

Friday, 4 November 2011

Board Room, Racing Queensland Racecourse Road, Deagon



Meeting Commenced at 10:26 am Meeting Concluded at 4:42 pm

Board Directors Present: Bob Bentley Tony Hanmer Bob Lette

- Deputy Chairman

- Chairman

Bill Ludwig Wayne Milner Bradley Ryan

In attendance:

Malcolm Tuttle

Shara Reid

- Chief Executive Officer

- Senior Corporate Counsel/Company Secretary

Jamie Orchard Paul Brennan David Rowan Blair Odgers

Director, Product Development
 IT & Communications Manager
 Marketing Manager
 Project Director

Mark Snowdon Sharon Drew Ron Mathofer Peter Smith

- Management Accountant

- Business Analyst

- Licensing & Training Manager

- Director, Integrity Operations

Item 3.4 (only)

Jason Haim

- Licensee (via telephone)

Minutes:

Debbie Toohey

- Board Secretary

The Chairman opened the Meeting at 10:26am.

1.1 Apologies

Nil.

1.2 <u>Declaration of Conflicts of Interest</u>

Directors are required by the *Corporations Act 2001(Cth)* to disclose any material personal interest in a matter relating to the affairs of the Company.

There were no other additional Declarations of Conflicts of Interest. (See Attachment "A")

1.3 Confirmation of Minutes of RQL Board meeting of 2 September 2011

The Board RESOLVED that the RQL Board Meeting Minutes of 2 September 2011 be received and confirmed.

MOVED by Mr Tony Hanmer SECONDED by Mr Bradley Ryan

Motion carried

Confirmation of Minutes of RQL Board meeting of 13 September 2011

The Board RESOLVED that the RQL Board Meeting Minutes of 13 September 2011 be received and confirmed.

MOVED by Mr Tony Hanmer SECONDED by Mr Bradley Ryan

Motion carried

1.4 Action Sheet

The Board NOTED the action sheet.

1.5 <u>Media Releases / Correspondence / Matters for Noting</u>

The Board **NOTED** the following:

Media Releases

Outcome of Toowoomba Turf Club investigation released	29 September 2011
Lord Mayor's public meeting folly without facts	14 October 2011

Letters

Letter to Mr Bob Bentley, Chairman RQL from Mr Kevin Dixon regarding on course bookmakers	11 October 2011
Letter to Mr Kevin Dixon, Chairman, Brisbane Racing Club in response to on course bookmaker's letter received on 11 October 2011	21 October 2011
Letter to Mr Malcolm Tuttle, Chief Executive RQL, from Mr Mike Kelly regarding Assistance with Meeting Flood And Cyclone Yasi Remediation Costs – Emerald Jockey Club	25 October 2011

Meetings

Product & Strategy Committee Agenda & Meeting	13 September 2011
Draft Minutes of Remuneration & Nomination Committee	15 September 2011

1.6 Confirmation of Flying Minutes

The Board **NOTED** the following Flying Minute:

Proposed Direction to Gold Coast Turf Club Limited	13 September 2011
ACN 102 941 980 - Section 34 of the Racing Act 2002	,
Gold Coast Turf Club – Extension of Direction	26 September 2011
Resolution to approve expenditure of \$423,000 for The Brisbane Racing Club's proposed development	17 October 2011
Toowoomba Turf Club Control Body Direction	3 October 2011

Resolution to adopt the Annual Financial Statements of RQL for	19 October 2011
the year ended 30 June 2011	

The above Flying Minutes were CONFIRMED by the Board.

2.1 CEO's Report

Mr Malcolm Tuttle updated the Board in relation to the CEO's report.

Greyhound Export Standards

Mr Craig Taberner, National CEO of Greyhound Australasia Limited will be implementing recommended standards on greyhounds being exported from Australia.

Strategic Plan - GAL

Mr Tuttle updated the Board on the recent Greyhound planning session.

Annual Report

Mr Tuttle advised that the Annual Report would be produced electronically and placed on the website with copies available if required.

Harness racing industry workshop

The Board was updated on the recent broadcast workshop and the findings of the recent market research.

Australasian Racing Ministers Conference – Perth

Mr Tuttle informed the Board that the Chairman had attended the Australasian Racing Minister conference in Perth on 23 September 2011. The Board was informed that Mr Innes of the Jockeys Association addressed the Ministers conference about funding requirements for a National Jockeys Trust. Mr Tuttle advised the Board that there was a possibility of some industrial action by jockeys during November 2011.

