



Minutes of
Queensland Racing Limited
Board Meeting



Friday, 26 June 2009

Board Room, Queensland Racing
Racecourse Road, Deagon

Meeting Commenced at 9:10 am
Meeting Concluded at 3.02 pm

Board
Directors
Present:

Bob Bentley - *Chairman*
Tony Hanmer
Bill Andrews
Michael Lambert
Bill Ludwig

In attendance:

Malcolm Tuttle	- <i>Chief Operations Manager</i>
Jamie Orchard	- <i>Director Integrity Operations</i>
Adam Carter	- <i>Finance Manager</i>
Shara Murray	- <i>Corporate Counsel/ Company Secretary</i>
Peter Smith	- <i>Licensing & Training Manager</i>
David Rowan	- <i>IT & T/Communications Manager</i>
Ron Mathofer	- <i>Business Analyst</i>
Paul Brennan	- <i>Racing Services Manager</i>
Ron Maund	- <i>Trainer</i>

Minutes: Debbie Toohey

The Chairman opened the Meeting at 9:10am.

SECTION 1 – STANDING ITEMS

1.1 Apologies

There were no apologies.

1.2 Declaration of Conflicts of Interest

The Board **NOTED** Attachment "A"

1.3 Confirmation of Minutes of Queensland Racing Limited BM#32 on 1 May 2009

The Board made the following amendments to the minutes:-

Audit Committee Meeting – 2.1

The first and second dot points are now to read:

- Risk Management Policy has been endorsed by the Committee.
- Event Management Policy has been endorsed by the Committee.

Betfair - 2.2

Last paragraph to now read:

"In light of the above information provided by Mr Smith, the Board considered and **APPROVED** the applications received by wagering operators to use Queensland race information (thoroughbreds)."

Donation Policy by Licensed Clubs – 2.3

The last paragraph should now read:

"The Board did not approve the Donations Policy by Licensed Clubs and decided that QRL should reinforce its current obligations under the *Racing Act 2002* in relation to donations."

Update on Mount Isa Race Club – 3.3

The last paragraph to now read:

The Board **APPROVED**:

Options:

1. Require the Club to continue supply monthly financial statements by the 21st of the following month for the remainder of FY 08/09.
2. Require the Club to provide evidence of a long term agreement with the Trustees of Buchanan Park complex at their earliest convenience.

The above Options and recommendations and that QRL performs a follow up assessment of the Mt Isa Race Club to ascertain the level of improvement in the policies and procedures that are in place and to monitor the future performance of the Club.

Sunshine Coast Turf Club – 3.6

The word "not" to be inserted into the fifth paragraph. This should now read:

"The Board **AGREED** that should the SCTC Committee not respond to the seriousness....."

Chief Steward Position – 9.2

Delete "**MOVED** by Mr Tony Hanmer **SECONDED** by Mr Bill Andrews and replace with "This was **APPROVED** by the Board."

The Board **RESOLVED** that the QRL Board Meeting Minutes of 1 May 2009 with the above amendments be received and confirmed.

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

The Chairman advised the meeting that there were matters to be brought forward by eligible directors on issues that could be considered that he, the Chairman, had a potential conflict of interest and advised the directors that he would not participate and retire from the meeting.

Due to potential conflict of interests, the Chairman removed himself from the meeting. Mr Tony Hanmer assumed the Chair in the absence of the Chairman.

Confirmation of Minutes of Special Board Meeting held on Tuesday, 23 June 2009

The Board **RESOLVED** that the QRL Special Board Meeting Minutes of 23 June 2009 be received and confirmed.

