

**Treasurer of Queensland
Ministerial Correspondence Action Sheet**

Due Date: <u>11/9/08</u>	Division: <u>Racing</u>	Dept Ref: <u></u>
	AUT/ED: <u>J Kirby</u>	

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 ← Mr Carter
- ☐ Parl Sec – Noted: no further action required → Clarke/Kann lawyers
- ☐ 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 x 2
- ☐ Reply from Under Treasurer
- ☐ Reply from Parl Sec
- ☐ Reply from SA
- ☐ For information
- ☐ Necessary Action

Copy to: _____

Ministerial Policy Advisor Comments:

Please commence investigation of the allegations
made by Mr Carter and Clarke/Kann lawyers/
Mr Peoples, as discussed.

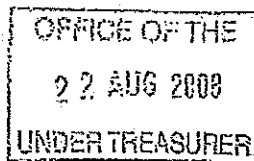
Many thanks.

3x Corro att. is.

Name Kathleen Smith Signature: [Signature] Date: 21/9/2008

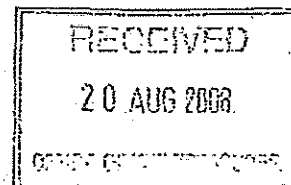
Keyword: <u>Racing</u>
Notes: <u></u>

MC ☒ D/OUT ☐



19 August, 2008

The Honourable Andrew Fraser MP
Treasurer and Minister for Racing
GPO Box 611
BRISBANE QLD 4001



Dear Minister,

Re: Queensland Racing Limited (QRL)

You will recall that on Wednesday 6 August 2008 there was a General Meeting of QRL which resolved to amend the Constitution of QRL to provide that the terms of the current Directors be extended for what might be seen to be an exceptional period without challenge. Prior to this meeting there was held a meeting of the Class A Members.

I attach a summary of the governance history of the Queensland Thoroughbred Racing Board (QTRB) from 5 April 2002, which was supplanted on 1 July 2006 by QRL. By reason of the amendments proposed at the above meetings, the current Directors will exercise the regulatory powers of the statutory control body until 2018/2020 with only one opportunity for the industry members of the company to determine the composition of the board – in 2012/2014.

There are aspects of what occurred at the above meetings, and generally, which need to be drawn to your attention. I will refer to them in turn:

1. The Country Racing Committee proxy

I am informed that at the Class A Meeting Mr Ludwig, a Director of QRL and a Class B Member of the company, purported to exercise a proxy on behalf of the Country Racing Committee (CRC) in favour of the resolution.

The circumstances in which this occurred, if correctly reported, raise serious doubts about the validity of this proxy and the matter is currently the subject of considerable industry concern. I am informed by a member of the CRC that the matter has been referred to solicitors.

Minister, as you are no doubt aware, QRL is, by section 59 of the Racing Act 2002, a "unit of public administration" under the Crime and Misconduct Act. It is submitted that the circumstances relating to the purported exercise of the above proxy should be referred to the Crime and Misconduct Commission (CMC) for independent and proper investigation and/or to the Australian Securities and Investments Commission (ASIC). There is a further concern in relation to this and other proxies being held by another Board Class B Member and an employee of QRL which I will deal with below.

2. The Townsville Turf Club (TTC)

TTC is a Class A Member of the company. On the morning of 6 August 2008, the day of the meeting, Mr Alan Parry the chair of TTC, who is well known to me, and is a highly respected businessman in Townsville, attended at the meeting venue as the representative of the TTC. He was refused admittance to the meeting by a QRL official. I do not know the identity of that person. Mr Parry was informed that, because he had not been nominated as a proxy by the TTC, of which he is the Chairman, he could not attend the meeting. My understanding is that he was instructed by his Board to attend the meeting and to vote against the resolution.

You are probably aware that the vote in favour was 14-1. There are 16 Class A Members. Mr Parry's non attendance on behalf of the TTC confirms the fact that he was refused admission by a person on behalf of QRL. He returned to Townsville later that day.

This raises further questions about QRL's involvement in what was to be a meeting only of the Class A Members.

