



Minutes of
Queensland Racing Limited
Board Meeting



Friday 4 April 2008

Board Room, Queensland Racing
Racecourse Road, Deagon

Meeting Commenced at 9:30am
Meeting Concluded at 2:30pm

Board
Directors
Present:

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

In attendance:

Mal Tuttle – *Chief Operations Manager*
Adam Carter – *Finance Manager*
Paul Brennan – *Racing Services Manager*
David Owen – *Communications and IT*
Shara Murray – *Legal Compliance Counsel/
Company Secretary*

Minutes:

Laura Hains – *Board Secretary*

The Chairman commenced the meeting at 9.30am.

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#19 on
7 March 2008**

The Board made the following amendments to the minutes:-

Item 2.1; Finance and Wagering Report – January 2008 Page (3)

The following paragraph

Forecast

“QRL’s current forecast is based on a \$11.5M growth. Basis is \$11.5M and Product and Program fee expected to return \$95M 2007/2008”

Is replaced with

“QRL’s current forecast surplus is expected to be \$11.5M based on 0% growth in wagering. The Product and Program fee is expected to return \$95M for 2007/2008.”

Item 2.3 Audit Committee Update (Page 5)

The following paragraph

“Mr Bentley suggested that the audit committee in conjunction with the racing manager should consider the incorporating and granting of race dates with financial planning”

Be replaced with

“Mr Bentley suggested that the audit committee in conjunction with the racing manager should consider incorporating financial planning with the allocation of race dates”

3.3.1 Farrier Inspection at Barrier Trials

The words *“that on occasion”* be added to *“Mr Andrews advised that it has come to his notice that on occasion farriers were failing to adequately check the shoeing of horses at barrier trials.”*

The action is changed to read

Action - The Chief Steward give a direction to farriers working at barrier trials that they must physically inspect the plates of each horse.

4.1 Country Racing

The fifth paragraph on page (7) be changed to read

“Mr Brennan advised that the QCRC are scheduled to meet on 17 March 2008 to consider feedback from the QRL proposal.”

4.3 Proposed Deagon Development

Page (9) first paragraph the number '7' be changed to '&' and the word 'raining' be changed to 'training.'

The resolution be changed to read the following

'quotation between \$30K - \$40K for the detailed master plan'

4.8 Queensland Treasury FOI Request – QRL Response

The following sentence to read

"Ms Murray advised that she received a letter from Queensland Treasury requiring QRL's views on the release of the following documents under the Freedom of Information Act 1992"

4.12 Corbould Park Programme Marketing – April 6 2008

The donation amount to the Energex Sunshine Coast Rescue Helicopter be clarified as \$3000.00

6.2 QTC/BTC Complaint against Phil Purser

On the last line of the first paragraph the words '*Just Racing*' be changed to "*Mr Purser*"

6.4 Gympie Turf Club – Funding Request

This item be changed to reflect as follows:

"6.3 Capital Works

Mr Andrews raised the issue of Capital Works for clubs that provide Training Facilities in view of the possible restructure of Country Racing it was declared that a forum would be held in the financial year and a policy would follow on"

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

The Board **RESOLVED** that the QRL Board Meeting Minutes of 7 March 2008 with the above amendments be received and confirmed.

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

1.4 Action Sheet

The Board **NOTED** the action sheet and requested the following to be added to the Action sheet.

Payment for swabbed Prizemoney Winners	Mr Carter to investigate the process in NSW. (BM#19 – 7 March 2008)	Adam Carter	Board meeting #21 <u>Friday 9 May 2008</u>
--	--	-------------	---

1.5 Correspondence / Matters for Noting

The Board noted the Correspondence in the Agenda.

1.6 Confirmation of Flying Minute

The Board confirmed that the following matter was dealt with by “*Flying Minute*” since the last Board meeting on 7 March 2008.

- Resolution to re-appoint the following individuals as Queensland Racing Limited appointed Directors of Queensland Race Product Co Ltd for a term of three (3) years.
 - (a) Mr Williams Ludwig
 - (b) Mr William Andrews
 - (c) Mr Anthony Hanmer, and
 - (d) Mr Michael Lambert.

MOVED by Mr Bentley, **SECONDED** by Mr Andrews:-

That the above Flying Minutes be noted as circulated to the Board.

