

RAC/1034.




Donna  
Strow/TO/QTreasury  
Sent by: QTreasury Admin  
25/11/2008 04:45 PM

To Carole Miller/OR/QTreasury@QTreasury, Anna  
Herwig/OR/QTreasury@QTreasury, Kirsty  
Karauria/OR/QTreasury@QTreasury, Carol  
cc  
bcc  
Subject Ministerial QTO-03471: has been completed - Response  
required by 29/10/08

Ministerial QTO-03471 - David Grace

Cooper Grace Ward Lawyers - Queensland Racing Limited

Click on document link to open Ministerial -> 

Completed see comments below and file note.

You can delete this e-mail message when you have finished working with the Ministerial.



Queensland  
Government

QTO-03471

Office of the  
Treasurer of Queensland

25 NOV 2008

Mr D Grace  
Partner  
Cooper Grace Ward Lawyers  
GPO Box 834  
BRISABNE QLD 4001

Dear Mr Grace

Thank you for your letter of 26 September 2008 to the Honourable Andrew Fraser MP, Treasurer on behalf of your client Queensland Racing Limited (QRL), regarding complaints raised by Mr Bill Carter QC against the process for proposed changes to the constitution of QRL. The Treasurer has asked me to respond on his behalf.

The issues raised by Mr Carter were forwarded to the Crime and Misconduct Commission (CMC). The CMC reviewed the material and was of the opinion that it was outside its jurisdiction and was more properly a matter for the Australian Securities and Investment Commission (ASIC). The information was forwarded to ASIC. After reviewing the material and undertaking its own enquiries, ASIC has decided not to pursue a formal investigation into this matter.

I note your client's intention to ensure that the Treasurer has all relevant information made available, including the joint opinion of Mr Jackson QC and Mr Herbert, before making a decision on your client's application for amendments to QRL's constitution. The Treasurer has since announced that he has not approved the application on the grounds that it does not adequately provide for the independent selection of directors. Please find attached a copy of the Treasurer's Ministerial Statement to Parliament of 28 October 2008.

The Treasurer has also provided advice of his decision to your client directly.

Yours sincerely

  
Michael Part  
Senior Advisor

Encl.

Level 9 Executive Building  
100 George Street Brisbane 4000  
GPO Box 611 Brisbane  
Queensland 4001 Australia  
Telephone +61 7 3224 6900  
Facsimile +61 7 3229 0642  
Email treasurer@ministerial.qld.gov.au  
ABN 65 959 415 158

clear, sustained business investment, residual strength in the housing market and growth in exports into the last quarter saw our year-end growth figure lift beyond the 3.75 per cent estimated at budget.

We finished off last financial year with strong momentum which we take into the global downturn now beginning. Of course, that downturn originates from the US subprime mortgage writing which was securitised, wrapped and collateralised and sold around the world as AAA credit. Of course, it was anything but AAA. It was, in fact, an A-grade time bomb and it began to pollute the markets of the world with investors worldwide seeing an average decline on equity markets of 11.1 per cent over the last financial year, including a fall of 8.3 per cent over June 2008, the worst June result on record. Super funds in Australia suffered a benchmark loss of 6.4 per cent in 2007-08 and our own market returns plunged from two per cent estimated at the end of May to negative 2.24 per cent by 30 June, with a corresponding final operating deficit of \$1.559 billion.

We have taken steps, in consultation with rating agencies, to remove this volatility from the headline budget reporting to ensure that budget accountability is more legible and transparent. Of course, since September the globe has recalibrated the notion of a bad month on the markets. While the world concerns itself with year-on-year losses, we have borne witness to a day like 10 October in which the Australian Stock Exchange lost 8.3 per cent in a single day. No-one escaped the carnage. Our own superannuation scheme remains in a strong position, built up by previous bumper returns. Our investment strategy implemented over the past few years will enable us to ride out the financial storm.

The tabling of these documents closes off the last financial year. We find ourselves in a stunningly different environment just four months into this financial year. Next month the Reserve Bank will publish updated growth forecasts, shortly followed by the federal Treasury. I have commenced work early on the midyear review in light of changing circumstances. There is no question that we, like all governments around the world, face significant downside pressure. Data from the ABS due to be released over the next month will be crucial in finalising a robust forecast for growth for the remainder of this financial year. Clarity on activity in the housing market, including the effect of the Reserve Bank's cumulative 125 basis point cut to rates, as well as activity spurred by our first homeowner stamp duty cuts and the enhanced first homeowner grant scheme, will be important in forming a concluded view on the future of transfer duty returns.

As I have said repeatedly, the \$809 million surplus—the second largest budgeted surplus in a decade—was put in place to guard against downside uncertainties. It is clear that the world's economy is precariously positioned. We have the policy levers in place to ensure that we can continue to perform. We have the surplus in place. We have the \$17 billion capital works program in place. Standard and Poor's have affirmed our AAA credit rating. Now more than ever we need to place a premium on strong financial management. It is this government that stands before the people of Queensland and this parliament with that commitment and with that track record.

#### Queensland Racing Ltd

**Hon. AP FRASER** (Mount Coot-tha—ALP) (Treasurer) (10.14 am): I am today releasing the result of the referral to the Australian Securities and Investment Commission of matters concerning Queensland Racing Ltd. ASIC has decided not to pursue action against QRL or its directors. This matter has now been the subject of assessment by both the CMC and ASIC and no further action is being pursued by either body.

These referrals concerned the process undertaken for seeking a constitutional amendment to Queensland Racing Ltd. That process requires ultimate assessment by the minister administering the Racing Act 2002. I have decided to reject the substantive amendments submitted by QRL on the ground that it does not appropriately provide for independent selection of directors. The capacity for independent selection was a clear condition of original approval for Queensland Racing and I similarly insisted upon such conditions for both the greyhound and harness racing codes upon corporatisation earlier this year.

In light of the conclusion of the inquiries made by the CMC and ASIC and my decision about the proposed constitutional change to QRL, I consider this matter to be closed. The board of QRL retains my confidence, and I table the result from ASIC.

*Tabled paper:* Letter from the ASIC Regional Commissioner for Queensland to the Under Treasurer, dated 22 October 2008, concerning Queensland Racing Limited.

**Mr SPEAKER:** It is with pleasure that I welcome into the public gallery today staff and students from the Good Counsel College and also from the Djarragun College situated in the electorate of Mulgrave which is represented in this House by the Hon. Warren Pitt. I also welcome to the public gallery today staff and students from Whitfield State School and Cairns Adventist School situated in the electorate of Cairns which is represented in this House by the Hon. Desley Boyle.

