

Queensland Racing Commission of Inquiry Act 1950

Statement of Murray Stewart Procter pursuant to Section 5(1)(d)

I, Murray Stewart Procter of c/- Waterfront Place, 1 Eagle Street, Brisbane in the State of Queensland do solemnly and sincerely declare as follows:

1. I was formerly a Partner with Norton Rose Australia (Norton Rose). I left Norton Rose on 17 February 2012. I am now a Partner of another law firm in Brisbane.
2. This statement is made in response to a notice dated twenty-eight August 2013 from the Commissioner of the Queensland Racing Commission of Inquiry to give a written statement in respect of my knowledge of the events surrounding the renegotiation of the employment contracts of certain named senior executives of Racing Queensland Limited (**RQL**), events surrounding the payout of those executives in March 2012, the actions, responsibilities, duties and legal obligations of the directors and executives of Queensland Racing Limited and instructions received and advices provided in relation to a Norton Rose file entitled "Advice- executive strategy".
3. When I was a partner of Norton Rose, I acted for RQL in respect to the retention strategy for four senior executives of RQL namely:
 - (a) Malcolm Tuttle, Chief Executive Officer;
 - (b) Jamie Orchard, Director of Integrity Operations;
 - (c) Paul Brennan, Director of Product Development; and
 - (d) Shara Murray, Senior Corporate Counsel and Company Secretary.

(Executives)

4. The Norton Rose file for this work was File no.2767947 *Re Advice – Executive Strategy*.
5. I am advised that RQL has waived privilege in respect of this retainer.
6. **Annexure "MP-1"** to this Statement is an indexed bundle of documents from Norton Rose File No. 2767947. Where I refer to a document by page number in this Statement, I am referring to the document appearing in this annexure at that page.
7. This statement is based on my own knowledge and, where required, by reference to documents on the Norton Rose file.

Connection with Racing Queensland

8. Whilst working at Norton Rose, I carried out some legal work for RQL prior to accepting instructions on the Executive Strategy matter. I believe that this work involved a discrimination claim by a trainer or jockey.
9. One of my Partners at Norton Rose, Martin Osborne, had also undertaken work on behalf of RQL prior to this time.



Signature of declarant/deponent

Page 1



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Witness **Peter Anthony Schmidt**
Solicitor

Initial Instruction from Jamie Orchard

10. Jamie Orchard was my contact from the previous matter where I had acted for RQL. Jamie contacted me first in relation to the Executive Strategy matter.
11. My attendance note from my call with Jamie Orchard is dated 7 July 2011 and is at **page [1]** In this conversation Jamie gave me some brief background on what was required. My attendance note of this conversation states that '*we would be acting for the 4 individuals*'. I presume that this notation reflected what Jamie advised me during this conversation. I do not recall specifically what I said in response, but it is likely that I indicated to Jamie that we could discuss whom I acted for when we met.
12. There is also a reference in this attendance note to the fact that Jamie advised me that the proposed arrangement "*will be amicable*". At the time, I took this to mean there was an alignment of interests between the Executives and Board of RQL on what was being proposed.
13. I arranged to meet Jamie and some of the other Executives of RQL at 3pm that day to discuss the matter in more detail.

Briefing Note

14. Prior to the meeting, I received an email attaching a briefing note from Shara Murray, the Senior Corporate Counsel employed by RQL. A copy of that briefing note is at **page [6]**
15. This briefing note included a copy of a letter addressed to Bob Bentley, Chairman of RQL, dated 5 July 2011 and signed by all the Executives **[page 68]**

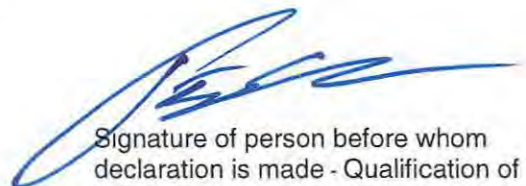
Meeting on 7 July 2011

16. I met with Shara Murray, Jamie Orchard and Malcolm Tuttle on 7 July 2011 at 3 pm at the Norton Rose offices.
17. I had not met Shara Murray or Malcolm Tuttle prior to this meeting. I had also never met Paul Brennan.
18. At **page [72]** is a copy of my diary note of this meeting, and at **page [74]** is a more comprehensive note prepared by Kristin Gamble, a solicitor who worked for me, who attended this meeting with me.
19. Kristin Gamble's notes from this meeting at **page [74]** refers to providing '*advice to senior executives*'.
20. My recollection is that the meeting started with the Executives present suggesting that Norton Rose would be acting for them, but it is my recollection that during the course of the meeting, as what was being proposed was explained, I suggested that it would be more appropriate for Norton Rose to advise RQL in relation to possible retention strategies for the Executives.
21. I made this suggestion because I did not consider that Norton Rose should act against RQL given that it had acted for RQL in the past and remained a client of the firm. Norton Rose could, however, advise RQL on possible retention strategies for the executives and that would be consistent with the work we were being asked to perform as described to me at the meeting.
22. Shara, Jamie and Malcolm agreed in this meeting to Norton Rose acting on this basis. This is reflected by the notation in my attendance note (at **page [72]**) to '*advice to Board*'.

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23. By the end of the meeting, it was clearly agreed that I would be advising RQL and its board of directors on possible retention strategies for the Executives. I was not instructed by RQL to advise the Executives and I was not engaged by the Executives.
24. I recall that during this meeting, Shara, Jamie and Malcolm expressed concerns about their tenure as executive employees.
25. The Executives were concerned, as a result of the extensive speculation in the press, that if other individuals took control of RQL, they would most likely be hostile to them.
26. My recollection is that the Executives at the meeting expressed concern that a change of government might jeopardise their positions and that they could be 'wiped away' very easily the day after the government changed.
27. It was made clear to me by the Executives during this meeting that the Board of RQL wanted to retain the Executives' services, and were prepared to look at additional remuneration benefits in order to do that, but the Board Members were concerned that in doing so they did not breach any of their duties.
28. During the meeting, I was advised that another law firm, Clayton Utz, had already provided advice to RQL on remuneration changes. Shara Murray agreed to provide a copy of the advice from Clayton Utz for us to consider.
29. At the end of this meeting, I agreed to provide a written advice to RQL on possible options available to retain the services of the Executives.
30. At **page [83]** is an email from Shara Murray to myself dated 8 July 2011 which provided a copy of a Clayton Utz advice in relation to potential restructuring issues and noted that;

"I advise that Clayton Utz have not provided their draft advice concerning employment issues concerning key executives - the Chairman has asked that they hold off until we have received advice from your firm".

Terms of engagement dated 12 July 2011

31. Following the meeting on 7 July 2011, I arranged for an engagement letter to be prepared.
32. On 12 July 2011, I sent Shara Murray an engagement letter with Norton Rose (Engagement Letter) by email. That email is at **page [119]**. On the same day, Shara returned the Engagement Letter to me executed by herself as Company Secretary of RQL. A copy of that email and signed engagement letter is at **page [137]**.
33. This engagement letter was addressed to Shara as "*Senior Corporate Counsel, Racing Queensland*". From my experience, engagement letters of this nature are commonly addressed to the Corporate Counsel of an organisation as it is usually the role of the Corporate Counsel to deal with the engagement of external lawyers.
34. The Engagement Letter records that Norton Rose was being retained by RQL. The stated scope of the Norton Rose retainer by RQL was "*advice on a strategy for the remuneration of Racing Queensland Limited's executives, as required by you*".

Communications with Shara Murray between 12 and 15 July 2011

35. At **page [116]** is an email Shara Murray sent me on 12 July 2011 attaching a publication on an industry 'blog'.

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36. On 13 July 2011 Shara Murray (via two emails) sent me an article from "letsgohorseracing.com.au" and an extract from Hansard, as she had promised at the meeting on 7 July 2011. Copies of those emails are at **pages [157 and 166]**.
37. On 14 July 2011 I sent an email to Shara asking for a copy of the RQL Constitution. A copy of the email is at **page [192]**.
38. On 15 July 2011 I received an email from Debbie Toohey, Shara's Executive Assistant enclosing a copy of the RQL Constitution. That email is at **page [194]**.
39. On 15 July 2011 Shara sent me a copy of an article in the Courier Mail Newspaper. A copy of Shara's email (and my response) is at **page [217 and 218]**.
40. In that email, Shara also asked me to provide the advice in draft form in the first instance. That was not my usual practice, but I understood it was requested in draft so that Shara could advise me whether the draft advice addressed the matters that the Board wanted addressed.
41. On 15 July 2011 at 9.35am I had a telephone conversation with Shara following receipt of her email in which she asked whether I thought the Courier Mail article she had sent me was beneficial. I advised her that I didn't believe it was. The file note of my discussion with Shara is at **page [221]**.

Draft letter of advice dated 15 July 2011

42. At **page [222]** is a copy of my first draft advice dated 15 July 2011 addressed to The Chairman of RQL, care of Shara Murray, which I sent by email to Shara.
43. In relation to this draft advice:
- (a) Paragraphs 1.1, 1.2 and 3.1 set out what I understood were my instructions and formed the basis of the advice.
 - (b) Clause 2.3 set out my views on the appropriate benefits that the Board could consider giving to the Executives, based on the instructions set out in this letter.
44. In paragraph 2.3(6) of this draft advice, I also suggested the inclusion of a "material adverse change" clause in the executives' contracts of employment.
45. A material adverse change clause is not uncommon in executive employment contracts.
46. A material adverse change clause is an arrangement designed to favour an executive, requiring payment of an amount on resignation in certain circumstances. My experience of these arrangements is that they are used by a board to protect an executive's interests, if in the future there is a legitimate alteration to the executive's employment conditions ("legitimate" in the sense that the change, although adverse to the executive, is not so adverse as to repudiate the contract), then the executive has an option to reject the change, exit the organisation and trigger a compensation amount.
47. It would usually be anticipated that such a change could arise if there is a change in composition of the board (often resulting from a change in shareholding in private companies). An executive's value in the employment market is often their leadership capacity and other specialist skills. An erosion of that capacity or those skills by a material adverse change in their employment conditions can have a deleterious effect on that value. This arrangement is designed to address that issue.

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Meeting of 18 July 2011

48. On 18 July 2011, I met with Malcolm Tuttle and Shara Murray at the offices of Norton Rose. Kristin Gamble attended that meeting with me.
49. Kristin Gamble's diary note of that meeting is at **page [233]**. My file note of the meeting is at **page [238]**. The copy of the draft advice at **page [240]** I believe contains notes made by myself during the meeting on 18 July 2011.
50. I recall at that meeting that I was handed the document at **page [239]**. The handwriting on that copy of this document is mine. The Norton Rose file contains another copy of this document which is at **page [237]**. The handwriting at the top right hand corner of that copy of the document is by Kristin Gamble.
51. I recall, as confirmed by Kristin's diary note, that Malcolm and Shara advised me that they had met with the RQL Chairman, Bob Bentley, that morning and put forward the proposal as set out in the document handed to us (**page [239]**).
52. Kristin's file note from the meeting of 18 July 2011 states '*this is the outcome they would like to achieve*'. I believe this is a reference to the instructions given to me at that meeting, as summarised in the document at **page [239]**, as the outcome the Board and Executives wanted to achieve.
53. I was also instructed that a trigger regarding a change in government was something the Board and the Executives wanted included. I was also advised that the Board and the Executives did not want there to be a long transition period, and the Board was happy for the Executives to be able to leave quickly if there was a 'trigger'.
54. On 19 July 2011, I received an email from Shara Murray which is at **page [249]**. In the email, Shara confirmed her instructions at the meeting the day before for Norton Rose to prepare a Redundancy Policy for RQL.

Amended draft letter of advice dated 19 July 2011

55. Following the meeting on 18 July 2011, I sent my revised advice to Shara Murray in 'marked up' draft form by email at 3.41pm on 19 July 2011 at **page [275]**. A copy of this advice (version 3) is at **page [276]**. I also sent a version (version 4) with the changes accepted which is at **page [285]**.
56. This version of my advice included a change of State Government as a material adverse change event in paragraphs 2.3(4) and 6.20. This followed the instructions I received on 18 July 2011.
57. I was comfortable that this trigger was in RQL's interests based on my instructions that:
- (a) the Executives required a reassurance that they would be protected if there was a change of Government (without necessarily having to wait for any actual change to the organisation or to their employment status);
 - (b) the Executives were certain their roles would come to an end if there was a change of Government; and
 - (c) RQL was concerned that as a result the Executives may resign in the immediate future and RQL wanted to retain them.

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58. At 5.23pm on 19 July 2011 I had a telephone discussion with Shara Murray. A copy of my file note of that discussion is at **page [293]**.
59. At **pages [294] to [295]** are copies of file notes of Kristin Gamble of discussions she had with Shara Murray between 5.47pm and 6.07pm, and an email to myself at 6.15pm on 19 July 2011.
60. I sent an email to Shara Murray at 8.01pm on 19 July 2011 enclosing a further version of the advice following the discussions with Kristin Gamble. A copy of the email is at **page [305]**.

Advice dated 20 July 2011

61. I spoke with Shara Murray on 20 July 2011 about aspects of the advice and she confirmed I could finalise and send the advice. A copy of my note of this discussion with Shara is at **page [314]**.
62. A copy of my final advice is at **page [315]**. I understood the advice was required for a Board Meeting on 20 July 2011.

Proposed Clayton Utz meeting

63. On 27 July 2011 at 11am, I had a telephone discussion with Shara Murray and she advised me that the Board had requested that our advice be reviewed by Clayton Utz and she would set up a time for us to meet with Clayton Utz. A copy of my file note of that conversation is at **page [328]**.
64. On 27 July 2011 at 12.04pm, I received a call from Shara Murray. At **page [329]** is a copy of my diary note dated 27 July 2011 recording this discussion with Shara Murray during which she told me that Clayton Utz *'want to cancel'* on the basis (as I understood it) that they were comfortable with the advice and happy with the recommendation, including the suggested 'trigger' and the 30% increase as long as the Board was comfortable commercially.

27, 28 and 29 July 2011

65. On 27 July 2011 I received an email from Shara Murray in which I was instructed to draft the employment agreements in accordance with my advice. A copy of Shara's email to me dated 27 July 2011 is at **page [330]**. Shara included a copy of Bob Bentley's Board Paper of 20 July 2011 which is at **page [383]**.
66. On 28 July 2011, I received another email from Shara Murray in which she gave me further instructions to draft the *'necessary documents'* required for the Executives to resign, noting *"that is, if I could have packs "ready to go" should the need arise"*. A copy of that email is at **page [412]**.
67. As a result of the further work we were instructed to do, on 29 July 2011 I caused to be prepared and sent to Shara Murray by email a revised instruction confirmation sheet increasing the estimate of our fees to take into account this extra work. That email is at **page [415]**.
68. I subsequently received an email from Shara Murray enclosing the revised instruction sheet signed by Bob Bentley as Chairman of RQL on 29 July 2011. A copy of the email, including the executed revised instruction confirmation sheet, is at **page [418]**.

Clayton Utz advice dated 1 August 2011

69. On 1 August 2011 at 10.53am Shara Murray called and spoke to Kristin Gamble and advised that an advice had been received from Clayton Utz and she needed to speak to me about it. A copy of Kristin's note of this conversation is at **page [422]**.



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70. On 1 August 2011 at 11.28 am, Shara Murray forwarded to me a copy of Clayton Utz's advice and cover email dated 1 August 2011. At **page [423]** is a copy of this email from Shara.

3 August 2011


71. On 3 August 2011, I provided an advice in response to the Clayton Utz advice on 3 August 2011 by correspondence addressed to Bob Bentley, Chairman of RQL. A copy of that advice is at **page [433]**.
72. On 3 August 2011 at 11.28am, Shara Murray sent me an email confirming the Chairman was happy with the advice, advising of the agreed cap on the termination, and then instructing us to draft the necessary resolutions. A copy of that email is at **page [437]**.
73. On 3 August 2011 at 4.33pm Kristin Gamble sent to Shara Murray the draft employment agreements, letters of resignation, separation deeds and an appropriate company resolution. A copy of that email is at **page [440]**.
74. On 3 August 2011 at 4.42pm, Kristin Gamble sent Shara a draft redundancy policy that I had settled with her. A copy of Kristin's email is at **page [535]**.
75. At **pages [547] to [548]** are a number of a file notes recording discussions between Kristin Gamble and Shara Murray between 4.40pm and 4.48pm on 3 August 2011 about the removal or reduction of the notice requirement.
76. Following a discussion with myself, at 5.07pm on 3 August 2011, Kristin Gamble sent an email (**page [549]**) to Shara Murray which enclosed revised employment contracts including a 7 day notice period for termination in the event of a material adverse change.

My Further Involvement

77. I went on leave overseas from 4 August to 21 August 2011.
78. I do not recall any further involvement in this matter as a partner of Norton Rose. Martin Osborne took over the conduct of this matter after 4 August 2011.
79. I left Norton Rose on 17 February 2012.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the *Oaths Act 1867*.

Signature:


(Signature of declarant/deponent)

Taken and declared before me, at Brisbane in Queensland,
(location)

this 9th day of September 2013



(Signature of person before whom
declaration is made)
Peter Anthony Schmidt
Solicitor

(Qualification of witness)

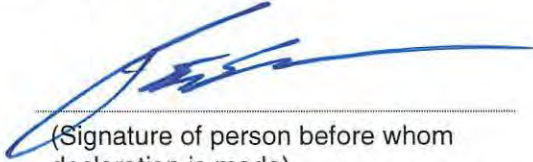
Annexure "MP-1"

Signature:


(Signature of declarant/deponent)

Taken and declared before me, at Brisbane in Queensland,
(location)

this 9th day of September 2013


(Signature of person before whom
declaration is made)
Peter Anthony Schmidt
Solicitor

(Qualification of witness)

☒ telephone in date: 7/7/11 time: 11:20 to: 11:48am units: _____
☐ telephone out full name of author: MSP
☐ teleconference client: Old Remy
☐ conference/meeting matter: Exce retention
☐ court attended: _____

• Janie Orchard

• mtg at 3pm

• organisational Dept of Gov as Control
body for racing

political industry

• rem talk of change of Gov → Board of
removal

• or CEO & senior team
being removed

• we would be acting for the 4 individuals

• Remy Old will do what they can

RQL → advised by City

→ hiding into fees for Exce to
get legal advice about

- ☐ telephone in date: _____ time: _____ to: _____ units: _____
- ☐ telephone out full name of author: _____
- ☐ teleconference client: _____
- ☐ conference/meeting matter: _____
- ☐ court attended: _____

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at this early

Neil Trudelle

Shawn Murray.

Janice Orchard.

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• extend K to end 2013

• as at 31/1/12, of reducing 72 years

• retention laws

• s/ten control in for

• 10 yrs will be amicable

• Directors concerned not to breach their duties

☐ telephone in date: _____ time: _____ to: _____ units: _____

☐ telephone out full name of author: _____

☐ teleconference client: _____

☐ conference/meeting matter: _____

☐ court attended: _____

cost → \$10,000.

Gamble, Kristin

From: Procter, Murray
Sent: Thursday, 7 July 2011 12:34 PM
To: Gamble, Kristin
Subject: FW: RQL
Attachments: doc20110707122148.pdf; Jamie Orchard.doc; Malcolm Tuttle.doc; Paul Brennan.doc; Shara Murray.doc; doc20110707120344.pdf

Importance: High

E-mail ID: 22753415

From: Shara Murray [<mailto:smurray@racingqueensland.com.au>]
Sent: Thursday, 7 July 2011 12:33 PM
To: Procter, Murray
Subject: RQL
Importance: High

Dear Murray

I refer to your telephone conversation with Mr Jamie Orchard of this office.

I confirm that we are to meet with you today at your office at 3pm.

For your information, please find **attached** a briefing note and attachments. I confirm that I will provide a hard copy at our meeting.

I look forward to meeting you.

Kind Regards

Shara

Shara Murray
Senior Corporate Counsel



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**Brief to Murray Procter
Norton Rose**

BACKGROUND:

Racing Queensland Limited's (RQL) four (4) key executives are:

- Malcolm Tuttle, Chief Executive Officer
- Jamie Orchard, Director Integrity Operations
- Paul Brennan, Director Product Development, and
- Shara Murray, Senior Corporate Counsel.

Currently, the above executives have employment agreements commencing 1 July 2010 and expiring 30 June 2013.

Copies **attached**.

Current Issues:

Due to the upcoming election, there has been continued speculation within the racing industry in Queensland as to the likely replacements of key personnel both on the Board and within the executive staff of the organisation. This speculation comes about as a possible change of Government and the stated position of the LNP that RQL will undergo significant change. Following are a number of accounts that give substantial weight to the fact change will occur.

This first account below has been lifted directly from the Letsgohorseracing.com.au website on July 6, 2011. After outlining that the Board will be ousted it states that both Malcolm Tuttle and Jamie Orchard will be removed.

ALL THE SCUTTLEBUTT ABOUT CHANGES AT RQ IF LNP WINS GOVERNMENT

CONFIRMATION that the Bob Bentley Racing Queensland Board will be sacked if the LNP wins the next election has led to widespread industry speculation about who will replace them.

Lists of prospective candidates for everything from the new Board to Chief Executive Officer and even Director of Integrity Operations have done the rounds.

At first we elected not to run these e-mails but as this has become such a contentious topic – and the LNP opened this can of worms to start with by announcing it would dump the RQ Board this far out from an election – here is a precise of the scuttle-butt that has been forwarded to us.

We wish to stress at the outset that this should not be interpreted as our web-site's opinion of what might happen if and when the Government changes. It is merely a general cross-section of scuttle-butt that is doing the rounds.

The only thing of which we are certain at this stage is that the RQ Board of Chairman Bob Bentley, Deputy Chairman Tony Hanmer and Members Bob Lette, Bill Ludwig, Wayne Milner and Bradley Ryan will be shown the door as soon as a new LNP Government can rush through the necessary legislation.

That could take some time after an election and they are known to have a 'quick exit plan' for the current Board and an interim measure to take control of the three codes. Whether this means the appointment of an administrator or how it would be done has not been revealed by the LNP.

The other policy that has been revealed is that the merged board will be discontinued with each code under a new Government responsible for controlling its own destiny which would suggest a return to three separate Boards.

What happens to the harness and greyhound industries under the mooted changes has not been addressed in the e-mails that we have received. These have solely targeted the future control of thoroughbred racing in Queensland.

KEVIN DIXON THE POPULAR CHOICE AS NEW RQ BOARD CHAIRMAN

THE one common denominator points to popular Brisbane Racing Club chairman Kevin Dixon being appointed to run the new Board. Those close to him say that this will not be a long-term appointment but that he is seen as the administrator best suited and most likely to initially steer thoroughbred racing in a new direction in Queensland.

The other appointment that many are predicting is a return to the RQ fold of Bill Andrews, the Board member who lost his seat under Chairman Bob Bentley and then contested the validity of the new appointment process for the merged Board but was – in the eyes of many – a victim of the voting system that currently exists.

Beyond these two favored selections the forecast appointments reach far and wide within the industry. There is a suggestion that a prominent racing identity from the country will take over once Mr Dixon believes his job has been done.

The most likely and favored candidate – in the eyes of many – would be Kevin O'Keefe, a high profile and respected administrator and owner in both the gallops and harness codes from North Queensland. But those close to him say he is not interested.

One high profile business and racing identity continually bobbing up as a prospective new Board member and possible chairman is Gary Pemberton, a former Chairman of Racing NSW, now based in Queensland. When it comes to qualifications Mr Pemberton would win hands down.

He was formerly chairman of TAB Limited, Billabong International, Qantas Airways, Brambles Industries and a Director of CSR Ltd, John Fairfax Holdings, Commonwealth Bank, Rio Tinto Ltd, Queensland Investment Corporation and Rothschild Group in Australia.

One would doubt that a businessman of Mr Pemberton's talents would want to involve himself in the crap fight that is Racing Queensland despite his undoubted passion for the thoroughbred industry.

Another popular duo high on the list includes members of the inaugural Queensland Country Racing Committee in Dr Tony Fitzgerald and Gary Peoples. A patron of the Esk Jockey Club, Dr Fitzgerald has served in numerous roles in Queensland racing and is currently on the First Level Appeals Panel. Mr Peoples, an outspoken country racing critic of the Bentley Board, has been Mayor of the Aramac Shire and chairman of the Central West Country Racing Association.

What some e-mail writers have referred to as 'a couple of old war-horses from the era of National Party-Queensland Turf Club control of racing in Queensland' have also been mentioned in dispatches. They are Bill Sexton, a former QTC chairman; one-time QR Board member and current member of the Kevin Dixon-led BRC Board and Dick Banks, a former Queensland Principal Club Board member from Blackall who resigned in controversial circumstances from the Queensland Regional Racing Council in the era of Merri Rose as Labor Racing Minister.

Another strongly tipped to play a racing role in an LNP Government is lawyer Bill Millican, the former hard-working chairman of the Gold Coast Turf Club. Mr Millican is a long-time friend of Ray Stevens, who shares the LNP racing industry responsibilities with Shadow Minister Tim Nicholls. He has also being tipped recently in the Brisbane racing media as a possible CEO in the new-look RQ.

Some of the other candidates being suggested for Board positions include:

Gerard Betros, an associate lecturer and unit leader from the Faculty of Business at the University of Southern Queensland whose alternative structure for the integrated control body for the three racing codes was well received by many sections of the industry;

Dan Bowden, a former Deputy Chairman of the QR Board and a former Ipswich Turf Club Chairman;

Allen Volz, the former CEO of the Toowoomba Turf Club, who is now on the Board there;

Sean Kelk, former CEO of the Brisbane Turf Club and now owner of The Barefoot Accountant;

Wayne Wilson, the high profile race commentator who retired recently; and

Jeremy Turner, a former CEO of Queensland Racing and former Chief Financial Officer of Queensland Motorways, who is now a Board member of Swimming Australia.

CHANGES TIPPED TO TWO MAJOR ROLES UNDER A NEW RQ BOARD

THERE is also strong speculation that two major roles will change at Racing Queensland under a new Board if the LNP wins Government and these are those of Chief Executive Officer Malcolm Tuttle and Director of Integrity Services Jamie Orchard.

In fact the mail is strong that the entire Integrity Department is set for a major shake-up and may be separated from RQ which many still claim was a recommendation of two Racing Inquiries that has never been carried out.

Mr Orchard has not been a popular figure with many since his appointment as Integrity boss (not that this is a bad thing in the eyes of the punters) but if the scuttle-butt has an ounce of truth to it he will be on the first bus out.

There has been a push for the return of Steve Railton, the one-time QR chairman of stewards, who was sacked by the Bentley Board. There are strong moves behind the scenes within the LNP to have him return from Hong Kong where he now works but there are just as many who claim he didn't fire a shot when chief steward at QR and don't want him back.

The greatest certainty – according to those who claim to know what the LNP has planned for racing in Queensland – is that Malcolm Tuttle, the one-time steward who made a meteoric rise to CEO under the Bentley-led Board, will be dumped.

There has been widespread disapproval with the Tuttle appointment among industry stakeholders which even the current chairman would be aware of but he has stood by his loyal CEO. Removal of the Bentley Board will see that life-line disappear.

Those being touted as possible replacements for Mr Tuttle include:

Former Gold Coast Turf Club CEO Scott Whiteman who now runs Country Racing Victoria;

Former GCTC chairman Bill Millican, a lawyer with a strong racing background.

And three former Queensland Racing CEOs in Kevin Hasemann (now with Queensland Swimming), Jeremy Turner (now a Director of Momentum Consulting Group) and Greg Honchin (now a Board member of a Radio Station at Redcliffe).

There were others suggested as possible Board candidates that we have not mentioned to save them from being the butt of many racing jokes.

That completes our compilation of the e-mails received that you have asked for. We make no apology for publishing the suggestions that are doing the rounds in racing and political circles but do warn that most originate from an industry where nothing is lost in the telling.

OUR SAY ON THE SPECULATION AND WHAT THE LNP MIGHT DO WITH RQ

***EDITOR'S NOTE:** ALL this speculation on prospective candidates for major roles in a new-look Racing Queensland provides plenty of fodder for the racing rumor mill, the turf columnists and web sites like ours who attract thousands of hits when we publish this sort of gossip.*

But before the victims of this fiasco, the do-gooder racing officials or our wonderful politicians start bleating about the misinformed creating industry disunity, it can easily be overcome.