SECTION 2 – COMMITTEE / EXECUTIVE REPORTS

2.1 Finance and Wagering Report – February 2008

Mr Carter

February 2008 has resulted in a favourable result compared to the budget, recording a surplus of \$1.5M. QRL’s surplus YTD for 07/08 stands at \$19.6M

MTD – February 2008

- Revenue was up by \$644K reflecting the positive impact on P&P Fee of the return to racing on December 1st.
- Expenditure was down \$277K on budget due to the weather causing some cancellations of race meetings. An expenditure amount of \$149K is taken up for the new owner’s card as previously committed

Wagering

YTD National wagering is down 3.94% overall at the end of February. It is forecasted that wagering should be in line with last years turnover of \$95 M. Comparisons on a monthly basis are deceptive because of the EI crisis August – December

- ▶ Abnormal expenditure to 31st January for EI related issues was \$934K.

Forecast

QRL's current forecast is \$11.5M surplus for 2007/2008 year. Product and Program fee expected to return \$95M for 2007/2008.

Synthetic Track Funding – Corbould Park

As at 25 March 2008 total costs incurred for the synthetic track was \$6.1M. This includes costs for the consultancy, civil engineering contractors, Equestrian Surfaces for laying the surface and project management fees.

The Board were advised that the Synthetic Track at Corbould Park has been completed and stakeholders have embraced the new surface. The track surface has attracted positive endorsement from key stakeholders.

The Board **NOTED** the February 2008 finance and wagering report

2.2 Licensing Report***Peter Smith***

Mr Bill Andrews requested further details on licences that were issued between 26th February and 26th March 2008 and they were provided prior to the meeting.

The Board **APPROVE** the licensing report.

MOVED by Tony Hanmer, **SECONDED** by Bill Ludwig

SECTION 3 – ITEMS FOR DECISION**3.1 ARC Tokyo 2008*****Chairman***

Mr Tuttle provided a paper on the protocols of ARC attendance, and sought the Boards approval for travel for the Chairman, Chief Operations Manager and their partners to the ARC Tokyo in November.

The Chairman advised that as part of the EI overtime worked by key employees that QR would offer Paul Brennan, Reid Sanders and partners attendance at the ARC if they elected to accept this as part payment.

The Board **APPROVED** the attendance at the ARC Tokyo conference.

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

3.2 Motor Vehicle Analysis

Ron Mathofer

Ron Mathofer provided an analysis of the fleet purchase of Motor Vehicles for QR and comparative analysis of costs of purchase versus lease.

The analysis provided to the Board was comprehensive and detailed 6 options available, The Board **AGREED** it was in QRL's best interest to change the purchase of motor vehicles to Fleet Australia as an operating lease.

MOVED by Bill Andrews, **SECONDED** by Bill Ludwig.

SECTION 4 – ITEMS FOR DISCUSSION / NOTING

4.1 Performance Measurement for TAB clubs. Adam Carter & Ron Mathofer

Mr Carter and Mr Mathofer provided a powerpoint presentation to the Board to demonstrate the functionality of the database EIS-One performance measurement for TAB –Clubs. The system has the Financial and Key Performance indicator capabilities as well as the ability to compare the relative performance of clubs using various financial and non-financial metrics.

QRL is endeavouring to simplify the report process for clubs. The EIS One is a collaborative model, with all TAB clubs on the one database which will make it easy to access at the end of each financial year.

At the moment the Key Performance Indexes (KPI) are not personalised for each club, Mr Carter advised that he will be working with the clubs to ensure the KPI's are appropriate.

Mr Bentley asked Mr Carter "if Country Racing is to be reduced to 35 clubs could Queensland Racing do their accounting?" Mr Carter said "It is feasible however we would need more resources and our approach would then be similar to Racing Victoria"

The Board **NOTED** the presentation and the rollout of EIS – One.

4.2 QRL Awards Night***David Rowan***

Mr Rowan advised the Board of the date, Thursday 14th August 2008 and the Venue, Brisbane Sofitel. The format is still to be worked through with the night to take on a racing focus.

The Board **NOTED** the update

4.3 Cushion Track Accounts***Reid Sanders***

A budget of \$6,250,000 was allocated for the cushion track expenditure as at 26.03.08 was at \$6,098,885.00 leaving the project approximately \$151K under budget.

The Board **NOTED** the update

4.4 Review of Policy***Shara Murray***

The Board **NOTED** that the following *Policy for Making Queensland Racing Limited Officials, Other Staff and Licensees Aware of Their Duties* was due to expire in April 2008. The Policy was reviewed by the Chief Operations Manager and no changes were necessary.