MOVED by Mr Bill Andrews **SECONDED** by Mr Michael Lambert

Race Information – List of Applicants – see attached Appendixes

- Paul Barrett
- Les Bruggemann
- Peter Anderson
- Peter Stiles
- Christopher Round
- Fred Ward
- Lloyd Mitchell
- Bill Leyden
- Lyndall Mitchell
- William Fitzgibbon
- Brian McIntyre
- Kenneth Temby
- Michael Moulds
- Stephen Anthony
- John Mullinger – Verifying turnover
- Kenneth Ferres
- Jeffrey George Walters
- Joey Flynn
- Leslie emery
- Graeme Scheu
- Sportsbet Australia
- Charles Clout
- Gavin Mantarelli
- Peter Tiddy – did not circle Wagering Types
- Ann Bode
- Terry Lucas
- Eric Sevastou
- Bruce Atkinson
- Michael De Campo
- Michael Patteson – did not circle Wagering Types
- Bryan Costello
- Anthony Doughty
- Robert Crow
- Adrian Todd
- Wayne Thompson
- John O'Sullivan
- Pat Troe
- John Roberts
- Robert Crow (Jnr)

- David Cox
- John Greening
- Denis Comerford
- Doug Wheeler
- Sean Ralph
- Paul Dowling
- Peter Alexander
- David Power
- Gerhard Posselt
- Robert Hooper

Mr Bentley returned to the Board meeting and resumed the role of Chairman at 10:00am.

Mr Ron Maund (request to appear to the Board)

Mr Jamie Orchard briefed the Board on matters to be raised by Mr Maund.

Mr Maund attended the Board meeting at 10:10am and claimed that in regard to his disqualification:

- The vial samples were contaminated.
- Vials are rubber topped, vacuum containers which are held in an open air unprotected red toolbox which is open to the public.
- That because the vials are in the unprotected red toolbox with no lid that they are not secured.
- That Phenylbutazone can contaminate the blood sample vials if horses had been treated with Phenylbutazone prior to blood samples being taken.

Mr Orchard responded to Mr Maund's claims with the following:

- That he had spoken to Dr Young, Lab Analyst and was told that the vial is tamper proof and that there is no risk of contamination of a vial to the degree so as to record a credible reading.
- A fresh kit is supplied by the laboratory for each race meeting and is clear from contamination. Therefore, the risk of contamination during the collection process is negligible
- There are no cameras, however, samples cannot be taken unless in the presence of the trainer or a representative of the trainer of the horse. Mr Han in this case was the representative and was there for the collection and signed the relevant form after the collection process was finalised, and
- There is no risk of foreign substances being forcibly injected into the vial. Testing results if contamination was forcibly injected would give a reading that was off the "scale of credibility".

Mr Orchard stated that no other samples tested on that day showed a reading of Phenylbutazone.

The Chairman advised Mr Maund that Queensland Racing's procedures are the most stringent in the country.

The Board resolved that: Mr Orchard was to review the situation and advise Mr Maund of QRL's decision.

Stabling arrangements for horses affected by Mr Maund's disqualification

The Board advised Mr Maund that QRL had received a letter from owners Mr O'Brien (vic) seeking that his horses previously in the care of Mr Maund be transferred to Mr Saunders. Mr Orchard advised that the current practice in all states of Australia was that horses in the stable of the disqualified trainer could not be passed to a close associate unless certain conditions were met. The Board noted Mr O'Brien's letter and the resultant collateral penalty experienced by Mr O'Brien through the disqualification of Mr Maund.

The Board advised Mr Orchard to review the situation and advise the Board of the outcome.

Mr Maund left the meeting.

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

1.4 Action Sheet

The Board **NOTED** the action sheet – no additions were made.

1.5 Correspondence / Matters for Noting

The Board **NOTED** the correspondence.

Mr Michael Lambert expressed concerns that the Issues Paper was not endorsed by the Board, and he wished to have on record his objection to this paper going to Government without Board members input and in particular his input and his scrutiny of the paper. He went on to say that the submission was poorly constructed and contained various deficiencies.

The Chairman advised the Board that all issues raised in the submission had been discussed at previous Board meetings over the last 12 months and that in his opinion the issues paper was the collective views of the Board. The Chairman commented that time constraints and the necessity to meet the Ministers timetable were a primary consideration, and in no way reflected on the Board's ability.

Mr Lambert was invited to circulate to the Board his views on the paper.