The ball is now firmly in the LNP court. They threw the first punch declaring that the current Board would be sacked. It's now up to them to finish the fight and provide some policy on what they have planned for the new-look Racing Queensland. It's not good enough to keep saying we will tell you when we are ready to.

Personally, if I were framing a market on what will happen, here it is:

Kevin Dixon is odds-on to run a new-look RQ Board

Bill Andrews short odds to return to the RQ Board

Malcolm Tuttle and Jeremy Orchard odds-on to be eventually dumped from their current roles as Chief Executive Officer and Director of Integrity Services.

The present Integrity Department odds-on to be separated from RQ and become an entirely independent body run separately to, but under the arm of, the Government's Racing Department.

The wild-card of course is that the LNP could revert to the industry appointing a Board from the regions which would be a retrograde step and only create the old problems of conflicts of interest for those elected to represent their respective regions.

The LNP could also take the selection process out of the political arena and hand it over to the industry – that would be an easy cop out for a new Government.

At the end of the day if racing in Queensland is to try and keep pace with the major states it needs to adopt a professional, business and marketing approach, to the management of the control body.

There is no place in RQ racing of the future for the Jurassic Park attitudes of the past where too many decisions have been based on political square-ups and hatreds. The new Board needs to include younger members with racing, business and marketing backgrounds who can try to lure the lost generations back to the track.

Start with an experienced base – the likes of Kevin Dixon, Bill Andrews, Kevin O’Keefe or Gerard Betros but search for suitable Board members of the younger ilk with fresh ideas.

For what it’s worth I think ideal Board candidates could include: Barry Taylor, one of the most successful lawyers in the land who has raced some top horses and from his Townsville base experiences and has a knowledge of the best of both worlds in racing from the country to the city; John McCoy, a popular and experienced racing and media personality with strong links now to Tattersall’s Club; Jeremy Turner, an extremely talented and competent CEO when he worked for Queensland Racing, possessing great marketing and business skills and a passion for racing; and there is a need for a talented female on the Board with racing and marketing experience – women play an important role in racing these days – someone like Mary Collier, the former Chairman of the Brisbane Racing Club, who has a strong racing and legal background and these days co-hosts a breakfast radio show on 4BC.

Those above are just my thoughts and won’t be everybody’s cup of tea but most would agree that the new Board needs a different blend if racing in Queensland is ever going to progress from the political bun fight that has turned the industry in the north into joke status.

Ends.

Mark Oberhardt of the Courier Mail stated in the Monday, July 4, 2011 edition of that paper, the following:

“Huge tip that a country racing legend would replace Bob Bentley as RQ Chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive.”






The LNP through its racing mouthpiece, Ray Stevens, has openly declared that Racing Queensland Limited will undergo significant change in the event that there is a change of government.

RQL staff are regularly accosted at the races with claims that RQL will be gone when the LNP seizes power following the next election.






Recent incidents of this include regular approaches by the Brisbane Racing Club Chairman, Kevin Dixon, to our stipendiary stewards and more recently, on Saturday July 2, 2011, continual claims by the Toowoomba Turf Club Chairman Bob Frappell in conversation with RQL's Adam Carter that RQL has nine months left.

In an article under the hand of Terry Butts of the North Queensland Register, and reproduced on the Letsgohorseracing.com.au website, homage was paid to Ray Stevens of the LNP as a result of Stevens' pledge to sack Bentley and his Board and rearrange the integrity department and administration of Racing Queensland. The article went on to outline that Ray Stevens also vowed to scrap the one board for the three codes introduced controversially last year and will revert back to separate boards for trots and dogs and totally separate from gallops.

The following post appeared on the Thoroughbred Village forum and refers to a rotten few being expunged with a direct reference to, "porky brennan".

| | |
|---|---|
| kornjulio2 Members Profile Send Private Message Find Members Posts Add to Buddy List | <div>  Post Options Post Reply Quote kornjulio2 </div> <div>  Thanks(0)  Quote  Reply </div> <div>  Posted: 06 May 2011 at 10:26am </div> <p>from the crew that brought stakeholders pet rocks with microphones, gondolas at palm meadows, super tracks at riverside goodna and the nullifying of base stakeholders rights.....many moons ago I declared these parasites the fawtee towers of racing admin.....Im sure plenty at qr will be preparing resumes and looking for greener pastures, the reality is the rotten few will be expunged in one of the first acts of the new parliment and the core honest employees will be retained.....so its bye bye porky brennan</p> |
|---|---|

The following post appeared on the same site and refers to, "shara no-idea".

| | |
|---|--|
| kornjulio2 Members Profile Send Private Message Find Members | <div>  Post Options Post Reply Quote kornjulio2 </div> <div>  Thanks(0)  Quote  Reply </div> <div>  Posted: 18 May 2011 at 9:49am </div> |
|---|--|

| | |
|---------------------|--|
| Posts | argh dont ya just love it...osama bin bentheads latest rant re-critiszm and not playing favourites is true gold spin from the hands of rj/rorters inc |
| Add to Buddy List | corporate spin doctors=sequel communications and one shaun rigby....stakeholders prizemoney dont ya just love it.....well osammy BIN BENTHEAD,dribblin billy,integrity lemon,head steward cant hackitt.porky brennan,basil tuttle,shara no-idea and smithers smith one thing is certain as you read this missive the industry will not miss your |
| Champion | rorting,negligence,money squandering,standover tactics,vote rorting and industry wrecking tricks and drivel ONE BIT.....ring rope-a-dope |
| Joined: 01 Mar 2007 | tim hes at parliment in mackay next week and would be afraid to show even a union boss the disgusting,dangerous,unsafe track in his home town of mackay.....annageddon awaits you suckhole parasites |
| Status: Offline | |
| Points: 1802 | |

There is no doubt that an LNP government will seek so called retribution not only against the Board but against senior executive staff.

This heightened interest about who is to replace the Chairman and RQL's Chief Executive Officer and Director of Integrity is having a destabilising effect on RQL as an organisation. More than ever, we, as the key senior executives need to be protected to be able to proceed without fear or favour.

At present, we are expected to perform during these unreasonable and changing circumstances, whilst we have increased industry interest in who will replace us in the event the LNP is successful.

On Tuesday, 5 July 2011, we, as the key senior executives provided RQL's Chairman with the **attached** correspondence, which we set out both our current and future concerns in terms of security for ourselves and our families. Given the volatile nature of the industry at present and the fact that it has been openly declared that there will be significant change to RQL should the LNP be successful, we, as senior executives need certainty from RQL that they will recognise the commitment and value that we bring to this organisation.

By way of substance, collectively, we bring to this organisation over 40 years' experience in the racing industry.

One only has to review some of the more recent initiatives promoted by these executives to put into context the value they bring to the organisation. A brief overview is set out for your consideration below:

- Initiated the economic review that lead to the Queensland Government committing to wagering tax redistribution and the 3 code merger (\$85 million Government commitment).
- Managed the amalgamation of the three codes (savings of \$1.3 million in year 1).
- Initiated and secured race club broadcast agreements to the value of \$110 million. This represents an increase of 65%. Further, two previous attempts to bundle the rights to negotiate as a whole failed.

- The implementation of initiatives that have assisted in delivering \$324 million of total wagering growth over the last six years.
- Delivered an increase in prizemoney over the last six years of \$19 million or 30%.
- Worked closely with Government to introduce race information legislation and implement policies that flowed from that legislation (income of \$32.5 million per annum).
- Restructured race club governance at: Sunshine Coast Turf Club, Rockhampton Jockey Club, and Capalaba Greyhound Racing Club.
- Implemented administrative reform in introducing an operational subsidy saving \$10million per annum.
- The introduction of contemporary club and venue licences.
- Establish local and national insurance regimes saving \$1.5million per annum.
- Driven national IT reform with the pending introduction of a single national business system with savings forecast at approximately \$2 million of operational expenditure per annum.
- Will work closely with the Government during the next six (6) months to establish a framework for a new wagering licence beyond June 30, 2014 (\$132 million per annum).
- Led the industry response to the equine influenza incursion causing even our most significant detractors to praise RQL. The incursion was estimated to have had an impact of \$1 billion on the Australian industry.
- Successfully developed the business case and will manage the distribution of \$2.5 million of Government funding to assist with the flood and cyclone remediation at Queensland venues.
- Developed the Industry Infrastructure Plan on behalf of the 3 codes of racing in Queensland. The Plan fully costed is \$235 million.
- Delivered changes to the greyhound industry funding model that will lead to \$2.1 million of increased benefits for the greyhound industry.
- Upgraded stewards' technology where we are now seen as industry leaders in this area.
- Currently leading the industry response to the Hendra Virus incursion.
- Successfully negotiated a grant of \$10million from the Government for the innovative synthetic track program.

Over the next six (6) months there are a number of activities to be undertaken by us. These include:

- Ensure compliance with governance requirements under the *Corporations Act* and *Racing Act 2002* through and audit process.
- Finalise the strategic plan for the industry.
- Review the agreement with the Racing Science Centre with a view to providing a report to the Board that ensures RQL's analytical needs are met in a cost-effective manner.
- Review, as required, all internal and external policies to ensure compliance and effectiveness.

- Review and amend the new club licensing system subsequent to its initial implementation.
- Develop and submit an audit regime to Government for licensed participants, venues and animals to comply with Section 99(1) of the Racing Act 2002.
- Undertake an audit of the minimum standards for TAB and Non-TAB meetings and trials.
- Review the effectiveness of race-day integrity operations and report to the Board on opportunities to improve efficiency.
- Develop a drug and alcohol testing framework for licensees and animals for the 2012/2013 financial year.
- Undertake a review and report to the Board in relation to the existing appeals process, including QCAT.
- Facilitate a "think tank" of key people with a view to generating initiatives to improve the wagering program and subsequently report to the Board.
- Deliver the approved Industry Infrastructure Plan on time and on budget.
- Report to the Board on commercial opportunities that exist as part of the Infrastructure Plan delivery including at venues such as Deagon, Corbould Park and Callaghan Park.
- Review the amount of Non-TAB races conducted in Queensland and report to the Board.
- Subsequent to the development of the financial key performance indicators, add to these a set of non-financial KPI's that are linked to the payment of the operational subsidy.
- Develop and implement TAB race club service level agreements.
- Work with Harness Racing Australia and Greyhound Australasia Limited to optimise opportunities to aggregate broadcast rights where possible.
- Continue to promote initiatives with RISA, HRA and GAL to optimise commercial returns from the exploitation of racing materials.
- Review and report to the Board on legal decisions and developments as they relate to race information legislation.
- Form and facilitate meetings of the New Business Development Committee.
- Report to the Board on a regular basis in relation to initiatives identified by the New Business Development Committee seeking Board approval to pursue new work initiatives.
- Actively work with Government to establish a viable framework ensuring adequate revenues flow to the industry beyond June 30, 2014.
- Review the approach taken in relation to the pricing for the use of race information leading to the expiry of the existing agreements with corporate bookmakers.
- Expand the industry-wide workplace health and safety approach to encapsulate all clubs.
- Implement and approve an internal fraud plan and policy.

- Further recommend to the Remuneration and Nominations Committee that an organisational review be undertaken.
- Undertake a satisfaction/culture survey of the organisation.
- Ensure performance appraisals with objectives are implemented for all staff.
- Implement a succession plan for the organisation including interdepartmental considerations.
- Following a process review, evaluate the increased use of technology to improve the integrity of racing in Queensland and report to the Board with recommendations.
- Develop a structured set of dates to facilitate regular meetings with key industry bodies including the State Government.

ATTACHMENTS:

Attachment 1: Employment Agreements of Malcolm Tuttle, Jamie Orchard, Paul Brennan and Shara Murray.

Attachment 2: Letter dated July 5, 2011, signed by Malcolm Tuttle, Jamie Orchard, Paul Brennan and Shara Murray outlining their concerns.

28 June 2010

Mr Jamie Orchard
91 Delaney Cct
CARINDALE QLD 4152

PRIVATE AND CONFIDENTIAL



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Dear Jamie,

As we have discussed, I am delighted to offer you the position of Director of Integrity Operations with Racing Queensland Limited ("RQL").

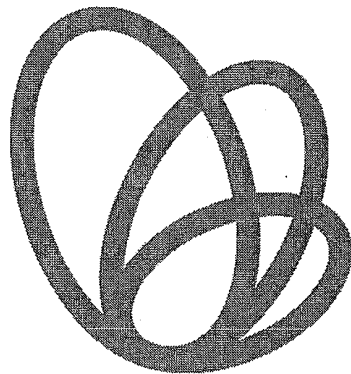
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. It would be appreciated if you could sign and return a copy of the enclosed Offer of Employment to me as soon as possible.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Jamie Orchard

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Jamie Orchard (referred to in this document as "you" or "your") employment in the position of Director of Integrity Operations.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it supercedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Director of Integrity Operations and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before 1 July 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. Your employment with RQL will commence on 1 July 2010 or the date when RQL commences operation as an approved Control Body, whichever is the later date
- 4.2. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.
- 4.3. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

- 4.4. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.
- 4.5. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

- 5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of \$230,000 per annum, including compulsory superannuation. If you choose to take up the option of RQL providing you with a vehicle, as outlined below at clause 5.4, then your TRV will also include your agreed contribution towards the vehicle's cost as set out in clause 5.4.
- 5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:
- Taxes required by law, including PAYG and FBT;
 - Compulsory superannuation contributions;
 - The cost of any salary sacrifice arrangements implemented by you;
 - Any other deductions which you have authorised RQL to make;
 - An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
 - Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.
- 5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.
- 5.4. RQL will provide you with a 6 cylinder vehicle, provided that you agree to salary sacrifice an amount equivalent to 25% of the nominal annual value of the vehicle agreed with RQL. You agree that, effective from 1 July 2010, a 6 cylinder vehicle is to be valued at \$15,000 per annum. If at any time you cease salary sacrificing this agreed amount you will no longer be entitled to the use of the vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.
- 5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.
- 5.6. In addition to your TRV, RQL will cover the following costs:
- Mobile telephone costs, including calls;
 - Home internet connectivity; and
 - 50% of your home telephone account,
- provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.
- 5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.

- 5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.
- 5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.
- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or

unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.

7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.

7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave

7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.

7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.

- I. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;
 - b. In the proper performance of your duties;
 - c. As expressly allowed under this Agreement; or

- d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.
- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:
- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
 - b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
 - c. In the course of, as a consequence of or in relation to the performance of the employees duties;
 - d. Relating to RQL's general methods of operation; or
 - e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;
- vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.
- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.
- 12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.
- 12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.
- 12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

- 13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.
- 13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and

insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.
- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).
- 14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.
- 14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:
 - a. immediately return the device to RQL on termination of your employment or earlier request;
 - b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
 - c. not give the device to anybody else or permit anybody else to use the device; and
 - d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

- 15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.
- 15.2. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:
 - a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.7;
 - b. Failure to comply with the terms and conditions of your employment contract;
 - c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.
- 15.3. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4.If RQL terminates your employment for any reason other than those referred to in clauses 15.2 15.3 and 15.7, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the contract.

15.5.During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6.During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7.RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

15.8.Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

15.9.If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 1 July 2012 your contract has been extended, but after 1 July 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

16.1.This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

16.2.This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

16.3.You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

16.4.Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1.Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.

20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.

- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

28 June 2010

Bob Bentley
Chairman

Date

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Jamie Orchard

1 July 2010

28 June 2010

Mr Malcolm Tuttle
78 Gerler Road
HENDRA QLD 4011

PRIVATE AND CONFIDENTIAL



**RACING
QUEENSLAND**

Racing Queensland Limited
A.B.N. 52 142 788 874
Racecourse Rd Deagon QLD 4017
PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3269 6404
E info@racingqueensland.com.au
W www.racingqueensland.com.au

Dear Malcolm,

As we have discussed, I am delighted to offer you the position of Chief Executive Officer with Racing Queensland Limited (RQL).

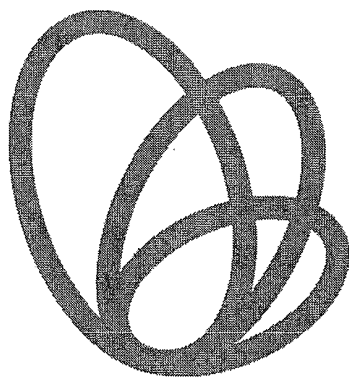
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Malcolm Tuttle

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Malcolm Tuttle (referred to in this document as "you" or "your") employment in the position of Chief Executive Officer.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it supercedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Chief Executive Officer and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Board of Racing Queensland Limited or its nominated delegate.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before 1 July 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. Your employment with RQL will commence on 1 July 2010 or the date when RQL commences operation as an approved Control Body, whichever is the later date.
- 4.2. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.
- 4.3. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

4.4. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.

4.5. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of \$300,000 per annum, including compulsory superannuation.

5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:

- a. Taxes required by law, including PAYG and FBT;
- b. Compulsory superannuation contributions;
- c. The cost of any salary sacrifice arrangements implemented by you;
- d. Any other deductions which you have authorised RQL to make;
- e. An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
- f. Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.

5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.

5.4. RQL will provide you with a 6 cylinder vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.

5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.

5.6. In addition to your TRV, RQL will cover the following costs:

- a. Mobile telephone costs, including calls;
- b. Home internet connectivity;
- c. 100% of your home telephone account,

provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.

5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.

5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings

and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.

- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to

produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.

7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave

7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.

7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation

where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.

- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Board of Racing Queensland Limited or its nominated delegates in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;
 - b. In the proper performance of your duties;
 - c. As expressly allowed under this Agreement; or
 - d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.

- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:

- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
- b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
- c. In the course of, as a consequence of or in relation to the performance of the employees duties;
- d. Relating to RQL's general methods of operation; or
- e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;

vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.

- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

- 12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

- 12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

- 12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

- 13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

- 13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.

- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control.

You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).

14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.

14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:

- a. immediately return the device to RQL on termination of your employment or earlier request;
- b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
- c. not give the device to anybody else or permit anybody else to use the device; and
- d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.7;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

15.3. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4. If RQL terminates your employment for any reason other than those referred to in clauses 15.2 15.3 and 15.7, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the contract.

15.5. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or

- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

15.8. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

15.9. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 1 July 2012 your contract has been extended, but after 1 July 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

- 20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.
- 20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

- 21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

- 22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

- 22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.

- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

28 June 2010

Bob Bentley
Chairman

Date

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Malcolm Tuttle

1 July 2010

28 June 2010



Mr Paul Brennan
5 Lang Street
PELICAN WATERS QLD 4551

Racing Queensland Limited
A.B.N. 52 142 766 674
Racecourse Rd Deagon QLD 4017
PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3269 6404
E info@racingqueensland.com.au
W www.racingqueensland.com.au

PRIVATE AND CONFIDENTIAL

Dear Paul,

As we have discussed, I am delighted to offer you the position of Director of Product Development with Racing Queensland Limited ("RQL").

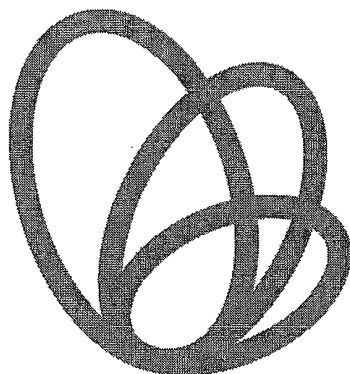
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Paul Brennan

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Paul Brennan (referred to in this document as "you" or "your") employment in the position of Director of Product Development.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it supercedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Product Development Director and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before 1 July 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. Your employment with RQL will commence on 1 July 2010 or the date when RQL commences operation as an approved Control Body, whichever is the later date
- 4.2. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.
- 4.3. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

- 4.4. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.
- 4.5. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

- 5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of \$180,000 per annum, including compulsory superannuation.
- 5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:
- Taxes required by law, including PAYG and FBT;
 - Compulsory superannuation contributions;
 - The cost of any salary sacrifice arrangements implemented by you;
 - Any other deductions which you have authorised RQL to make;
 - An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
 - Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.
- 5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.
- 5.4. RQL will provide you with a 6 cylinder vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.
- 5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.
- 5.6. In addition to your TRV, RQL will cover the following costs:
- Mobile telephone costs, including calls;
 - Home internet connectivity; and
 - 50% of your home telephone account,
- provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.
- 5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.
- 5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.
- 5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings

and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.

- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to

produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.

- 7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave
- 7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation

where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.

- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;
 - b. In the proper performance of your duties;
 - c. As expressly allowed under this Agreement; or
 - d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.

- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:

- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
- b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
- c. In the course of, as a consequence of or in relation to the performance of the employees duties;
- d. Relating to RQL's general methods of operation; or
- e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;

vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.

- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

- 12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

- 12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

- 12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

- 13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

- 13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.

- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control.

You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).

14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.

14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:

- a. immediately return the device to RQL on termination of your employment or earlier request;
- b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
- c. not give the device to anybody else or permit anybody else to use the device; and
- d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.7;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. At RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

15.3. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4. If RQL terminates your employment for any reason other than those referred to in clauses 15.2 15.3 and 15.7, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the contract.

15.5. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or

- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

15.8. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

15.9. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 1 July 2012 your contract has been extended, but after 1 July 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

- 20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.
- 20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

- 21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

- 22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

- 22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.

- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

28 June 2010

Bob Bentley
Chairman

Date

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Paul Brennan

1 July 2010

25 June 2010



Shara Murray
23 Ridgegarden Drive
MORAYFIELD QLD 4506

PRIVATE AND CONFIDENTIAL

Dear Shara,

As we have discussed, I am delighted to offer you the position of Senior Corporate Counsel/Company Secretary with Racing Queensland Limited ("RQL").

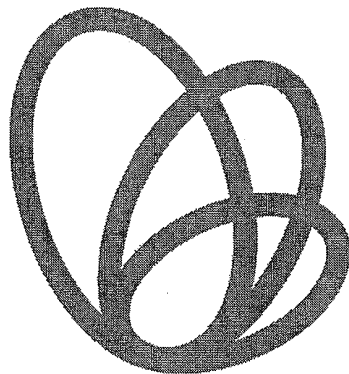
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance of Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Shara Murray

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Shara Murray (referred to in this document as "you" or "your") employment in the position of Senior Corporate Counsel/Company Secretary.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it supercedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Senior Corporate Counsel/Company Secretary and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. In your capacity as Senior Corporate Counsel, you will report to the Chief Executive Officer. In your capacity as Company Secretary, you will report to the Chairman of the Board of Directors.
- 2.3. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.4. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.5. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.6. RQL will, before 1 July 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.
- 2.7. In your capacity as Senior Corporate Counsel, you are required from time to time to give legal advice to RQL. RQL acknowledges that in doing so, you are independent of RQL and must give that advice whether it be favourable to RQL or otherwise. RQL acknowledges it agrees that at no time may it use the giving of advice by you which may be unfavourable to its interests as ground for any disciplinary action of any nature or kind.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. Your employment with RQL will commence on 1 July 2010 or the date when RQL commences operation as an approved Control Body, whichever is the later date
- 4.2. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time,

attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.

- 4.3. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.
- 4.4. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.
- 4.5. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

- 5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of \$120,000 per annum, including compulsory superannuation. If you choose to take up the option of RQL providing you with a vehicle, as outlined below at clause 5.4, then your TRV will also include your agreed contribution towards the vehicle's cost as set out in clause 5.4.
- 5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:
 - a. Taxes required by law, including PAYG and FBT;
 - b. Compulsory superannuation contributions;
 - c. The cost of any salary sacrifice arrangements implemented by you;
 - d. Any other deductions which you have authorised RQL to make;
 - e. An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
 - f. Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.
- 5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.
- 5.4. RQL will provide you with a 4 cylinder vehicle, provided that you agree to salary sacrifice an amount equivalent to 75% of the nominal annual value of the vehicle agreed with RQL. You agree that, effective from 1 July 2010, a 4 cylinder vehicle is to be valued at \$12,000 per annum. If at any time you cease salary sacrificing this agreed amount you will no longer be entitled to the use of the vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.
- 5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.
- 5.6. In addition to your TRV, RQL will cover the following costs:
 - a. Mobile telephone costs, including calls;
 - b. Home internet connectivity;

provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

- 5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.
- 5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.
- 5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.
- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.

- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.
- 7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave
- 7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.

- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL. This clause does not limit your rights or duties to give independent legal advice when called upon to do so.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
- With RQL's prior written permission;
 - In the proper performance of your duties;
 - As expressly allowed under this Agreement; or
 - For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.
- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:
- On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
 - Directly or indirectly as a result of the employee or anybody else's access to confidential information;
 - In the course of, as a consequence of or in relation to the performance of the employees duties;
 - Relating to RQL's general methods of operation; or
 - In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;
- vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.
- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.
- 12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.
- 12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.
- 12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

- 13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.
- 13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.
- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).
- 14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.
- 14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:
- a. immediately return the device to RQL on termination of your employment or earlier request;
 - b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
 - c. not give the device to anybody else or permit anybody else to use the device; and
 - d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

- 15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.
- 15.2. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:
- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.7;
 - b. Failure to comply with the terms and conditions of your employment contract;
 - c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

- 15.3. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.
- 15.4. If RQL terminates your employment for any reason other than those referred to in clauses 15.2 15.3 and 15.7, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the contract.
- 15.5. During any period of notice, RQL may require you:
- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
 - b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.
- 15.6. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.
- 15.7. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.
- 15.8. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.
- 15.9. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 1 July 2012 your contract has been extended, but after 1 July 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

- 16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.
- 16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.
- 16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.
- 16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.4 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.

20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.

- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

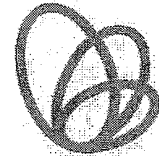
| | | |
|-------|-------------|--------------|
| _____ | _____ | 28 June 2010 |
| | Bob Bentley | Date |
| | Chairman | |

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Shara Murray

1 July 2010



RACING
QUEENSLAND

5 July 2011

Mr Bob Bentley
Chairman
Racing Queensland Limited
Racecourse Road
DEAGON QLD 4017

Racing Queensland Limited
A.B.N 52 142 786 874
Racecourse Rd Deagon QLD 4017
PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3269 6404
E info@racingqueensland.com.au
W www.racingqueensland.com.au

Dear Sir

As you are aware, there has been significant media speculation in relation to the administration of racing in Queensland post the State election which is due to be called by March, 2012.

You advise that the outcome of the State election will be determined by June 30, 2012.

The media speculation, including an article under the hand of Mark Oberhardt in yesterday's Courier Mail, points to a changing of the guard at Racing Queensland Limited should the Liberal National Party be successful in the upcoming State election. Mark Oberhardt states, *"Huge tip that a country racing legend would replace Bob Bentley as RQ chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive"*.

The website, *Letsgohorseracing.com.au*, has signalled that it will publish a list of new RQL officers on its website tomorrow.

Our staff are regularly reminded at race meetings by Race Club directors that our time is up.

Given the media speculation and discussions within the industry, it is apparent that at the very least there will be significant change to the Board of Directors and senior executive staff at Racing Queensland Limited if there is a change of Government.

The speculation that senior executive staff will be removed post the State election is taking its toll and you would have gathered at yesterday's meeting it is now having the effect of destabilising senior management, and our broader staff.

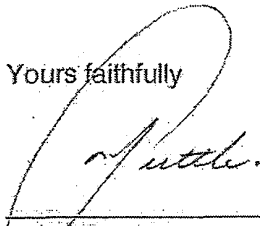
You heard first-hand yesterday from Jamie Orchard, Paul Brennan, Shara Murray and myself in relation to the impact this is having on our work with Racing Queensland Limited and indeed on our personal lives. You are aware that each of us have relatively young families and as responsible individuals are required to plan for our future. We are not of a mind to take unreasonable risks with our future and gamble on a reformed company or new Board retaining our services beyond the State election. In fact, it is more likely than not, that given the seniority associated with each of our positions, we will be removed from office.

As such, we request that you give urgent consideration to retaining the services of key people in the organisation and also consider putting in place a framework that provides us with the necessary security both leading up to and subsequent to the upcoming State election.

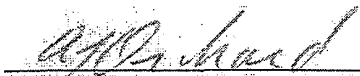
We remain committed to the Board and look forward to working with you to arrive at a satisfactory solution during this time of heightened instability.

Should you wish to discuss this matter further, please do not hesitate to contact myself.