Review of Interactive Gambling Act

Mr Tuttle provided an update and invited the Chairman to comment as an attendee at a senate inquiry on behalf of the ARB. The main issues to be pursued by the racing industry are:

- Financial transaction controls
- ISP blocking
- Wagering exemption to be conditional

Industry Infrastructure control Group

The Board noted the action sheet which was attached. Mr Tuttle advised that Mr Snowdon, the IIP project director will have a detailed report available for the Board later in the meeting. Mr Tuttle advised that minutes of IIPCG meetings are available for viewing by Directors if required.

CEO's HR Report

The Board **NOTED** the HR Report for October 2011.

Harness Racing Australia (HRA) Board Representation

The Chairman advised that the workload associated with RQL and the projects at hand precluded him from continuing to represent RQL at the HRA executive and requested the Board to consider the appointment of Mr Tuttle as RQL's representative.

The Board considered the Chairman's position and his recommendation that *Mr Tuttle be RQLs nomination to the HRA executive*. This recommendation was:

MOVED by Mr Bradley Ryan SECONDED by Mr Bob Lette

Motion carried

2.2 <u>Legal & Compliance Report</u>

First Level Appeals

The Board **NOTED** that there have been five (6) First Level Appeals for the month of September/October 2011.

Anti- Discrimination Commission Matters

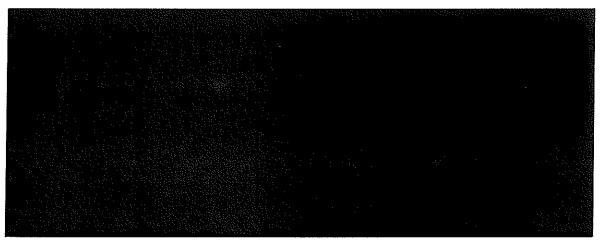
- Bobby Chrystal On 31 October 2011, RQL made a Settlement Offer / Settlement Deed to Mr Chrystal. Cost of offer is in the vicinity of \$150,000.00. Ms Reid to keep the Board updated.
- Kerry Watson This matter has been referred to QCAT. A Compulsory Conference
 was held at QCAT on 3 November 2011 at 9.30am. As the matter was not settled, the
 matter will now go back to QCAT for a Directions Hearing on 17 November 2011
 where dates will be set re Witness statement and Arbitration (trial) dates.
 - Ms Watson made an offer to settle for \$250K. RQL made a counter offer of \$80K (\$70K payable upon execution of a Deed of Settlement and \$10K payable after 12 months if confidentiality had not been breached). Ms Watson made a counter offer of \$150K plus costs at the District Court Scale. RQL did not accept Ms Watson's counter offer.
- Heather Warland RQL has responded to allegations. No response has yet been received from ADCQ. Ms Reid will keep the Board updated.
- Donald Cavanough A Conciliation Conference was held on 4 October 2011 in which Mr Cavanough failed to attend. RQL briefed the Conciliator as to why the matter should lapse, however, the Conciliator determined that Mr Cavanough would be allowed a further seven (7) days to continue to pursue his complaint against RQL. On Monday, 24 October 2011, the ADCQ advised RQL that they have had no response to their first letter. The ADCQ advised that they would now write again and provide Mr Cavanough a further seven (7) days to respond if no response, the ADCQ will lapse the complaint.

Australian Human Rights Commission Matter

 Alisha Winfield – This matter was resolved by way of a Deed of Settlement. The matter is now closed.

Litigation Matters

Mr Bob Lette left the meeting at 12:15pm.



Mr Lette returned to the meeting at 12:25pm.

John Maguire v Greyhound Racing Authority [8110/09] (Supreme Court)

On 5 August 2011, the plaintiff filed an Amended Statement of Claim and Application in order to have the matters set down for mediation. Application to be heard on 7 November 2011.

RQL Intends to make an Application to have:

- 1. Parts of the Claim dealt with by way of Summary Judgment per the relevant parts being statute barred, and
- 2. Re-plead other parts.

Ms Reid will keep the Board updated on this matter.

• Race Information – Debt Recovery x 3

-The following claims-were filed on 4 July 2011:

- Racing Queensland Limited v Hayden Flynn (District Court): \$280,551.13
- Racing Queensland Limited v Lyndsay Gallagher (Magistrates Court): \$67,125.88
- Racing Queensland Limited v Ramon Karangis (Magistrates Court): \$44,634.10

Particulars were received by RQL on Monday, 31 October 2011.

