in accordance with cl. 4.
9. Class B members consist of all persons who are directors of the company from time to time, and presently consists of the five founding directors named in the Constitution: cl.1.1.
10. Class A and Class B members are entitled to exercise one collective vote for each Class in relation to matters arising under the Constitution: cl.12.1. The identity of an Authorised Representative of each Class, and the manner in which the Representative will exercise that one vote in any case, is determined by

balloting the individual members of the Class concerned and is decided by a simple majority of the members concerned.

11. Apart from the requirement to observe the duties and functions conferred by the *Corporations Act*, Queensland Racing is required to exercise the duties and obligations of a Control Body under the *Racing Act* and the *Australian Rules of Racing*.
12. The powers and functions of a Control Body are principally set out in ss.33 and 34 of the *Racing Act*. They include powers to licence animals, clubs, participants and venues that, under its policies, are suitable for licensing:
s.34(1)(a). Queensland Racing also has the power to assess the performance of licensed animals, clubs, participants and venues, to ensure ongoing suitability to be licensed. Queensland Racing also has responsibility for plans and strategies for developing, promoting and marketing the commercial operations of the Thoroughbred Racing Code, distribution of prize monies to licensed clubs, or amounts to assist with the operations of the club, or to undertake research analysis for the Code, to make decisions about and allocate funding for venue development, and for other infrastructure relevant to the Code, and to enter into reciprocal arrangements with entities in other states or countries outside Australia with similar powers.
13. Under AR7 of the *Australian Rules of Racing*, Queensland Racing, as the Control Body in Queensland, is described as the "principal racing authority". It is granted the control and general supervision of racing in its territory, being the State of Queensland. It has specific power to hear and determine appeals as provided for in its rules, and has jurisdiction in relation to the licensing of jockeys, trainers and others and the suspension or revocation of licences of such

persons. Under the *Australian Rules of Racing*, Queensland Racing also has the power to hold enquiries and to punish persons contravening rules or disobeying proper directions of officials, and power to exercise any power otherwise conferred on stewards by the rules, power to publish punishments imposed or decisions taken by itself or the stewards or any other racing body within its authority. Queensland Racing also has the power to licence clubs, race meetings, owners, bookmakers, horses, jockeys and other riders, trainers and employees of any of them, and power to allocate race dates and venues throughout its territories.

14. In short, by reason of the powers conferred upon it by the Act and the *Australian Rules of Racing*, Queensland Racing has very substantial power to control, regulate and police the conduct of the thoroughbred racing industry in Queensland and in particular, betting activities conducted in relation to it.
15. Queensland Racing is empowered to make policies and local rules of racing, and to take disciplinary action under the Act. It also deals with all integrity issues relating to thoroughbred racing in Queensland and as a member of the Australian Racing Board it participates in rule making, integrity issues, and drug surveillance in relation to both horses and human participants in the industry.
16. There are 123 racing clubs and venues within the jurisdiction of Queensland Racing in respect of which funds are allocated for capital works and in respect of which Queensland Racing controls race date allocation, the allocation of prize money to clubs, the auditing of club finances, the assessment of the financial viability of clubs and the conduct of drug testing on horses and humans. Queensland Racing is responsible for the handicapping of races and employs stewards who ensure the proper conduct of racing and racing events.

17. The control of Queensland Racing over the thoroughbred racing is comprehensive and exclusive in the sense that s.109 of the *Racing Act* prohibits a licensed club from holding a contest, contingency or event in which two or more animals compete against each other for the purposes of providing a contest, contingency or event on which bets may be made, unless such contest occurs at a licensed venue and under the control of Queensland Racing. Betting at such an event may not occur unless the event is under the control of Queensland Racing.
18. Against this background, the Constitution of Queensland Racing was established in a manner whereby it provided for a board of directors (under cl. 15) and in which the initial holders of that office, each of whom presently remains in office, were specifically named (cl. 15.2). The constitution provides for the appointment of seven directors, however the two vacancies created upon the initial adoption of the constitution and consequent appointment of the five existing directors, have not been filled.
19. We are instructed that the Constitution in its present form was developed in consultation with the Minister, after extensive consultation with industry representatives throughout the State of Queensland.