Yours faithfully



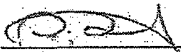
Malcolm Tuttle
Chief Executive Officer



Jamie Orchard
Director of Integrity Operations



Paul Brennan
Director Product Development



Shara Murray
Senior Corporate Counsel

Judd, Jan

From: Procter, Murray
Sent: Thursday, 7 July 2011 12:37 PM
To: 'Shara Murray'
Subject: RE: RQL

E-mail ID: 22753585

Thanks Shara

See you at 3pm

Kind regards

Murray

Murray Procter
Partner

Norton Rose Australia

Level 17, 175 Eagle Street, Brisbane, Australia
Tel +61 7 3414 2914 Mob +61 405 082 089 Fax +61 7 3414 2999
murray.procter@nortonrose.com

Norton Rose, UK Law Firm of the Year - The Lawyer Awards 2011

Ogilvy Renault and Deneys Reitz have joined Norton Rose Group

More information on Norton Rose Group's capabilities in Canada and South Africa is available at nortonrose.com

From: Shara Murray [<mailto:smurray@racingqueensland.com.au>]
Sent: Thursday, 7 July 2011 12:33 PM
To: Procter, Murray
Subject: RQL
Importance: High

Dear Murray

I refer to your telephone conversation with Mr Jamie Orchard of this office.

I confirm that we are to meet with you today at your office at 3pm.

For your information, please find **attached** a briefing note and attachments. I confirm that I will provide a hard copy at our meeting.

I look forward to meeting you.

Kind Regards

Shara

Shara Murray
Senior Corporate Counsel



PO Box 63, Sandgate QLD 4017

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M 0407 156 539

E smurray@racingqueensland.com.au

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☐ telephone in date: 7/7/11 time: 3pm to: 4.05 units: _____
☐ telephone out full name of author: MSP
☐ teleconference client: RQL
☒ conference/meeting matter: Employment advice
☐ court attended: _____

↳ Free.

ⓧ advice to board

* < stay on for 12 mth 1.
 protection 2.

↳ up front increase to TRV 20-30% Chg ⓧ

June 30 2013 → extension to that

Chity → "unreass long term" ⓧ ✓

alt ↳ concern for current board to be

☐ telephone in date: _____ time: _____ to: _____ units: _____

☐ telephone out full name of author: _____

☐ teleconference client: _____

☐ conference/meeting matter: _____

☐ court attended: _____

20-21 Oct 2012 to Jun 30 2013 unchanged

(1) telephone - end 2012 calendar year

Boat revolution

agree to extend current appts
to June 30 2014

(1) - next week

☐ telephone in date: 7/7/11 time: 3:00pm to: 4:01pm units: _____
☐ telephone out full name of author: KTG
☐ teleconference client: Baring Old Limited
☒ conference/meeting matter: NM/Executive remuneration strategy
☐ court attended: S Murray, J Orchard, M Tuttle

S Murray — brief was received by NR KTG.
 - viewed as labour party supporters
 - close working r/ship with ALP
 - LNP indicated Board + senior exec will go

- provide advice to senior executive —
 - Board using Clutz
 - Clutz conservative

Shara — in house lawyer +
 - company secretary

1. why do they stay for the next 12 months;
 2. what benefits do they get on termination

Looking for: financial benefits up front + on termination

BUT provided Board is not exposed to ASIC investigation

- Clutz suggesting \$ 20-30% increase
 - Proposed extension to current agreements

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☐ telephone out full name of author: _____

☐ teleconference client: _____

☐ conference/meeting matter: _____

☐ court attended: _____

Looking at term - don't want it to be too unreasonable.

- 1- upfront increase
2. protection that kicks in as a result of some trigger ^{term when the Board} that does not want to pay out termination payments

Allowing current Board to approve termination payments

Remuneration strategy

1. Protection
2. Retention

Obligations:

- (1) nothing to breach duties to company
- (2) Corps Act limits

20-30% not unreasonable - on the basis that the term would not be extended

Increase benefit w/o increasing term.

* Share to provide us @ Clutz advice.

- ☐ telephone in date: _____ time: _____ to: _____ units: _____
☐ telephone out full name of author: _____
☐ teleconference client: _____
☐ conference/meeting matter: _____
☐ court attended: _____

Election - maybe March / April
 - racing unlikely to be high on the agenda
 - 3-4 months before new govt likely to transition
 - puts us into 12/13 financial year

Agreement that concluded in 2013 or 2014 fairly long agreement

Trigger point - change of Govt

Term - extend by 6-12 months

Before 1 July 2012 - mechanism to address

→ would an extension now be reasonable as opposed to an extension around 1 July 2012?

currently they have a resolution where they have agreed to extend through to June 2014 - they have valid reasons for this

Since then there is some industry discussion about who will replace who etc.

☐ telephone in date: _____ time: _____ to: _____ units: _____
☐ telephone out full name of author: _____
☐ teleconference client: _____
☐ conference/meeting matter: _____
☐ court attended: _____

Strategy:

- 1 — making the amount of termination pay enough to avoid shareholder approval under corps act
- 2 — work in entitlements that are not "benefits" under the Corps Act (eg redundancy that applies to all employees)
- 3 — put in a material ^{adverse} change clause triggered by employee ^{adverse} change
 - (a) must be a material ^{adverse} change
 - we may be able to put in a trigger
 - removing control body licence (which it is expected the LNP will do)
 - operational restructures
 - (b) written in favour of the executive - this is part of the normal course of things

| | | | | |
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| <input type="checkbox"/> telephone out | full name of author: _____ | | | |
| <input type="checkbox"/> teleconference | client: _____ | | | |
| <input type="checkbox"/> conference/meeting | matter: _____ | | | |
| <input type="checkbox"/> court | attended: _____ | | | |

material adverse change clause -
tax implications - to the extent that
we are able to, we could structure it
as a redundancy payment

2nd prong - to take a market based
approach to the remuneration
(Ernst + Young keep a record of
market rates)

Courts + media are taking a greater
interest in these payments so the
more that a Board can say that
they are getting external advice +
then the safer they will be.

- Attempt where possible to have this in
place (bigge) with the current board
- maybe the achievement of milestones
(eg a long term incentive)
- They will make them fight for their
entitlements

- ☐ telephone in date: _____ time: _____ to: _____ units: _____
☐ telephone out full name of author: _____
☐ teleconference client: _____
☐ conference/meeting matter: _____
☐ court attended: _____

- unconscionable - ^{the new board} may be try to set aside contract

- They want to avoid having to fight (eg through the courts) if they simply won't pay

- payments not in connection with termination?

what about performance based pay?
In a normal environment - structured outcomes etc.

Retainer payment

Increase to TRV - upfront - Board is not opposing that

Main concern is having difficulties in ensuring that entitlements flow to them in change of govt.

Maybe structure the clause so that trigger is in the knowledge of an impending material adverse change (current Board still there)

| | | | | |
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| <input type="checkbox"/> telephone out | full name of author: _____ | | | |
| <input type="checkbox"/> teleconference | client: _____ | | | |
| <input type="checkbox"/> conference/meeting | matter: _____ | | | |
| <input type="checkbox"/> court | attended: _____ | | | |

policy approach not sufficient for current Board

Executive to trigger — this will be the safety net

Challenge — what the board can do...
 — why would it do it
 — will an extra benefit net compromise them

Trigger point — under a govt @ a stated policy (LNP would win)

no — MSP doesn't think this — the argument would have to be obvious
 — outcome of the election as a trigger — in conjunction with other material.
 — evidence of strength of their stated position

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☐ telephone out full name of author: _____
☐ teleconference client: _____
☐ conference/meeting matter: _____
☐ court attended: _____

* Shara will provide policy platform - HANSARD

Action plan

NR to digest and advise on options
then test market (maybe)

Time frame - sooner the better
- next week.

- contact: Shara

Shara

US

Clutz advice

- ICS

Hansard

- ROL as

Evidence

client at

Draft advice to Board

this stage

Draft advice re structure



RACING QUEENSLAND

Shara Murray

Senior Corporate Counsel/Company Secretary

Racing Queensland Limited

Racecourse Rd Deagon QLD 4017

PO Box 63 Sandgate QLD 4017

T 07 3869 9712

F 07 3269 9043

M 0407 156 539

E smurray@racingqueensland.com.au

W www.racingqueensland.com.au

Gamble, Kristin

From: Procter, Murray
Sent: Friday, 8 July 2011 4:29 PM
To: Gamble, Kristin
Subject: FW: Racing Queensland Limited
Attachments: 304178519_4.doc

Importance: High

E-mail ID: 22793617

From: Shara Murray [<mailto:smurray@racingqueensland.com.au>]
Sent: Friday, 8 July 2011 4:33 PM
To: Procter, Murray
Subject: Racing Queensland Limited
Importance: High

ar Murray

As discussed at our meeting yesterday, please find **attached** draft advice from Clayton Utz re Potential Restructuring Issues.

I advise that Clayton Utz have not provided their draft advice concerning employment issues concerning key executives – the Chairman has asked that they hold off until we have received advice from your firm.

Should you require further information, please contact me.

Kind Regards

Shara

Shara Murray
Senior Corporate Counsel



PO Box 63, Sandgate QLD 4017

P +61 7 3869 9712

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M 0407 156 539

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CLAYTON UTZ

Racing Queensland Limited

Discussion about Potential Restructuring Issues

July 2011

Confidential and Subject to Legal Professional Privilege

The Clayton Utz contact for this document is
Barry Dunphy on +61 7 3292 7020

Clayton Utz
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T +61 7 3292 7000 F +61 7 3221 9669

www.claytonutz.com

Our reference 12223/14424/80120154

Legal\304178519.4

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1. Introduction

1.1 Overview and Purpose

We have been asked to provide advice to the Chair of Racing Queensland Limited (**Racing Queensland**) in respect of the extent of the State's power to legislatively alter the existence or structure of Racing Queensland.

Racing Queensland is a corporation that has been established under the Corporations Act 2001 (Cth) (**Corporations Act**). It has also been appointed as a "control body" within the meaning of s.26 of the Racing Act 2002 Qld (**Racing Act**) in respect of the three codes of racing being thoroughbred, harness and greyhound racing.

In practical terms, this means that Racing Queensland is the State regulator of racing in Queensland and has oversight of the operation, management and administration of the three codes of racing.

The regulatory framework within which Racing Queensland has been appointed as the control body and which then confers on Racing Queensland its regulatory powers, functions, roles and responsibilities can be described as a "hybrid" regulatory framework. This is because the Racing Act now confers regulatory powers and functions on a non-government entity, being a corporation incorporated under the Corporations Act. The more usual regulatory frameworks are established using either an independent statutory body or some form of government controlled entity (for example, through controls over the appointment of members and directors or with an ability to give statutory or non-statutory directions as to how State funds should be applied). However, Racing Queensland is quite unique in that it is a non-government entity incorporated under the Corporations Act and is not subject to the usual types of State control.

Having regard to the issues presented by this regulatory framework, we have been asked to consider the steps that could be taken in the future by the State to restructure the current regulatory framework and/or to facilitate the removal of Racing Queensland as the approved control body. In particular, we have been asked to consider both the powers and limitations on the State to undertake such actions and to consider what steps, if any, Racing Queensland could initiate to preserve the current regulatory structure of the racing industry.

1.2 Structure of this Paper

In dealing with the above issues, this Paper will set out:

- (a) An overview of the current structure and operations of Racing Queensland (Section 3 of this Paper);
- (b) The status of Racing Queensland, (including the Board of Racing Queensland (**Board**)) under the Racing Act and the nature of the control body regulatory framework that is established under the Racing Act (Section 4 of this Paper);
- (c) The capacity of the State Government to remove Racing Queensland as currently constituted, as the appointed Control Body under the Racing Act in the following circumstances:
 - (i) **Scenario One** - By action to remove Racing Queensland as the control body under the Racing Act as currently drafted; and
 - (ii) **Scenario Two** - By action to remove Racing Queensland as the control body by the exercise of legislative power in enacting specific legislation (including by amendments to the Racing Act) facilitating such a removal; and
 - (iii) **Scenario Three** - By action to remove the current directors of Racing Queensland under the Racing Act (as currently drafted) or by the exercise of State legislative power to facilitate such removals.

Each of these options will be discussed at Sections 5, 6 and 7 of this Paper; and

- (d) The strategies and steps, if any, that Racing Queensland may now initiate to preserve the current structure of the racing industry (Section 8 of this Paper).

2. Executive Summary

Our key conclusions are as follows:

- (a) Under the Racing Act as currently drafted, the only express mechanism which is available to the State to alter the existence or structure of Racing Queensland is to cancel the approval of Racing Queensland as a control body. Such a cancellation can only occur if the Minister is satisfied that the grounds for disciplinary action exist. Another alternative is if under s.24AA of the Acts Interpretation Act 1954 (**Acts Interpretation Act**) the Minister were to seek to revoke his current approval of Racing Queensland as a control body following the same process that is required under the Racing Act to grant such an approval;
- (b) The State currently has no legislative ability to directly interfere with the assets of Racing Queensland or the tenure of its directors;
- (c) In the event that the approval of Racing Queensland as a control body is cancelled, the Constitution of Racing Queensland requires that the Board must call a general meeting to resolve to wind up Racing Queensland and then deal with its assets by transferring same to a successor control body;
- (d) The State Parliament has a broad plenary power to enact legislation, limited only by restrictions contained in the Constitution of Australia 1901 (Cth) (**Commonwealth Constitution**);
- (e) Section 109 of the Commonwealth Constitution provides that a State law will be invalid to the extent that it is inconsistent with a law of the Commonwealth. As Racing Queensland is established under a Commonwealth law, (being the Corporations Act). However, the Corporations Act expressly gives the State a broad power to "opt out" of the Corporations Act in respect of particular bodies or matters. Therefore, as a matter of practicality, we do not consider that s.109 of the Commonwealth Constitution will effectively operate to prevent the State from enacting legislation pertaining to the restructuring of Racing Queensland;
- (f) Given its broad legislative power, the State could theoretically enact legislation to deal with a wide range of matters relating to the structure of Racing Queensland, including in relation to winding up, the appointment and removal of directors, the control by the State and even as regards the details of the provisions to be included in the Constitution of Racing Queensland

- (g) However, if the State wished to disband Racing Queensland, in our view the simplest method, because of the provisions contained in the Constitution of Racing Queensland, would be for it to legislatively cancel the approval of Racing Queensland as a control body. This would, unless the Constitution of Racing Queensland can be amended have the flow-on effect of winding up Racing Queensland and divesting it of its assets;
- (h) Although the State could we believe act to legislatively remove the current directors of Racing Queensland, this would be an extraordinary step, particularly in the absence of any proven misbehaviour. It would also be in breach of the fundamental legislative principles contained in the Legislative Standards Act 1992 and be likely to attract political controversy.
- (i) However, given the plenary power of the State to enact legislation, we do not consider that there is much that Racing Queensland can do to protect itself from State Government initiated restructuring. However, we would recommend that Racing Queensland take the following steps being:
- (i) To continue to closely supervise its operations to ensure that Racing Queensland does not fall foul of any of the provisions of the Racing Act pertaining to disciplinary action, to avoid giving a future State Government any reason to cancel the approval of Racing Queensland as a control body; and
 - (ii) If possible, to investigate in detail the removal of clause 24 from its Constitution so that Racing Queensland will then not automatically be required to wind itself up and divest its assets upon the cancellation of its control body approval. One would need to fully investigate whether such a step would raise any specific compliance issues for Racing Queensland under its control body approval, the applicable taxation laws and under the Corporations Act given its current status as a company limited by guarantee.

3. Overview

3.1 Current Structure of Racing Queensland

The overall structure of Racing Queensland can be described in the following terms:

- (a) Racing Queensland is a company incorporated under the Corporations Act, is limited by guarantee and does not have a share capital. Like any incorporated company, the specific details regarding the operation and administration of Racing Queensland are primarily to be found in the Constitution of Racing Queensland. In practical terms, this gives the Racing Queensland members, responsibility for such matters as defining the objects of the company and the appointment and removal of directors; and
- (b) As a control body, Racing Queensland is then the recipient of relevant statutory and regulatory responsibilities and functions. The functions of Racing Queensland and the powers that it has in respect of those functions are conferred on Racing Queensland by legislation (namely, the Racing Act).

The key details relating to the structure of Racing Queensland as a corporate entity can be described in the following terms:

- (a) Racing Queensland was established with the object of exercising the powers and performing the functions of a control body.¹ The income and property of Racing Queensland must be applied solely towards the promotion of this object;²
- (b) The members of Racing Queensland are those persons who are the directors of Racing Queensland from time to time.³ A person becomes a member of Racing Queensland when he or she becomes a director of the company and ceases to be a member of Racing Queensland when he or she ceases to be a director of the company.⁴
- (c) The Board of Racing Queensland consists of seven directors, including a Chairman and Deputy Chairman.⁵ Directors must retire in rotation, two at every Annual

¹ Clause 3.1 of the Constitution of Racing Queensland.

² Clause 3.2 of the Constitution of Racing Queensland.

³ Clause 4.1 of the Constitution of Racing Queensland.

⁴ Clauses 4.2 and 4.3 of the Constitution of Racing Queensland.

⁵ Clauses 13 and 14 of the Constitution of Racing Queensland.

General Meeting held in an Election Year (being 2014 and then every second year thereafter).⁶ Following a selection process and confirmation that a candidate is "eligible" to hold such an appointment,⁷ the appointment of a candidate is announced by the Chairman at the Annual General Meeting.⁸

- (d) Racing Queensland may, by ordinary resolution of its members, remove a director from office before the expiration of his or her term of office.⁹ The Constitution sets out certain circumstances when the office of a director will become vacant, for example if the director dies, is convicted of a criminal offence, becomes bankrupt, becomes ineligible to be a director for any reason under the Corporations Act, ceases to be a director or member, resigns, is absent from three consecutive meetings of the Board without notice, is guilty of unbecoming conduct, or ceases to be an eligible member under the Racing Act.¹⁰

3.2 Current Operations of Racing Queensland

The principal activity of Racing Queensland is to encourage, control, supervise and regulate the administration of thoroughbred, harness and greyhound racing in Queensland.

Racing Queensland is, in effect, an amalgamation of the three previous control bodies for the three different codes of racing. Prior to 1 July 2010, there were three entities which held approvals under the Racing Act as control bodies being:

- (a) Queensland Racing Limited, in respect of thoroughbred racing;
- (b) Greyhounds Queensland Limited, in respect of greyhound racing; and
- (c) Queensland Harness Racing Limited, in respect of harness racing,

(Former Control Bodies).

By virtue of certain transitional provisions inserted into the Racing Act by the Racing and Other Legislation Amendment Act 2010, as from 1 July 2010 the approvals of those control

⁶ Clause 12.8 of the Constitution of Racing Queensland.

⁷ For the meaning of "eligible individual", see s.9 of the Racing Act 2002.

⁸ See clause 15 of the Constitution of Racing Queensland.

⁹ Clause 12.11 of the Constitution of Racing Queensland.

¹⁰ Ibid.

bodies were cancelled and a new approval was granted to Racing Queensland in respect of all three codes of racing.¹¹

The assets and liabilities,¹² employees,¹³ and rights and obligations¹⁴ of the Former Control Bodies were then transferred to Racing Queensland. The amalgamation was said at the time to be necessary to avoid duplication of effort, reduce administrative overheads and to drive efficiencies.¹⁵

As the control body for all three codes of racing, Racing Queensland is now responsible for regulating all aspects of racing in Queensland, including the licensing of venues and participants, assessing performance, promoting racing and allocating prize money.

Draft

¹¹ Section 428 of the Racing Act.

¹² Section 429 of the Racing Act.

¹³ Section 432 of the Racing Act.

¹⁴ Section 435 of the Racing Act.

¹⁵ See Explanatory Memorandum, Racing and Other Legislation Amendment Bill 2010, at 2.

4. The Status of Racing Queensland under the Racing Act

In this section of the Paper, we will consider the control body regulatory framework that is established under the Racing Act, including the appointment and responsibilities of a control body, the specific obligations of Racing Queensland and the role and establishment of the Board of Racing Queensland within this framework.

4.1 The Regulatory Framework

At a general level, the regulatory framework under the Racing Act establishes a process whereby the Minister may approve an independent, non-State owned corporation as the "control body" for a particular code of racing. The control body then has responsibility for regulating all aspects of that particular code of racing in Queensland.

Only an "eligible corporation" may apply for approval as a control body, being a corporation that is registered under the Corporations Act that has a constitution that, at all times, requires at least 3 directors and persons appointed or employed as executive officers of the corporation to be "eligible individuals".¹⁶

The Minister may approve a corporation as a control body if the Minister decides that the corporation is suitable to be approved as a control body for the particular code of racing.¹⁷

A control body approval continues in force until it is cancelled.¹⁸ Prior to 2010, such control body approvals only lasted for a six year period. However, this was considered to result in unnecessary cost and administrative burden,¹⁹ and so the Racing Act was amended to allow an approval to be held for an indefinite period.

As previously discussed, the regulatory framework for racing in Queensland is rather unique, in that the control body is an independent entity from the State, yet it derives its functions and powers with respect to racing from the Racing Act. Furthermore, although it does not form part of the State, a control body falls within the scope of the Crime and Misconduct Act 2001 and is also subject to auditing by the Auditor-General in accordance with the provisions of the

¹⁶ Section 8 of the Racing Act.

¹⁷ Section 26 of the Racing Act.

¹⁸ Section 28 of the Racing Act.

¹⁹ See Explanatory Memorandum, Racing and Other Legislation Amendment Bill 2010, at 3.

Auditor-General Act 2009.²⁰ Both of these governance obligations are usually reserved for government controlled entities.

4.2 Racing Queensland as a Control Body

Under the Racing Act, the function of a control body is to manage its code of racing.²¹ In the case of Racing Queensland, this function extends to the management of thoroughbred racing, harness racing and greyhound racing.

A control body has the powers that are necessary for performing its functions and all other powers necessary for discharging the obligations imposed on the control body under the Racing Act.²²

Section 34 of the Racing Act sets out the powers of Racing Queensland as a control body. The list is extensive but includes:

- (a) the licensing of animals, clubs, participants and venues;
- (b) assessing the performance of licensed animals, clubs, participants and venues;
- (c) preparing and implementing plans and strategies for developing, promoting and marketing the commercial operations of the code of racing;
- (d) distributing amounts as prize money or for research and analysis; and
- (e) allocating funding for venue development and other infrastructure relevant to the code of racing.

As Racing Queensland manages more than one code of racing, Racing Queensland must make decisions under the Racing Act which are in the best interests of all of the codes of racing whilst having regard to the interests of each individual code.²³

Racing Queensland may also charge a fee for its services, but that fee must reflect the reasonable costs to Racing Queensland of providing the service.²⁴

²⁰ See ss.59 and 60 of the Racing Act.

²¹ Section 31 of the Racing Act.

²² Section 33(2) of the Racing Act.

²³ Section 34A of the Racing Act.

²⁴ Section 35 of the Racing Act.

The State currently has a limited ability to control the operations of Racing Queensland under the Racing Act. The main control provisions are summarised below.

Firstly, Racing Queensland must on an annual basis submit to the chief executive a plan for managing its code of racing.²⁵

Secondly, Racing Queensland is required to notify the chief executive within 14 days if:

- (a) there is a change in an executive officer of Racing Queensland;²⁶
- (b) Racing Queensland ceases to be an "eligible corporation";²⁷ or
- (c) an executive officer of Racing Queensland ceases to be an "eligible individual".²⁸

The chief executive of the Department may also investigate Racing Queensland to determine whether it is suitable to continue to manage its code of racing. However, this may only occur if the chief executive suspects that Racing Queensland is no longer suitable to continue to manage its code of racing, or, if the investigation is undertaken as a part of an audit program approved by the Minister.²⁹

The primary way by which the State may interfere with the day to day operations of Racing Queensland is through the Minister's ability to give a direction to Racing Queensland to make a new policy, review an existing policy, make rules of racing about a matter or review existing rules of racing, if that is considered necessary.³⁰

- (a) to ensure public confidence in the integrity of the Queensland racing industry;
- (b) to ensure Racing Queensland is managing its code of racing in the interests of the code;
- (c) to ensure the welfare of Racing Queensland's licensed animals;

²⁵ Section 41 of the Racing Act.

²⁶ Section 42 of the Racing Act.

²⁷ Section 43 of the Racing Act.

²⁸ Section 44 of the Racing Act.

²⁹ Section 47 of the Racing Act.

³⁰ Section 45 of the Racing Act.

- (d) to ensure Racing Queensland's actions are accountable and its decision-making processes are transparent; or
- (e) to ensure Racing Queensland's rules of racing have sufficient regard to the rights and liberties of individuals as mentioned in s.4(3) of the Legislative Standards Act 1992.

4.3 The Role and Establishment of the Board

The Board of Racing Queensland is established in accordance with the Constitution of Racing Queensland.

The Constitution of Racing Queensland provides that the management of the company is a responsibility of the Board. The Board may exercise all powers of the company as are not, under the Corporations Act or the Constitution, required to be exercised by the company in general meeting.³¹

The Board may also make by-laws for the general management and running of the company,³² and may borrow money, mortgage or charge the company's property and issue debentures and other securities.³³

We note that the State currently does not have any real control over the establishment or as regards the role of the Board of Racing Queensland.

³¹ Clause 16.1 of the Constitution of Racing Queensland.

³² Clause 16.2 of the Constitution of Racing Queensland.

³³ Clause 16.3 of the Constitution of Racing Queensland.

5. Scenario One - Removal under the Current Racing Act

Our review of the Racing Act indicates that the State current has no ability to exercise powers over the assets of Racing Queensland or to affect the appointment and/or removal of its directors. Therefore, the extent of the State's current powers over Racing Queensland operate primarily through its ability to cancel the approval of Racing Queensland as a control body.

5.1 Powers of the Minister to cancel the approval of a control body

On 1 July 2010, the Minister approved Racing Queensland as the control body for thoroughbred, harness and greyhound racing in Queensland.³⁴ This approval of Racing Queensland as a control body now continues until it is cancelled.³⁵

Cancellation as a result of disciplinary action

The Racing Act gives to the Minister an express power to cancel an approval as a control body only as a result of disciplinary action.³⁶ The Minister may take disciplinary action against Racing Queensland if:

- (a) it is no longer an eligible corporation;
- (b) an executive officer of Racing Queensland is not an eligible individual;
- (c) Racing Queensland is no longer suitable to manage the code;
- (d) Racing Queensland contravenes a provision of the Act, whether or not a penalty is provided for the contravention;
- (e) Racing Queensland fails to comply with a condition relating to its approval;
- (f) Racing Queensland contravenes a direction given by the Minister under section 45 of the Racing Act;
- (g) Racing Queensland fails to take disciplinary action under Chapter 3 of the Racing Act in respect of a licence holder when Racing Queensland was required to do so;
or

³⁴ See ss.428(2) and (3) of the Racing Act.

³⁵ Section 28 of the Racing Act.

³⁶ See s.58(2)(c) of the Racing Act.

- (h) in its approval application, or a notice or other document given by Racing Queensland to the Minister or chief executive, Racing Queensland stated something that it knew was false or misleading in a material particular.³⁷

These grounds are expressly stated to be the only grounds for which disciplinary action may be taken.³⁸

If the Minister believes a ground exists to take disciplinary action, the Minister must give Racing Queensland a show cause notice, with a show cause period of at least 28 days after the giving of the notice.³⁹ If, after considering Racing Queensland's response to the show cause notice the Minister still believes that a ground for disciplinary action exists, the Minister has a range of options available to him. Those options include suspension, variation or cancellation of the approval of the control body.⁴⁰

Revocation without cause

Section 28 of the Racing Act states that a control body's approval continues in force until it is cancelled. It is not totally clear whether s28 of the Racing Act was meant to allow the Minister to revoke an approval without cause, that is, in addition to the Minister's express power of cancellation as a result of disciplinary action than under the Racing Act.

However, we would also note that Section 24AA of the Acts Interpretation Act provides that:

"24AA Power to make instrument or decision includes power to amend or repeal

If an Act authorises or requires the making of an instrument or decision—

- (a) the power includes power to amend or repeal the instrument or decision; and**
- (b) the power to amend or repeal the instrument or decision is exercisable in the same way, and subject to the same conditions, as the power to make the instrument or decision."**

However, s.4 of the Acts Interpretation Act then provides that the application of any of the provisions of the Acts Interpretation Act may be displaced, wholly or partly, by a contrary intention appearing in any other Act.

³⁷ Section 52(1) of the Racing Act.

³⁸ Section 52(3) of the Racing Act.

³⁹ Sections 53(1)-(3) of the Racing Act.