In the Notice of Meeting to Class A Members, the "Notes" at the foot of the Notice include the following:-

1. A member may appoint a proxy.

Note the use of the permissive "may". The Notes then add some relevant matters to be addressed, on the assumption that the Class A Member wished to take advantage of the proxy provision.

Clause 12.2 (b) of the Constitution of QRL provides that: "A member may vote in person or by proxy...". Clause 14 details the requirement for the use of a valid proxy.

I am informed that in the case of TTC, Mr Parry was excluded from the meeting on the basis that he did not hold the proxy of the TTC even though he was present as the representative of the Club. The action of excluding him ignores the obvious fact that Mr Parry had travelled from Townsville to attend the meeting in person on behalf of his club and was present at the meeting venue when he was excluded. He was the accredited person to attend on behalf of his Club/Company of which he was the Chairman and the Chairman of Directors. In short he was present in person at the Class A Members meeting on behalf of a Class A Member. The fact that a Company only acts through its Directors and that Mr Parry's presence at the meeting was in accordance with the decision of his Board was also wrongly ignored. Mr Parry's Board obviously did not wish to use the proxy provision because the Directors decided that the Club's vote would be cast "in person". Hence the use of a proxy was unnecessary.

In short, Mr Parry on behalf of the TTC was wrongly excluded.

Furthermore, given Mr Parry's presence at the meeting and the meeting venue, it was clearly a matter for the meeting of the Class A Members to consider and decide, if there was any doubt, whether Mr Parry should be permitted to attend. This did not occur. My understanding is that it was the QRL official who decided that Mr Parry could not attend the meeting, not the Class A Members. It was the QRL official who excluded him.

3. The appointment of proxies

Mr Ludwig, a QRL Board member and a Class B Member was, as pointed out above, the purported proxy of the CRC a Class A Member. Mr Bentley, the chair of QRL Board and himself also a Class B Member, held proxies from the Breeders Association and the Trainers Association. The proxy for the Mackay Turf Club was held by Miss Murray, a QRL employee. Both Messrs Ludwig and Bentley and Ms Murray attended the meeting of Class A Members from which Mr Parry, the Chair of TTC, a Class A Member, was excluded.

The subject matter of the relevant resolution at the meeting of Class A Members was directly relevant to the future tenure and to the financial benefit of Messrs Ludwig, Bentley and the other three Directors. Whether the proxies held by these two Directors were "open" or "directed" proxies is not known. In either case for the Class B Members Messrs Ludwig and Bentley, in the circumstances of this particular company and, more particularly, of this particular resolution, a serious and disturbing conflict of interest necessarily arises. In the case of "open" proxies, these two Class B Members could, in the exercise of their own discretion, vote in favour of their own personal beneficial interests. So too, if the proxies were "directed", the potential for serious conflict is clear.

The Chair and Board of QRL and the relative status of Class B and Class A Members, inter se, takes this case well outside what might be seen to be normal commercial practice in the affairs of an operating commercial corporation:

You may or may not be aware of the express written statements of QRL to your predecessor, Minister Swarten in early 2006, in the context of substantial objections made by the Queensland Turf Club (QTC) to the Minister when he had under consideration the question of QRL's application for the Control Body Approval. In response to the QTC's objections to vital components of the proposed QRL constitution, the written response of QRL to the Minister included the following:-

"(The Queensland Racing Limited proposal) does not provide members (that is the industry shareholders who are members of Queensland Racing Limited), who are the subject of regulation which the company is responsible to apply to them, to have control over the decisions of who constitutes the Board nor of the way in which the Board carries out its duties."

In short, the Class A Members are "the subject of regulation" by the Directors. They are the subordinates: QRL Directors exercise in respect of them regulatory power and control: hence the Class A Members should have no "control over the decisions of who constitutes the board nor of the way in which the Board carries out its duties". If so, should QRL Directors be permitted to accept and exercise for their own pecuniary benefit the proxy of a Class A Member, who is a subordinate and one who is the "subject of regulation".

The peculiarities of this Company and of this Board require no further emphasis.

In particular the peculiarities of this relationship emphasise the degree of influence the Chairman either himself or through his officers, can exercise, for example, in respect of the Mackay Turf Club, a Club licensed by QRL, as is its racing venue – a matter emphasised recently in the media. And yet a staff member of QRL accepted the proxy for the Mackay Turf Club. How that occurred is not known and is a fit subject for independent investigation.