C. PROVISIONS OF THE CONSTITUTION IN RELATION TO DIRECTORS

20. Under the existing cl. 15, the founding directors were appointed to hold office until the annual general meeting of the company following the Initial Term:
- cl.15.1. The Initial Term was defined (cl.1.1) as meaning:

“the term of not less than three years:

- (a) commencing on the date the company is approved as the Control Body for Thoroughbred Racing pursuant to section 26 of the *Racing Act*; and
- (b) ending at the first annual general meeting which takes place after the expiration of three years from the commencement of the Initial Term."

As the approval took effect on 1 July 2006, that term effectively expires at the first Annual General Meeting which takes place following 1 July 2009.

- 21. After the Initial Term, an election of directors must take place every year in accordance with the existing cl. 17; see cl.15.3.
- 22. Two directors are required to retire at each of the first and second Annual General Meetings following the Initial Term, and one director must retire at the third annual general meeting following the Initial Term: cl. 15.4. The initial term of each founding director would by that point have expired, although re-election is possible.
- 23. At the fourth Annual General Meeting following the Initial Term and at all subsequent annual general meetings, one third of the directors and officers shall retire from office by rotation: cl. 15.5. Each director retiring from office in accordance with cl. 15.5 is stated in cl. 15.7 to be eligible to apply to become a director under cl. 17. A similar entitlement has not been expressly conferred on directors whose terms expire in accordance with cll. 15.2 and 15.4 of the existing Constitution. There is, however, no general rule that a retiring director is ineligible to apply for re-election unless expressly permitted by the constitution to do so. The Constitution does not contain a prohibition on such a director standing for re-election and the presence of cl. 15.7 appears an insufficient basis from which to infer the existence of such a prohibition.

24. Clause 17 sets out a quite complex methodology for the selection of directors to replace those who retire in accordance with cl. 15. In brief terms, that process requires public advertising for directors not less than seven months prior to the annual general meeting, with the creation of a short list of applicants received in response to that advertising, not less than five months prior to the annual general meeting. The short list is to be prepared by an independent recruitment consultant by reference to selection criteria set out in the Constitution. The number of director candidates on the short list is to be decided by the independent recruitment consultant, but that number shall be not less than the number of directors' positions available for election, plus two.
25. Not less than four months prior to the annual general meeting, following the application of selection criteria and probity checks on all candidates, the short list is to be provided to the Class A members and the Class B members of Queensland Racing (other than those who are themselves "Director Candidates") for consideration and determination of their preferred Director Candidates.
26. Class A members and Class B members are entitled to determine the order of preference of the Director Candidates before a Selection Committee meets under cl. 17.6.
27. Not less than eight weeks prior to the annual general meeting, a Selection Committee must be convened by the Chairman. The Selection Committee is comprised of Member representatives from the Class A members and Class B members who are not Director Candidates: cl.17.6. A meeting of the Selection Committee is first to discuss the short list and attempt to agree on the preferred candidate or candidates to fill the vacancy and if no agreement is reached, the

preferred candidate or candidates is to be selected by a ballot procedure set out in Part II of Appendix B of the existing Constitution: cll. 17.8 and 17.9. In brief terms, the constitution provides that two votes are eligible to be cast in such a ballot. One vote may be cast by the Authorised Representative of Class A members and another vote may be cast by the Authorised Representative of Class B members.

28. In the event of a tied ballot, the successful appointee is to be decided by the Company Secretary by drawing lots in the presence of the Authorised Representatives. It would therefore appear that in the case where the current directors in their capacity as Class B members cannot agree with the majority of the Class A members, resulting in a tied vote for preferred candidates, the choice of the new director between the competing candidates is to be resolved by chance. See Appendix B, Part II, cl.1(h).