⁴⁰ Section 58(2) of the Racing Act.

The power to repeal or amend a decision can only be exercised if the decision-maker is not *functus officio*. A decision-maker will be considered to be *functus officio* if they have performed a statutory duty or exercised a statutory power which is then not capable of being exercised on more than one occasion. Justice Gummow in the decision of *Minister for Immigration Local Government & Ethnic Affairs v Kurtovic* described the *functus officio* principle as follows:⁴¹

"... in any given case, a discretionary power reposed by statute in the decision-maker may, upon a proper construction, be of such a character that it is not exercisable from time to time and it will be spent by the taking of the steps or the making of the statements or representations in question, treating them as a substantive exercise of the power. The result is that when the decision-maker attempts to resile from his earlier position, he is prevented from doing so not from any doctrine of estoppel, but because his power to do so is spent and the proposed second decision would be ultra vires. The matter is one of interpretation of the statute conferring the particular power in issue".

Additionally, in the case of *Firearm Distributors Pty Ltd v Carson*, Justice Chesterman of the Queensland Supreme Court stated that the power to amend or repeal a decision in s.24AA of the Acts Interpretation Act was not available where the decision making process was completed.⁴²

In our view, there is nothing contained in the Racing Act which would indicate, by a clear contrary intention, that s.24AA of the Acts Interpretation Act has been displaced. The nature of the power to approve a control body does not appear to be a power that can only be exercised once. Therefore, we consider that the better view is that s.24AA of the Acts Interpretation Act could operate to allow the Minister to repeal a decision to approve Racing Queensland as a control body.

However, in repealing his decision, the Minister would be required to act in accordance with s.24AA(b) of the Acts Interpretation Act, which states that the power to repeal an earlier decision must be exercised in the same way and subject to the same conditions, as the power to make the instrument or decision.

We would also note that the approval of Racing Queensland as a control body was taken to have been made under s.26 of the Racing Act.⁴³ Therefore, if the Minister were to seek to revoke the current control body approval of Racing Queensland, the Minister would be required to follow the same process set out in Chapter 2, Part 2 of the Racing Act with respect

⁴¹ (1990) 21 FCR 193 at 211.

⁴² [2001] 2 Qd R 26 at 29 [33] and 32 [40].

⁴³ Section 428(3) of the Racing Act.

to the granting of an approval. This process includes assessment by the chief executive and preparation of a report for the Minister's consideration. The Minister would also be required to then afford natural justice/procedural fairness to Racing Queensland before the Minister took the step of revoking the approval of Racing Queensland as a control body.⁴⁴

We consider that a decision of the Minister to revoke the approval of Racing Queensland as a control body could be made subject to judicial review in the Supreme Court by Racing Queensland under the terms of the Judicial Review Act 1991 if the relevant procedural/administrative processes required by law were not followed. However, this limitation would not apply if the State sought to cancel the current control body approval of Racing Queensland by the passing of special legislation.

5.2 Status of Racing Queensland once approval is cancelled

From a legislative perspective, cancellation of the approval of Racing Queensland as a control body would not directly operate to alter the corporate status of Racing Queensland. It would simply be the case that Racing Queensland would no longer be permitted to carry on the activities of a control body.

However, under the Constitution of Racing Queensland, in the event that Racing Queensland ceased to be a control body under the Racing Act, the Board is then required to call a general meeting at which meeting the members are to then resolve to wind up the company.⁴⁵

Furthermore, upon the winding up or dissolution of Racing Queensland, if any property remains after the satisfaction of its debts and liabilities, that property must be given or transferred to a control body or to the control bodies for thoroughbred, harness and greyhound racing in Queensland as approved by the Minister at or before time of dissolution. If no such approval has been granted by its Minister, the property will be transferred to an institution(s) with similar objects to Racing Queensland, as determined by a Judge of the Supreme Court of Queensland.⁴⁶

5.3 Practical Issues

On the basis of the Racing Act as currently in force the only option available to the State, without further legislative amendment would be to cancel the approval of Racing Queensland

⁴⁴ See *Re Minister for Immigration and Multicultural Affairs; Ex parte Miah* (2001) 206 CLR 57 and s.20(2)(a) of the Judicial Review Act 1991.

⁴⁵ Clause 24.2 of the Constitution of Racing Queensland.

⁴⁶ Clause 24.1 of the Constitution of Racing Queensland.

as a control body. This might be done by two different means: either as a result of disciplinary action or by revoking the relevant statutory approval following the same process that is required for granting the approval⁴⁷.

The cancellation of the approval of Racing Queensland control body would not operate to alter at law the existence or structure of Racing Queensland. Racing Queensland would still continue to exist (at least for a period of time) as a corporate entity, although the primary purpose for its establishment would no longer exist.

However, as a matter of practical reality, the cancellation of the approval of Racing Queensland as a control body would then result in the winding up of Racing Queensland and the divesting of its assets to a successor control body. This is because of the provisions in the Constitution of Racing Queensland.

We have not been provided with any information regarding the conditions surrounding the approval of Racing Queensland.⁴⁸ For example, we are unaware whether it was a condition of the Minister's approval that Racing Queensland include in its Constitution a provision effectively requiring it to wind itself up on ceasing to be a control body. We are also unaware as to whether Racing Queensland must notify the Minister if it proposes to amend its Constitution.

Racing Queensland may wish to investigate in detail the removal of clause 24 from its Constitution so that Racing Queensland will then not automatically be required to wind itself up and divest its assets upon the cancellation of its control body approval. One would need to fully investigate whether such a step would raise any specific compliance issues for Racing Queensland under its control body approval, the applicable taxation laws and under the Corporations Act given its current status as a company limited by guarantee

⁴⁷ See s.24AA of the Acts Interpretation Act 1954.

⁴⁸ See s.428(3) of the Racing Act.

6. Scenario Two - Exercise of Legislative Powers

In this section of the Paper we will consider the ability of the State Government to enact new legislation to alter the status or existence of Racing Queensland.

6.1 Scope of the Legislative Powers of the Queensland Parliament

In Queensland, the legislative power of the Queensland Parliament is derived from s.8 of the Constitution of Queensland, which states that the Legislative Assembly has the power to make laws for the "peace, welfare and good government of the colony in all cases whatsoever".⁴⁹

The scope of this power is also confirmed in the Australia Act 1986 (Cth), which declares that the powers of each State Parliament "include full power to make laws for the peace, order and good government of that State that have extraterritorial operation".⁵⁰ These provisions confer a "plenary" power and do not constrain State legislative power in any way.⁵¹

Given the plenary nature of these powers, State legislation will not be void for uncertainty,⁵² or lack of due process,⁵³ but may be struck down if the law provides for the abdication of power to another law-making body.⁵⁴

6.2 Limitations on the Legislative Powers of the Queensland Parliament

As State Parliaments are conferred with plenary power, the only limits on a State's legislative power are those which may be found, expressly or impliedly, in the Commonwealth Constitution.

The Commonwealth Constitution contains a number of restrictions on State legislative power, including:

- (a) that the States are restricted from raising and maintaining naval and military forces, taxing property owned by the Commonwealth⁵⁵ and issuing coinage and legal tender.⁵⁶

⁴⁹ Section 2 of the Constitution Act 1867; s.8 of the Constitution of Queensland 2001.

⁵⁰ Section 2(1) of the Australia Act 1986 (Cth).

⁵¹ *Union Steamship Co of Australia Pty Ltd v King* (1988) 166 CLR 1 at 10; see also *Mobil Oil Australia Pty Ltd v Victoria* (2002) 211 CLR 1 at 23 per Gleeson CJ and 33 per Gaudron, Gummow and Hayne JJ.

⁵² *Scott v Moses* (1957) 75 WN (NSW) 101.

⁵³ *R v Smith* [1974] 2 NSWLR 586.

- (b) the Constitutional guarantee of the absolute freedom of interstate trade, commerce and intercourse⁵⁷ and prohibition on discrimination against residents of other States;⁵⁸
- (c) if a State law is inconsistent with a valid Commonwealth law, the Commonwealth law will prevail to the extent of the inconsistency;⁵⁹
- (d) a State may not abridge the implied constitutional freedom of political communication;⁶⁰
- (e) State legislation must observe the constitutionally entrenched separation of judicial power at Federal level;⁶¹ and
- (f) the States cannot impose duties of customs and excise or grant bounties on the production of goods.⁶²

Apart from these key limitations in the Commonwealth Constitution, the State power to make laws is unlimited.

6.3 Key Limitation on the Queensland Parliament's Legislative Capacity - s.109 of the Commonwealth Constitution

Section 109 of the Commonwealth Constitution provides that where a law of a State is inconsistent with a law of the Commonwealth, the latter shall prevail and the former shall, to the extent of the inconsistency, be invalid.

As Racing Queensland is established under the Corporations Act which is a Commonwealth law the State may be restricted from enacting legislation which is inconsistent with that Act.

⁵⁴ *Cobb & Co Ltd v Kropp* [1967] 1 AC 141; *Powell v Apollo Candle Co Ltd* (1885) LR 10 App Cas 282; see also *Dean v A-G(Qld)* [1971] Qd R 391; *Tonkin v Brand* [1962] WAR 2; *Pauls Ltd v Elkington* [2001] QCA 414.

⁵⁵ Section 114 of the Commonwealth Constitution.

⁵⁶ Section 115 of the Commonwealth Constitution.

⁵⁷ Section 92 of the Commonwealth Constitution.

⁵⁸ Section 117 of the Commonwealth Constitution.

⁵⁹ Section 109 of the Commonwealth Constitution.

⁶⁰ *Australian Capital Television Pty Ltd v Commonwealth* (1992) 177 CLR 106.

⁶¹ Also known as the "Kable doctrine", see *Kable v Director of Public Prosecutions (NSW)* (1996) 189 CLR 51.

⁶² Section 90 of the Commonwealth Constitution.

The power to legislate with respect to corporations is not within the exclusive constitutional domain of the Commonwealth. Therefore, the fact that a State law pertains to the regulation of corporations will not automatically make it constitutionally invalid. It would have to be considered whether the two laws are inconsistent.

There are three different ways in which a State law may be inconsistent with a Commonwealth law being:

- (a) **Direct inconsistency** - Where it is impossible to obey both laws. For example, a State law may require that you *must* do X and a Commonwealth law requires that you *must not* do X;⁶³
- (b) **"Conferral of rights" test** - Where a State law alters, impairs or detracts from the operation of a law of the Commonwealth;⁶⁴ and
- (c) **The Commonwealth law "covers the field"** - Where a Commonwealth law evinces an intention, either expressly or impliedly, to cover the field in respect of its subject matter such that any State law on the same subject matter will be invalid.⁶⁵

Finally, in the event that there is inconsistency in terms of s.109 of the Commonwealth Constitution the State law will only be valid to the extent of that inconsistency.⁶⁶

Inconsistency under the Corporations Act

Of relevance, Part 1.1A of the Corporations Act expressly deals with the interaction between the Corporations Act and State and Territory laws. Because the States referred their legislative powers to the Commonwealth for the Corporations Act to be enacted, the Corporations Act contains specific carve out provisions which allow the States to elect to legislate with respect to particular matters that would be otherwise be dealt with by the Corporations Act.⁶⁷

Section 5E of the Corporations Act expressly states that the Corporations Act is not intended to exclude or limit the concurrent operation of any law of a State.

⁶³ R v Licensing Court of Brisbane; Ex parte Daniell (1920) 28 CLR 23.

⁶⁴ Australia Boot Trade Employees Federation v Whybrow & Co (1910) 10 CLR 266.

⁶⁵ Clyde Engineering Co Ltd v Cowburn (1926) 37 CLR 466.

⁶⁶ Butler v Attorney-General (Vic) (1961) 106 CLR 268.

⁶⁷ See Govey and Manson, "Measures to address Wakim and Hughes: How the Reference of Powers Will Work", (2001) 12 Public Law Review 254 at 262.

Specifically, the Corporations Act is not intended to limit a State from enacting legislation that would:

- (a) impose additional obligations or powers on a company or its directors;
- (b) impose limits on the interests a person may have in a company;
- (c) prevent a person from being a director of, or involved in the management of, a company; or
- (d) require a company to have a constitution or have particular rules in its constitution.⁶⁸

However, the section will not apply if there is a direct inconsistency between a State law and the Corporations Act.⁶⁹

Therefore, there is a clear legislative indication in the Corporations Act that the Corporations Act is not intended to "cover the field" with respect to corporations.⁷⁰

Section 5F allows a State law to declare a matter to be "excluded matter" for the purpose of the whole or specified provisions of the Corporations Act. The term "Matter" is defined to include an act, omission, body, person or thing.⁷¹ The effect of such a declaration will be that the declared provisions of the Corporations Act will not apply in the State in relation to an excluded matter.⁷² However, it should be noted that the declaration will only operate to exclude the Corporations Act *within* the geographical area of the State.⁷³

Section 5G of the Corporations Act is also intended to prevent s.109 inconsistencies by allowing a State or Territory to limit the application of the Corporations Act. This section applies only if the State law is not capable of operating concurrently with the Corporations Act.⁷⁴

⁶⁸ Section 5E(2) of the Corporations Act.

⁶⁹ Section 5E(4) of the Corporations Act.

⁷⁰ See *R v Credit Tribunal; Ex parte General Motors Acceptance Corporation* (1977) 137 CLR 545 at 562 per Mason J.

⁷¹ Section 5F(6) of the Corporations Act.

⁷² Section 5F(2) of the Corporations Act.

⁷³ See *Re Queensland Power Trading Corporation T/A Enertrade and ASIC* (2006) 24 ACLC 120.

⁷⁴ Section 5G(2) of the Corporations Act.

If a State wished to enact legislation which is inconsistent with the Corporations Act, the State must include a provision in its legislation declaring the legislation to a "Corporations legislation displacement provision" (either generally or in relation to a specific provision of the Corporations Act).⁷⁵

Provided that a Corporations legislation displacement provision is included in the State legislation then:

- (a) the Corporations Act will not prohibit the doing of an act, or impose liability for doing an act, that is specifically authorised by the State legislation;⁷⁶
- (b) the Corporations Act will not prohibit the State legislation from specifically requiring a company to be subject to the direction and control of a particular person, or requiring the directors to comply with instructions given by a particular person;⁷⁷
- (c) the State legislation may also provide for the calling or conduct of a meeting, in which case Chapter 2G of the Corporations Act will not apply;⁷⁸
- (d) the State legislation may also provide for a scheme of arrangement, receivership, winding up or other external administration of a company, in which case Chapter 5 of the Corporations Act will not apply;⁷⁹
- (e) the State legislation may also provide for the inclusion of a particular provision in a company's constitution, even though the procedures of the Corporations Act have not been complied with;⁸⁰ and
- (f) a provision of the Corporations Act does not operate to the extent that is necessary to ensure that no inconsistency arises between a provision of the Corporations Act and the State legislation.⁸¹

⁷⁵ Section 5G(3) of the Corporations Act.

⁷⁶ Section 5G(4) of the Corporations Act.

⁷⁷ Section 5G(5) of the Corporations Act.

⁷⁸ Section 5G(7) of the Corporations Act.

⁷⁹ Section 5G(8) of the Corporations Act.

⁸⁰ Section 5G(9) of the Corporations Act.

⁸¹ Section 5G(11) of the Corporations Act.

The effect of s.5G of the Corporations Act is that, provided that a Corporations legislation displacement provision is contained in the State legislation, the State legislation must be obeyed and given effect to, despite there being a provision of the Corporations Act that would otherwise stand in its way.⁸²

It can be seen, therefore, that the State has retained a very broad ability to exclude aspects of the Corporations Act. In our view, s.5G of the Corporations Act operates to give to the State very broad legislative powers with respect to the regulation of corporations, without the risk of the State legislation being struck down as being inconsistent with the Corporations Act.

6.4 Legislative options which may be open to the State

Option 1 - Cancel the Approval of Racing Queensland as a Control Body

The Racing Act as currently drafted only expressly allows the Minister to cancel the approval of Racing Queensland as a control body if a ground for disciplinary action can be established.

However, there is no restriction on the State further amending the Racing Act to allow the Minister to cancel a control body's approval on any grounds that the Minister considers appropriate, or on no grounds at all.

The approval of Racing Queensland as a control body is an entitlement which was conferred by State legislation and there is no prohibition on it being taken away by State legislation. We note that the approvals of the Former Control Bodies were effectively revoked by State legislation.⁸³

Legislative cancellation of the approval of Racing Queensland as a control body would have the effect that, in accordance with the current Constitution of Racing Queensland, the members of Racing Queensland would then be required to resolve to wind up Racing Queensland and transfer its assets to a successor control body.

Option 2 - Wind up Racing Queensland and/or Divest Racing Queensland of its Assets

As discussed above, provided that the State includes a Corporations Act displacement provision in any special purpose or new legislation, the State may be able to legislate with respect to corporations in almost any manner that it wishes to.

Therefore, the State could theoretically legislate to:

⁸² *HIH Casualty and General Insurance Ltd v Building Insurers' Guarantee Corporation* [2003] NSWSC 1083.

⁸³ See s.428(1) of the Racing Act.

- (a) Exempt all or part of the Corporations Act from applying to Racing Queensland;
- (b) Include particular provisions in the Constitution of Racing Queensland;
- (c) Provide that Racing Queensland is subject to the control of a particular person (for example, the Minister);
- (d) Require Racing Queensland to comply with instructions given by a particular person (for example, the Minister or chief executive of the Department); or
- (e) Provide for a scheme for the external administration of Racing Queensland.

In our view, the clearest way that the State might act to legislatively wind up Racing Queensland is set out in the Racing and Other Legislation Amendment Act 2010, which gave Racing Queensland its approval as a control body.

Prior to 1 July 2010, the Former Control Bodies were all Corporations Act companies which held approvals under the Racing Act as a control bodies.

Section 428 of the Racing Act provided that the approvals held by the Former Control Bodies were cancelled as from midnight on 30 June 2010 and that the Minister was to then grant an approval to Racing Queensland to be the control body for thoroughbred racing, harness racing and greyhound racing.

Section 429 of the Racing Act provided that as from 1 July 2010:

- (a) anything that was an asset or liability of a Former Control Body immediately before 1 July 2010 became an asset or liability of Racing Queensland;
- (b) an agreement or arrangement in force immediately before 1 July 2010 between a Former Control Body and another entity was taken to be an agreement or arrangement between Racing Queensland and the other entity; and
- (c) any property that was, immediately before 1 July 2010 held by a Former Control Body on trust or subject to conditions continued to be held by Racing Queensland on the same trust or subject to the same conditions.

Importantly, s.430 of the Racing Act stated that:

"Each former control body's constitution is taken to include, and to have always included, a provision allowing a director of the former control body to give the former control body's agreement to the enactment of provisions having the effect of provisions set out in this part, in particular, provisions—

- (a) cancelling the former control body's approval and giving, to the new control body, an approval as the control body for all codes of racing; and
- (b) divesting the former control body of its assets and liabilities and vesting the assets and liabilities in the new control body; and
- (c) stating that no compensation is payable to the former control body or its members or directors for any action taken under this part."

We understand that this provision was inserted to provide the directors of the Former Control Bodies with protection against liability for giving their consent to what would otherwise have been an act not in the commercial interests of their respective corporations.⁸⁴

We would note that ss.429 and 430 were declared to be Corporations Act displacement provisions for the purposes of s.5G of the Corporations Act.⁸⁵ As discussed above, because the Corporations Act was expressly displaced by sections 429 and 430 of the Racing Act, there would be no argument under s.109 of the Commonwealth Constitution that those provisions of the Racing Act were inconsistent with any provisions of the Corporations Act.

Given the broad legislative power which the State has by virtue of its plenary power and s.5G of the Corporations Act, we do not consider that it would be necessary for the State to first obtain the consent of Racing Queensland prior to cancelling its approval or divesting it of its assets.

⁸⁴ See Explanatory Memorandum, Racing and Other Legislation Amendment Bill 2010, at 2.

⁸⁵ Section 431 of the Racing Act.

7. Scenario Three - Removal of the Board

In this section we will consider what actual or potential powers may be available to the State to remove directors of the Board of Racing Queensland.

7.1 Current Power to Remove Directors of the Board under the Racing Act

There is currently no ability under the Racing Act for the State to remove a director of Racing Queensland. The State's power extends only to removing the approval of Racing Queensland as a control body. Cancellation of the approval of Racing Queensland as a control body will not necessarily affect the status of the directors of Racing Queensland appointed under its Constitution.

7.2 Removal under Constitution of Racing Queensland

As discussed in section 3.1 of this Paper, the Constitution of Racing Queensland provides for a rotating retirement of two directors every two years following the expiry of the initial term (being the period to 30 June 2014). Four months prior to the holding of an Annual General Meeting a director selection process will take place.⁸⁶

This process involves the appointment of an independent recruitment consultant to identify persons who are eligible to act as a director under the Racing Act and who meet the requirements specified in Appendix A of the Constitution.⁸⁷ A selection committee is to be convened, which will include the Chairman of the Board, a sitting director of an ASX Top 200 listed company, and a person appointed by the Director-General of the Queensland Government department responsible for racing in Queensland.⁸⁸

The selection committee will determine by majority vote who should be the person to fill the vacancies,⁸⁹ which will be given effect to at the next AGM.⁹⁰

Racing Queensland may, by ordinary resolution of its members, remove a director from office before the expiration of his or her term of office, if the director:

- (a) dies;

⁸⁶ Clause 15.1 of the Constitution of Racing Queensland.

⁸⁷ Clause 15.2 of the Constitution of Racing Queensland.

⁸⁸ Clause 15.4 of the Constitution of Racing Queensland.

⁸⁹ Clauses 15.6-15.8 of the Constitution of Racing Queensland.

⁹⁰ Clause 15.9 of the Constitution of Racing Queensland.

- (b) is convicted of a criminal offence;
- (c) becomes bankrupt;
- (d) becomes prohibited from being a director by virtue of the Corporations Act;
- (e) ceases to be a director by operation of a provision of the Corporations Act;
- (f) ceases to be a member;
- (g) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the Corporations Act relating to mental health;
- (h) resigns as a director by notice in writing to the Company;
- (i) is absent from three consecutive meetings of the Board without previously having obtained leave of the Board;
- (j) ceases to be an eligible individual under the Racing Act; or
- (k) is guilty of any conduct which in the opinion of the Board is unbecoming of a director of the company or is prejudicial to its interests.⁹¹

7.3 Limitations and Practical Issues

At present the only way by which a director of Racing Queensland might be legitimately removed is through the process set out in the Constitution of Racing Queensland. We note that, provided a director continues to meet the definition of "eligible individual" in the Racing Act,⁹² the power of appointment and removal of directors lies entirely with Racing Queensland.

However, given the broad scope that the State has to "opt out" of the Corporations Act scheme, we consider that it not would be beyond the legislative power of the State to enact legislation affecting the appointment or removal of the directors of Racing Queensland. Such legislation could potentially provide for:

- (a) inserting a provision in the Constitution of Racing Queensland, or amending the current provisions of the Constitution, pertaining to appointment and removal of directors;

⁹¹ Clause 12.11 of the Constitution of Racing Queensland.

⁹² See s.8 of the Racing Act.

- (b) providing that the appointment and removal of directors was to be subject to the direction or approval of the Minister; or
- (c) even removing, by legislation, the current directors of Racing Queensland.

We note that paragraph (c) is likely to be the only option which could have the legal effect of immediately removing all of the directors of Racing Queensland.

However, in our view, it would be quite an extraordinary step for the State Parliament to seek to remove directors of a corporation who had all been validly appointed under the processes set out in that corporation's Constitution if there was no suggested or proven misbehaviour. Such facilitating legislation would potentially be inconsistent with the usual fundamental legislative principles contained in s.4 of the Legislative Standards Act 1992 and clearly would then be the subject of close political scrutiny.

The real issue would be how would the removal of the directors sit in terms of the State's grand plan for further reforming the structure of the racing industry in Queensland.

8. Possible Strategies for Racing Queensland

8.1 Security of Current Racing Queensland Structure

As the Racing Act currently stands, the tenure of Racing Queensland is reasonably secure, in that Racing Queensland cannot be removed as the control body unless grounds for disciplinary action exist or, if the Minister proceeds to institute the process of seeking to revoke the approval of Racing Queensland as a control body. Furthermore, there is no current provision in the Racing Act that would allow the State to interfere with the existence or corporate structure of Racing Queensland.

However, should Racing Queensland have its approval as a control body cancelled, then this will effectively mean the end of Racing Queensland under the terms of its current Constitution. This is because, in accordance with clause 24 of its Constitution, the members of Racing Queensland must then resolve to wind it up and transfer its assets to its successor control body.

Although the current legislative position of Racing Queensland is reasonably secure, the State would not be prevented from enacting legislation in the future which altered this position. As we have demonstrated in this Paper, the State's legislative power is plenary and limited only by the restrictions contained in the Commonwealth Constitution. Specifically, any argument that the State cannot enact legislation which is inconsistent with the establishment of Racing Queensland under the Corporations Act would not have very strong prospects of success, given that the State has a very broad ability to "opt out" of the Corporations Act regime.

There are a broad range of legislative steps that the State could potentially take to alter the structure or existence of Racing Queensland. However, given that the Constitution of Racing Queensland already contains a clause effectively requiring Racing Queensland to automatically wind itself up upon losing its approval as a control body, in our view, if the State wished to disband Racing Queensland, the simplest and cleanest method would be to simply legislate to cancel the approval of Racing Queensland as a control body. Such a step would legally be less controversial, as there would be no potential s.109 inconsistency argument with the operation of the Corporations Act. Because of the provisions currently contained in the Constitution of Racing Queensland, this step would also have the flow-on effect of winding up Racing Queensland and transferring its assets.

8.2 Options and Strategic Actions

Unfortunately, given the wide plenary power of the State to make legislation, in our view there are very few steps which Racing Queensland can take to protect itself from a future restructuring of the racing industry in Queensland. Clearly, the most effective State actions

will involve the passing of State legislation and/or the commencement of natural justice processes which will involve some time.

However, we suggest that Racing Queensland should take the following steps to minimise the relevant risks being:

- (a) To continue to closely supervise its operations to ensure that Racing Queensland does not fall foul of any of the provisions of the Racing Act pertaining to disciplinary action, to avoid giving a future State Government any reason to cancel the approval of Racing Queensland as a control body; and
- (b) To investigate in detail the removal of clause 24 from its Constitution so that Racing Queensland will then not automatically be required to wind itself up and divest its assets upon the cancellation of its control body approval. One would need to fully investigate whether such a step would raise any specific compliance issues for Racing Queensland under its control body approval, the applicable taxation laws and under the Corporations Act given its current status as a company limited by guarantee.

Gamble, Kristin

From: Procter, Murray
Sent: Tuesday, 12 July 2011 10:46 AM
To: Gamble, Kristin
Subject: FW: [2767947:8] RQL

Importance: High

Categories: Filed
Database: APAC
E-mail ID: 22836907
Matter Number: 2767947

Hi K

Seems background info only

M

From: Shara Murray [<mailto:smurray@racingqueensland.com.au>]
Sent: Tuesday, 12 July 2011 10:48 AM
To: Procter, Murray
Subject: RQL
Importance: High


Murray

FYI - Please see below recent comments by letsgohorseracing.com.au

Regards

Shara

Shara Murray
Senior Corporate Counsel

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IF some of the stories doing the rounds are correct this club licensing debacle is developing into an absolute embarrassment for Racing Queensland.

Club officials are telling of receiving their new license requirements almost a week after the dead-line past. Did someone forget to mail it out or were the administrators at RQ working to public service hours as per usual.

To make matters worse there is a story doing the rounds that the new Brisbane Racing Club licensing requirements were a total botch.

Some legal eagle at headquarters apparently got the lots mixed up at Eagle Farm and instead of the racetrack required the BRC to relicense a paddock on their property which is leased to leading trainer Rob Heathcote and the back-yard of track manager Bill Shuck.

Little wonder the LNP has a list as long as your arm of administrative and legal replacements for the new Board that takes control when the current one is show the door after the next election.

Kevin Brown, Hendra.

JOHN LINGARD

letsgohorseracing.com.au

0407 175570

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Schmidt, Peter

From: Judd, Jan on behalf of Procter, Murray
Sent: Tuesday, 12 July 2011 11:23 AM
To: 'smurray@racingqueensland.com.au'
Subject: [2767947:9] Engagement letter - Racing Queensland Limited - Advice - Executive strategy
Attachments: img-7121120-0001.pdf

Dear Shara,

Please see **attached** engagement letter including general terms.