Again the proxies held by Mr Bentley on behalf of the Breeders and the Trainers is a curiosity. Both of these organisations are metropolitan based with a broad membership, many of whom would have been readily available to attend the Class A Members meeting either in person or on behalf of the respective bodies or if necessary by proxy. Indeed, a member of Trainers executive, a leading Brisbane Trainer was actually present at the meeting but left it when Mr Bentley walked into the meeting. Why then appoint Mr Bentley as proxy, and how did that situation come about? – another proper subject for investigation.

Both organisations well knew that Mr Bentley was an immediate beneficiary of a favourable resolution. They must have recognized that for Mr Bentley to be involved as a proxy in these circumstances on their behalf was, for him a conflict of interest. Yet they condoned it. Why? It is known that both associations enjoy a close relationship with the Chair QRL. More importantly QRL, its Directors and employees have the capacity to suborn Class A Members and to influence them whether by fear or favour.

Clearly, whether the proxies of these three Class A Members were open or directed, for these Directors and an employee to accept proxies when, in any case, proxies were not necessary, raises the serious concern that for them even to accept such proxies represents for them serious conflicts of interest.

4. Directors Remuneration

The resolution put to the meetings were directly related not only to the tenure of these directors but also to their continued remuneration, possibly for many years. It is therefore timely to draw to your attention matters within the QRL constitution which bear directly on the issue of Director's remuneration.

By Clause 15.4 of the Constitution, the aggregate fees payable to Directors is to be determined by members in a general meeting of the Company and at such a meeting only the Class A Members may vote on the issue and "each" Class A Member has one vote, a notable exception to the general voting rights for classes of members. Reading Clauses 15.3 and 15.4 together, the Directors thereupon are able to decide for themselves how the aggregate amount of fees approved by the Class A Members is to be apportioned between such Directors. But the Class A Members must determine the aggregate amount.

This company was formed on or about 26 April 2006 and operated as the Control Body from 1 July 2006. My enquiries reveal that the issue of the aggregate fees to be paid to Directors has never been considered by a general meeting of the Company since its incorporation. Nothing is known by the Class A Members regarding the remuneration of Directors either as an aggregate amount nor individually. Nor do the Annual reports of QRL reveal this detail. The relevant parts of these reports are designed to render obscure not only this detail but also such other matters such as the expenses claimed on behalf of individual Directors including the Chairman.

As a result, the real nature and extent of the financial interest, which a favourable resolution at the meeting, conferred on each of the Directors was and remains unknown to those Members who voted on the resolution and presently cannot be ascertained. It is reasonable to expect that this information should be fully disclosed not only to members but also to the racing industry generally.

After all, this involves the disbursement of industry funds. Why, therefore, is the racing industry to be denied access to such information? It is submitted that you should consider a specific request to the auditor-general under section 60 of the Racing Act to audit the Control Body and in particular the remuneration, expenses and any other amounts paid by the Company or any other person to each Director.

5 Conclusion

Minister you will recall that on 19 April 2007 I wrote to you concerning the commercial relationship between QRL and the Sunshine Coast Turf Club. Your undated reply received by me on or about 6 July 2007 stated the Integrity Commission's alleged satisfaction with the relevant arrangements. I replied to your letter on the date on which I received it. It was in the nature of a personal hand written reply in which I sought from you the basis for his alleged satisfaction and requested a copy of the advice. Regrettably I was not afforded the courtesy of a reply. This surprised me and has led me to believe that you probably never saw my letter.

Needless to say later events concerning QRL and Caloundra in relation to matters, such as race dates and on course development, only confirm expressed concerns relating to that obvious conflict of interest. Please note also that I have never had a response to the question as to whether QRL has the statutory power under the Racing Act to enter into commercial arrangements with any of its licensees.

Finally Minister I would urge you to initiate independent enquiry into matters relating to the 6 August meetings and that such enquiry be undertaken, not by the Racing Division, but preferably by the CMC and/or ASIC since the matters of concern comprehend the statutory jurisdiction of one or the other.