D. PROPOSED AMENDMENTS

29. The proposed amendments are intended by their proponents to achieve two principal objectives. The *first* is to delete a requirement that any of the founding directors be required to retire from their existing board positions during the first Control Body Term, that is, during the period which is six years from 1 July 2006; The constitution will then require periodic rotation during subsequent Control Body Terms in the first and third years of each Subsequent Control Body Term, rather than annually.
30. The *second* is to delete the ballot requirements in Part II of Appendix B, and to replace those parts of Rule 17 that provide for the ballot procedure outlined above in this advice. The new procedure is set out in the proposed cl. 17.1 to

17.10, and is intended to empower a Selection Committee to determine the best candidate from a short list developed through the process set out in the existing Appendix B, which involves Class A members and Class B members respectively determining their preference of candidates from nominations received. However, the collegiate method of voting set out in Part II of Appendix B of the existing constitution is replaced by the new method.

31. The principal changes are that the decision as to the preferred directors to fill vacancies arising is to be made by a Selection Committee that is comprised of:-
- (a) two Class A representatives chosen by agreement of, or ballot of, all Class A representatives; and
 - (b) two Class B members who are not candidates, one of whom will be the Chairman (unless the Chairman is a candidate); and
 - (c) an independent person who is jointly selected and agreed by Class A member representatives and Class B members who are not candidates, or who is appointed by an external independent person in cases where the parties cannot agree.
32. The Chairman will act as chairman of the Selection Committee if a member thereof and not a candidate. If the Chairman is not a member of the Selection Committee, the board will nominate another member of the Selection Committee to perform that role: proposed cl.17.10. The Selection Committee chairman has a deliberative vote, and the ultimate decision of the Committee will effect the election of the new directors. Given the uneven number of votes that may be cast, there appears to be no occasion in which a vote may be tied and a lot is required to be drawn.

33. An alteration to the Constitution of Queensland Racing may only be brought about by special resolution: *Corporations Act*, s. 136(2). Under cl. 12 of the Constitution, such a resolution may only be decided by the casting of two votes, being the Class A voting right being exercised by the Authorised Representative appointed by Class A members and the Class B voting right, which is exercisable only by the Authorised Representative appointed by the Class B members: see cl.12.1(c). On a resolution to amend the Constitution, the Chairman of the meeting does not have a second or casting vote in the event of an equality of votes: cl. 11.6(a). Accordingly, a special resolution to amend the Constitution of Queensland Racing, would require that both the Class A voting right and the Class B voting right be exercised in favour of the resolution.
34. The Authorised Representative of Class A Members and Class B Members is selected by an ordinary resolution of the Class A Member representatives and by the Class B Members respectively. Member representatives are representatives of each category of Class A members of Queensland Racing, who are appointed in accordance with cl. 7. That provision confers an entitlement on the eight different categories of members to appoint a particular number of representatives, apparently in rough proportion to the relative size of the membership of each of those members.
35. What emerges is that each category of Class A Members is entitled to appoint a nominated number of Member Representatives, and that group of Member Representatives is entitled to elect the Class A Member Authorised Representative, who is in turn entitled to exercise the one collective vote of Class A members at a General Meeting. The manner in which the Class A (or the Class B) vote is exercised is not expressly stated in the constitution, but it

would seem implicit that it would be exercised in accordance with the direction of the respective Class A and Class B members.

36. It should be noted that because the proposed amendments to the Constitution would vary the existing rights attaching to the classes of members, particularly as to the timing and frequency of voting for directors, a special resolution of each such class is necessary, in accordance with s.246B(2) of the *Corporations Act*.

37. We turn now to the specific questions upon which our advice is sought.

E. QUESTION 1: DOES THE PROPOSAL TO EXTEND THE TERM OF OFFICE UNTIL SIX YEARS, THAT IS UNTIL THE ANNUAL GENERAL MEETING FOLLOWING THE COMPLETION OF THE INITIAL TERM, FIT WITH PROPER CORPORATE GOVERNANCE STANDARDS? IF NOT, IS THERE ANY MODIFICATION OR OTHER BOARD STRUCTURE YOU WOULD ADVISE?