If you have any queries, please do not hesitate to contact me.

Kind regards,

Murray Procter
Partner

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More information on Norton Rose Group's capabilities in Canada and South Africa is available at nortonrose.com

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12 July 2011

Email: smurray@racingqueensland.com.au

Private & Confidential

Ms Shara Murray
Senior Corporate Counsel
Queensland Racing
PO Box 63
SANDGATE QLD 4017

Our reference
2767947

Dear Shara

**Norton Rose Australia's legal services
Advice - Executive strategy**

I am writing to set out the terms which we offer to govern the future business relationship between Norton Rose Australia ABN 32 720 868 049 and other constituent parts of Norton Rose Group, and Racing Queensland Limited ABN 52 142 786 874 and its subsidiaries and other affiliates, and to give you certain information required by our regulatory bodies (for the regulatory position see paragraph 2 of the Appendix). As a consequence, these terms of engagement include provisions which might not all appear to be immediately relevant, but which I am required to draw to your attention under the relevant regulations.

The Appendix contains the Standard Terms, and these form part of this letter. I would draw your attention in particular to paragraphs 1 and 2 of the Appendix and to certain exclusions of, and limitations on, Norton Rose Group liability which are principally to be found in paragraph 17 of the Appendix.

Martin Osborne will continue to be the partner who has overall responsibility for the relationship. I am always available to discuss any points which arise in respect of the relationship as a whole or in relation to any of your matters, including those handled by colleagues, and, if there are any points on these terms of engagement which you wish to clarify, please contact me.

In the balance of this letter **you** means Racing Queensland Limited ABN 52 142 786 874 and includes each of that entity's subsidiaries and affiliates which seek our services under the umbrella of this letter.

1 Applicable law

- 1.1 If you accept this offer, then the laws of Queensland and in particular (but without limitation) the *Legal Profession Act 2007 (Qld) (LPA)* will apply to the costs agreement between you and us and all matters concerning our legal costs.

2 Scope of engagement

- 2.1 We confirm your instructions to act for you as follows:

Advice on a strategy for the remuneration of Racing Queensland Limited's executives, as required by you.

APAC-#10783474-v1

Norton Rose Australia is a law firm as defined in the Legal Profession Acts of the Australian states and territory in which it practises. Norton Rose Australia together with Norton Rose LLP and their affiliates constitute Norton Rose Group, an international legal practice with offices worldwide, details of which, with certain regulatory information, are at www.nortonrose.com.

We also confirm that you do not expect us to act for you in respects beyond the above stated scope of legal services, such as tax and revenue law advice, unless you give us specific instructions to do so and we confirm in writing our acceptance of these additional instructions.

- 2.2 We will not undertake work which falls outside this scope of legal services unless we agree the additional work, and assumptions on which it is based and any consequences for the fees, service charges and disbursements for matters affected.
- 2.3 Save as otherwise agreed, we will be advising and acting at all times in respect of Australian law only and are not responsible for advising you as to the effect or enforceability of any documents or matters which may be subject to or governed by the laws of any other jurisdiction.
- 2.4 Our solicitor/client relationship is with, and our duty of care is owed to, you only. All advice provided by us (or any other constituent part of Norton Rose Group) relates to matters contemplated by this letter only and is for the benefit of you alone. Unless we agree otherwise in writing, our advice does not extend to, and may not be relied upon by third parties, including your directors and employees in their private capacity.

3 Future instructions

- 3.1 When we are instructed on a matter in future, for which we open a separate file, we will write to confirm:
- (1) the Contracting Party in relation to that matter, if it is a constituent part of Norton Rose Group other than Norton Rose Australia;
 - (2) if our client is a subsidiary or affiliate of Racing Queensland Limited ABN 52 142 786 874 rather than Racing Queensland Limited ABN 52 142 786 874 itself, the identity of our client in that matter;
 - (3) the scope of the work we have agreed to undertake and any assumptions on which it is based;
 - (4) the responsible partner and other key team members for the matter;
 - (5) the fees and invoicing arrangements in relation to the matter if they differ from the overall arrangements agreed between you and us; and
 - (6) the frequency of progress reports on transactions if they differ from the overall arrangements agreed between you and us.

In circumstances where it will be more appropriate for you to instruct a Norton Rose Group entity other than Norton Rose Australia, we shall so advise you. In such a case the Norton Rose Group entity concerned will issue its own letter of engagement.

- 3.2 In the event of any difference or inconsistency between this letter and any letter or instruction confirmation sheet sent to you under paragraph 3.1, the terms of that second letter or instruction confirmation sheet will prevail.

4 Our team

- 4.1 The responsible partner for each matter will vary according to the circumstances. However the names of our key team members are set out below:

Name

Martin Osborne

Partner

Murray Procter

Partner

Name

| | |
|------------------|------------------|
| Stephen Mackie | Senior Associate |
| Kristin Gamble | Associate |
| Ethan Emery | Associate |
| Bronwyn Williams | Associate |

Key team members may change from time to time.

- 4.2 In addition, we will involve other partners, consultants, special counsel, senior associates, associates, lawyers, know-how lawyers, graduate clerks and paralegals, if required, in a manner which avoids, so far as feasible, duplication of effort.
- 4.3 We always aim to avoid changing members of a team during the conduct of a matter, but, if in any case this is not possible, we will inform you promptly of the change and the reasons for it. We will use legal staff of an appropriate level of seniority for the work concerned.
- 4.4 You will have access to other experts, if required. They will be charged at rates equivalent to those below, depending on their experience.

5 How our fees are calculated

- 5.1 Under this agreement, unless, in relation to a particular matter, we agree other fee arrangements, we will charge according to the number of hours each person works on the matter (with periods of less than 1 hour charged proportionately on the basis of 6 minute units).

The hourly charge-out rates of the persons initially to be involved in the matter are:

| Name | Hourly rate |
|----------------------------------|--------------------|
| Martin Osborne, Partner | \$605 |
| Murray Procter, Partner | \$555 |
| Stephen Mackie, Senior Associate | \$420 |
| Kristin Gamble, Associate | \$395 |
| Ethan Emery, Associate | \$350 |
| Bronwyn Williams, Associate | \$310 |

- 5.2 The responsible partner may, however, be assisted by others to ensure that our services are delivered efficiently. If so, those people will be charged at their standard hourly rates. Our current standard hourly rates exclusive of GST are:

| | |
|------------------------------|-------------------|
| Partner | AU\$485 – AU\$950 |
| Special Counsel / Consultant | AU\$385 – AU\$780 |
| Senior Associate | AU\$380 – AU\$680 |
| Associate / Lawyer | AU\$210 – AU\$620 |
| Graduate / Paralegal | AU\$160 – AU\$340 |

- 5.3 These rates will generally be grossed up for GST in Australia, except where we make a GST-free supply of legal services. Our fees will therefore be calculated to include the relevant amount of GST.

- 5.4 If our applicable charge-out rates change during the course of a matter, you have the right under the LPA to be notified of the change. If you are not specifically notified, our first bill following the change will reflect the change and will constitute notice to you of the change. This costs agreement will be taken to have been amended accordingly if you continue to instruct us.
- 5.5 You should consider in relation to each matter whether any part of the costs which you incur either to us or to your opponent may be covered by an arrangement such as:
- (1) legal costs insurance in an existing policy;
 - (2) a right of indemnity in any contract;
 - (3) an ability to seek payment or a contribution from any trade association or other body of which you are a member or which may have an interest in helping to finance the transaction – for example, your employer or a trade union; or
 - (4) “after the event” insurance against costs which may be taken out at this stage. There are various products available on the market (often at very substantial premiums). We cannot advise you about the products available, and, if you may be interested in exploring this possibility, you should arrange it through your insurance broker. If you would like to explore this further, you should ask your insurance broker to contact us to discuss us it.
- 5.6 If you think that existing insurance or other arrangements might provide cover for any relevant costs or expenses, you should send us the documents in question so that we can advise you.

6 Engagement of another Australian lawyer

- 6.1 It may be necessary for us to engage, on your behalf, the services of another Australian lawyer, such as a barrister or a law practice in a place where we do not have an office, to provide specialist advice or services, including advocacy, or to act as our agent. We will consult you about the terms of this engagement before engaging the other lawyer. You may be asked to enter into a costs agreement directly with that other lawyer.

7 Fee estimate

- 7.1 Based on the scope outlined above and the assumptions set out below, we estimate that our costs will not exceed \$10,000 plus GST of 10% of this amount. However, if our actual costs are less than this estimate, we will only charge the actual costs plus GST of 10% of those costs.
- 7.2 It is impossible to predict our costs with certainty as they depend on how the matter proceeds and the extent to which you utilise our services. If the estimate is exceeded due to a change in the scope of services or the fact that any assumption set out below proves to be inaccurate or for any other reason, we reserve the right to charge for the excess at our hourly rates for the time being current.

8 Assumptions

- 8.1 In setting the fee structure outlined above, we have assumed that:
- (1) we will receive clear and timely instructions from you;
 - (2) there will be no material change to the scope of services;
 - (3) the time taken to negotiate documents is reasonable and not protracted;
 - (4) the time taken to research relevant legal issues is reasonable and not protracted;
 - (5) the time taken liaising, meeting and conferring with you or other parties is reasonable and not protracted;
 - (6) it is unnecessary for us to represent you in relation to any legal proceedings; and

- (7) we will not be required to negotiate on your behalf.

9 Disbursements and service charges

- 9.1 In addition to professional fees there will be a requirement to pay or to reimburse to us disbursements and service charges incurred or payable as mentioned in the attached Standard Terms.
- 9.2 The basis for charging disbursements and service charges is set out in the attached schedule of disbursements and service charges.
- 9.3 If we change the way we calculate disbursements and service charges during the course of a matter we will notify you of the change and the costs agreement will be taken to have been amended accordingly if you continue to instruct us in this matter.
- 9.4 GST will apply to most disbursements and service charges such as barristers' fees and charges for searches and enquiries. These will be on-charged to you at the GST-exclusive cost to us, plus GST. However, GST will not be passed on to you in respect of GST-exempt government fees, taxes and charges for which you are liable, such as stamp duty and registration fees, provided those fees, taxes or charges are paid by separate cheque drawn by you in favour of the proper payee.

10 Billing and reporting

- 10.1 We will bill you at monthly intervals on the basis of the hours recorded in our time recording system.
- 10.2 Our bills are payable when rendered. We reserve the right to charge interest on amounts overdue by 30 days or more at the rate equal to the Cash Target Rate stated as such by the Reserve Bank of Australia increased by 2 percentage points.

11 Responsibility for advice and services

- 11.1 Norton Rose Group is an international legal practice which carries on business, through its separate constituent parts, in a number of jurisdictions. In each jurisdiction, clients contract with a specific constituent part of Norton Rose Group and that constituent part alone is responsible for providing advice or services to that client and no other constituent part of Norton Rose Group has any responsibility for such advice or services. Some constituent parts of Norton Rose Group have limited liability. The name of any constituent part of Norton Rose Group providing advice or services from any jurisdiction is available on request. In relation to the matter the subject of this letter, you are contracting with Norton Rose Australia ABN 32 720 868 049 only.
- 11.2 Advice and services under this letter will be provided by Norton Rose Australia ABN 32 720 868 049 (or by another constituent part of Norton Rose Group to which work is referred by Norton Rose Australia in accordance with paragraph 10.4 of the Appendix) but only Norton Rose Australia (as the Contracting Party) is responsible for the provision of such advice or services. No other constituent part of Norton Rose Group nor any individual who is a member, partner, shareholder, employee or consultant of, in or to Norton Rose Australia or any other constituent part of Norton Rose Group accepts or assumes responsibility, or has any liability, to you or any third party for advice or services provided under or pursuant to these terms of engagement.
- 11.3 The term "partner" is a title and individuals described as "partners" are members, partners or shareholders, or employees or consultants with equivalent seniority of, in or to Norton Rose Australia or another constituent part of Norton Rose Group.

12 Time for claims

- 12.1 Without prejudice to the provisions of paragraph 17 of the Appendix, there shall be no liability in respect of any claim in connection with your matters unless you give us written notice of the claim, stating in reasonable detail the nature of the claim and your best estimate of the amount claimed by you, within 24 months after the date of completion of the matter in question.

12 July 2011

NORTON ROSE

13 Standard Terms

- 13.1 I attach in the Appendix our Standard Terms which form part of this letter. I would draw your attention in particular to paragraphs 1 and 10 of the Appendix and to certain exclusions of, and limitations on, our liability which are principally to be found in paragraph 17 of the Appendix. These Standard Terms will apply to this and any other further engagements.

14 How to accept this offer

- 14.1 The offer in this letter may be accepted by you if you:

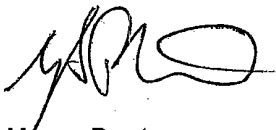
- (1) signing and returning to us the enclosed copy of this letter; or
- (2) continue to instruct us (in writing or orally) to perform the work specified in this letter.

15 Your comments

- 15.1 We always appreciate your comments. If you have any comments or queries in relation to any matter or if you wish to discuss our legal costs, please contact either our Brisbane Office Chairman, Craig Chapman or me.

We look forward to assisting you in this matter.

Yours faithfully



Murray Procter
Partner
Norton Rose Australia

Encl

We/I hereby agree to the above terms and conditions for this matter.

.....
Signed

.....
Title

.....
Name

.....
Company

Date:..... 2011

Matter number: 2767947
[Office use only]

Schedule of disbursements and service charges

| Disbursement or service charge | Standard rate exclusive of GST |
|---|---|
| Telephone Local calls Mobile, STD and ISD calls | No charge At cost * |
| Document production, photocopying and printing Black and white copy Colour copy | AU\$0.20 per page AU\$1.00 per page |
| Document production finishing Binding Laminating Dividers | AU\$4.00 per document AU\$3.50 per document AU\$5.00 per document |
| Document production folders Folders – lever arch Folders – 2 ring | AU\$10.00 per folder AU\$8.00 per folder |
| Scanning | No charge |
| Faxing Local fax STD fax ISD fax | AU\$1.00 per page AU\$1.50 per page AU\$2.00 per page |
| Emails | No charge |
| Taxis | At cost * |
| Couriers – local, interstate and international | At cost * plus fuel surcharge |
| Court lodging | AU\$22.00 per lodgment |
| Searches, online searches | Service provider fee plus 25% to defray cost of search time |
| Archive retrieval and delivery | At cost * |
| Postage – express, overseas, non-standard | At cost * |

* "At cost" means the cost invoiced to Norton Rose Australia by the supplier, including any service fees but net of relevant input tax credits claimable by Norton Rose Australia.

Annexure – Norton Rose Australia

Standard Terms

1 Definitions

- 1.1 In these Standard Terms the following expressions have the following meanings:
- (1) **claim** means any such claim as is referred to in paragraph 17 of this Appendix;
 - (2) **constituent part of Norton Rose Group** means any partnership, limited liability partnership, body corporate or other entity comprised within Norton Rose Group;
 - (3) **Contracting Party** means Norton Rose Australia;
 - (4) **LOE** means the Letter of Engagement or other form of instruction confirmation we send you relating to a matter;
 - (5) **LPA** has the meaning in paragraph 2.2;
 - (6) **Norton Rose Australia** means the Australian partnership of that name with Australian Business Number 32 720 868 049 (generally called **Norton Rose**);
 - (7) **Norton Rose Group** means Norton Rose Australia, Norton Rose LLP and any other partnership, limited liability partnership, body corporate or other entity established or practising in any jurisdiction and authorised to include in its name "Norton Rose" or to describe itself as "in association with Norton Rose LLP";
 - (8) **these Standard Terms** means the terms in this Appendix, the letter of which this Appendix forms part and any document expressed to be supplemental to such letter;
 - (9) **we, our and us** refer to the Contracting Party;
 - (10) **you and your** refer to the addressee (jointly if more than one and not individually) of these Standard Terms, including, where relevant, any company or other entity which becomes subject to these Standard Terms; and
 - (11) the expressions **fixed cost provision** and **regulated client** in the definitions schedule in paragraph 26 have the meanings set against them respectively.
- 1.2 In these Standard Terms words importing the singular include the plural and vice versa and words importing a gender include every gender. Unless expressly stated to the contrary in the letter of which this Appendix forms part, if there shall be any conflict between the terms of this Appendix and the letter of which this Appendix forms part, the terms of this Appendix shall prevail.
- 1.3 Details of any constituent part of Norton Rose Group may be obtained on request.

2 Introduction

- 2.1 The costs agreement between us (which you have the right to negotiate with us prior to agreement being reached) for each matter in which you request our services consists of these Standard Terms and the LOE we send you relating to that matter.
- 2.2 One of the following Acts (including Regulations made under the Act) (each separately called the LPA) referred to expressly or by inference in the LOE we send you relating to the matter applies to the costs agreement for the matter:
- (1) *Legal Profession Act 2004* (New South Wales) (**NSW Act**);
 - (2) *Legal Profession Act 2004* (Victoria) (**VIC Act**);
 - (3) *Legal Profession Act 2006* (Australian Capital Territory) (**ACT Act**);
 - (4) *Legal Profession Act 2007* (Queensland) (**QLD Act**); or
 - (5) *Legal Profession Act 2008* (Western Australia) (**WA Act**).
- 2.3 If you are a regulated client you have the right to be notified (and we will notify you) of any substantial change to anything disclosed in a costs agreement:
- (1) to which the NSW Act, the ACT Act, the QLD Act or the WA Act applies, as soon as is reasonably practicable after we become aware of that change; or
 - (2) to which the VIC Act applies, as soon as is practicable after we become aware of that change.
- #### 3 Professional fees comprising costs, service charges and disbursements
- 3.1 We will charge you fees comprising our costs, service charges for non-professional services provided by our related service entity, and disbursements.
- 3.2 We calculate our costs on the basis of the time spent on your matters, at an agreed cost or in accordance with an agreed lump sum fee (in either such case together with any agreed percentage premium) or in accordance with any applicable fixed cost provision.
- 3.3 The basis of calculating our costs, service charges and disbursements for a particular matter will be set out in the relevant LOE. In addition to our charges in respect of particular matters, we will charge a fee for the preparation of every audit representation letter requested by you or your auditors for any purpose. The fee will be based on the amount of time which we spend in searching our records to obtain the requested information, and in preparing, settling and dispatching

the representation letter and the reports which accompany it. According to the extent and complexity of the task, the fee is ordinarily between \$250 and \$600 plus service charges, disbursements and GST. Should you or your auditors require substantial lawyer commentary on particular circumstances, our fee may be higher.

- 3.4 Our partners, other legally qualified staff, graduate clerks and paralegals (collectively **professional staff**) record their time in 6-minute units for any activity.
- 3.5 Our professional staff have different charge out rates depending upon their level of experience and the practice group in which they work. The current standard hourly rates for work to be performed by our professional staff on each matter are detailed in the relevant LOE. They may be varied from time to time and we will notify you if any variation will substantially affect any lump sum quote or estimate provided to you.
- 3.6 Disbursements and service charges we pay or incur on your behalf are additional to our professional costs. They may include photocopying, telephone calls, couriers, facsimiles, travel fares, desktop publishing services, document lodging and document service fees and document storage charges.
- 3.7 Disbursements are charged at their cost to us. When our service entity provides substantial applied legal technology (document management services, D-room or eComply) or other special services, it may contract directly with you in relation to those services. In the case of other charges for services we or our service entity provide, such as photocopying, faxes and STD and IDD telephone calls, service charges at standard rates are charged. Details of our current standard rates for such services are set out in the relevant LOE.
- 3.8 You agree to pay or to reimburse the following disbursements and service charges billed in each matter:
- (1) those incurred with your prior authority;
 - (2) those incurred without your prior authority where:
 - (a) the amount of the disbursement or service charge is not significant having regard to the nature of the matter; or
 - (b) it was not reasonably practicable for us to seek your authority and we considered it desirable to incur the disbursement or service charge for the proper conduct of the matter.
- 3.9 We may ask you in advance for payment on account of large disbursements such as stamp duty, registration fees, court fees and conveyancing enquiry fees.
- 3.10 Our bills provide you with an itemised breakdown of disbursements and service charges and will constitute a tax invoice for GST purposes.
- 4 Support staff**
- 4.1 No charge is made for secretarial or administrative staff except in respect of audit representation letters and in circumstances where client requirements demand significant secretarial or support staff services out of normal office hours.

- 4.2 Support staff who are required to work overtime because of the special requirements of the matter are charged for additionally.

5 Quotes and estimates

- 5.1 If you are a regulated client and it is reasonably practicable to do so, we will give you an estimate of the costs (including service charges and disbursements) you will incur on each matter. If it is not reasonably practicable to make an estimate, we will give you a range of estimates of the total legal costs and an explanation of the major variables that will affect the calculation of those costs. Estimates are based on the agreed scope of work and should not be regarded as a fixed quote.
- 5.2 Unforeseen circumstances or new issues often arise during the course of a matter. If our estimate of costs becomes inaccurate, we will provide you with a revised estimate.
- 5.3 We can provide a fixed quote on some matters such as some conveyancing work and the provision of shelf companies. The quote will be based on the scope of work but will not cover additional services that may be required as a result of any variation in the scope of work.
- 5.4 When you instruct us in matters where the other party has a contractual liability to you to pay our costs, you will remain liable for payment until the costs are received by us.

6 Billing

- 6.1 You have the right:
- (1) to receive a bill from us for our costs, service charges and disbursements; and
 - (2) to request an itemised bill after receipt from us of a lump sum bill.
- 6.2 We issue bills to you monthly during the course of each matter unless otherwise agreed.
- 6.3 Unless other payment terms are agreed, bills are payable when rendered. If our bills are not paid 30 days after you have been provided with a bill we reserve the right to charge interest on the amount overdue. The rate of interest will not exceed the maximum amount permitted under the LPA. If you are a regulated client, the actual rate will be specified in the LOE we send you for each matter.
- 6.4 We aim to give you accurate and understandable bills. If you have any questions about a bill, please contact the responsible partner or Head of Office named in the LOE to discuss them.
- 6.5 Our bills are payable in the currency in which they are submitted.
- 6.6 If any bill is not paid, we may, on giving written notice to you, cease work on the matter to which the bill relates and any of your other matters, and you will not make any claim against us, or any complaint, in respect of the consequential inactivity on the matter or any loss resulting from it. In these circumstances, we may also be entitled to exercise a lien for unpaid fees over any of

your deeds and documents which we are then holding and to engage another firm of lawyers to recover any sums owing. If the matter is litigious, we may also remove ourselves from the record.

- 6.7 Our bills are to be paid free of any withholding or deduction in respect of any taxes or duties. If you are required by law to withhold or deduct tax, the amount of each bill is to be treated as increased to the extent necessary to ensure that, after any withholding or deduction, we receive and retain a net sum equal to the amount of the bill.
- 6.8 If your payment of our bills or our receipt of such payment is subject to exchange or other similar control, you will use your best endeavours to obtain (or where appropriate help us to obtain) the necessary consents as soon as possible after each bill is rendered and then ensure we receive prompt payment.
- 6.9 If we agree with you that any costs, service charges or disbursements (and any GST thereon), which would otherwise be payable by you, are to be paid by another person, you will nevertheless remain liable for such costs, service charges and disbursements (and any GST thereon) to the extent that such person fails to pay them within a reasonable time.
- 6.10 Any money held by us on your behalf in connection with any matter will be deposited with a bank in accordance with the relevant LPA. We will not be liable for any loss resulting for any reason, including default by the bank concerned.
- 6.11 Any money provided on account of our costs, service charges and disbursements will be held on the following terms:
- (1) we will hold the money on your behalf, and will account to you for interest in accordance with the relevant LPA;
 - (2) principal and interest will be used to reduce or discharge (as the case may be) the final invoice which we render at the conclusion of the transaction;
 - (3) you may not require us to apply any part of the money in settlement of any interim bills submitted, although we may do so in our discretion;
 - (4) any part of the principal and interest which remains unused after our final bill has been paid will be returned to you;
 - (5) if you are an individual and an EU resident, we may inform HM Revenue and Customs (HMRC) of any interest we pay to you and they may inform the relevant tax authorities in the jurisdiction in which you are resident; and
 - (6) you will be responsible for paying any tax in respect of any interest, whether the interest is applied towards discharge of a bill or is paid to you.
- 6.12 Time, costs, service charges or disbursements may be recorded in our systems after the period during which they were spent or incurred, in which case they will be added to the next period's bill or we will raise a separate bill in respect of them. Costs, service charges

or disbursements may amount to a sum which it is appropriate to pay prior to submission of a regular periodic bill, in which case we will raise a separate bill in respect of those items.