I would appreciate your response.

Yours sincerely,



W. J. Carter QC

Mary Anne

Unable to find
these letters on W/F.

**QUEENSLAND RACING LIMITED (QRL) GENERAL MEETING –
6 AUGUST, 2008**

**QRL PROPOSALS FOR AMENDING ITS CONSTITUTION
A SUMMARY**

1. Messrs Bentley Hammer Lambert were appointed members of QTRB ON 5 April 2002.
2. Messrs Ludwig and Andrews were appointed members of QTRB in December 2004.
3. QRL (the Company) was incorporated by QTRB in October 2005 and applied for and was granted the Control Body Approval under the Racing Act on about 24 December 2005 to operate on and from 1 July 2006.
4. QTRB (a statutory body) was the control Body for thoroughbred racing in Queensland from 5 April 2002 to 30 June, 2006. On 1 July 2006 QRL (the company) became the Control Body. QTRB and QRL respectively exercised the same powers as the Control Body for thoroughbred racing in Queensland. QRL's term as the Control Body is for 6 years – expiring 30 June, 2012.
5. The Constitution of QRL (operative from 1 July 2006) in its unamended form provides:-
 - That the above 5 directors remain unchallenged for 3 years – to the 2009 AGM when 2 must retire; 2 more must retire at 2010 AGM; one must retire at the 2011 AGM.
 - At the 2012 AGM and at all subsequent AGMs one third of the 5 (rounded up to 2) must retire by rotation.
6. The proposed amendments which QRL intended to put to a General Meeting of QRL Members on 30 May, 2008 (the meeting was not held because proper notice of the meeting was not given) QRL proposed –
 - That the present 5 directors remain free from election until the 2012 AGM
 - That 2 directors retire thereafter at each AGM every 2 years by rotation
7. The amendments which QRL propose to put to the General Meeting of members on 6 August, 2008 provide –
 - That the present 5 directors remain free from election until 2012
 - That, if QRL is granted a further term of 6 years by the Minister (the “subsequent Control Body Term”) as the Control Body, 3 of the 5 directors must retire, are eligible to apply for re-election at the 2012 AGM and if elected, do not have to stand for election again during the 6 years term, that is, they remain directors until 30 June 2018 without further challenge
 - The remaining 2 directors retire at the third AGM (2014), are eligible for re-election and if elected are free from election until 2018.

8. Therefore in respect of the 5 Directors of QRL (who were previously the members of QTRB) who were self appointed as the 5 founding directors of QRL (the Company)

- All 5 will be free from election until 2012 AGM
- At the 2012 AGM 3 must retire and if elected are free from election for another 6 years till 2018
- That 3 therefore will have stood for election only once between 2006 and 2018 – a period of 12 years
- The other 2 have to retire at the 2014 AGM (they will by then have been free from election for a period of 8 years i.e. since their first appointment on 1 July 2006)
- That 2 are eligible for re-election in 2014 and if elected remain free from election until 2018
- They too, like the other 3, will have stood for election only once between 2006 and 2018 – a period of 12 years.

9. Accordingly

- Messrs Bentley Hammer and Lambert, either as a member of QTRB or of the Company QRL, will, if elected at the only election to which they are subject, have exercised the powers of a Control Body Director from 5 April 2002 to 30 June 2018 – a period of 16 years continuously
- Messrs Ludwig and Andrews will either as a Member of QTRB or of the Company QRL will, if elected at the only election to which they are subject, have exercised the powers of a Control Body director from December 2004 to 30 June 2018 – a period of almost 13½ years continuously

10. The Jackson QC Opinion

The substance of this opinion is –

- There are no provisions in the Corporations Act prescribing the time limits for which a director of a Company may hold office.
- There is no universal objective standard against which general issues of corporate governance can be measured
- This is a question of fact and degree and must be assessed against the competing considerations of consistency and stability of governance on the one hand and a need to guard against complacency and entrenched inefficiency on the other
- 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
- There is nothing in the opinion to suggest that Jackson QC knew that 3 of the Directors had been in office as QTRB Members for 4 previous years prior to the formation of the company nor the other 2 since December 2004

11. Messrs Bentley Hanmer and Lambert will have exercised the regulatory powers of the Control Body unchallenged for 10 years (5 April 2002 – 30 June 2012) and then, subject to one only process of re-election, until 2018 – a period of 16 years.