Mr Hanmer and Mr Ludwig advised that they were happy with the paper and agreed with the Chairman's course of action and had no issue with the Chairman's and CEO's handling of the project.

SECTION 2 – DIRECTORS

2.1 Audit Committee Meeting

Mr Lambert updated the Board on the Audit Committee meeting which was held on 26 June 2009:

- Gold Coast Turf Club (GCTC) recently had an internal audit review and since the last review the club performance has deteriorated slightly, their cash controls need to be improved. GCTC reported that less than 50% of people pay through the gates. Mr Lambert reported that the new RISA barcoding would improve procedures and capture the exact gate numbers; if adopted.

- The QRL current payroll system is working well.
- An internal audit will be done on the QRL Purchasing Order System and that a preferred supplier panel will be put in place.
- There is no centralised document management system in place where all information can be accessed and viewed. Mr Lambert suggested that QRL management bring to the Board a proposal for consolidation of the records of club correspondence.
- A report on outstanding bad debt was tabled at the Audit meeting. This will be reviewed by the Audit Committee.

The Board **NOTED** the update and added the data collection centralisation issue to the action sheet.

2.2 Report on RISA Board meeting

Mr Lambert updated the Board of the RISA meeting which was held on 17 June 2009. Mr Hanmer voiced his frustration in only receiving a report and QRL Board members were not allowed the opportunity to view the minutes. Mr Hanmer also asked why Mr Lambert was able to commit QRL to a course of action with RISA without Board discussion.

Mr Lambert advised Mr Hanmer that RISA was a corporation operating under the *Corporations Act 2001* and that he had a fiduciary duty to keep minutes confidential. Mr Hanmer was of the view that QRL had a right to see the minutes as QRL was a 20% stakeholder and a decision in RISA by Mr Lambert would commit the Board to a decision without proper discussion or instruction, which could prove contrary to QRL's best interests.

Mr Tuttle advises he has received correspondence from RISA's CEO that the QRL Director Mr Lambert was due for retirement at 30 June 2009 and sought QRL's intention.

Following further discussion Mr Lambert advised that he would resign from RISA as of 30 June 2009 as he was not contesting the QRL elections and that QRL will be required to appoint a replacement Director.

The Chair advised that the PRAs were represented on RISA by their respective CEO's and as such the Chair nominated Mr Tuttle as QRL's Director to RISA following Mr Lambert's resignation.

The motion was **SECONDED** by Mr Bill Andrews

The Board **RESOLVED** that Mr Tuttle was duly appointed.

The Board **NOTED** the update.

2.3 Strategic Plan

The Board noted the Strategic Plan and agreed that the Strategic Plan as presented was for internal use of QRL and not necessarily fully applicable to stakeholders. Mr Tuttle was instructed to have an abbreviated Strategic Plan available to the industry for consultation and posting on the website.

NOTED by the Board.

SECTION 3 –9 DEPARTMENTS

3.1 Finance and Wagering Report

QRL recorded a surplus of \$7.6M up \$12.8M on the \$5.3M budgeted deficit for May 2009.

Revenue was over budget for the month due to YTD accrual since September 2008 of Race Fields Information Fee (RFIF) revenue \$16.5M.

Product and Program Fee, excluding RFIF was \$1.06M above budget for the month of May.

Expenditure was over budget by \$5.1M, mainly due to RFIF YTD accrual since September 2008 \$6.4M.

QTIS paid out at 63.9% of scheduled TAB races during May.

The Chair advised that Page 7 of the Forecast FY08/09 "capital works" heading is to be changed to "Notional Loans".

For the Year ending 08/09 all capital works expenditure incurred by QRL carried out for the Toowoomba Turf Club and the Rockhampton Jockey Club and other clubs are to be recorded as a 'notional loan' in the books of QRL and not treated as an expenditure item. All capital works for clubs going forward are to be recorded as a 'notional loan'

The Board **NOTED** the May 2009 Finance and Wagering Report as presented.