7 Litigation costs

- 7.1 Whether our costs (including service charges and disbursements) for a litigation matter are charged on an estimated or fixed cost provision basis:
- (1) those costs exclude the costs (including service charges and disbursements) of recovery of any judgment or award or any appeal arising out of the litigation; and
 - (2) an order for costs in your favour will not necessarily cover the whole of your legal expenses.
- You will nevertheless remain responsible to pay our costs (including service charges and disbursements) in full, subject to your rights disclosed in these Standard Terms.
- 7.2 If costs are awarded to your opponent in the litigation, their court costs will be additional to those payable under your costs agreement with us and to your barrister. If the court awards costs of an unspecified amount in your favour or against you, you or the other party may apply to the court for those costs to be assessed or taxed by reference to the applicable court scale.
- 7.3 If we negotiate a settlement on your behalf, we will disclose to you, before the settlement is executed:
- (1) a reasonable estimate of the legal costs payable by you if the matter is settled including any legal costs of another party that you are to pay; and
 - (2) a reasonable estimate of any contributions towards those costs likely to be received from another party.
- In any event we will not commit you to a settlement unless we receive clear instructions from you.
- 7.4 You should seek our advice during the course of the action on the tax treatment of any amounts awarded to you.
- 7.5 The major variables that can affect the calculation of our costs in any litigation matter are:
- (1) if no proceeding has actually been issued at the time we make the calculation, in which court or tribunal the dispute is ultimately litigated (as both cost and procedures vary between different courts and tribunals);
 - (2) whether the number of parties changes;
 - (3) if you are the plaintiff, whether the defendant(s) contest the claim;
 - (4) if you are the plaintiff, whether there is any opportunity to obtain default or summary judgment against the defendant(s) before the trial or the hearing;

- (5) whether, and if so at what stage, a settlement can be negotiated;
- (6) whether, for some other reason, the case does not proceed as far as trial and judgment or hearing and decision;
- (7) what pre-trial or pre-hearing steps are required by the other parties or the court or tribunal to be carried out, eg further particulars of pleadings, discovery, interrogation, mediation, court or tribunal books, witness statements, outlines of argument;
- (8) whether there are disputes between any of the parties as to the adequacy of performance of any pre-trial or pre-hearing steps;
- (9) whether any order or judgment made in the course of the case (including before the trial) is appealed by any of the parties;
- (10) whether necessary witnesses for your case co-operate or not;
- (11) whether it becomes necessary to obtain evidence, or reports or documents from one or more expert or other witnesses;
- (12) what attitude and tactics are adopted by the other parties throughout the case;
- (13) whether it becomes necessary to retain a Queen's Counsel or Senior Counsel or more than one barrister on your behalf at or before the trial or hearing;
- (14) the complexity of the law involved in the case; and
- (15) the length of any trial or other hearings or the number of witnesses that would be required at trial or the hearing, neither of which we are usually in a position to accurately estimate when we calculate our costs.
- 7.6 Apart from all of the above factors, you must also understand that litigation is a fluid process and that a lot of what will happen in the course of the case will result from the actions of the other parties and the court or tribunal, neither of which we control.
- 8 Goods and services tax**
- 8.1 In this paragraph:
- (1) GST means GST as defined in *A New Tax System (Goods and Services Tax) Act 1999* as amended (**GST Act**) or any replacement or other relevant legislation and regulations;
- (2) words or expressions used in this paragraph which have a particular meaning in the **GST law** (as defined in the GST Act, and also including any applicable legislative determinations and Australian Taxation Office public rulings) have the same meaning, unless the context otherwise requires;
- (3) any reference to GST payable by a person includes any corresponding GST payable by the representative member of any GST group of which that person is a member;
- (4) any reference to an input tax credit entitlement by a party includes any corresponding input tax credit entitlement by the representative member of any GST group of which that party is a member; and
- (5) if the GST law treats part of a supply as a separate supply for the purpose of determining whether GST is payable on that part of the supply or for the purpose of determining the tax period to which that part of the supply is attributable, that part of the supply is to be treated as a separate supply.
- 8.2 Unless GST is expressly included, the consideration to be paid or provided under any other paragraph of these Standard Terms or our LOE (including any variation of it) for a particular matter (together called **your costs agreement**) for any supply made under or in connection with your costs agreement does not include GST.
- 8.3 To the extent that any supply made under or in connection with your costs agreement is a taxable supply, the GST-exclusive consideration otherwise to be paid or provided for that taxable supply is increased by the amount of any GST payable in respect of that taxable supply and that amount must be paid at the same time and in the same manner as the GST-exclusive consideration is otherwise to be paid or provided. A party's right to payment under this paragraph is subject to a valid tax invoice being delivered to the recipient of the taxable supply. You must also pay any penalties, fines, interest or statutory charges imposed in connection with the imposition of GST on the taxable supply.
- 8.4 To the extent that you are required to reimburse or indemnify us for a loss, cost or expense incurred by us, that loss, cost or expense does not include any amount in respect of GST for which we are entitled to claim an input tax credit.
- 8.5 If, based on the information available to us at a relevant time, including representations made by you, we assess that no GST should be payable in respect of any supply made under or in connection with your costs agreement, our costs (including service charges and disbursements) will be calculated on this basis. If we change our assessment or if the Australian Tax Office assesses that GST is payable, then it will be added to and form part of our costs at the prevailing GST rate. We reserve the right to recover from you at any time, any GST payable by us on the provision of any supply made under or in connection with your costs agreement.
- 9 Review of costs**
- 9.1 If there is a dispute in relation to our legal costs on any matter we perform for you, you have the right, unless you are within the LPA definition of **sophisticated client** and have agreed with us otherwise:
- (1) if the NSW Act, the QLD Act or the WA Act applies to the costs agreement – to apply for a costs assessment of all or part of the costs in any of our bills, or if the VIC Act or ACT Act applies to the costs agreement – to apply for a costs review of all or part of the costs in any of our bills; or

- (2) if the NSW Act or the VIC Act applies – in cases where the legal costs in dispute are less than AUD10,000, to refer the costs dispute for mediation; or
- (3) if the VIC Act applies – in cases where the legal costs in dispute do not exceed AUD25,000, to make a complaint to the Legal Services Commissioner; or
- (4) if the ACT Act applies – to refer the costs dispute for mediation, whatever the amount of the legal costs in dispute.
- 9.2 Your rights in paragraph 9.1 apply regardless of whether the bill has been paid.
- 9.3 An application in accordance with paragraph 9.1 must be made:
- (1) if the NSW Act or the QLD Act applies to the costs agreement – within 12 months after you were given the bill concerned or, if you have paid any legal costs without a bill, within 12 months after our request for payment; or
- (2) if the VIC Act, the ACT Act or the WA Act applies to the costs agreement – within 12 months after the bill was given or the request was made or the costs were paid (whichever occurs first).
- 9.4 A referral in accordance with paragraph 9.1(2) may be made at any time before an application for a costs assessment is accepted in accordance with the LPA.
- 9.5 A complaint in accordance with paragraph 9.1(3) must be made within 60 days after the legal costs were payable or, if an itemised bill was requested in respect of those costs, within 30 days after the request was complied with.
- 9.6 A referral in accordance with paragraph 9.1(4) may be made at any time unless we have started a proceeding for recovery of the disputed amount.
- 9.7 You have the right if the NSW Act, the QLD Act or the WA Act applies to the costs agreement, to apply for the costs agreement to be set aside on the grounds that it is not fair, or reasonable, or if the VIC Act or the ACT Act applies to the costs agreement, to apply for the costs agreement to be set aside on the grounds that it is not fair, just or reasonable.
- 9.8 As noted in paragraph 2.3, the LPA that applies to a matter is the LPA specified in the relevant LOE. You have the right:
- (1) to sign, under a law in another state or territory corresponding to that LPA, a written agreement with us that the corresponding provisions of that other corresponding law apply to the matter; or
- (2) to notify us under the provisions of such corresponding law (and within the time allowed by that corresponding law) that you require the provisions of that corresponding law to apply to a matter.
- 10 **You engage only us, and not other parts of Norton Rose Group**
- 10.1 It is the Contracting Party alone (and not any other constituent part of Norton Rose Group) which is responsible for providing advice and services to you, has the solicitor/client relationship with you and is responsible for the performance of the contract with you.
- 10.2 If the Contracting Party is a partnership (and not a separate entity such as a company or limited liability partnership), and it will be that partnership alone (and not the partners, employees or consultants of or to that partnership or the partners, members, shareholders, employees or consultants of or to any other constituent part of Norton Rose Group) which is responsible for providing advice and services to you, has the solicitor/client relationship with you and is responsible for the performance of the contract with you.
- 10.3 You agree that, except to the extent that the law prevents exclusion of liability, none of such partners, members, shareholders, employees or consultants accepts, assumes or has personal responsibility or any liability whatsoever to you or anyone else for advice and services provided under or pursuant to these Standard Terms or in any other respect.
- 10.4 There may be occasions when we consider it to be in your interests that we refer all or some of your instructions to another constituent part of Norton Rose Group or to draw on its services – for example, in another jurisdiction. You agree that, in these circumstances, we are authorised by you to obtain advice and services from, and to disclose all relevant information to, that other constituent part of Norton Rose Group. In each case when we obtain advice and services for you from another constituent part of Norton Rose Group, we will do so, and you agree that we will do so, on the basis that we, and not such (or any) other constituent part of Norton Rose Group, are responsible for such advice and services and for the performance of the contract with you; no such other constituent part of Norton Rose Group will have any responsibility or liability whatsoever to you or anyone else as regards such advice and services, whether or not provided by us or any other such constituent part.
- 11 **Communications and concerns**
- 11.1 You will provide us, and will instruct your other advisers and other participants in any matter in which we are instructed, to provide us promptly with all information relevant to that matter. We are entitled to rely, without verification, on such information, unless instructed otherwise. You agree that all such information provided is properly obtained and may be properly provided to us.
- 11.2 We may monitor communications in accordance with applicable laws and regulations in order to establish facts or to determine that communications using our systems are relevant to our business or comply with laws or regulatory practices or procedures.
- 11.3 Normally, we nominate a supervising partner in a LOE who will maintain control of each particular matter. You authorise the supervising partner to use the resources of the firm as required. The supervising partner named in the LOE is available to discuss any issues you want to raise including but not limited to costs.

- 11.4 If you have a complaint, you should contact the supervising partner named in the LOE or the Head of Office where the particular matter is conducted as named in the LOE. Any complaint will be promptly discussed with you and with the person concerned. Following this and after reviewing the file, we will endeavour to resolve the complaint fairly and sympathetically.
- 11.5 We will provide to you, after a reasonable request from you:
- (1) a written report of the progress of each matter on which we are retained by you; and
 - (2) a written report of the legal costs incurred by you to the date of your request or since our last bill (if any), in the matter.
- 11.6 We may charge you a reasonable amount for a report under paragraph 11.5(1) but we will not charge you for a report under paragraph 11.5(2).
- 11.7 We use email and other electronic means of sending out information in order to enhance the quality and speed of our service to clients.
- 11.8 By entering into your costs agreement, you consent to us using electronic means for communicating with you or on your behalf. You also release us from liability for any loss which you may incur if an electronic communication is intercepted or corrupted during transmission or if a document which we prepare on your behalf and send to you electronically is altered by you without our written authority or if any electronic communication is virus affected.
- 11.9 You are responsible for protecting your own systems and interests in relation to electronic communications between you and third parties, including us.
- 11.10 The nature of email and other electronic means of communication means that we cannot guarantee preservation after transmission of the security or confidentiality of those communications.
- 11.11 The content of each Norton Rose Group email (which includes any attachments) is confidential and may be subject to legal professional privilege.
- 11.12 If a Norton Rose Group email is sent to you by mistake please inform us by reply email and then delete the email, destroy any printed copy and do not disclose or use the information in it. There is no warranty that any email is error or virus free. If an email from Norton Rose Group is a private communication it does not represent the views of any member of Norton Rose Group.
- 11.13 Each Norton Rose Group email is copyright. No member of Norton Rose Group is liable if an email or an attachment is altered without Norton Rose Group's written consent. If, for any reason, we suspect that an incoming email may be virus-infected, it will be quarantined and may not reach its intended recipient.
- 11.14 If you are concerned that your email may not reach the intended recipient at Norton Rose Group, please request confirmation of receipt within the body of your email and resend the email if the confirmation is not received within a reasonable time.
- 12 **Confidentiality and relationship with other clients**
- 12.1 Norton Rose Group will keep all information obtained from you, which is not in the public domain, confidential and will only disclose it with your authority or if required to do so by law or a regulatory, competition or governmental authority. There may be occasions when we have to outsource work to translators and other service providers. Should this be necessary, we will protect the confidentiality of your information by ensuring that the providers of these services sign a confidentiality agreement. We are entitled to assume that we may disclose any relevant aspect of your affairs to your other professional advisers, unless you advise us otherwise in writing.
- 12.2 Both these Standard Terms and all advice provided by us to you are strictly confidential and may not be disclosed outside Norton Rose Group without your and our prior written consent, unless you or we or another Norton Rose Group entity are required to do so by law or a regulatory, competition or governmental authority.
- 12.3 You agree that we may disclose, transfer and process your confidential information, including to other members of Norton Rose Group or subcontractors:
- (1) as required for the proper performance of services to you;
 - (2) in the conduct of our independence, risk management or quality reviews; and
 - (3) as reasonably required for legitimate business purposes including client relationship management, account management, internal financial reporting and information technology support (such as storage, hosting, maintenance, support, etc) including outsourcing of the same.
- In so agreeing you do not waive your rights to legal privilege in relation to that confidential information. Your agreement is not a waiver of privilege, cannot have the consequence of waiving privilege and is not inconsistent with the maintenance of confidentiality which the privilege is designed to protect.
- 12.4 Unless advised by you in writing to the contrary, we are entitled to assume that you consent to the disclosure of our involvement as legal advisers in any matter on which we are instructed, for the purposes of publicity following its completion.
- 12.5 Norton Rose Group advises a large number of clients and may be in a position where member entities are advising entities with competing interests to your own. Whilst we will do our best to ensure that we do not accept instructions where there is, or is a significant risk of, a conflict with your interests in the matter on which we are instructed or related matters, we may not be able to anticipate all such situations. If you become aware of a situation which you perceive could involve a conflict, you should inform us of it promptly.
- 12.6 We shall not be under any obligation to disclose to you or use on your behalf any information in respect of which we or other Norton Rose Group entities owe a duty of confidentiality to another client (or any other person). We and other Norton Rose Group entities may act for another client, notwithstanding that we or they hold confidential information relating to you and which may be material to that client, provided that such client has waived disclosure of such information and proper

arrangements have been put in place to ensure that such information is not disclosed to that client or those advising it.

- 12.7 You should also be aware that under some legislation and in certain circumstances, client legal privilege cannot be claimed to prevent information and documents being made available to third parties such as the Australian Taxation Office and the Australian Securities & Investments Commission.

13 Documentation

- 13.1 You are free to use and copy (for your use only) all documentation created by us in the course of any matter in which we represent you, but all copyright and other intellectual property rights in the documentation and all original ideas created by us in the course of the matter will remain our property and shall be kept confidential by you. We may use any of the documentation, created either by us or by any parties we instruct on your behalf, for research purposes or to form the basis of advice to our clients, provided we do not breach our duty of confidentiality to you. This documentation may be held in hard copy, electronic format and/or in our know-how database.
- 13.2 Save as required by the applicable law and professional rules, we do not undertake to retain your files for any particular period of time but we generally keep all files for a minimum of 7 years from the date of final invoice. We may destroy files, without further reference to you, at any time after the expiry of such period, except those you ask us to keep in safe custody. We may retain your files until you have paid all money which you owe us.
- 13.3 We reserve the right to keep your files and documents if there is money owing to us for costs, service charges or disbursements, even if your costs agreement is terminated by us.
- 13.4 We are authorised by you to destroy or to dispose of your files and documents in a matter after a period of 7 years from the date of completion of the matter. For this purpose we will take the matter to have been completed when we provide you with our final bill in the matter. We do not accept liability in the event of the earlier loss of stored files or documents although reasonable care will be taken to avoid loss.
- 13.5 References to files and documents include electronic as well as paper files and documents.

14 Correspondent lawyers, Counsel, etc

- 14.1 Where we consider it to be the most effective way of dealing with a matter, we will instruct Counsel or engage correspondent lawyers, experts or others on your behalf and at your expense. We shall, however, consult you before instructing Counsel or engaging correspondent lawyers, experts or others for whose fees you will be responsible. We are authorised by you to discharge any fees which we consider necessary or desirable to achieve your objective.
- 14.2 We will not be responsible for the advice given, services provided by, or default of, Counsel, correspondent lawyers, experts or others instructed by us on your behalf, but we will use all reasonable care in our selection of such persons.

15 Compliance and regulation

- 15.1 As with other professional services practices, we are under stringent requirements to identify our clients for the purposes of the anti-money laundering legislation. We are likely to request from you, and must retain, some information and documentation for these purposes and/or to make searches of appropriate databases. If satisfactory evidence of your identity is not provided within a reasonable time, there may be circumstances in which we are not able to act or may cease to act. Where we instruct Counsel or correspondent lawyers on your behalf, we may provide copies of this information to them, if requested, for their anti-money laundering procedures.
- 15.2 We are subject to various laws which require partners and staff in legal practices to report all knowledge or suspicion, or reasonable grounds to know or suspect, that a criminal offence giving rise to any direct or indirect benefit from criminal conduct has been committed, regardless of whether that offence has been committed by their client or by a third party. If in the course of our engagement we have knowledge or suspicion, or have reasonable grounds to know or suspect, that such offences have been committed, we are required to make a report to the relevant authority. In some circumstances, we may not be able to discuss such reports with you because of the restrictions imposed by the tipping-off provisions of the anti-money laundering legislation. We will not be liable to you for any loss or damage which you may suffer or incur as a result of our making such a report, including, without limitation, as a result of any delay to any stage of a matter or as a result of completion being prohibited by the relevant authority. The obligation to report has, however, been held not to apply to information we acquire in the course of, or in settlement discussions in, litigation matters.
- 15.3 We are retained only to provide legal and (where applicable) tax advice to you. In particular, it is not part of our role to give advice on the merits of investment transactions, and nothing we say or do should be construed as an invitation or inducement to engage in investment activity.

16 Client legal professional privilege

- 16.1 When you seek and receive legal advice from us on your rights and obligations (legal advice privilege) or if we act for you in contemplated or actual legal proceedings (litigation privilege), client legal privilege will attach to such communication.
- 16.2 Where it is necessary for us to communicate with third parties (unless litigation privilege applies) such as your other advisers or government or regulatory agencies or with fiscal authorities, such communication is unlikely to be privileged and, to the extent that it is, privilege may be lost or waived by such communication with a third party.
- 16.3 You should also be aware that third parties, where legal advice privilege is concerned, can include people in your organisation who are not involved in the giving of instructions to or in the seeking, obtaining or receipt of advice from us. Accordingly, in the event that you disseminate documents which are the subject of client legal privilege, either internally or externally, such privilege may be lost or waived and you should discuss this with us before you do so.

17 Limitation of liability, indemnity and force majeure

- 17.1 You agree that, as regards any claim on any matter (whether on the basis of contract, negligence or other tort, breach of duty, misrepresentation or otherwise whatsoever):
- (1) the claim may be made only by you and only against us, namely the Contracting Party; it may not be made against any other constituent part of Norton Rose Group or against any member, shareholder, partner, employee or consultant of, in or to any constituent part of Norton Rose Group whether on the basis of the existence of a special or similar relationship or on any other basis whatsoever;
 - (2) the claim may be enforced only against our available assets, and not against any other assets whatsoever, including, without limitation, the assets of any other constituent part of Norton Rose Group or any member, shareholder, partner, employee or consultant of, in or to any constituent part of Norton Rose Group;
 - (3) we shall have no liability to you for calculations, formulae, or other material which you or your other advisers supply to us for inclusion in any documents;
 - (4) if, in relation to the matter giving rise to the claim, persons in addition to us have liability in respect of work undertaken by them on that matter (whether that be joint and several or otherwise), our liability shall be limited to so much of the total liability of all persons (including us) as have liability in relation to that matter as shall be equal to the amount of our proportionate liability taken into account in ascertaining that total liability;
 - (5) without prejudice to, but in the circumstances contemplated by, paragraph 17.1(4), our proportionate liability to you under that paragraph shall not be increased by reason of:
 - (a) you agreeing with a person referred to in that paragraph a limitation on, or an exclusion of, the liability of that person; or
 - (b) any inability to recover from that or any other person;
 - (6) if, in circumstances contemplated by paragraph 17.1(4) but, notwithstanding paragraph 17.1(5), our liability in respect of the claim exceeds our proportionate liability referred to in those paragraphs, then if we have a right to contribution from another person and as a result of any agreement between you and that person our right to contribution is reduced, our liability to you shall be reduced to the same extent; and
 - (7) the foregoing provisions shall continue to apply notwithstanding any termination of our engagement by you.
- 17.2 Our services are provided for your benefit alone. Should you make our work product available to a third party other than by prior agreement with us, then you agree to indemnify Norton Rose Group in respect of any claim that that third party makes against a member of Norton Rose Group in relation to that work product.

17.3 Subject as stated in this paragraph 17, you agree that you will not make or seek to make, or procure or seek to procure that any other person makes, any claim in relation to any advice given, or service provided, in relation to any matter against any constituent part of Norton Rose Group (other than the Contracting Party) or against any member, shareholder, partner, employee or consultant of, in or to any constituent part of Norton Rose Group.

17.4 Neither you nor we will be liable in any way for failure to perform our respective obligations in respect of any matter in which we represent you (save for your liability for our fees, costs and disbursements) if the failure is due to causes outside the reasonable control of the party which has failed to perform.

17.5 Nothing in these Standard Terms excludes liability for any act or omission by us or any other constituent part of Norton Rose Group for which liability may not be excluded under any applicable law or regulation or to an extent which is less than the minimum sum per claim (for which we have liability) for the time being prescribed by any law or regulation applicable to our engagement by you.

17.6 Norton Rose Group maintains professional indemnity insurance as required by the Solicitors' Indemnity Insurance Rules (England and Wales) on a world wide basis. Norton Rose Australia complies with Australian laws requiring professional indemnity insurance. Please refer to our Australian General Counsel for details of the insurance cover and how to contact the insurers.

18 Termination

18.1 You may terminate our engagement at any time by giving notice in writing. We may stop acting for you if we believe we have a good reason to do so, but only upon reasonable notice.

18.2 If our engagement is terminated by you or us, you will be responsible for paying our fees, costs and disbursements up to the time of our ceasing to act.

18.3 During the course of any matter, we will maintain regular contact with you. However we are entitled to assume, in the absence of instructions from you, that you no longer wish to instruct us, and having notified you in accordance with paragraph 18.1 we will then be free to accept other instructions to act in respect of the subject matter of your original instructions.

18.4 You have the right to end your costs agreement at any time by requesting us in writing to cease acting. If you do so, all costs, service charges and disbursements incurred prior to the date of termination are immediately due and payable together with any related GST.

18.5 We also have a right to end your costs agreement and cease acting for you or suspend our services if you do not pay our bills as agreed, you do not meet our requirement to pay money on account of costs, service charges and disbursements, if in our view, the necessary relationship of confidence no longer exists between us or if we think it appropriate, having regard to the professional conduct rules and ethical standards under which we practise.

19 Entire agreement

- 19.1 These Standard Terms supersede any earlier agreement with you.
- 19.2 Unless you and we agree otherwise these Standard Terms will constitute the entire agreement between us in relation to our engagement.

20 Amendments

- 20.1 From time to time, it may be necessary for us to amend these Standard Terms.
- 20.2 Where this is the case, we will notify you of the proposed changes, and, unless we hear from you in writing to the contrary within 21 days, such amendments will be deemed to come into effect from the end of that period.

21 Laws and regulations

- 21.1 These Standard Terms will be governed by, and construed in accordance with the law of the place where our costs agreement is made.
- 21.2 Any claim by you in relation to the services provided to you by us will be determined by the courts of the state or territory in which the costs agreement is regulated which will have exclusive jurisdiction in relation to any such claim.
- 21.3 If the validity or enforceability of any provision of these Standard Terms is in any way limited by any applicable law or regulation, such provision shall be valid and enforceable to the fullest extent permitted by such law or regulation. The invalidity or unenforceability of any provision of these Standard Terms shall not affect the validity or enforceability of any other provision.

22 Provision of information

- 22.1 If during or after the completion of a matter we are required by law or a competent authority to provide information (including producing documents or giving evidence) in relation to any matter handled for you by us or in respect of which we hold files or documents, we will notify you of that requirement.
- 22.2 If this occurs we may bill you for the work involved in providing that information and you will pay our costs, service charges and disbursements at our then standard charge out rates on the basis that the work is specified in our costs agreement with you.

23 Conflict of interest

- 23.1 Before accepting a new matter, we try to ensure it does not create a conflict of interest for us or that, if it does, proper steps are taken to manage the conflict.
- 23.2 We cannot always identify all actual or potential conflicts of interest at the outset of a new matter. If you use other names or have associated entities whose names should be included in our conflict checking procedures, or if you learn the names of entities associated with other parties to your matter, please inform us of those names. If you become aware during the course of a matter that your interests are or may become opposed to those of another person or entity, you should advise us immediately.

- 23.3 If a conflict of interest is identified during the course of a matter, we will endeavour to resolve the conflict. Where appropriate, we will discuss it with you and with the other party to the conflict to try to achieve a speedy and satisfactory resolution. We will keep your details confidential during those discussions unless you agree otherwise.

- 23.4 If a conflict of interest is not in our opinion capable of resolution except by our ceasing to act for one or more parties, we reserve the right to cease acting for you in your matter.

- 23.5 We provide services to many other clients, some of which may be in competition with you or have interests which conflict with your own. These circumstances alone will not prevent us from acting for other clients as well as for you.

24 Privacy

- 24.1 Under the *Privacy Act 1988* (Cth) (**Privacy Act**), we are required to tell you that we collect information about you to assist in performing legal services you have requested and in promoting our legal services. We collect this information mainly through our communications with you but we may do so also from other sources in the course of providing our services to you. We generally do not disclose information about you to any person except as required in the course of providing legal services to you or for the ordinary administration of our business. In certain circumstances, we may disclose information about you where permitted or authorised under the *Privacy Act* or other applicable law.

- 24.2 We take reasonable measures to ensure your personal information is accurate and protected from unauthorised access or disclosure.

- 24.3 If you would like to:

- (1) inform us that you do not wish to receive promotional material from us;
- (2) request access to, or correction of, information we hold about you;
- (3) make a complaint about our treatment of your privacy; or
- (4) view our complete personal information management policy;

please make a written request to our Privacy Officer by visiting www.nortonrose.com and following the prompts under "Contact Us" or by mail to Head of Compliance, Norton Rose Australia, GPO Box 4592SS, Melbourne, Victoria 3001.

25 Your obligation to retain documents where litigation may arise

- 25.1 You have a general obligation to retain documents that are reasonably likely to be required in any litigation that may arise. In some cases it may be an offence to destroy a document that is, or is reasonably likely to be, required in evidence in legal proceedings.

- 25.2 If a document is unavailable for the purpose of litigation, and the unavailability is likely to cause unfairness to a

party, typically a court may make a ruling to correct that unfairness. Such a ruling may include, in some circumstances, an order striking out a party's defence or statement of claim.

25.3 If there is any possibility that legal proceedings may be commenced and that documents may be relevant to those proceedings, those documents should be retained until we advise you they can be safely disposed of.

25.4 Should litigation in Victoria be a possibility in your case you must bear in mind the *Crimes Act 1958* (Vic) which makes it a criminal offence to destroy a document that is, or is reasonably likely to be, required in evidence in legal proceedings. In Victoria the *Evidence Act 1958* (Vic) gives the court specific powers to penalise a party to litigation whose relevant documents are unavailable.

26 Definitions schedule

26.1 In these Standard Terms:

- (1) **fixed cost provision** means a determination, scale, arrangement, or other provision fixing the costs or maximum costs of any legal services that is made by or under legislation and includes any practitioner remuneration order or scale of costs;
- (2) a **regulated client** is a client which is entitled to the benefit of all the consumer protection provisions of the relevant LPA; and
- (3) you will not be a **regulated client**:
 - (a) if the total legal costs in a matter, including service charges but excluding disbursements, are not likely to exceed AUD750 (New South Wales and Victoria) or AUD1,500 (Queensland, Western Australia and the Australian Capital Territory); or
 - (b) if:
 - (i) you have received one or more copies of these Standard Terms (or any similar document) and one or more Letters of Engagement (together **previous disclosure**) from us in the 12 months period before the commencement of any engagement; and
 - (ii) you have agreed in writing to waive the right to receive further disclosure of the matters covered by the previous disclosure; and
 - (iii) a partner of Norton Rose Australia has decided on reasonable grounds that, having regard to the nature of the previous disclosure and the relevant circumstances, the further disclosure is not warranted; or

(c) if you are:

- (i) an Australian or foreign law practice or legal practitioner;
- (ii) a public company, a subsidiary of a public company, a foreign company, a subsidiary of a foreign company, a registered Australian body (within the meaning given to those terms in the *Corporations Act 2001* of the Commonwealth), or (except in the Australian Capital Territory) a large proprietary company (within the meaning given to that term in that Act);
- (iii) a financial services licensee (within the meaning of that Act);
- (iv) (except in the Australian Capital Territory) a liquidator, administrator or receiver (as respectively referred to in that Act);
- (v) (except in the Australian Capital Territory) a partnership that carries on the business of providing professional services if the partnership consists of 20 or more members or if the partnership would be a large proprietary company (within the meaning of that Act) if it were a company;
- (vi) (except in the Australian Capital Territory) a proprietary company (within the meaning of that Act) formed for the purpose of carrying out a joint venture, if any shareholder of the company is a person to whom disclosure of costs is not required;
- (vii) (except in the Australian Capital Territory) an unincorporated group of participants in a joint venture, if any member of the group is a person to whom disclosure of costs is not required and if any other members of the group who are not such persons have indicated that they waive their right to disclosure; or
- (viii) a Minister of the Crown in right of a jurisdiction or the Commonwealth acting in his or her capacity as such, or a government department or public authority of a jurisdiction or the Commonwealth;
- (d) if our legal costs or the basis on which they will be calculated have or has been agreed with you as a result of a tender process; or
- (e) if you will not be required to pay our legal costs (for example, if the matter is dealt with on a pro bono basis) or they will not otherwise be recovered by us.

Schmidt, Peter

From: Shara Murray <smurray@racingqueensland.com.au>
Sent: Tuesday, 12 July 2011 3:34 PM
To: Procter, Murray
Subject: RE: [2767947:9] Engagement letter - Racing Queensland Limited - Advice - Executive strategy
Attachments: doc20110712145807.pdf

Dear Murray

Please find executed engagement letter **attached**.

Kind Regards

Shara

Shara Murray
Senior Corporate Counsel



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F +61 7 3269 9043
M 0407 156 539
E smurray@racingqueensland.com.au
W www.racingqueensland.com.au

From: Judd, Jan [<mailto:Jan.Judd@nortonrose.com>] **On Behalf Of** Procter, Murray
Sent: Tuesday, July 12, 2011 11:23 AM
To: Shara Murray
Subject: [2767947:9] Engagement letter - Racing Queensland Limited - Advice - Executive strategy

Dear Shara,

Please see **attached** engagement letter including general terms.

if you have any queries, please do not hesitate to contact me.

Kind regards,

Murray Procter
Partner

Norton Rose Australia
Level 17, 175 Eagle Street, Brisbane, Australia
Tel +61 7 3414 2914 Mob +61 405 082 089 Fax +61 7 3414 2999
murray.procter@nortonrose.com

Law Firm of the Year - The Lawyer Awards 2011

Ogilvy Renault and Deneys Reitz have joined Norton Rose Group
More information on Norton Rose Group's capabilities in Canada and South Africa is available at nortonrose.com

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12 July 2011

Email: smurray@racingqueensland.com.au

Private & Confidential

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Our reference
2767947

Dear Shara

**Norton Rose Australia's legal services
Advice - Executive strategy**

I am writing to set out the terms which we offer to govern the future business relationship between Norton Rose Australia ABN 32 720 868 049 and other constituent parts of Norton Rose Group, and Racing Queensland Limited ABN 52 142 786 874 and its subsidiaries and other affiliates, and to give you certain information required by our regulatory bodies (for the regulatory position see paragraph 2 of the Appendix). As a consequence, these terms of engagement include provisions which might not all appear to be immediately relevant, but which I am required to draw to your attention under the relevant regulations.