38. There does not appear to be any general provision in either the *Corporations Act* or the *Racing Act* prescribing the time for which a director may hold office.

There are, however, some provisions which might have *some* potential relevance in relation to the implementation of the proposals. We discuss these below.

39. There is no absolute or universal objective standard against which general issues of corporate governance can be measured. Whether the terms of the constitution of a particular corporation do or do not provide for, or permit, prudent standards of corporate governance is usually a question of fact and degree, and must be assessed against the sometimes competing considerations of consistency and stability of governance on one hand, and a need to guard against complacency and entrenched inefficiency on the other hand.

40. The proposal to extend the Initial Term of office of the founding directors is supported by its proponents on the basis that it will contribute significantly to the stability of the board during its initial term as the Control Body, and whilst it is involved in "bedding down" a range of policies and projects for infrastructure development and change. The proposals for change to the Constitution place very great importance upon the maintenance of stability, continuity and consistency on the Board of Directors, and remove the potential for any mandatory alterations in the makeup of the board during the period prior to 2012, and permit gradual change from 2012 onwards by the retirement of fifty per cent (which is to be rounded up if an uneven number) of the Directors in that year, and the retirement of the balance in 2014.
41. The maintenance of stability and continuity seems an entirely reasonable approach to corporate governance, provided it is balanced by appropriate levels of accountability to the members of the company. In this case that level of accountability is more difficult to quantify than in the case of a company limited by shares, as the members of Queensland Racing do not have a financial stake in the conduct of the company in the usual sense, as they are not the owners of equity in the business, who may lose their investment in that business, or suffer loss of profits from their investment, if the directors are complacent or inefficient.
42. The interest of the members in the proper conduct of the board members is to ensure that proper standards of administration and policing of the industry are observed, which is a matter in respect of which many of them will have an indirect interest in the sense that the racing industry is the industry in which some of the persons who are represented by member organizations earn their

livelihood. However, the duty and obligation of Queensland Racing is not confined to the relatively narrow interests of its members, as it has a duty to protect the public interest in ensuring integrity in the conduct of a popular sport and recreational activity, in which large amounts of money are wagered by the general public.

43. Accordingly, it would appear that questions of accountability of the Directors to the members may be of a little less significance in this case, than might be the case for example in a large public commercial company, with substantial issued share capital.
44. In the present case there is a further consideration that we consider should be taken into account. Queensland Racing occupies an unusual position in the context of its relationship with the members who are responsible for the appointment of its board of directors. In effect, a director cannot now be appointed without the support of the Class A members, many of whom are the persons or entities who are policed or regulated in their racing activities by the policies of the board, and/or who may be expecting to be the beneficiary of decisions that may have very great financial significance for their continued existence and operations.
45. Accordingly, it is a far more difficult exercise for an entity such as Queensland Racing to find a balance between the requirements of accountability and efficiency on one hand, and those of consistency and stability on the other hand, in circumstances where directors are subject to annual or biennial ballots in relation to their positions, and where they are required to obtain the support and approval of the bodies in respect of whom they may be required to make some very significant adverse (but correct) decisions during their term of office.

Providing for a short term of office for directors may have a tendency to encourage candidates for office, or occupants of such an office, to be tempted to make decisions which would be less likely to alienate the constituency, (that is, the Class A members) in respect of whom they are required to exercise policies of regulation and control, rather than to conduct themselves with complete impartiality and integrity, and in the general interests of the Code of racing.