3.2 Business Plan

Mr Carter updated the Board on the Business Plan for 2008/09 and the draft 2009/10 QRL Business Plan.

The Board **NOTED** the updated 2008/09 Business Plan.

The Board **ADOPTED** the draft (version 1) of the 2009/10 Business Plan. **(See attached)**

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

3.3 Budget FY09/10

Mr Carter provided the Board with the Budget Version 1 for the year ended 30 June 2010.

The Board **NOTED** the report. Any comments concerning the Budget FY09/10 is to be provided to Mr Carter as soon as possible.

3.4 Cairns Jockey Club

Mr Carter updated the Board on the current position of the Cairns Jockey Club.

The Board expressed their concern on the slow process on the legal opinion from Mr Liam Kelly on the Statement of Claim by Trafalgar.

The Board **NOTED** the update and for Mr Carter to continue follow up assessments of the Club.

Ms Shara Murray informed the Board that Mr Liam Kelly will now provide his advice week commencing 13 July 2009.

3.5 Sunshine Coast Turf Club (SCTC)

Mr Carter updated the Board in relation to the costs associated with the installation of the synthetic track and the lights which at present have been paid for by QRL. Mr Carter advised the Board that there were a number of options available to record this expenditure.

The Board discussed the financial reporting of SCRUT in the books of QRL and noted the stamp duty implications of converting expenditure to units in the trust and the likelihood of the SCTC not being in a position to service loan interest, carry depreciation and provide cash for the ongoing purchase of units

Mr Lambert advised that he had only received the papers today and would like 7 days grace to give his advice on the funding model.

The Board **AGREED** to this request.

The Board approved:

1. the Board resolved to recommend to SCRUT that the trust be reconstructed and QRL move to 100% ownership.
2. the trust to fund the cost of the proposed stables currently approved by council at a cost of approximately \$12 million
3. Mr Carter to proceed to execute the bank loan agreement currently at hand subject to any comment of Mr Lambert in the 7 day period.
4. QRL approve any bank guarantee for this Loan Facility.

The Board **APPROVED** that this option be taken to the Sunshine Coast Racing Unit Trust Board for its consideration.

MOVED by Mr Bill Andrews **SECONDED** by Mr Bill Ludwig

Motion carried

4.1 Broadcast Rights

Mr Malcolm Tuttle updated the Board of LEK's activities in relation to the aggregation of broadcast rights in Queensland.

It was also noted that as early as next year Sky Channel will be looking at having three channels. One channel will be a reduced coverage of thoroughbreds but also including greyhounds and harness racing. Second channel will have international content and the third channel will be premium racing world viewing, which will include Brisbane, Sydney and Melbourne.

Mr Tuttle advised that following discussions with LEK there was a possibility QRL will be offered equity in Sky or TVN and he strongly recommended that we keep this under consideration. The Board agreed going forward that an equity position in these statements should be sought if at all possible.

This update was **NOTED** by the Board.

4.2 Wadham Park

Mr Tuttle updated the Board that the contracts for Wadham Park 1 and Wadham Park 2 have been terminated because of significant failures in due diligence on both properties.

The full report was tabled for the Boards consideration.

4.3 Australian Racing Board

Mr Tuttle updated the Board on the Australian Racing Board meeting held on 23 June 2009.

The Board noted the report tabled by Mr Tuttle, The Chair advised that full ARB agendas and minutes was filed and available to any Board member.

See attached meeting report.

This update was **NOTED** by the Board.

5.1 QCRC Representative – QRL

Mr Paul Brennan informed the Board that elections for the regional representative is in progress and QRL is required to submit their nominated Director to Chair QCRC by 30 July 2009.

The Board **AGREED** that Mr Bill Ludwig should again be the QRL representative.

MOVED by Mr Bill Andrews **SECONDED** by Mr Michael Lambert

Mr Ludwig was appointed for the ensuing period.

Motion carried

6.1 Licensing Report

MOVED by Mr Bill Andrews **SECONDED** by Mr Michael Lambert

That the Board **APPROVE** that the Licensing Report be adopted.