The Appendix contains the Standard Terms, and these form part of this letter. I would draw your attention in particular to paragraphs 1 and 2 of the Appendix and to certain exclusions of, and limitations on, Norton Rose Group liability which are principally to be found in paragraph 17 of the Appendix.

Martin Osborne will continue to be the partner who has overall responsibility for the relationship. I am always available to discuss any points which arise in respect of the relationship as a whole or in relation to any of your matters, including those handled by colleagues, and, if there are any points on these terms of engagement which you wish to clarify, please contact me.

In the balance of this letter **you** means Racing Queensland Limited ABN 52 142 786 874 and includes each of that entity's subsidiaries and affiliates which seek our services under the umbrella of this letter.

1 Applicable law

- 1.1 If you accept this offer, then the laws of Queensland and in particular (but without limitation) the *Legal Profession Act 2007 (Qld)* (LPA) will apply to the costs agreement between you and us and all matters concerning our legal costs.

2 Scope of engagement

- 2.1 We confirm your instructions to act for you as follows:

Advice on a strategy for the remuneration of Racing Queensland Limited's executives, as required by you.

APAC-#10783474-v1

Norton Rose Australia is a law firm as defined in the Legal Profession Acts of the Australian states and territory in which it practises. Norton Rose Australia together with Norton Rose LLP and their affiliates constitute Norton Rose Group, an international legal practice with offices worldwide, details of which, with certain regulatory information, are at www.nortonrose.com.

We also confirm that you do not expect us to act for you in respects beyond the above stated scope of legal services, such as tax and revenue law advice, unless you give us specific instructions to do so and we confirm in writing our acceptance of these additional instructions.

- 2.2 We will not undertake work which falls outside this scope of legal services unless we agree the additional work, and assumptions on which it is based and any consequences for the fees, service charges and disbursements for matters affected.
- 2.3 Save as otherwise agreed, we will be advising and acting at all times in respect of Australian law only and are not responsible for advising you as to the effect or enforceability of any documents or matters which may be subject to or governed by the laws of any other jurisdiction.
- 2.4 Our solicitor/client relationship is with, and our duty of care is owed to, you only. All advice provided by us (or any other constituent part of Norton Rose Group) relates to matters contemplated by this letter only and is for the benefit of you alone. Unless we agree otherwise in writing, our advice does not extend to, and may not be relied upon by third parties, including your directors and employees in their private capacity.

3 Future Instructions

- 3.1 When we are instructed on a matter in future, for which we open a separate file, we will write to confirm:
- (1) the Contracting Party in relation to that matter, if it is a constituent part of Norton Rose Group other than Norton Rose Australia;
 - (2) if our client is a subsidiary or affiliate of Racing Queensland Limited ABN 52 142 786 874 rather than Racing Queensland Limited ABN 52 142 786 874 itself, the identity of our client in that matter;
 - (3) the scope of the work we have agreed to undertake and any assumptions on which it is based;
 - (4) the responsible partner and other key team members for the matter;
 - (5) the fees and invoicing arrangements in relation to the matter if they differ from the overall arrangements agreed between you and us; and
 - (6) the frequency of progress reports on transactions if they differ from the overall arrangements agreed between you and us.

In circumstances where it will be more appropriate for you to instruct a Norton Rose Group entity other than Norton Rose Australia, we shall so advise you. In such a case the Norton Rose Group entity concerned will issue its own letter of engagement.

- 3.2 In the event of any difference or inconsistency between this letter and any letter or instruction confirmation sheet sent to you under paragraph 3.1, the terms of that second letter or instruction confirmation sheet will prevail.

4 Our team

- 4.1 The responsible partner for each matter will vary according to the circumstances. However the names of our key team members are set out below:

Name

Martin Osborne

Partner

Murray Procter

Partner

Name

| | |
|------------------|------------------|
| Stephen Mackie | Senior Associate |
| Kristin Gamble | Associate |
| Ethan Emery | Associate |
| Bronwyn Williams | Associate |

Key team members may change from time to time.

- 4.2 In addition, we will involve other partners, consultants, special counsel, senior associates, associates, lawyers, know-how lawyers, graduate clerks and paralegals, if required, in a manner which avoids, so far as feasible, duplication of effort.
- 4.3 We always aim to avoid changing members of a team during the conduct of a matter, but, if in any case this is not possible, we will inform you promptly of the change and the reasons for it. We will use legal staff of an appropriate level of seniority for the work concerned.
- 4.4 You will have access to other experts, if required. They will be charged at rates equivalent to those below, depending on their experience.

5 How our fees are calculated

- 5.1 Under this agreement, unless, in relation to a particular matter, we agree other fee arrangements, we will charge according to the number of hours each person works on the matter (with periods of less than 1 hour charged proportionately on the basis of 6 minute units).

The hourly charge-out rates of the persons initially to be involved in the matter are:

| Name | Hourly rate |
|----------------------------------|--------------------|
| Martin Osborne, Partner | \$605 |
| Murray Procter, Partner | \$555 |
| Stephen Mackie, Senior Associate | \$420 |
| Kristin Gamble, Associate | \$395 |
| Ethan Emery, Associate | \$350 |
| Bronwyn Williams, Associate | \$310 |

- 5.2 The responsible partner may, however, be assisted by others to ensure that our services are delivered efficiently. If so, those people will be charged at their standard hourly rates. Our current standard hourly rates exclusive of GST are:

| | |
|------------------------------|-------------------|
| Partner | AU\$485 – AU\$950 |
| Special Counsel / Consultant | AU\$385 – AU\$780 |
| Senior Associate | AU\$380 – AU\$680 |
| Associate / Lawyer | AU\$210 – AU\$620 |
| Graduate / Paralegal | AU\$160 – AU\$340 |

- 5.3 These rates will generally be grossed up for GST in Australia, except where we make a GST-free supply of legal services. Our fees will therefore be calculated to include the relevant amount of GST.

- 5.4 If our applicable charge-out rates change during the course of a matter, you have the right under the LPA to be notified of the change. If you are not specifically notified, our first bill following the change will reflect the change and will constitute notice to you of the change. This costs agreement will be taken to have been amended accordingly if you continue to instruct us.
- 5.5 You should consider in relation to each matter whether any part of the costs which you incur either to us or to your opponent may be covered by an arrangement such as:
- (1) legal costs insurance in an existing policy;
 - (2) a right of indemnity in any contract;
 - (3) an ability to seek payment or a contribution from any trade association or other body of which you are a member or which may have an interest in helping to finance the transaction – for example, your employer or a trade union; or
 - (4) "after the event" insurance against costs which may be taken out at this stage. There are various products available on the market (often at very substantial premiums). We cannot advise you about the products available, and, if you may be interested in exploring this possibility, you should arrange it through your insurance broker. If you would like to explore this further, you should ask your insurance broker to contact us to discuss it.
- 5.6 If you think that existing insurance or other arrangements might provide cover for any relevant costs or expenses, you should send us the documents in question so that we can advise you.

6 Engagement of another Australian lawyer

- 6.1 It may be necessary for us to engage, on your behalf, the services of another Australian lawyer, such as a barrister or a law practice in a place where we do not have an office, to provide specialist advice or services, including advocacy, or to act as our agent. We will consult you about the terms of this engagement before engaging the other lawyer. You may be asked to enter into a costs agreement directly with that other lawyer.

7 Fee estimate

- 7.1 Based on the scope outlined above and the assumptions set out below, we estimate that our costs will not exceed \$10,000 plus GST of 10% of this amount. However, if our actual costs are less than this estimate, we will only charge the actual costs plus GST of 10% of those costs.
- 7.2 It is impossible to predict our costs with certainty as they depend on how the matter proceeds and the extent to which you utilise our services. If the estimate is exceeded due to a change in the scope of services or the fact that any assumption set out below proves to be inaccurate or for any other reason, we reserve the right to charge for the excess at our hourly rates for the time being current.

8 Assumptions

- 8.1 In setting the fee structure outlined above, we have assumed that:
- (1) we will receive clear and timely instructions from you;
 - (2) there will be no material change to the scope of services;
 - (3) the time taken to negotiate documents is reasonable and not protracted;
 - (4) the time taken to research relevant legal issues is reasonable and not protracted;
 - (5) the time taken liaising, meeting and conferring with you or other parties is reasonable and not protracted;
 - (6) it is unnecessary for us to represent you in relation to any legal proceedings; and

- (7) we will not be required to negotiate on your behalf.

9 Disbursements and service charges

- 9.1 In addition to professional fees there will be a requirement to pay or to reimburse to us disbursements and service charges incurred or payable as mentioned in the attached Standard Terms.
- 9.2 The basis for charging disbursements and service charges is set out in the attached schedule of disbursements and service charges.
- 9.3 If we change the way we calculate disbursements and service charges during the course of a matter we will notify you of the change and the costs agreement will be taken to have been amended accordingly if you continue to instruct us in this matter.
- 9.4 GST will apply to most disbursements and service charges such as barristers' fees and charges for searches and enquiries. These will be on-charged to you at the GST-exclusive cost to us, plus GST. However, GST will not be passed on to you in respect of GST-exempt government fees, taxes and charges for which you are liable, such as stamp duty and registration fees, provided those fees, taxes or charges are paid by separate cheque drawn by you in favour of the proper payee.

10 Billing and reporting

- 10.1 We will bill you at monthly intervals on the basis of the hours recorded in our time recording system.
- 10.2 Our bills are payable when rendered. We reserve the right to charge interest on amounts overdue by 30 days or more at the rate equal to the Cash Target Rate stated as such by the Reserve Bank of Australia increased by 2 percentage points.

11 Responsibility for advice and services

- 11.1 Norton Rose Group is an international legal practice which carries on business, through its separate constituent parts, in a number of jurisdictions. In each jurisdiction, clients contract with a specific constituent part of Norton Rose Group and that constituent part alone is responsible for providing advice or services to that client and no other constituent part of Norton Rose Group has any responsibility for such advice or services. Some constituent parts of Norton Rose Group have limited liability. The name of any constituent part of Norton Rose Group providing advice or services from any jurisdiction is available on request. In relation to the matter the subject of this letter, you are contracting with Norton Rose Australia ABN 32 720 868 049 only.
- 11.2 Advice and services under this letter will be provided by Norton Rose Australia ABN 32 720 868 049 (or by another constituent part of Norton Rose Group to which work is referred by Norton Rose Australia in accordance with paragraph 10.4 of the Appendix) but only Norton Rose Australia (as the Contracting Party) is responsible for the provision of such advice or services. No other constituent part of Norton Rose Group nor any individual who is a member, partner, shareholder, employee or consultant of, in or to Norton Rose Australia or any other constituent part of Norton Rose Group accepts or assumes responsibility, or has any liability, to you or any third party for advice or services provided under or pursuant to these terms of engagement.
- 11.3 The term "partner" is a title and individuals described as "partners" are members, partners or shareholders, or employees or consultants with equivalent seniority of, in or to Norton Rose Australia or another constituent part of Norton Rose Group.

12 Time for claims

- 12.1 Without prejudice to the provisions of paragraph 17 of the Appendix, there shall be no liability in respect of any claim in connection with your matters unless you give us written notice of the claim, stating in reasonable detail the nature of the claim and your best estimate of the amount claimed by you, within 24 months after the date of completion of the matter in question.

12 July 2011

NORTON ROSE

13 Standard Terms

- 13.1 I attach in the Appendix our Standard Terms which form part of this letter. I would draw your attention in particular to paragraphs 1 and 10 of the Appendix and to certain exclusions of, and limitations on, our liability which are principally to be found in paragraph 17 of the Appendix. These Standard Terms will apply to this and any other further engagements.

14 How to accept this offer

- 14.1 The offer in this letter may be accepted by you if you:

- (1) signing and returning to us the enclosed copy of this letter; or
- (2) continue to instruct us (in writing or orally) to perform the work specified in this letter.

15 Your comments

- 15.1 We always appreciate your comments. If you have any comments or queries in relation to any matter or if you wish to discuss our legal costs, please contact either our Brisbane Office Chairman, Craig Chapman or me.

We look forward to assisting you in this matter.

Yours faithfully



Murray Procter
Partner
Norton Rose Australia

Encl

We/I hereby agree to the above terms and conditions for this matter.


Signed

Shara Louise Murray
Name

Date: 12 July 2011

Matter number: 2767947
[Office use only]

Company Secretary
Title

Racing Queensland Limited
Company

Schedule of disbursements and service charges

| Disbursement or service charge | Standard rate exclusive of GST |
|---|---|
| Telephone Local calls Mobile, STD and ISD calls | No charge At cost * |
| Document production, photocopying and printing Black and white copy Colour copy | AU\$0.20 per page AU\$1.00 per page |
| Document production finishing Binding Laminating Dividers | AU\$4.00 per document AU\$3.50 per document AU\$5.00 per document |
| Document production folders Folders – lever arch Folders – 2 ring | AU\$10.00 per folder AU\$8.00 per folder |
| Scanning | No charge |
| Faxing Local fax STD fax ISD fax | AU\$1.00 per page AU\$1.50 per page AU\$2.00 per page |
| Emails | No charge |
| Taxis | At cost * |
| Couriers – local, interstate and international | At cost * plus fuel surcharge |
| Court lodging | AU\$22.00 per lodgment |
| Searches, online searches | Service provider fee plus 25% to defray cost of search time |
| Archive retrieval and delivery | At cost * |
| Postage – express, overseas, non-standard | At cost * |

* "At cost" means the cost invoiced to Norton Rose Australia by the supplier, including any service fees but net of relevant input tax credits claimable by Norton Rose Australia.

Annexure – Norton Rose Australia

Standard Terms

1 Definitions

1.1 In these Standard Terms the following expressions have the following meanings:

- (1) **claim** means any such claim as is referred to in paragraph 17 of this Appendix;
- (2) **constituent part of Norton Rose Group** means any partnership, limited liability partnership, body corporate or other entity comprised within Norton Rose Group;
- (3) **Contracting Party** means Norton Rose Australia;
- (4) **LOE** means the Letter of Engagement or other form of instruction confirmation we send you relating to a matter;
- (5) **LPA** has the meaning in paragraph 2.2;
- (6) **Norton Rose Australia** means the Australian partnership of that name with Australian Business Number 32 720 868 049 (generally called Norton Rose);
- (7) **Norton Rose Group** means Norton Rose Australia, Norton Rose LLP and any other partnership, limited liability partnership, body corporate or other entity established or practising in any jurisdiction and authorised to include in its name "Norton Rose" or to describe itself as "In association with Norton Rose LLP";
- (8) **these Standard Terms** means the terms in this Appendix, the letter of which this Appendix forms part and any document expressed to be supplemental to such letter;
- (9) **we, our and us** refer to the Contracting Party;
- (10) **you and your** refer to the addressee (jointly if more than one and not individually) of these Standard Terms, including, where relevant, any company or other entity which becomes subject to these Standard Terms; and
- (11) **the expressions fixed cost provision and regulated client** in the definitions schedule in paragraph 26 have the meanings set against them respectively.

1.2 In these Standard Terms words importing the singular include the plural and vice versa and words importing a gender include every gender. Unless expressly stated to the contrary in the letter of which this Appendix forms part, if there shall be any conflict between the terms of this Appendix and the letter of which this Appendix forms part, the terms of this Appendix shall prevail.

1.3 Details of any constituent part of Norton Rose Group may be obtained on request.

2 Introduction

2.1 The costs agreement between us (which you have the right to negotiate with us prior to agreement being reached) for each matter in which you request our services consists of these Standard Terms and the LOE we send you relating to that matter.

2.2 One of the following Acts (including Regulations made under the Act) (each separately called the LPA) referred to expressly or by inference in the LOE we send you relating to the matter applies to the costs agreement for the matter:

- (1) *Legal Profession Act 2004* (New South Wales) (NSW Act);
- (2) *Legal Profession Act 2004* (Victoria) (VIC Act);
- (3) *Legal Profession Act 2006* (Australian Capital Territory) (ACT Act);
- (4) *Legal Profession Act 2007* (Queensland) (QLD Act); or
- (5) *Legal Profession Act 2008* (Western Australia) (WA Act).

2.3 If you are a regulated client you have the right to be notified (and we will notify you) of any substantial change to anything disclosed in a costs agreement:

- (1) to which the NSW Act, the ACT Act, the QLD Act or the WA Act applies, as soon as is reasonably practicable after we become aware of that change; or
- (2) to which the VIC Act applies, as soon as is practicable after we become aware of that change.

3 Professional fees comprising costs, service charges and disbursements

3.1 We will charge you fees comprising our costs, service charges for non-professional services provided by our related service entity, and disbursements.

3.2 We calculate our costs on the basis of the time spent on your matters, at an agreed cost or in accordance with an agreed lump sum fee (in either such case together with any agreed percentage premium) or in accordance with any applicable fixed cost provision.

3.3 The basis of calculating our costs, service charges and disbursements for a particular matter will be set out in the relevant LOE. In addition to our charges in respect of particular matters, we will charge a fee for the preparation of every audit representation letter requested by you or your auditors for any purpose. The fee will be based on the amount of time which we spend in searching our records to obtain the requested information, and in preparing, settling and dispatching

the representation letter and the reports which accompany it. According to the extent and complexity of the task, the fee is ordinarily between \$250 and \$600 plus service charges, disbursements and GST. Should you or your auditors require substantial lawyer commentary on particular circumstances, our fee may be higher.

- 3.4 Our partners, other legally qualified staff, graduate clerks and paralegals (collectively professional staff) record their time in 6-minute units for any activity.
- 3.5 Our professional staff have different charge out rates depending upon their level of experience and the practice group in which they work. The current standard hourly rates for work to be performed by our professional staff on each matter are detailed in the relevant LOE. They may be varied from time to time and we will notify you if any variation will substantially affect any lump sum quote or estimate provided to you.
- 3.6 Disbursements and service charges we pay or incur on your behalf are additional to our professional costs. They may include photocopying, telephone calls, couriers, facsimiles, travel fares, desktop publishing services, document lodging and document service fees and document storage charges.
- 3.7 Disbursements are charged at their cost to us. When our service entity provides substantial applied legal technology (document management services, D-room or eComply) or other special services, it may contract directly with you in relation to those services. In the case of other charges for services we or our service entity provide, such as photocopying, faxes and STD and IDD telephone calls, service charges at standard rates are charged. Details of our current standard rates for such services are set out in the relevant LOE.
- 3.8 You agree to pay or to reimburse the following disbursements and service charges billed in each matter:
- (1) those incurred with your prior authority;
 - (2) those incurred without your prior authority where:
 - (a) the amount of the disbursement or service charge is not significant having regard to the nature of the matter; or
 - (b) it was not reasonably practicable for us to seek your authority and we considered it desirable to incur the disbursement or service charge for the proper conduct of the matter.
- 3.9 We may ask you in advance for payment on account of large disbursements such as stamp duty, registration fees, court fees and conveyancing enquiry fees.
- 3.10 Our bills provide you with an itemised breakdown of disbursements and service charges and will constitute a tax invoice for GST purposes.
- 4 Support staff**
- 4.1 No charge is made for secretarial or administrative staff except in respect of audit representation letters and in circumstances where client requirements demand significant secretarial or support staff services out of normal office hours.

- 4.2 Support staff who are required to work overtime because of the special requirements of the matter are charged for additionally.

5 Quotes and estimates

- 5.1 If you are a regulated client and it is reasonably practicable to do so, we will give you an estimate of the costs (including service charges and disbursements) you will incur on each matter. If it is not reasonably practicable to make an estimate, we will give you a range of estimates of the total legal costs and an explanation of the major variables that will affect the calculation of those costs. Estimates are based on the agreed scope of work and should not be regarded as a fixed quote.
- 5.2 Unforeseen circumstances or new issues often arise during the course of a matter. If our estimate of costs becomes inaccurate, we will provide you with a revised estimate.
- 5.3 We can provide a fixed quote on some matters such as some conveyancing work and the provision of shelf companies. The quote will be based on the scope of work but will not cover additional services that may be required as a result of any variation in the scope of work.
- 5.4 When you instruct us in matters where the other party has a contractual liability to you to pay our costs, you will remain liable for payment until the costs are received by us.

6 Billing

- 6.1 You have the right:
- (1) to receive a bill from us for our costs, service charges and disbursements; and
 - (2) to request an itemised bill after receipt from us of a lump sum bill.
- 6.2 We issue bills to you monthly during the course of each matter unless otherwise agreed.
- 6.3 Unless other payment terms are agreed, bills are payable when rendered. If our bills are not paid 30 days after you have been provided with a bill we reserve the right to charge interest on the amount overdue. The rate of interest will not exceed the maximum amount permitted under the LPA. If you are a regulated client, the actual rate will be specified in the LOE we send you for each matter.
- 6.4 We aim to give you accurate and understandable bills. If you have any questions about a bill, please contact the responsible partner or Head of Office named in the LOE to discuss them.
- 6.5 Our bills are payable in the currency in which they are submitted.
- 6.6 If any bill is not paid, we may, on giving written notice to you, cease work on the matter to which the bill relates and any of your other matters, and you will not make any claim against us, or any complaint, in respect of the consequential inactivity on the matter or any loss resulting from it. In these circumstances, we may also be entitled to exercise a lien for unpaid fees over any of

your deeds and documents which we are then holding and to engage another firm of lawyers to recover any sums owing. If the matter is litigious, we may also remove ourselves from the record.

- 6.7 Our bills are to be paid free of any withholding or deduction in respect of any taxes or duties. If you are required by law to withhold or deduct tax, the amount of each bill is to be treated as increased to the extent necessary to ensure that, after any withholding or deduction, we receive and retain a net sum equal to the amount of the bill.
- 6.8 If your payment of our bills or our receipt of such payment is subject to exchange or other similar control, you will use your best endeavours to obtain (or where appropriate help us to obtain) the necessary consents as soon as possible after each bill is rendered and then ensure we receive prompt payment.
- 6.9 If we agree with you that any costs, service charges or disbursements (and any GST thereon), which would otherwise be payable by you, are to be paid by another person, you will nevertheless remain liable for such costs, service charges and disbursements (and any GST thereon) to the extent that such person fails to pay them within a reasonable time.
- 6.10 Any money held by us on your behalf in connection with any matter will be deposited with a bank in accordance with the relevant LPA. We will not be liable for any loss resulting for any reason, including default by the bank concerned.
- 6.11 Any money provided on account of our costs, service charges and disbursements will be held on the following terms:
- (1) we will hold the money on your behalf, and will account to you for interest in accordance with the relevant LPA;
 - (2) principal and interest will be used to reduce or discharge (as the case may be) the final invoice which we render at the conclusion of the transaction;
 - (3) you may not require us to apply any part of the money in settlement of any interim bills submitted, although we may do so in our discretion;
 - (4) any part of the principal and interest which remains unused after our final bill has been paid will be returned to you;
 - (5) if you are an individual and an EU resident, we may inform HM Revenue and Customs (HMRC) of any interest we pay to you and they may inform the relevant tax authorities in the jurisdiction in which you are resident; and
 - (6) you will be responsible for paying any tax in respect of any interest, whether the interest is applied towards discharge of a bill or is paid to you.
- 6.12 Time, costs, service charges or disbursements may be recorded in our systems after the period during which they were spent or incurred, in which case they will be added to the next period's bill or we will raise a separate bill in respect of them. Costs, service charges

or disbursements may amount to a sum which it is appropriate to pay prior to submission of a regular periodic bill, in which case we will raise a separate bill in respect of those items.

7 Litigation costs

- 7.1 Whether our costs (including service charges and disbursements) for a litigation matter are charged on an estimated or fixed cost provision basis:
- (1) those costs exclude the costs (including service charges and disbursements) of recovery of any judgment or award or any appeal arising out of the litigation; and
 - (2) an order for costs in your favour will not necessarily cover the whole of your legal expenses.
- You will nevertheless remain responsible to pay our costs (including service charges and disbursements) in full, subject to your rights disclosed in these Standard Terms.
- 7.2 If costs are awarded to your opponent in the litigation, their court costs will be additional to those payable under your costs agreement with us and to your barrister. If the court awards costs of an unspecified amount in your favour or against you, you or the other party may apply to the court for those costs to be assessed or taxed by reference to the applicable court scale.
- 7.3 If we negotiate a settlement on your behalf, we will disclose to you, before the settlement is executed:
- (1) a reasonable estimate of the legal costs payable by you if the matter is settled including any legal costs of another party that you are to pay; and
 - (2) a reasonable estimate of any contributions towards those costs likely to be received from another party.
- In any event we will not commit you to a settlement unless we receive clear instructions from you.
- 7.4 You should seek our advice during the course of the action on the tax treatment of any amounts awarded to you.
- 7.5 The major variables that can affect the calculation of our costs in any litigation matter are:
- (1) if no proceeding has actually been issued at the time we make the calculation, in which court or tribunal the dispute is ultimately litigated (as both cost and procedures vary between different courts and tribunals);
 - (2) whether the number of parties changes;
 - (3) if you are the plaintiff, whether the defendant(s) contest the claim;
 - (4) if you are the plaintiff, whether there is any opportunity to obtain default or summary judgment against the defendant(s) before the trial or the hearing;

- (5) whether, and if so at what stage, a settlement can be negotiated;
- (6) whether, for some other reason, the case does not proceed as far as trial and judgment or hearing and decision;
- (7) what pre-trial or pre-hearing steps are required by the other parties or the court or tribunal to be carried out, eg further particulars of pleadings, discovery, interrogation, mediation, court or tribunal books, witness statements, outlines of argument;
- (8) whether there are disputes between any of the parties as to the adequacy of performance of any pre-trial or pre-hearing steps;
- (9) whether any order or judgment made in the course of the case (including before the trial) is appealed by any of the parties;
- (10) whether necessary witnesses for your case co-operate or not;
- (11) whether it becomes necessary to obtain evidence, or reports or documents from one or more expert or other witnesses;
- (12) what attitude and tactics are adopted by the other parties throughout the case;
- (13) whether it becomes necessary to retain a Queen's Counsel or Senior Counsel or more than one barrister on your behalf at or before the trial or hearing;
- (14) the complexity of the law involved in the case; and
- (15) the length of any trial or other hearings or the number of witnesses that would be required at trial or the hearing, neither of which we are usually in a position to accurately estimate when we calculate our costs.
- 7.6 Apart from all of the above factors, you must also understand that litigation is a fluid process and that a lot of what will happen in the course of the case will result from the actions of the other parties and the court or tribunal, neither of which we control.
- 8 Goods and services tax**
- 8.1 In this paragraph:
- (1) GST means GST as defined in *A New Tax System (Goods and Services Tax) Act 1999* as amended (GST Act) or any replacement or other relevant legislation and regulations;
- (2) words or expressions used in this paragraph which have a particular meaning in the GST law (as defined in the GST Act, and also including any applicable legislative determinations and Australian Taxation Office public rulings) have the same meaning, unless the context otherwise requires;
- (3) any reference to GST payable by a person includes any corresponding GST payable by the representative member of any GST group of which that person is a member;
- (4) any reference to an input tax credit entitlement by a party includes any corresponding input tax credit entitlement by the representative member of any GST group of which that party is a member; and
- (5) if the GST law treats part of a supply as a separate supply for the purpose of determining whether GST is payable on that part of the supply or for the purpose of determining the tax period to which that part of the supply is attributable, that part of the supply is to be treated as a separate supply.
- 8.2 Unless GST is expressly included, the consideration to be paid or provided under any other paragraph of these Standard Terms or our LOE (including any variation of it) for a particular matter (together called your costs agreement) for any supply made under or in connection with your costs agreement does not include GST.
- 8.3 To the extent that any supply made under or in connection with your costs agreement is a taxable supply, the GST-exclusive consideration otherwise to be paid or provided for that taxable supply is increased by the amount of any GST payable in respect of that taxable supply and that amount must be paid at the same time and in the same manner as the GST-exclusive consideration is otherwise to be paid or provided. A party's right to payment under this paragraph is subject to a valid tax invoice being delivered to the recipient of the taxable supply. You must also pay any penalties, fines, interest or statutory charges imposed in connection with the imposition of GST on the taxable supply.
- 8.4 To the extent that you are required to reimburse or indemnify us for a loss, cost or expense incurred by us, that loss, cost or expense does not include any amount in respect of GST for which we are entitled to claim an input tax credit.
- 8.5 If, based on the information available to us at a relevant time, including representations made by you, we assess that no GST should be payable in respect of any supply made under or in connection with your costs agreement, our costs (including service charges and disbursements) will be calculated on this basis. If we change our assessment or if the Australian Tax Office assesses that GST is payable, then it will be added to and form part of our costs at the prevailing GST rate. We reserve the right to recover from you at any time, any GST payable by us on the provision of any supply made under or in connection with your costs agreement.
- 9 Review of costs**
- 9.1 If there is a dispute in relation to our legal costs on any matter we perform for you, you have the right, unless you are within the LPA definition of sophisticated client and have agreed with us otherwise:
- (1) If the NSW Act, the QLD Act or the WA Act applies to the costs agreement – to apply for a costs assessment of all or part of the costs in any of our bills, or if the VIC Act or ACT Act applies to the costs agreement – to apply for a costs review of all or part of the costs in any of our bills; or