Once reviewed, RQL will be in a position to have the matters set down for trial.

Ms Reid to keep the Board updated.

Gold Coast Greyhound Racing Club

On 21 October 2011, RQL was served with a Claim and Statement of Claim from the GCGRC.

The GCGRC alleges that:

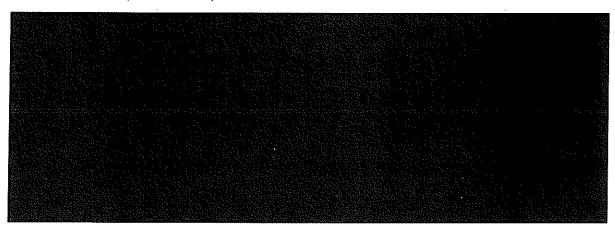
- (a) From July 2010, RQL has failed to pay the GCGRC \$2,000 per month until the new facility is developed, and
- (b) Ms Murray (now known as Ms Reid) misrepresented the meaning and effect of the Deed.

The GCGRC seeks:

- (a) \$30,000.00
- (b) \$1,875.00 for interest, and
- (c) \$410.00 for costs of issuing the claim and statement of claim.

RQL intends to defend this claim.

Ms Reid to keep the Board updated.



The Board RESOLVED to ratify the indemnity of Mr Bentley.

Mr Bentley did not vote.

MOVED by Mr Wayne Milner SECONDED by Mr Bradley Ryan

Motion carried

The Board **NOTED** the Legal & Compliance Report.

2.3 Finance Report

Ms Sharon Drew updated the Board in relation to the management accounts for the period ending 30 September 2011.

Update for September 2011:

Surplus of \$1M. There has been a reduction in wagering revenue of \$311K compared
to budget, with overall revenue being down \$766K on budget. Expenditure is down
\$704K on budget, with all departmental controllable costs being managed well when
compared to budget.

- EBITDA September 11 Surplus of \$1.5m as compared to EBITDA September 10 Surplus of \$1.9m.
- EBITDA September 11 Surplus of \$1m as compared to EAITDA September 10 of \$1.7m.

Ms Reid informed the Board that the Legal Department's budget will be exceeded. This was noted by the Board and will be reviewed at the scheduled budget review meeting at the December 2011 Board meeting. Ms Reid outlined that subject to various legal proceedings that an additional \$750K to \$1M may be required in the legal budget.

Mr Ron Mathofer tabled the Product & Program Fee and Race Information Projections report.

Mr Mathofer was instructed to provide the Chairman current level of indebtedness of the Cairns Jockey Club for his meeting with the Treasurer.

Following considerable discussion the Board NOTED the Finance Report.

2.4 Product Development Report

Mr Paul Brennan updated the Board in relation to the Product Development Report.

Sunshine Coast Greyhound Training Track

Mr Brennan sought the Board's approval for a budget of \$40,000 plus GST for the installation of a Greyhound training track at Corbould Park.

The Board **APPROVED** a budget of \$40,000 plus GST for the installation of a Greyhound training track at Corbould Park.

MOVED by Mr Wayne Milner SECONDED by Mr Tony Hanmer

Motion carried

Greyhound Adoption Program

Mr Brennan would like the Board to consider the installation of day kennels; a training yard and a transportable office at the Northern end of the Deagon site for training and assessment of up to 6 greyhounds and approve a budget of \$40,000 plus GST.

The Board APPROVED a budget of \$40,000 plus GST for the Greyhound Adoption Program.

MOVED by Mr Bradley Ryan SECONDED by Mr Bob Lette

Motion carried

Sunshine Coast Stabling Update

Mr Brennan updated the Board in relation to the following Sunshine Coast stabling strategy:

- Increase number of permanent rentals to 176
- Maintain 8 modules for training purposes
- Hold 16 modules for Deagon trainers
- Hold 56 modules for visiting trainers

The Board CONFIRMED they agreed with the proposed Sunshine Coast stabling strategy.

Proposed 2012/13 Race Date Allocations

Mr Brennan sought the Board's approval in relation to the proposed allocations for the forthcoming financial year concerning the 2012/13 race date schedules.

The Board APPROVED the 2012/13 Race Date Allocations.