4.5 Constitution of QRL -(In Camera)***Chairman***

The Chairman outlined to members the need for some changes to the constitution to give the board greater tenure to complete the extensive reform agenda and introduce a simpler selection process for future elections of directors.

The board discussed the matter and resolved to proceed with the Chairman, Tony Hanmer and Bill Andrews to brief designated Class “A” members on the proposal and to gauge their reactions. Subject to the feedback obtained the Chairman is to call an extraordinary meeting as soon as possible to change the constitution.

MOVED by Bill Ludwig **SECONDED** by Michael Lambert

4.6 Cairns Jockey Club***Ron Mathofer***

Mr Ron Mathofer updated the Board on the following

A Corporate Governance and Financial Management assessment was conducted by Deloitte on the Cairns Jockey Club in June 2007. The report, tabled in the December 2007 QRL Audit Committee meeting, outlined the concerns over poor record keeping

practices and the lack of internal controls. This was to be addressed by the new Committee headed up by Mr Tom Hedley of The Hedley Group. Mr Hedley has since handed over finance to a new Treasurer from November 2007 and the new Treasurer is endeavouring to give the Board an updated position.

It has been difficult for QRL to get financial status reports from Cairns Jockey Club for financial year 06/07 as well as regular requested information. Repeated requests for information were required before the information was forthcoming

A draft copy of the annual financial reports was forwarded to QRL for the year ending 30 June, 2007. The report received did not include the external auditor's qualifications. The copy was unsigned by club directors or auditors and therefore could not be considered a valid document

Mr Mathofer recommended that the club be given until the 22nd of April 2008 to finalise the financials to date and to prepare a budget and cash flow forecast for the coming financial year.

The Board **NOTED** the update and **AGREED** that the Cairns Jockey Club be given to the 22nd April, 2008 to provide a response.

4.7 Mount Isa Direction

Shara Murray

Mount Isa Turf Club had requested an extension of time in relation to QRL's control body direction. This has been granted and Mount Isa was given until the 3rd April, 2008. Correspondence to date is attached in Board papers.

The Mount Isa situation is of concern to the Board and there appears to be little corporate governance implementation should Mt Isa Club's situation deteriorate in governance and financial viability the Board agreed that stronger action will be necessary.

The Board instructed Ms Murray that governance and financial issues must be addressed at a matter of urgency and report to the next Board Meeting.

The Board **NOTED** the update

4.8 Cushion Track Service Level Agreement

Shara Murray

The Board noted the Service Level Agreement as presented, noting the conditions to protect QRL's investment in the Cushion Track. The Board instructed Ms Murray to expedite the signing by the SLA with the Sunshine Coast Turf Club

4.9 Country Racing

Paul Brennan

Mr Brennan outlined the meetings held with the CRC, with frequency and the amount of correspondence, demonstrating that QRL had consulted adequately with the CRC.

Mr Brennan advised the Board that the outcomes achieved with the QRC were disappointing, the rational of the decision taken, demonstrated that the objectives of non tab racing do not align with a commercial racing industry.

Mr Ludwig advised that going forward a further rationalisation of country racing was inevitable.

The Chair advised he had been delivering a constant message to the media that a further rationalisation was inevitable along with a change to funding arrangements for country racing. The anticipated changes will effect the 2008/2009 year.

Mr Brennan advised that a series of consultation meetings will be held with the CRC and regional clubs post July 2008.

The Board **NOTED** the update provided.

4.10 2008/2009 – 3 Code Race Date Schedule *Paul Brennan*

The attached schedule has been approved by Product Co on March 26th, 2008 and has been provided to UNiTAB for final approval.

The Board **NOTED** the 3 Code Race 2008/2009 Schedule.

4.11 Proposed Agenda Format *Chairman*

The Board agreed for the new format to be trialled from the next meeting in May.

4.12 Deagon Training and Development Plan *Malcolm Tuttle*

Mr Tuttle advised the Board that Nettletontribe has been engaged to develop initial Master Plan options and to proceed to develop a detailed Master Plan after considering further issues such as:

- ▶ Town Planning;
- ▶ Track Design;
- ▶ Surveying for structures, boundaries etc;
- ▶ Traffic;
- ▶ Civil and hydraulic engineering; and
- ▶ Specific QRL requirements including stable construction

The Board noted the three site options attached to the Board paper and that they will be further worked up towards the final Master Plan.