Messrs Ludwig and Andrews will have exercised the regulatory powers of the Control Body unchallenged for 9½ years (December 2004 – 30 June 2014) and then subject to one only process of re-election until 2018 – a period of 13½ years

QRL Directors – Length of Service (LOS)

As a Member of the Queensland Racing Control Body, either Queensland Thoroughbred Racing Board (QTRB) or Queensland Racing Limited (QRL) at Annual General Meeting 2008, 2012, 2014, 2018.

Age (Age)

At 30 May, 2008, 2012, 2014, 2018

	Date appointed	2008		2012		2014		2018	
		LOS	Age	LOS	Age	LOS	Age	LOS	Age
Bob Bentley	2002	6	(65)	10	(69)	12	(71)	16	(75)
Tony Hanmer	2002	6	(61)	10	(65)	12	(67)	16	(71)
Michael Lambert	2002	6	(59)	10	(63)	12	(65)	16	(69)
Bill Ludwig	2004	4	(74)	8	(78)	10	(80)	14	(84)
Bill Andrews	2004	4	(59)	8	(63)	10	(65)	14	(69)

ClarkeKann LAWYERS

Office Brisbane
Contact Tim Ferrier
Direct Line 07 3001 9215
Email t.ferrier@clarkekann.com.au
Our ref 016390_1

19 August 2008

FACSIMILE TRANSMISSION - 7 PAGES

Mr Michael Dart
Office of the Treasurer and
Minister of Racing
Facsimile 3229 0642
BRISBANE

Dear Mr Dart

Queensland Racing Limited

As discussed, I enclose a copy of my email to Cooper Grace Ward as
solicitors for QRL of 15 August and the reply to that email received from the
Chairman of QRL today.

Yours faithfully


Tim Ferrier
Partner
Property & Projects

CK

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016390_1

Tim Ferrier

From: Tim Ferrier
Sent: Friday, August 15 2008 5:02 PM
To: 'David Grace'
Subject: RE: QRL Limited - Copy of Constitution

Thankyou for your email.

We confirm that we have received instructions from certain of the members of the Queensland Country Racing Committee (QCRC)-a class A member as referred to in the Constitution of Queensland Racing Limited. I would be grateful if you would urgently provide evidence of the appointment of the representative of the QCRC at the meeting of Class A Members held on 6 August at which a vote was taken on the matters considered in the general meeting of the company later that day

Regards

Tim Ferrier
Partner | Property & Projects
ClarkeKann
LAWYERS

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From: Heidi Churchill [mailto:Heidi.Churchill@cgw.com.au]
Sent: Thursday, August 07 2008 11:19 AM
To: Tim Ferrier
Cc: David Grace
Subject: QRL Limited - Copy of Constitution

Dear Tim.

David has asked me to forward the attachment to you on his behalf, thank you.

Kind regards

Heidi Churchill | Administration Assistant | Ph (61-7) 3231 2469 | Fax (61-7) 3221 8469 | Email
heidi.churchill@cgw.com.au

Cooper Grace Ward Lawyers Central Plaza Two, Level 23, 66 Eagle Street, Brisbane 4000 | GPO
Box 834, Brisbane 4001
www.cgw.com.au

*** Please consider our environment and print this email only if it is necessary. ***

<<Constitution pages.PDF>>

19/08/2008



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E info@queenslandracing.com.au
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19 August 2008

Mr Tim Ferrier
Partner
Clarke Kann Lawyers
Level 7
300 Queen Street
BRISBANE QLD 4000

Dear Mr Ferrier

RE: QUEENSLAND RACING LIMITED

I refer to your recent correspondence with Mr David Grace of Cooper Grace Ward, concerning the above matter.

I note your comment in your e-mail dated 15 August 2008 to Mr Grace, that you have received instructions from certain members of the Queensland Country Racing Committee (QCRC), a Class 'A' Member, as referred to in the Constitution of Queensland Racing Limited (QRL).