MOVED by Mr Tony Hanmer SECONDED by Mr Wayne Milner

Motion carried

Venue Governance Models

Mr Brennan tabled the Discussion Paper – Business Model for the Restructure of the Industry to the Board for their consideration.

The Board discussed the operating models and resolved further discussions would be held with individual clubs concerned as the project advanced. However, one model will not fit all.

Yeppoon Trusteeship

Mr Brennan updated the Board concerning the fact that the Rockhampton Thoroughbred facility does not have a grass training track. RQL has negotiated with the Yeppoon Turf Club for the use of the Yeppoon grass track for training and trialing purposes.

The Department of Environment and Resource Management (DERM) have confirmed that they require a copy of the minutes from the trustee meeting where they agree to relinquish their trusteeship and confirmation that RQL is willing to assume responsibility.

The Trustees have given their in-principle support.

Mr Brennan sought the Board's approval to write to DERM confirming its agreement to become the trustee for Keppel Park, Yeppoon and to enable negotiations to continue with the Yeppoon Turf Club regarding the development of a suitable agreement.

This was APPROVED by the Board.

MOVED by Mr Bill Ludwig SECONDED by Mr Tony Hanmer

Motion carried ----

Events Queensland

The Board recommended not to be involved in the provision of funding to the Brisbane Racing Club to promote their Queensland Winter Racing Carnival.

Magic Millions Queensland

Mr Brennan updated the Board in relation to correspondence received from the Managing Director of the Magic Millions Sales Company regarding alterations to its racing schedule and a request for a contribution towards a strategy aimed at encouraging women owners to the industry.

The Board discussed this initiative with a wide diversity of views.

The Board determined to defer this matter until the next Board meeting.

Deagon Trainers

The Board **NOTED** the draft correspondence outlining the options for compensation for trainers who will be disadvantaged by the Deagon project.

Wagering Report

The Board discussed the wagering trends previously presented by Mr Mathofer with Mr Brennan.

The Board NOTED the Product Development Report.

2.5 Integrity Services Report

QCAT matters

Mr Orchard updated the Board in relation to the matters that have been before QCAT for the month of November 2011.

Human Resources

- Mr Orchard will keep the Board updated in relation to the unfair dismissal proceeding commenced by Mr Bevan Turner.
- There have also been a number of applications received for the Integrity Counsel/Investigator position.

Use of Social Media - Integrity Issues

Mr Orchard updated the Board concerning the ongoing criticism of RQL and its staff by organisations and individuals within the community and the recommendations that RQL should take to avoid any effect on RQL staff and the racing industry.

Mr Orchard informed the Board that Jockeys are also being targeted and are affected by the defaming comments.

The Board advised Mr Orchard that the Jockey's Association should take individual action and not expect RQL to progress the matter on their behalf.

Mr Lette suggested that RQL could apply to the Supreme Court for an injunction to stop the defaming comments.

The Board NOTED the Integrity-Services Report.

The Board APPROVED the Licensing Report without amendment.

MOVED by Mr Wayne Milner SECONDED by Mr Tony Hanmer

Motion carried

2.6 Industry Infrastructure Report

The Board discussed the Industry Infrastructure plan and the Business cases as presented.

Mr Mark Snowdon gave a further comprehensive report on the progress of the Industry Infrastructure Plan with particular reference to the individual budgets and the preparation of the business cases.

Mr Snowdon advised that the Business cases for Beaudesert have been lodged with the Office of Racing.

- Logan application will be lodged for recovery of fees for the abandoned project.
- Ipswich business plan will be lodged for the recovery of fees to date for the postponement of the project.

Mr Snowdon advised the Board that the Mackay project was underway and RQL had responded to the urgency of workplace health and safety at the Governments request.

The Board discussed the various Business cases as presented.

The Board NOTED the updated Business cases that were being prepared for Treasury.

3.1 Marketing Strategy Review

The Chairman discussed with the Board his view that the Marketing Strategy put forward was reasonable, however, the timing of expenditure for this year's budget was not appropriate.

The Chairman suggested that Mr Hanmer, Mr David Rowan and Mr Blair Odgers take a practical view of the marketing strategy and review the budget to take in only those items considered essential. It was suggested that a deferred expenditure amounting to \$500-600K would be an appropriate reduction under the circumstances.

Mr Hanmer accepted the responsibility to review the marketing strategy within these guidelines.

The Board **NOTED** the Marketing Report.

3.2 Website Re-design

Mr David Rowan sought the Board's approval for a budget variation approval for the redesign of the Racing Queensland website of \$50,000.