The Board **NOTED** the update and reiterated their **APPROVAL** of the Deagon development. .

4.13 Sky Channel Broadcast Rights Agreement *Malcolm Tuttle*

Mr Tuttle advised that he was currently discussing the amalgamation of TV rights currently held by the clubs.

At this stage the majority of clubs were taking a sensible commercial approach to the proposition of an amalgamation of broadcast rights with the exception of the QTC who are unwilling to commit.

Mr Lambert commented that this approach should be continued and if necessary pressure applied to clubs to bring about a positive outcome.

The Board **NOTED** the update and instructed Mr Tuttle to continue with this important project

4.13.1 On Course Race Video

Malcolm Tuttle

Mr Tuttle advised that he has had discussions with Louis Bickle in relation to provision of oncourse vision.

Mr Tuttle outlined that during his discussion with Mr Bickle, he had indicated that Queensland Racing Limited may be interested in purchasing his oncourse broadcast company. Mr Tuttle undertook to further discussions with Mr Bickle to ascertain whether he has an interest in selling his business.

Mr Tuttle also undertook to brief the Board further in relation to this matter in due course

4.14 2007/2008 Business Plan

Malcolm Tuttle

The Board **NOTED** the update and the timings of the presentations to take place

- | | |
|----------------------|--------------------------------------|
| ▶ MAY Board Meeting | Draft Strategic Plan to be tabled |
| ▶ JUNE Board Meeting | Report against 07/08 Business Plan |
| ▶ JULY Board Meeting | Draft Business Plan for the 08/09 FY |

4.15 Gold Coast Development Palm Meadows

Michael Lambert

Mr Michael Lambert updated the Board on the Gold Coast Development, Palm Meadows project. He tabled a report from Price Waterhouse Coopers (PWC) providing advice containing a desk-top feasibility assessment of a master plan racing and property development project on the site of the current equine precinct at Bundall.

Mr Lambert advised that a series of meetings have been put in place to progress the project

- ▶ Wednesday, April 9, 2008 – Treasurer
- ▶ Thursday, April 10, 2008 – PwC
- ▶ Friday, April 11, 2008 – GCCC
- ▶ Friday, April 11, 2008 – DIP
- ▶ Thursday, April 17, 2008 - GCTC
- ▶ Friday, April 18, 2008 – Stockland
- ▶ Friday, April 18, 2008 – Office of Treasury
- ▶ Tuesday, April 29, 2008 - Treasurer

The Board **NOTED** the update.

4.16 Government Contribution to EI Marketing Initiative

Tony Hanmer

The Board **NOTED** the attached correspondence from Mike Kelly Executive Director Office of Racing. The Hon. Andrew Fraser has provided the 3 codes of Racing with \$650K of funding for the EI Marketing Initiative.

The Board discussed the allocation of funding and agreed that QRL is to create a TV campaign that will be suitable for all Regions. It was noted that the funding will be controlled by QR as QR will be responsible to Government for the audited results.

Mr Hanmer to provide details after consulting with a suitable media company

The Board agreed that the project must be funded from the funding provided with the grant and on a question from Mr Andrews on QR's contribution Mr Hanmer advised that no QR funds will be used for the project.

ACTION

Mr Tony Hanmer to canvass a Media Company which will obtain the best outcome.

4.17 Cushion Track Opening Day

Tony Hanmer

Mr Hanmer updated the Board on the Sunshine Coast Cushion Track Opening Day on Sunday 6th April, 2008.

4.18 457 Visas for track riders***Tony Hanmer***

The Board discussed the shortage of track riders currently being experienced and the implications of using 457 Visas to bring Eastern European Track Work Riders to Australia.

Mr Ludwig advised that the Aust. Workers Union was not opposed to the 457 Visas but the main obstacle was trainers were reluctant to pay the required wages and provide suitable accommodation and supervision.

Chairman advised that he had held discussions with Mr Tuttle and Mr Smith and that the QR executives were willing to progress an application, subject to Board approval. The Chairman also advised that it would be prudent for the Board to fully understand the terms and conditions of 457 visas noting that some serious breaches had occurred with the operation of 457 visas in other industries.

ACTION

Chief Operations Manager to speak with Manager of Licensing & Training and ask him explore this possibility further.