7.1 Integrity Report – April 2009

Mr Jamie Orchard updated the Board on the current status of activities and programs in the Integrity Department.

The Board **NOTED** the report.

7.2 Closed Betting Rings and Allocation of Stands

Mr Orchard sought the Board's approval to the issue of a direction to clubs in respect of closed betting rings and allocation of betting stands.

This direction was **APPROVED** by the Board.

Motion carried

Queensland Racing Limited ("QRL") has given consideration to race clubs having "closed" bookmakers rings. Race clubs commonly justify this action on the basis that it is the only way in which the regular attendance of bookmakers at race meetings conducted by the clubs can be guaranteed and that without it, there may be no betting on local races.

Some race clubs operate a "closed" ring for normal meetings and an open ring for carnival or special events, while others operate a "closed" ring with a reserve list of bookmakers who will stand if regular bookmakers are absent.

In light of the potential impact on bookmakers seeking to field at meetings, QRL has issued the following direction to race clubs who are seeking to operate a "closed" betting ring:

- *Race clubs must seek QRL's written approval to operate a "closed" bookmakers ring.*

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

7.3 Local Rules Review

Mr Orchard sought the Board's approval to publish the current draft version of the Local Rules of Racing for consultation on the QRL website and to consult directly with stakeholder groups such as First Level Appeal Committee, ATA (Qld), QJA and QROA.

This was **APPROVED** by the Board.

7.4 Biosecurity Policy

Mr Orchard sought the Board's approval for the publication of the draft Biosecurity Policy for consultation.

It was suggested by the Board that there was not much substance to the policy and that the policy should be incorporated with the Biosecurity Procedures and that a summary precede the Procedures.

8.1 Barcaldine Lease

Ms Shara Murray sought the Board's approval to renew the lease of the QRL Barcaldine office. The QRL office at Barcaldine is leased by Anglicare and that the lease is currently up for renewal. Ms Murray noted that Anglicare have been good tenants and there is no reason why their lease should not be renewed.

The Board **APPROVED** the renewal of the Barcaldine Lease for a period of 3 years, with \$1 payable.

MOVED by Mr Bill Andrew **SECONDED** by Mr Bill Ludwig

Motion carried

8.2 Bowen Development

Ms Murray sought the Board's approval to spend \$13,500 (excl GST) on the civil engineer report for the DA for stage 2 development at Bowen. This is to redirect local storm water drainage from the site.

The Board **APPROVED** the amount of \$13,500 (excl GST).

MOVED by Mr Michael Lambert **SECONDED** by Mr Tony Hanmer

Motion carried

8.3 Policy for Final Approval – Disposal of Land Policy

The Board **APPROVED** the Disposal of Land Policy.

MOVED by Mr Bill Andrews **SECONDED** by Mr Michael Lambert

Motion carried

8.4 Policy for Final Approval – Fees Policy

The Board **APPROVED** the Fees Policy.

MOVED by Mr Bill Andrews **SECONDED** by Mr Michael Lambert

Motion carried

8.5 First Level Appeals

Ms Murray sought the Board's approval to increase the First Level Committee's stipend. Fees have not increased since the commencement of the Committee in 2004.

Currently the Committee's Chairman receives \$200 per session and committee members \$150 per session. Ms Murray is seeking an increase for the Chairman to \$300 per session and committee members \$200 per session.

The Board **APPROVED** the above increases.

MOVED by Mr Michael Lambert **SECONDED** by Mr Bill Andrews

Motion carried

9.1 Media Accreditation Policy

Mr David Rowan presented to the Board the draft Media Accreditation Policy.

Mr Tony Hanmer and Mr Rowan will redraft the policy.

MOVED by Mr Bill Andrews **SECONDED** by Mr Bill Ludwig

9.2 2010 Horse of the Year Award

Mr Hanmer presented to the Board the direction The 2010 Horse of the Year awards committee wishes to undertake.

The Board passed by resolution the three issues raised in Board paper 9.2 be adopted.