46. An analogy may perhaps be drawn with the position of judicial officers who are required to exercise significant powers over both citizen and State. They are generally appointed for substantial fixed terms of office, so that there can be no suggestion that the exercise of their powers are affected by fear or favour in relation to those persons for whom or against whom the powers may be exercised from time to time.
47. In our opinion, it is preferable that an entity which is charged with the substantial regulatory functions conferred upon Queensland Racing be insulated as far as practical, and within the reasonable bounds, from a public perception (or the reality) that the persons making policies and enforcing the relevant laws and procedures, are improperly influenced by external considerations relating to their personal tenure on the board. In that context, a reasonable and fixed term for such directors is a desirable measure. A system in which such directors are subjected to annual or biennial rotation and re-election, may be susceptible to manipulation and the suggestion that decisions are likely to be made on the board with a view to encouraging electoral support from certain Class A members, rather than for the proper and appropriate regulation of the industry as a whole.

48. It is possible that the approaching annual or biennial election regime provided under the present constitution, following the expiry of the initial three year term, may well provide for periods of office that are more likely than not to contribute to a possible perception (or even the reality) that directors will be distracted in their office by the need to seek favour from the various elements of Class A membership. Whilst there is no specific term of years that can be indicated as being either appropriate or inappropriate in this context, we are of the opinion that appointing directors for a term of six years before initial retirements are to occur does not offend any established principles of proper corporate governance in the specific context of the role and function of Queensland Racing, and is generally consistent with an approach that persons or entities charged with a public regulatory role should be permitted to undertake that task without being required to regularly seek continuing support and approval from the very persons in respect of whom they are required to exercise control and regulation, and potentially to make adverse, but proper, decisions.
49. As Queensland Racing is a regulatory body, the directors of which are required to submit to regular election, largely by the persons who are thereby regulated, there is little or no direct authority or comparison to draw upon to assist in the assessment that we are asked to make. Perhaps the only near analogy in Queensland is that of Government Owned Corporations.
50. In Queensland, the maximum term of office for which a director of a Government Owned Corporation can be appointed (as distinct from elected) is five years, although there is no impediment to re-appointment for a further term which would extend a director's term of office to beyond the periods contemplated under the proposed new rules of Queensland Racing.

51. That is not to say that such directors should not be subject to the accountability which derives from a requirement to be elected and approved from time to time by relevant stakeholders, nor do we suggest that retirement from office should not occur to allow for replacement of underperforming directors, however we consider that an initial term of six years for directors would be not be inappropriate or excessive in this context.
52. The proposal that half of the directors retire (and apply for re-election if they wish) in 2012, with the remainder of the Board to retire in 2014, will mean that the second tranche of retirements will occur after the serving of a term of 8 years without being required to be re-elected.
53. A term of 8 years without a requirement for being subject to re-election is at the outer limits of an appropriate range for such an appointment. It is axiomatic that changes that may be brought about by the passage of time in such an industry. There are also arguments that the absence of turnover for such periods prevents "new blood" and "fresh ideas" and entrenches the views of those holding office.
54. However, it is not suggested that there be any ultimate limit on the overall time to be served on the board, and the issue is not one of length of service *per se*, but rather one of the intervals between rotational retirement and possible re-election.
55. There appears to be little or no research materials that we can discover that bear in any definitive way upon this distinct issue. Of course, there are views supporting regular and/or frequent elections, and views to the contrary favouring "stability", but in the end, the question of the regularity of the forced

retirement and possible re-election of board members is not the subject of any legal restriction or rules. In the present case the suitability of the proposed arguments for the particular needs of Queensland Racing is entirely a matter for the members and for the Minister.

56. In our view, it cannot be said that the proposals are outside any known or prescribed guidelines for corporate governance,¹ nor can it be said that there exists any objective finite limit upon the term of any member of the board. We are also of the opinion that, assuming circumstances as outlined above, that would weigh in favour of considerations of stability and consistency of membership of the board during its establishment period, and that it is not inconsistent with good corporate governance principles (particularly in the case of a small board of 5 members) to defer regular rotations of board members for a reasonable period whilst the board "settles down" its various elements and activities.

F. QUESTION 2: IS THE PROPOSED AMENDMENT FOR THE SELECTION PROCESS APPROPRIATE FOR A REGULATORY BODY AND, IN ALL THE CIRCUMSTANCES, FAIR AND EQUITABLE?