4.19 Betfair Pty Ltd v WA– High Court Decision***Chairman***

The Board **NOTED** the recent High Court decision in relation to the action brought by Betfair and agreed to continue to monitor the ongoing situation regarding betting exchanges

SECTION 5 – DEPARTMENT MATTERS**5.1 Letter from Mike Kelly re: proposed enhancements to policies or procedures due to integrity issues at RVL*****Chairman***

Mr Hanmer inquired as to what steps Board member's should take to register executives and board members interests in racing animals and betting accounts.

Mr Hanmer advised that he had held discussions with Mr Mike Kelly of the racing department of the integrity associated with the betting issues of the former CEO of racing Victoria. Mr Hanmer enquired as to what steps the board intended to take to register the racing animals and betting accounts of the Executive and Board members.

The Chairman advised the structure of QRL, with an integrity manager should provide adequate protection.

The Board **AGREED** that a register of racing animals and betting accounts wont be kept by QR but the incoming Integrity Services Manager should be made aware of the issues surrounding the Victorian Racing breaches.

The Board **AGREED** to formulate a response to the Racing department advising that the Board of QR was aware of the Racing Victoria incident and QR was reviewing requirements to monitor any such like occurring in QRL.

ACTION

Acting Integrity Services manager to provide a response to Mike Kelley on behalf of the Board.

SECTION 6 – GENERAL BUSINESS

6.1 Queensland Jockeys Association Lunch

Chairman

QRL funded a table at the Queensland Jockeys Association lunch on Thursday 8th May, 2008 at the Pineapple Hotel.

The Board **NOTED** the luncheon

6.2 Rockhampton Tattersall's Race Club Inc.***Paul Brennan***

Mr Brennan advised the Board that correspondence had been received from the Rockhampton Tattersall's Race Club confirming that they wish to dissolve and transfer their assets to the Rockhampton Jockey Club.

The Board acknowledged that the Rockhampton Tattersall's Race Club was providing the funds to the Rockhampton Jockey Club with the proviso that the funds are utilised for the purpose of extending the public area and establishing a patio at the front of the Committee Bar. Additionally, it was acknowledged that the Rockhampton Jockey Club retain the Tattersall's Sprint and Tattersall's Gold Cup races as lead ups to the Newmarket and Rockhampton Cup.

The Board **AGREED** to the request from the Rockhampton Tattersall's Race Club and requested that Ms Murray write to the Club confirming the Board's approval and documenting the requirements of the Club to ensure their dissolution is appropriately finalised.

ACTION

Ms Shara Murray to provide a response to the Rockhampton Tattersall's Race Club as Company Secretary and Legal Compliance Officer.

MOVED by Michael Lambert, **SECONDED** by Tony Hanmer.

6.3 Mackay***Malcolm Tuttle***

Mr Tuttle tabled a document titled "Mackay Regional Events Centre, alternative site feasibility". See Attachment "D" to the minutes.

The Board discussed the proposal for racing in Mackay to be located to an alternative venue. Following the discussion it was agreed to provide in principle support for the move subject to the Board approving the financial model

The Board **SUPPORT**, in principle, the financial model proposal.

6.4 Trafalgar***Shara Murray***

Ms Murray advised the Board that:

Trafalgar has sought to have the dispute between themselves and the Cairns Jockey Club (the Club) go to mediation.

The Club advised that it believes that it does not have any liability to Trafalgar. The Club states that the only purpose of attending a mediation would be to attempt to

convince the mediator as to the flaws in Trafalgar's claim and have the mediator make those observations to Trafalgar.

The cost of the mediation would be significant involving contribution to the mediator's costs, costs of the Club's lawyers, costs of Counsel and any attendees from the Club and the individual defendants.

~~The Club has written to Trafalgar rejecting the mediation and advised that if they are serious about the action to proceed forthwith.~~

The Club have yet to receive a response from Trafalgar.

ACTION

Ms Shara Murray to keep the Board updated.

The Board **NOTED** the updated provided by Ms Murray

Meeting concluded at 2:30pm

Confirmed as a true record.

R.G. Bentley

Chairman

Dated...../...../2008

ATTACHMENT “A”

Mr Bob Bentley

Director of Tattersall's Limited
Director of Sunshine Coast Racing Pty Ltd (ACN 120 875 363)
Director of Australian Racing Board
~~Chairman of the Australian National Racing Committee~~

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