I further note your request of evidence of the appointment of the representative of the QCRC at the meeting of Class A Members held on Wednesday, 6 August 2008, at which a vote was taken on the matters considered in the General Meeting of the Company later that day.

By way of background, I advise the following:

Constitution Vote - 6 August 2008

I advise that on Wednesday, 6 August 2008, four (4) meetings were held in relation to the Special Resolutions to amend the Constitution of QRL, these being:

- (a) Class A Member Representative Meeting
- (b) Class A Member Meeting
- (c) Class B Member Meeting, and

(d) General Meeting.

At the meeting of Class A Members and the General Meeting, the Member Representatives were not required to take part in meetings (b) – (d) above, unless a Class A Member Representative was the appointed Class A Member Authorised Representative – who was to carry the vote of the Class A Members at the General Meeting.

I confirm that Mr Gary Peoples was aware of these meetings, and in fact, he attended one of these meetings, being the Class A Member Representative Meeting at 10:30am via phone conference.

Mr Peoples, as a Class A Member Representative received an e-mail from QRL's Company Secretary, Ms Shara Murray, advising Mr Peoples that:

Dear Class A Member Representatives

Re: Authorised Representative of Class A Members

I note that Mr Bob McHarg is currently the Authorised Representative of the Class A Members. I advise that Mr McHarg is currently overseas.

At the General Meeting the only vote will be 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 QRL Constitution.

In light of the above, it will be necessary to hold a Class A Member Representative Meeting prior to the Class A Member Meeting, in order to appoint a new Authorised Representative of Class A Members.

I have set the following Class A Member Representative Meeting: Wednesday, 6 August 2008 at 10:15am at the Office of Queensland Racing Limited at Racecourse Road, Deagon.

Please RSVP by return e-mail by close of business, Thursday, 31 July 2008 as to whether you will be able to attend.

Please do not hesitate to contact me, should you have any queries in relation to this meeting.

I look forward to receiving your reply.

Regards

Shara

Mr Peoples had numerous telephone conversations with Ms Murray concerning the procedures involved in relation to the voting process.

In addition, during the Class A Member Representative Meeting, Mr Peoples was asked by Mr Neville Stewart, whether he had anything to add to the meeting. Mr Peoples reply was his concern in relation to the reduction of race dates for country racing. At no time during the meeting did Mr Peoples raise any issues of

concerns relating to the additional meetings being held later that day and/or any concerns he had with the voting process.

The situation was explained to Mr Peoples that he was not required to attend any further meetings that day. Once again, Mr Peoples did not raise any issues of concerns about the proxy process or his necessity to attend further meetings.

In conclusion, at the Class A Member Representative Meeting, the majority of Class A Member Representatives elected Mr Neville Stewart as the Class A Member Authorised Representative to vote in accordance with the majority wishes of the Class A Members at the General Meeting of QRL.

At the Class A Member Meeting, 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.

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 QRL Constitution.

Telephone Call – Mr Gary Peoples – 7 August 2008

On Thursday, 7 August 2008, I received a telephone call on my mobile phone at approximately 5:45pm from Mr Gary Peoples.

I note Mr Gary Peoples, along with Mr Noel Brosnan, is a Class A Member Representative of the QCRC.

It is my understanding that the purpose of this telephone call by Mr Peoples, was to advise me that he, as a *Class A Member Representative*, had not had a vote at the Class A Member Meeting on Wednesday, 6 August 2008 and that he wanted a meeting of the QCRC called for Wednesday, 13 August 2008.

I advised Mr Peoples that in accordance with legal opinion received from DF Jackson QC and Andrew Herbert SC, that QRL had secured the best possible advice on procedure, concerning the voting process. This advice stated that:

'...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 gain the support of both the Class A Member Authorised Representatives and the Class B Member Authorised Representative.'

This did not seem acceptable to Mr Peoples.

I advised Mr Peoples that a QCRC meeting could be called by the Chairman of the Committee on the written request of at least three (3) Members of the Committee. I strongly informed Mr Peoples that it was not my position as the Chairman of QRL to call a meeting of the QCRC. However, I did advise Mr Peoples that I would advise Mr Bill Ludwig, as the Chairman of the QCRC, that Mr Peoples had telephoned and requested a meeting.