57. The main difference between the old system of balloting and the new proposed system is that referred to earlier in this advice, namely that the prospect of a voting deadlock, and the prospect of a tied vote being resolved by chance in the drawing of lots, have been removed from the system. This has been achieved by ensuring that in addition to the equal number of Class A member

¹ For example the Australian Institute of Company Directors has expressed the following view: "Renewal of talent and fresh thinking is fundamental to independence ~ not the length of service. The AICD does not believe that a specific retirement age or length of tenure determines the degree of independence. In ensuring that 'independence of mind' is maintained it is more important that the board demonstrates a process of renewal in its talent and its thinking. The issue is not that someone has served for 20 years or for three - it is whether they can contribute to maintaining the board as a fresh thinking, highly functioning group."

representatives and Class B members on the Selection Committee, which is equivalent to the present system, an independent person who is acceptable to both groups (or is appointed by an external independent person in the event that agreement cannot be reached) is included in the process, and who will have what is in effect a casting vote in a ballot.

58. This change removes the possibility that either group of members can exercise a "blackball" in relation to a ballot, which arguably produces the likelihood of a fairer and more expeditious result.

59. In all other respects it appears that the vote is to occur by and from groups who are presumed to have an interest in the outcome, in the sense that the makeup of the board is of concern to them because of their respective areas of involvement in the industry. Although it may appear on the face of the Constitution that the existing directors have a significant voting power relative to their physical numbers, we are of the opinion that no adverse conclusions can necessarily be drawn from this as:

- (a) the relevant industry stakeholders have previously overwhelmingly approved the existing Constitution, which contains similar provisions; and
- (b) it should not be assumed that Class A and Class B members are necessarily on opposite sides of all or any issues upon which a vote is required; and
- (c) as earlier discussed, the financial investment of the members in this company is negligible, and the accountability of the board to the public, by reason of its statutory and regulatory roles, is of such importance that the usual role of members in a corporation may well be considered to be

of less significance in this case , when considering any perceived imbalance in voting strength and

- (d) no director can be elected under this system unless they have the support of at least three members of the Selection Committee, which means that neither Class of members can control a ballot without the support of the independent person who would presumably not permit an unfair or inequitable result at the instance of either group.

- 60. Whilst the proposed changes remove the requirement for a recruitment consultant to review the applicants for election against the selection criteria, that process will continue to be performed by the Company Secretary. It is important in our view that this process be retained and that the selection criteria be transparent and readily ascertainable, having regard to the regulatory role of the company. However there appears to be no good reason why that process should continue to be performed by an independent recruitment consultant, at some cost to the company, if the Company Secretary is competent to do so.
- 61. The balloting process itself appears to be a fair process and not able to be readily manipulated or affected by external or improper influences. Suitable arrangements for the filling of vacancies that may occur from time to time have been made, with the safeguard that no appointment made between Annual General Meetings can be for a term beyond the closure of the next succeeding AGM. Any such appointment must be confirmed at the next AGM in default of which the appointment lapses at that time. Provision has also been made for the introduction of new directors into the retirement/rotation cycle in reasonable time after their initial appointment.

G. QUESTION 3: DOES THE SUPPORTING INFORMATION IN THE NOTICE OF GENERAL MEETING ADEQUATELY DISCLOSE THE AMENDMENTS FOR THE PURPOSES OF COMPANY LAW

62. In our opinion, the draft Notice of General Meeting with which we have been briefed sets out in sufficient detail the scope and purpose of the proposed amendments for the purposes of the *Corporations Act*.
63. In the case of the amendments to clauses 15 and 17 the Notice refers a reader to the "attached constitution". We have assumed for the purposes of this opinion that an accurate draft of the proposed cll.15 and 17 in their final proposed form within an amended constitution will be appended to the notice of meeting when issued.
64. It is sufficient for these purposes for the members to be provided with a draft of the clauses in the form that they are proposed to be if the ballot succeeds. In this way a member can be under no misunderstanding as to what it is that is proposed to be brought into existence as a result of the amendments.
65. The other parts of the Notice appear to provide a reasonably comprehensive description of the purpose and effect of the changes, and the Notice would therefore appear to be sufficient to provide the required notice to the members prior to the ballot for the changes.