Mr Hanmer proposed that Mr Rowan seek Industry consultation on the web design along with himself and Mr Milner to have input.

The Board **APPROVED** the variation to the capital expense budget of up to \$50,000 for the website re-design and implementation.

MOVED by Mr Tony-Hanmer-SECONDED by Mr Wayne Milner

Motion carried

3.3 Appointment of Contour

Mr Snowdon advised the Board that Contour Consulting Engineers (Contours) had submitted a Contract for their appointment to provide planning services for the Industry Infrastructure Plan.

Ms Reid advised that she had reviewed the contract and had concerns on various aspects and the wording of the contract. Ms Reid advised the Board that she was meeting with Contour to discuss the contract further.

Mr Hanmer raised the issue of compliance with Government contract obligations and RQL's obligations under RQL's Purchasing Policy and the necessity for RQL processes to

be fully compliant and would pass government audit. Mr Hanmer inquired of Mr Snowdon the status of Mackay and the preparation of the Business cases for Beaudesert and Cairns.

Mr Snowdon advised that the Mackay project had commenced and he was proceeding to have a formal contract completed. The Business cases have been ongoing and while the Mackay project has been compliant with RQL's purchasing policy, the overall appointment of Contour and the work undertaken for planning had not been formalised as yet.

Mr Hanmer advised that these issues as well as a review of RQL's Risk Register that had been the subject of correspondence to the Audit Committee on 20 September 2011. Further, Mr Hanmer advised that this exposes the Board to probity issues and that the work completed even though approved by Government, needs to be properly documented by RQL. Following further discussion it was resolved that whilst all parties were aware that work was proceeding, the work undertaken needed to be properly documented and that probity issues need to be addressed before any further work was commenced.

The Chairman advised the Board that he had already approached the Government to separate the work into 2 stages -

- Stage 1 completion of Business cases and Mackay contract
- Stage 2 separate contracts for each project following the approval of the business cases

The Chairman further advised that RQL had responded as a matter of urgency to the workplace health and safety issues and had the Mackay project fast tracked at the Government's request.

Mr Ludwig expressed the view that a quantity surveyor should be considered where practical to give an extra level of protection to the Project and Board.

Mr Lette advised that it was essential that an independent project manager be appointed to oversee the project and this should not be the function of the primary contractor (Contour).

The Board RESOLVED that:

- Ms Reid and Mr Snowdon organise a meeting with Contour Engineering explaining the probity issues and seek to settle a contract for the work undertaken by Contour at Mackay.
- Individual contracts will apply for each project.
- Independent Project Manager will be appointed.
- That a quantity surveyor should be considered where necessary.
- Chairman advised the Government that a contract with Contour Engineering has not at this date been settled, but RQL has undertaken sufficient audit to satisfy itself that the contract rates charged are "value for money".

MOVED by Mr Tony Hanmer SECONDED by Mr Wayne Milner

Motion carried

3.4 Warning off: Jason Haim

Mr Haim joined the Board meeting at 11:00am via telephone confirming his request for a hearing by telephone was acceptable.

The Chairman confirmed that the Board had received all relevant material for Board members to make a proper determination.

The Chairman sought permission of the Board and Mr Haim for Mr Orchard to chair the inquiry.

The Board and Mr Haim agreed to this request.

Mr Orchard introduced via telephone all members of the Board and requested Mr Haim to make his oral submissions as to why he should not be warned off all racecourses in Queensland.

Mr Haim commenced his address 11:04am and concluded at 11:35am. Mr Orchard at the conclusion of Mr Haim's explanations inquired if Mr Haim had any other further particulars to put forward.

Mr Haim thanked the Board and Mr Orchard for their time and advised he had no further comments to make and exited the meeting at 11:37am.

The Board discussed Mr Haim's submissions and confirmed that the Board was satisfied that there were no further evidence or submissions put forward by Mr Haim to justify his actions.

The Board **CONFIRMED** that given Mr Haim's previous history in respect of animal welfare, his disregard for the Rules since being disqualified and his apparent disrespect for stewards, the Board **RESOLVED** that:

Mr Haim should be warned off all racecourses in Queensland but be eligible to reapply in two (2) years.

Mr Orchard to formally notify Mr Haim of the Board's decision.