Mr Peoples advised that he wanted the meeting called without the Chairman of the QCRC. I informed Mr Peoples that it was my understanding that it was not possible to call a meeting and exclude a Member, in particular, the Chairman of the QCRC. A Member could be excluded from the meeting once called if the body of membership considered that there was a conflict.

I went on to advise Mr Peoples that if he had a problem, he should follow the correct channels and set out in writing his issues of concern to the Chairman of the QCRC. I reiterated to Mr Peoples that in accordance with good corporate governance, there was a process for the calling of a meeting of the QCRC, and that he should follow this process.

I again advised Mr Peoples that as Chairman of QRL, I do not have the authority nor am I willing to call a meeting on the verbal request of a single Member of the QCRC who feels aggrieved.

I informed Mr Peoples that QRL would be conducting an extensive consultation meeting with all Country Racing Participants on 20/21 October 2008 and if he wished, his concerns could be placed on the agenda.

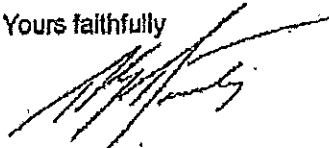
The recent seminars conducted in regional Queensland revealed a concern that country racing was being controlled by the minor clubs to the detriment of the major country clubs, owners and trainers. Country stakeholders also expressed their concerns as to the failure of the QCRC to act as a cohesive Committee and work in co-operation with QRL.

After the above discussion with Mr Peoples, our telephone call ended.

My view on this issue is that if there is a request for information to be provided, then a properly convened meeting of Members of the QCRC should be called, the request considered and appropriate action taken.

Should you wish to discuss this matter further, please do not hesitate to contact
Ms Shara Murray of this Office on (07) 3869 9712.

Yours faithfully



RG BENTLEY
Chairman

cc, Queensland Country Racing Committee, Chairman and Members



11 August 2008

The Honourable Andrew Fraser
Treasurer
and Minister for Racing
Queensland Government
George Street
BRISBANE 4000

Dear Minister

I am writing to you with concerns regarding the recent vote taken on the change of the constitution taken by Queensland Racing Limited.

Minister, the reason for my concern is that Noel Brosnan and myself, as the elected Class A members representing the Country Racing committee, never got the chance to vote on this change to the constitution. It is my understanding that Bill Ludwig voted on our behalf without any consultation with Noel Brosnan or myself or any other Country committee member.

Minister, I am asking for clarification if, firstly, it is legal and secondly, do you agree with this attitude of Queensland Racing Limited, that anyone who maybe has a differing opinion to Queensland Racing Limited have their legally elected right to vote taken away by whatever means. The Constitution of Queensland Racing Limited has been deliberately established to ensure different parts of the State are adequately and fairly represented. The Constitution appears to have been openly flouted. Mr Ludwig has advised me that he did not consult the members of the Country Racing committee as he otherwise satisfied himself as to what position should be taken.

The Country Racing committee had given Noel Brosnan and myself direction on how we were to vote on this constitution change. Bill Ludwig was not elected to take that vote forward but he did and the way he voted was totally opposite to the views of the Country Racing committee.

This change to the constitution is to entrench Bob Bentley, Bill Ludwig and others as Directors of Queensland Racing Limited for many years. This is an extraordinary step for any Board to take, particularly one which was established by the State Government. It also appears that the methods that have been employed in relation to the vote are under considerable question.

The Courier Mail has reported that the Queensland Racing Stakeholders voted 14-1 in favour of this constitution change. This is very misleading when some of the Class A members never got to vote on the issue. As far as the Country Racing committee is concerned it further adds to the distinct impression that the country has been sold out. This comes at a time when there are many suggestions from Queensland Racing Limited that it proposes to further decimate race meetings and prize money in country areas. Minister, you would appreciate that thoroughbred racing is at least as important, in all probability more important, to country areas as it is to city areas.

Minister, could you please inform those of us on the Country Racing committee on the legalities of what's taken place and what is your opinion of our exclusion from this decision.

Yours faithfully

Gary Peoples
Member of the Queensland Country Racing Committee