H. CONCLUSION

66. Generally speaking, questions of the adequacy of prudent regulation of corporations are matters that are left to be determined by the members of the corporation, being the persons who are, in accordance with the constitution, presumed to have a sufficient interest in those matters to be entitled to vote in respect of them.

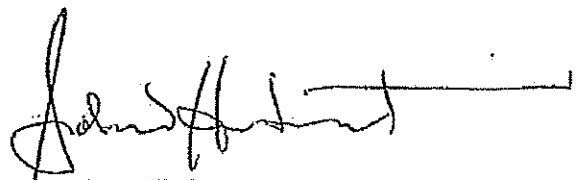
67. In this case, the proposed amendment to the Constitution will affect the existing rights of existing classes of members, in the sense that the existing rights as to when and how they may vote for directors are proposed to be changed. As such, the changes cannot be made unless they are supported by a special resolution of the affected classes of members, and further, cannot be made unless the changes also gain the support of both the Class A member Authorised Representative and the Class B Representative.
68. The Class A Representative is elected by, and acts on the instructions of, a majority of the Class A member representatives, who are themselves a proportionate representative sample of the members of Queensland Racing. As earlier discussed they are also some of the persons (apart from the general public) whose interests are most affected by its operations. That group of members therefore has the right to grant or withhold its approval to these measures, and has an overriding power to decide whether the existing board be continued in office without the necessity for a detailed balloting arrangement after three years in office, and annually thereafter, or whether to require such persons to continue to undertake the extensive balloting process prescribed under the existing Constitution.
69. If a proposal is put that the term of the board is to be extended in the manner suggested in the proposed Constitution amendments, a vote on that proposal, in order to be successful, must be supported by the same groups who would be entitled to vote in the election ballot, if it were to be held under the existing unamended Constitution.
70. If the required majority of members decided that such a proposal met their requirements for stability and probity on the board, it would be difficult for that

decision to be validly criticised by any interested party, in circumstances whereby a vote for a change in the Constitution is supported by the same group who would in any event be entitled to vote in the 2009 election for directors under the current Constitution.

71. If those members choose to relieve themselves of the necessity, expense and logistical burden of having to undertake an annual vote in respect of regularly retiring directors after 2009, and that group considers the proposal for the new system to be adequate corporate governance of the corporation of which they are members, it would be difficult for external groups or a minority group of members to impugn that decision.
72. In any event, that is a decision that they are lawfully entitled to make for the company under the existing Constitution, and in our view there are no legal or objective prudential reasons why they cannot or should not do so.

With compliments,

D.F. Jackson Q.C.



Andrew Herbert

26 June 2008

Attachment 1

Australian Securities and Investments Commission Corporations Act 2001 – Subsection 196(1)- Declaration

Under subsection 196(1) of the Corporations Act 2001 (*Act*), the Australian Securities and Investments Commission (*ASIC*) declares that a director of Queensland Racing Limited ACN 116 735 374 (the *Company*) who has a material personal interest in a matter that is being considered at a directors' meeting in the case described in Schedule A, on conditions described in Schedule B, may:

- (a) be present while the matter is being considered at the meeting; and
- (b) vote on the matter.

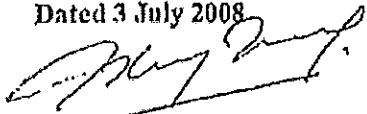
Schedule A

A resolution at a directors' meeting to convene general meetings of the Company held on or before 1 September 2008 to consider an extension of the term of the directors and associated essential amendments to the selection process for directors.

Schedule B

The directors of the Company must provide in the notice of each meeting convened by a resolution described in Schedule A details of their material personal interest in the matters before the meeting and details of this declaration.

Dated 3 July 2008



Signed by Ishaq Burney
as a delegate of the Australian Securities and Investments Commission