MOVED by Mr Tony Hanmer SECONDED by Mr Bill Ludwig

Motion carried

3.5 Betfair

The Chairman noted that as there could be a perceived conflict of interest he would take no part in the discussion. The Board requested the Chairman's presence but accepted that a conflict could exist. The Chairman remained but indicated that he would express no opinion.

The Chairman requested Mr Hanmer to take the chair.

The Integrity paper was tabled and the Board considered the submission submitted regarding Betfair and expressed concern at the issues identified. Mr Milner considered that the issues could be addressed by a show cause and the imposition of conditions while Mr Lette felt the better course may be to address the situation through the Integrity Deed. Mr Ludwig thought it important to take as much advice as possible on the appropriate approach.

Mr Tuttle questioned whether it would be possible to hold an Inquiry into the matter and felt that if not, it may be necessary to proceed by way of adding conditions. Mr Tuttle also

questioned whether it would be necessary to consider the position of other entities that held Authorities to determine whether they might be affected by the same issues. Mr Brad Ryan had concerns about singling out Betfair and to be mindful of other corporates.

The Board RESOLVED that the Integrity Deed should be withdrawn and the following conditions applied to an enforceable Deed:

- 1. The real time monitoring program has operated to identify real issues of concern
- 2. All matters of concern have been referred to RQL
- 3. All users of Betfair have been identified and non-registered persons prevented from using the exchange, and
- 4. Requests for information from RQL have been properly addressed with the required, or otherwise reasonable, period of time.

MOVED by Mr Bradley Ryan SECONDED to Mr Wayne Milner

Motion carried

Mr Bentley resumed the Chair.

3.6 Gold Coast Turf Club

Mr Orchard sought the Board's approval to extend the period of compliance for the Control Body Direction to 25 November 2011.

This was APPROVED by the Board.

MOVED by Mr Wayne Milner SECONDED by Mr Bill Ludwig

Motion carried

3.7 Purchasing Policy

Ms Drew sought the Board's approval for the updated version of the Purchasing Policy due to inclusion of the Industry Infrastructure Project Director purchasing limit of \$50,000.

This was **APPROVED** by the Board.

MOVED by Mr Bradley Ryan SECONDED by Mr Wayne Milner

Motion carried

3.8 <u>Cash-Management-and-Investment-Policy</u>

Ms Drew sought the Board's approval for Cash Management and Investment Policy.

This was APPROVED by the Board.

MOVED by Mr Bradley Ryan SECONDED by Mr Wayne Milner

Motion carried

3.9 <u>Melbourne Cup Day – Capalaba</u>

Mr Rowan and Mr Odgers updated the Board in relation to the results of the Melbourne Cup Day event at Capalaba.

• There were 636 people that came through the gate.

- Bar takings were up and the strategy of selling pre-paid drink tickets worked well.
- There were only 88 people attending the reserved marquee.
- There is a loss of \$1144.00 at this stage.
- There is a potential to scale back on operational items to secure more people and to understand to put on an event to cater for the crowd that attended.

Mr Milner expressed his disappointment in the Marquee attendance as Mr Brian Moss indicated to the Board that he had secured 300 people for the Marquee.

3.10 Apprentice Jockey Recruitment, Training and Welfare Review Update

Mr Peter Smith updated the Board concerning the matters relating to recruitment, training and retention of apprentices.

The Board **NOTED** the Report.

Other Matters

Purchase of Ipads for Board meetings

Ms Reid recommended to the Board the purchase of ipads for all Board Directors, Company Secretary, Management and the Board Secretary. This will streamline the Board documentation process and eliminate the use of paper.

The Board APPROVED the purchase of lpads and any required adjustment to the budget.

Confirmed as a true record.

R G Bentley Chairman

Attachment 'A'

Mr Bob Bentley

Director of Tatts Group Director/Chairman of Sunshine Coast Racing Pty Ltd Director/Chairman of Australian Racing Board

Mr Tony Hanmer

Member of the Sunshine Coast Turf Club Inc.

Mr Bob Lette

Life Member Albion Park Harness Racing Club Inc. Member of Brisbane Racing Club Consultant to Mullins Lawyers Non Executive Director Watpac Limited

Mr Bill Ludwig

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

Mr Bradley Ryan

Member of Brisbane Racing Club Member of Tattersalls Club

Mr Wayne Milner

Member of the Brisbane Racing Club Member of the Sunshine Coast Turf Club Member of the Ipswich Turf Club Member of the Victoria Racing Club Life Member of QROA Holder of Victoria Owners Gold Card ME Bank Consultant