1. The former BTC horse of the year will now become the Queensland Racing Horse of the Year. QRL will allow sponsorship of this event and we are currently in final negotiations to have the sponsors name included after 'Queensland Racing'.
2. The determination of the QRIA committee on how the Horse of the Year will be decided is included in the minutes of its June 4 meeting. The Queensland Racing Hall of Fame will also continue to be managed by the QRIA committee as per the attached minutes.
3. The QRIA committee will become a committee of the Board with the chairman decided by the Board.

MOVED by Mr Bill Andrews **SECONDED** by Mr Bill Ludwig

Motion carried

SECTION 10 – GENERAL BUSINESS

10.1 MacKenzie River

Mr Brennan updated the Board in relation to the wind-up of the MacKenzie River Amateur Picnic Race Club.

It is requested by Club that the remaining cash asset of \$58,424.97 be distributed to various charitable organisations.

The Board **APPROVED** the application from the Club to disperse their assets to the local charitable organisations. As attached in this paper.

The Board wished to convey that in no way should this be taken as a precedent and that the only reason approval was granted was that the nature of the assets and concerns regarding their actual ownership as they are on privately owned land.

MOVED by Mr Michael Lambert **SECONDED** by Mr Tony Hanmer

10.2 HRRC meeting

Mr Hanmer updated the Board in relation to the HRRC Committee meeting which was held on 25 June 2009:

- The HR and Terms of Employment Policies have been updated to reflect relevant legislation.
- Staff turnover has reduced from 33% to 11%.
- A culture and Satisfaction Survey will be distributed to staff shortly and to be concluded by August 2009.
- NAB will be providing benefits to QRL staff who bank with them. Once this is implemented Mr Carter will distribute to all staff.
- The committee has endorsed CPI increases for staff that have performed to expectation during the financial year.

The Board **NOTED** the update.

At 2:15pm, the Chairman removed himself from the meeting due to a conflict of interest for the following item. Mr Tony Hanmer assumed the role of Chairman.

10.3 Bookmakers meeting – 25 June 2009

Mr Tuttle updated the Board in relation to a meeting held on 25 June 2009 with himself, Mr Bob McHarg, Mr Richard Fewster, Mr Lindsay Gallagher, Mr Hanmer and Mr Bentley about the concerns of the Bookmakers and Race Information fees.

It is the view of the Board that Mr Tuttle contact Mr McHarg and request that his members make application for authorisation to use Queensland race information and that in due course the Board will consider each application on its merits.

10.4 Product and Program Agreement and Race Fields Legislation

Mr Lambert previously circulated a paper on the advice QRL had originally received from Cooper Grace Ward Lawyers on 18 November 2008. In essence, this advice related to the distinction between the right of access to race information and the right to use that information for wagering purposes.

Mr Lambert informed the Board he had spoken to Mr Mike Kelly at the Office of Racing and on Mr Kelly's advice QRL's executive should write to the Minister seeking clarification of Clause 10 of the Product and Program Agreement.

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

Motion carried

The Chairman resumed the role of Chair at 2:50pm.

10.5 Sportingbet

It was **NOTED** by the Board that QRL had been served Supreme Court documents in relation to QRL's reasons for decision in relation to race information.

Meeting concluded at 3:02pm

Confirmed as a true record.

R G Bentley
Chairman
Dated...../...../2009

ATTACHMENT "A"

Mr Bob Bentley

Director of Tattersall's Limited
Director/Chairman of Sunshine Coast Racing Pty Ltd (ACN 120 875 363)
Director/Chairman of Australian Racing Board
Vice President of the Asian Racing Federation

Mr Tony Hanmer

Member of the Sunshine Coast Turf Club

Mr Michael Lambert

Director of RISA

Mr Bill Ludwig

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

Mr Bill Andrews

Member of the Brisbane Turf Club
Member of the Queensland Turf Club
Member of the Thoroughbred Breeders Queensland Association.
Member of the Racehorse Owners' Association