- (2) If the NSW Act or the VIC Act applies – in cases where the legal costs in dispute are less than AUD10,000, to refer the costs dispute for mediation; or
- (3) If the VIC Act applies – in cases where the legal costs in dispute do not exceed AUD25,000, to make a complaint to the Legal Services Commissioner; or
- (4) If the ACT Act applies – to refer the costs dispute for mediation, whatever the amount of the legal costs in dispute.
- 9.2 Your rights in paragraph 9.1 apply regardless of whether the bill has been paid.
- 9.3 An application in accordance with paragraph 9.1 must be made:
- (1) if the NSW Act or the QLD Act applies to the costs agreement – within 12 months after you were given the bill concerned or, if you have paid any legal costs without a bill, within 12 months after our request for payment; or
- (2) if the VIC Act, the ACT Act or the WA Act applies to the costs agreement – within 12 months after the bill was given or the request was made or the costs were paid (whichever occurs first).
- 9.4 A referral in accordance with paragraph 9.1(2) may be made at any time before an application for a costs assessment is accepted in accordance with the LPA.
- 9.5 A complaint in accordance with paragraph 9.1(3) must be made within 60 days after the legal costs were payable or, if an itemised bill was requested in respect of those costs, within 30 days after the request was complied with.
- 9.6 A referral in accordance with paragraph 9.1(4) may be made at any time unless we have started a proceeding for recovery of the disputed amount.
- 9.7 You have the right if the NSW Act, the QLD Act or the WA Act applies to the costs agreement, to apply for the costs agreement to be set aside on the grounds that it is not fair, or reasonable, or if the VIC Act or the ACT Act applies to the costs agreement, to apply for the costs agreement to be set aside on the grounds that it is not fair, just or reasonable.
- 9.8 As noted in paragraph 2.3, the LPA that applies to a matter is the LPA specified in the relevant LOE. You have the right:
- (1) to sign, under a law in another state or territory corresponding to that LPA, a written agreement with us that the corresponding provisions of that other corresponding law apply to the matter; or
- (2) to notify us under the provisions of such corresponding law (and within the time allowed by that corresponding law) that you require the provisions of that corresponding law to apply to a matter.
- 10 You engage only us, and not other parts of Norton Rose Group
- 10.1 It is the Contracting Party alone (and not any other constituent part of Norton Rose Group) which is responsible for providing advice and services to you, has the solicitor/client relationship with you and is responsible for the performance of the contract with you.
- 10.2 If the Contracting Party is a partnership (and not a separate entity such as a company or limited liability partnership), and it will be that partnership alone (and not the partners, employees or consultants of or to that partnership or the partners, members, shareholders, employees or consultants of or to any other constituent part of Norton Rose Group) which is responsible for providing advice and services to you, has the solicitor/client relationship with you and is responsible for the performance of the contract with you.
- 10.3 You agree that, except to the extent that the law prevents exclusion of liability, none of such partners, members, shareholders, employees or consultants accepts, assumes or has personal responsibility or any liability whatsoever to you or anyone else for advice and services provided under or pursuant to these Standard Terms or in any other respect.
- 10.4 There may be occasions when we consider it to be in your interests that we refer all or some of your instructions to another constituent part of Norton Rose Group or to draw on its services – for example, in another jurisdiction. You agree that, in these circumstances, we are authorised by you to obtain advice and services from, and to disclose all relevant information to, that other constituent part of Norton Rose Group. In each case when we obtain advice and services for you from another constituent part of Norton Rose Group, we will do so, and you agree that we will do so, on the basis that we, and not such (or any) other constituent part of Norton Rose Group, are responsible for such advice and services and for the performance of the contract with you; no such other constituent part of Norton Rose Group will have any responsibility or liability whatsoever to you or anyone else as regards such advice and services, whether or not provided by us or any other such constituent part.
- 11 Communications and concerns
- 11.1 You will provide us, and will instruct your other advisers and other participants in any matter on which we are instructed, to provide us promptly with all information relevant to that matter. We are entitled to rely, without verification, on such information, unless instructed otherwise. You agree that all such information provided is properly obtained and may be properly provided to us.
- 11.2 We may monitor communications in accordance with applicable laws and regulations in order to establish facts or to determine that communications using our systems are relevant to our business or comply with laws or regulatory practices or procedures.
- 11.3 Normally, we nominate a supervising partner in a LOE who will maintain control of each particular matter. You authorise the supervising partner to use the resources of the firm as required. The supervising partner named in the LOE is available to discuss any issues you want to raise including but not limited to costs.

- 11.4 If you have a complaint, you should contact the supervising partner named in the LOE or the Head of Office where the particular matter is conducted as named in the LOE. Any complaint will be promptly discussed with you and with the person concerned. Following this and after reviewing the file, we will endeavour to resolve the complaint fairly and sympathetically.
- 11.5 We will provide to you, after a reasonable request from you:
- (1) a written report of the progress of each matter on which we are retained by you; and
 - (2) a written report of the legal costs incurred by you to the date of your request or since our last bill (if any), in the matter.
- 11.6 We may charge you a reasonable amount for a report under paragraph 11.5(1) but we will not charge you for a report under paragraph 11.5(2).
- 11.7 We use email and other electronic means of sending out information in order to enhance the quality and speed of our service to clients.
- 11.8 By entering into your costs agreement, you consent to us using electronic means for communicating with you or on your behalf. You also release us from liability for any loss which you may incur if an electronic communication is intercepted or corrupted during transmission or if a document which we prepare on your behalf and send to you electronically is altered by you without our written authority or if any electronic communication is virus affected.
- 11.9 You are responsible for protecting your own systems and interests in relation to electronic communications between you and third parties, including us.
- 11.10 The nature of email and other electronic means of communication means that we cannot guarantee preservation after transmission of the security or confidentiality of those communications.
- 11.11 The content of each Norton Rose Group email (which includes any attachments) is confidential and may be subject to legal professional privilege.
- 11.12 If a Norton Rose Group email is sent to you by mistake please inform us by reply email and then delete the email, destroy any printed copy and do not disclose or use the information in it. There is no warranty that any email is error or virus free. If an email from Norton Rose Group is a private communication it does not represent the views of any member of Norton Rose Group.
- 11.13 Each Norton Rose Group email is copyright. No member of Norton Rose Group is liable if an email or an attachment is altered without Norton Rose Group's written consent. If, for any reason, we suspect that an incoming email may be virus-infected, it will be quarantined and may not reach its intended recipient.
- 11.14 If you are concerned that your email may not reach the intended recipient at Norton Rose Group, please request confirmation of receipt within the body of your email and resend the email if the confirmation is not received within a reasonable time.
- 12 Confidentiality and relationship with other clients
- 12.1 Norton Rose Group will keep all information obtained from you, which is not in the public domain, confidential and will only disclose it with your authority or if required to do so by law or a regulatory, competition or governmental authority. There may be occasions when we have to outsource work to translators and other service providers. Should this be necessary, we will protect the confidentiality of your information by ensuring that the providers of these services sign a confidentiality agreement. We are entitled to assume that we may disclose any relevant aspect of your affairs to your other professional advisers, unless you advise us otherwise in writing.
- 12.2 Both these Standard Terms and all advice provided by us to you are strictly confidential and may not be disclosed outside Norton Rose Group without your and our prior written consent, unless you or we or another Norton Rose Group entity are required to do so by law or a regulatory, competition or governmental authority.
- 12.3 You agree that we may disclose, transfer and process your confidential information, including to other members of Norton Rose Group or subcontractors:
- (1) as required for the proper performance of services to you;
 - (2) in the conduct of our independence, risk management or quality reviews; and
 - (3) as reasonably required for legitimate business purposes including client relationship management, account management, internal financial reporting and information technology support (such as storage, hosting, maintenance, support, etc) including outsourcing of the same.
- In so agreeing you do not waive your rights to legal privilege in relation to that confidential information. Your agreement is not a waiver of privilege, cannot have the consequence of waiving privilege and is not inconsistent with the maintenance of confidentiality which the privilege is designed to protect.
- 12.4 Unless advised by you in writing to the contrary, we are entitled to assume that you consent to the disclosure of our involvement as legal advisers in any matter on which we are instructed, for the purposes of publicity following its completion.
- 12.5 Norton Rose Group advises a large number of clients and may be in a position where member entities are advising entities with competing interests to your own. Whilst we will do our best to ensure that we do not accept instructions where there is, or is a significant risk of, a conflict with your interests in the matter on which we are instructed or related matters, we may not be able to anticipate all such situations. If you become aware of a situation which you perceive could involve a conflict, you should inform us of it promptly.
- 12.6 We shall not be under any obligation to disclose to you or use on your behalf any information in respect of which we or other Norton Rose Group entities owe a duty of confidentiality to another client (or any other person). We and other Norton Rose Group entities may act for another client, notwithstanding that we or they hold confidential information relating to you and which may be material to that client, provided that such client has waived disclosure of such information and proper

- arrangements have been put in place to ensure that such information is not disclosed to that client or those advising it.
- 12.7 You should also be aware that under some legislation and in certain circumstances, client legal privilege cannot be claimed to prevent information and documents being made available to third parties such as the Australian Taxation Office and the Australian Securities & Investments Commission.
- 13 Documentation
- 13.1 You are free to use and copy (for your use only) all documentation created by us in the course of any matter in which we represent you, but all copyright and other intellectual property rights in the documentation and all original ideas created by us in the course of the matter will remain our property and shall be kept confidential by you. We may use any of the documentation, created either by us or by any parties we instruct on your behalf, for research purposes or to form the basis of advice to our clients, provided we do not breach our duty of confidentiality to you. This documentation may be held in hard copy, electronic format and/or in our know-how database.
- 13.2 Save as required by the applicable law and professional rules, we do not undertake to retain your files for any particular period of time but we generally keep all files for a minimum of 7 years from the date of final invoice. We may destroy files, without further reference to you, at any time after the expiry of such period, except those you ask us to keep in safe custody. We may retain your files until you have paid all money which you owe us.
- 13.3 We reserve the right to keep your files and documents if there is money owing to us for costs, service charges or disbursements, even if your costs agreement is terminated by us.
- 13.4 We are authorised by you to destroy or to dispose of your files and documents in a matter after a period of 7 years from the date of completion of the matter. For this purpose we will take the matter to have been completed when we provide you with our final bill in the matter. We do not accept liability in the event of the earlier loss of stored files or documents although reasonable care will be taken to avoid loss.
- 13.5 References to files and documents include electronic as well as paper files and documents.
- 14 Correspondent lawyers, Counsel, etc
- 14.1 Where we consider it to be the most effective way of dealing with a matter, we will instruct Counsel or engage correspondent lawyers, experts or others on your behalf and at your expense. We shall, however, consult you before instructing Counsel or engaging correspondent lawyers, experts or others for whose fees you will be responsible. We are authorised by you to discharge any fees which we consider necessary or desirable to achieve your objective.
- 14.2 We will not be responsible for the advice given, services provided by, or default of, Counsel, correspondent lawyers, experts or others instructed by us on your behalf, but we will use all reasonable care in our selection of such persons.
- 15 Compliance and regulation
- 15.1 As with other professional services practices, we are under stringent requirements to identify our clients for the purposes of the anti-money laundering legislation. We are likely to request from you, and must retain, some information and documentation for these purposes and/or to make searches of appropriate databases. If satisfactory evidence of your identity is not provided within a reasonable time, there may be circumstances in which we are not able to act or may cease to act. Where we instruct Counsel or correspondent lawyers on your behalf, we may provide copies of this information to them, if requested, for their anti-money laundering procedures.
- 15.2 We are subject to various laws which require partners and staff in legal practices to report all knowledge or suspicion, or reasonable grounds to know or suspect, that a criminal offence giving rise to any direct or indirect benefit from criminal conduct has been committed, regardless of whether that offence has been committed by their client or by a third party. If in the course of our engagement we have knowledge or suspicion, or have reasonable grounds to know or suspect, that such offences have been committed, we are required to make a report to the relevant authority. In some circumstances, we may not be able to discuss such reports with you because of the restrictions imposed by the tipping-off provisions of the anti-money laundering legislation. We will not be liable to you for any loss or damage which you may suffer or incur as a result of our making such a report, including, without limitation, as a result of any delay to any stage of a matter or as a result of completion being prohibited by the relevant authority. The obligation to report has, however, been held not to apply to information we acquire in the course of, or in settlement discussions in, litigation matters.
- 15.3 We are retained only to provide legal and (where applicable) tax advice to you. In particular, it is not part of our role to give advice on the merits of investment transactions, and nothing we say or do should be construed as an invitation or inducement to engage in investment activity.
- 16 Client legal professional privilege
- 16.1 When you seek and receive legal advice from us on your rights and obligations (legal advice privilege) or if we act for you in contemplated or actual legal proceedings (litigation privilege), client legal privilege will attach to such communication.
- 16.2 Where it is necessary for us to communicate with third parties (unless litigation privilege applies) such as your other advisers or government or regulatory agencies or with fiscal authorities, such communication is unlikely to be privileged and, to the extent that it is, privilege may be lost or waived by such communication with a third party.
- 16.3 You should also be aware that third parties, where legal advice privilege is concerned, can include people in your organisation who are not involved in the giving of instructions to or in the seeking, obtaining or receipt of advice from us. Accordingly, in the event that you disseminate documents which are the subject of client legal privilege, either internally or externally, such privilege may be lost or waived and you should discuss this with us before you do so.

17 Limitation of liability, indemnity and force majeure

17.1 You agree that, as regards any claim on any matter (whether on the basis of contract, negligence or other tort, breach of duty, misrepresentation or otherwise whatsoever):

- (1) the claim may be made only by you and only against us, namely the Contracting Party; it may not be made against any other constituent part of Norton Rose Group or against any member, shareholder, partner, employee or consultant of, in or to any constituent part of Norton Rose Group whether on the basis of the existence of a special or similar relationship or on any other basis whatsoever;
- (2) the claim may be enforced only against our available assets, and not against any other assets whatsoever, including, without limitation, the assets of any other constituent part of Norton Rose Group or any member, shareholder, partner, employee or consultant of, in or to any constituent part of Norton Rose Group;
- (3) we shall have no liability to you for calculations, formulae, or other material which you or your other advisers supply to us for inclusion in any documents;
- (4) if, in relation to the matter giving rise to the claim, persons in addition to us have liability in respect of work undertaken by them on that matter (whether that be joint and several or otherwise), our liability shall be limited to so much of the total liability of all persons (including us) as have liability in relation to that matter as shall be equal to the amount of our proportionate liability taken into account in ascertaining that total liability;
- (5) without prejudice to, but in the circumstances contemplated by, paragraph 17.1(4), our proportionate liability to you under that paragraph shall not be increased by reason of:
 - (a) you agreeing with a person referred to in that paragraph a limitation on, or an exclusion of, the liability of that person; or
 - (b) any inability to recover from that or any other person;
- (6) if, in circumstances contemplated by paragraph 17.1(4) but, notwithstanding paragraph 17.1(5), our liability in respect of the claim exceeds our proportionate liability referred to in those paragraphs, then if we have a right to contribution from another person and as a result of any agreement between you and that person our right to contribution is reduced, our liability to you shall be reduced to the same extent; and
- (7) the foregoing provisions shall continue to apply notwithstanding any termination of our engagement by you.

17.2 Our services are provided for your benefit alone. Should you make our work product available to a third party other than by prior agreement with us, then you agree to indemnify Norton Rose Group in respect of any claim that that third party makes against a member of Norton Rose Group in relation to that work product.

17.3 Subject as stated in this paragraph 17, you agree that you will not make or seek to make, or procure or seek to procure that any other person makes, any claim in relation to any advice given, or service provided, in relation to any matter against any constituent part of Norton Rose Group (other than the Contracting Party) or against any member, shareholder, partner, employee or consultant of, in or to any constituent part of Norton Rose Group.

17.4 Neither you nor we will be liable in any way for failure to perform our respective obligations in respect of any matter in which we represent you (save for your liability for our fees, costs and disbursements) if the failure is due to causes outside the reasonable control of the party which has failed to perform.

17.5 Nothing in these Standard Terms excludes liability for any act or omission by us or any other constituent part of Norton Rose Group for which liability may not be excluded under any applicable law or regulation or to an extent which is less than the minimum sum per claim (for which we have liability) for the time being prescribed by any law or regulation applicable to our engagement by you.

17.6 Norton Rose Group maintains professional indemnity insurance as required by the Solicitors' Indemnity Insurance Rules (England and Wales) on a world wide basis. Norton Rose Australia complies with Australian laws requiring professional indemnity insurance. Please refer to our Australian General Counsel for details of the insurance cover and how to contact the insurers.

18 Termination

18.1 You may terminate our engagement at any time by giving notice in writing. We may stop acting for you if we believe we have a good reason to do so, but only upon reasonable notice.

18.2 If our engagement is terminated by you or us, you will be responsible for paying our fees, costs and disbursements up to the time of our ceasing to act.

18.3 During the course of any matter, we will maintain regular contact with you. However we are entitled to assume, in the absence of instructions from you, that you no longer wish to instruct us, and having notified you in accordance with paragraph 18.1 we will then be free to accept other instructions to act in respect of the subject matter of your original instructions.

18.4 You have the right to end your costs agreement at any time by requesting us in writing to cease acting. If you do so, all costs, service charges and disbursements incurred prior to the date of termination are immediately due and payable together with any related GST.

18.5 We also have a right to end your costs agreement and cease acting for you or suspend our services if you do not pay our bills as agreed, you do not meet our requirement to pay money on account of costs, service charges and disbursements, if in our view, the necessary relationship of confidence no longer exists between us or if we think it appropriate, having regard to the professional conduct rules and ethical standards under which we practise.

- 19 Entire agreement**
- 19.1 These Standard Terms supersede any earlier agreement with you.
- 19.2 Unless you and we agree otherwise these Standard Terms will constitute the entire agreement between us in relation to our engagement.
- 20 Amendments**
- 20.1 From time to time, it may be necessary for us to amend these Standard Terms.
- 20.2 Where this is the case, we will notify you of the proposed changes, and, unless we hear from you in writing to the contrary within 21 days, such amendments will be deemed to come into effect from the end of that period.
- 21 Laws and regulations**
- 21.1 These Standard Terms will be governed by, and construed in accordance with the law of the place where our costs agreement is made.
- 21.2 Any claim by you in relation to the services provided to you by us will be determined by the courts of the state or territory in which the costs agreement is regulated which will have exclusive jurisdiction in relation to any such claim.
- 21.3 If the validity or enforceability of any provision of these Standard Terms is in any way limited by any applicable law or regulation, such provision shall be valid and enforceable to the fullest extent permitted by such law or regulation. The invalidity or unenforceability of any provision of these Standard Terms shall not affect the validity or enforceability of any other provision.
- 22 Provision of information**
- 22.1 If during or after the completion of a matter we are required by law or a competent authority to provide information (including producing documents or giving evidence) in relation to any matter handled for you by us or in respect of which we hold files or documents, we will notify you of that requirement.
- 22.2 If this occurs we may bill you for the work involved in providing that information and you will pay our costs, service charges and disbursements at our then standard charge out rates on the basis that the work is specified in our costs agreement with you.
- 23 Conflict of interest**
- 23.1 Before accepting a new matter, we try to ensure it does not create a conflict of interest for us or that, if it does, proper steps are taken to manage the conflict.
- 23.2 We cannot always identify all actual or potential conflicts of interest at the outset of a new matter. If you use other names or have associated entities whose names should be included in our conflict checking procedures, or if you learn the names of entities associated with other parties to your matter, please inform us of those names. If you become aware during the course of a matter that your interests are or may become opposed to those of another person or entity, you should advise us immediately.
- 23.3 If a conflict of interest is identified during the course of a matter, we will endeavour to resolve the conflict. Where appropriate, we will discuss it with you and with the other party to the conflict to try to achieve a speedy and satisfactory resolution. We will keep your details confidential during those discussions unless you agree otherwise.
- 23.4 If a conflict of interest is not in our opinion capable of resolution except by our ceasing to act for one or more parties, we reserve the right to cease acting for you in your matter.
- 23.5 We provide services to many other clients, some of which may be in competition with you or have interests which conflict with your own. These circumstances alone will not prevent us from acting for other clients as well as for you.
- 24 Privacy**
- 24.1 Under the *Privacy Act 1988* (Cth) (Privacy Act), we are required to tell you that we collect information about you to assist in performing legal services you have requested and in promoting our legal services. We collect this information mainly through our communications with you but we may do so also from other sources in the course of providing our services to you. We generally do not disclose information about you to any person except as required in the course of providing legal services to you or for the ordinary administration of our business. In certain circumstances, we may disclose information about you where permitted or authorised under the Privacy Act or other applicable law.
- 24.2 We take reasonable measures to ensure your personal information is accurate and protected from unauthorised access or disclosure.
- 24.3 If you would like to:
- (1) inform us that you do not wish to receive promotional material from us;
 - (2) request access to, or correction of, information we hold about you;
 - (3) make a complaint about our treatment of your privacy; or
 - (4) view our complete personal information management policy;
- please make a written request to our Privacy Officer by visiting www.nortonrose.com and following the prompts under "Contact Us" or by mail to Head of Compliance, Norton Rose Australia, GPO Box 4592SS, Melbourne, Victoria 3001.
- 25 Your obligation to retain documents where litigation may arise**
- 25.1 You have a general obligation to retain documents that are reasonably likely to be required in any litigation that may arise. In some cases it may be an offence to destroy a document that is, or is reasonably likely to be, required in evidence in legal proceedings.
- 25.2 If a document is unavailable for the purpose of litigation, and the unavailability is likely to cause unfairness to a

party, typically a court may make a ruling to correct that unfairness. Such a ruling may include, in some circumstances, an order striking out a party's defence or statement of claim.

25.3 If there is any possibility that legal proceedings may be commenced and that documents may be relevant to those proceedings, those documents should be retained until we advise you they can be safely disposed of.

25.4 Should litigation in Victoria be a possibility in your case you must bear in mind the *Crimes Act 1958* (Vic) which makes it a criminal offence to destroy a document that is, or is reasonably likely to be, required in evidence in legal proceedings. In Victoria the *Evidence Act 1958* (Vic) gives the court specific powers to penalise a party to litigation whose relevant documents are unavailable.

26 Definitions schedule

26.1 In these Standard Terms:

- (1) **fixed cost provision** means a determination, scale, arrangement, or other provision fixing the costs or maximum costs of any legal services that is made by or under legislation and includes any practitioner remuneration order or scale of costs;
- (2) **a regulated client** is a client which is entitled to the benefit of all the consumer protection provisions of the relevant LPA; and
- (3) **you will not be a regulated client:**
 - (a) if the total legal costs in a matter, including service charges but excluding disbursements, are not likely to exceed AUD750 (New South Wales and Victoria) or AUD1,500 (Queensland, Western Australia and the Australian Capital Territory); or
 - (b) if:
 - (i) you have received one or more copies of these Standard Terms (or any similar document) and one or more Letters of Engagement (together previous disclosure) from us in the 12 months period before the commencement of any engagement; and
 - (ii) you have agreed in writing to waive the right to receive further disclosure of the matters covered by the previous disclosure; and
 - (iii) a partner of Norton Rose Australia has decided on reasonable grounds that, having regard to the nature of the previous disclosure and the relevant circumstances, the further disclosure is not warranted; or

(c) if you are:

- (i) an Australian or foreign law practice or legal practitioner;
 - (ii) a public company, a subsidiary of a public company, a foreign company, a subsidiary of a foreign company, a registered Australian body (within the meaning given to those terms in the *Corporations Act 2001* of the Commonwealth), or (except in the Australian Capital Territory) a large proprietary company (within the meaning given to that term in that Act);
 - (iii) a financial services licensee (within the meaning of that Act);
 - (iv) (except in the Australian Capital Territory) a liquidator, administrator or receiver (as respectively referred to in that Act);
 - (v) (except in the Australian Capital Territory) a partnership that carries on the business of providing professional services if the partnership consists of 20 or more members or if the partnership would be a large proprietary company (within the meaning of that Act) if it were a company;
 - (vi) (except in the Australian Capital Territory) a proprietary company (within the meaning of that Act) formed for the purpose of carrying out a joint venture, if any shareholder of the company is a person to whom disclosure of costs is not required;
 - (vii) (except in the Australian Capital Territory) an unincorporated group of participants in a joint venture, if any member of the group is a person to whom disclosure of costs is not required and if any other members of the group who are not such persons have indicated that they waive their right to disclosure; or
 - (viii) a Minister of the Crown in right of a jurisdiction or the Commonwealth acting in his or her capacity as such, or a government department or public authority of a jurisdiction or the Commonwealth;
- (d) if our legal costs or the basis on which they will be calculated have or has been agreed with you as a result of a tender process; or
 - (e) if you will not be required to pay our legal costs (for example, if the matter is dealt with on a pro bono basis) or they will not otherwise be recovered by us.

☒ telephone in date: 13/7/11 time: 8-56 to: 8-57 units: _____
☐ telephone out full name of author: MSP
☐ teleconference client: Racaj Olai
☐ conference/meeting matter: Exec Strategy
☐ court attended: _____

Shona Murray

- email today further info re LNP

- end of week? MP → yes

Gamble, Kristin

From: Procter, Murray
Sent: Wednesday, 13 July 2011 9:00 AM
To: Gamble, Kristin
Subject: FW: [2767947:11] RQL
Attachments: doc20110713085220.pdf

Categories: Filed
Database: APAC
E-mail ID: 22861252
Matter Number: 2767947

-----Original Message-----

From: Shara Murray [mailto:smurray@racingqueensland.com.au]
Sent: Wednesday, 13 July 2011 9:04 AM
To: Procter, Murray
Subject: RQL

Shara Murray
Senior Corporate Counsel

PO Box 63, Sandgate QLD 4017
P +61 7 3869 9712
F +61 7 3269 9043
M 0407 156 539
E smurray@racingqueensland.com.au
W www.racingqueensland.com.au

-----Original Message-----

From: administrator@racingqueensland.com.au [mailto:administrator@racingqueensland.com.au]
Sent: Wednesday, July 13, 2011 8:52 AM
To: Shara Murray
Subject:

\\SKalfa 500ci
[00:c0:ee:7a:00:a6]

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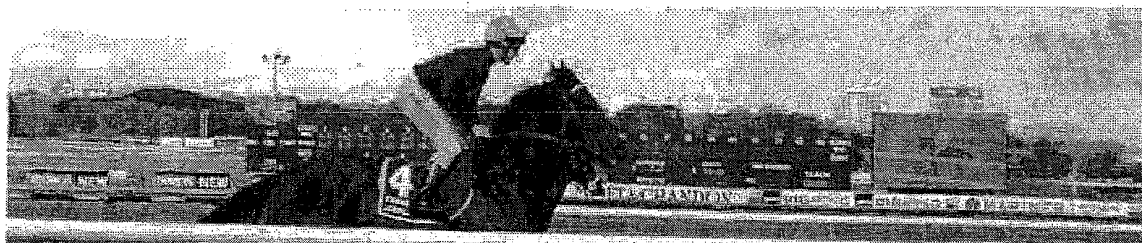
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WEDNESDAY WHINGE - HAVE YOUR SAY!



WHAT'S NEW HERE

THIS web-site continues to listen to what our readers have to say and has introduced a 'Wednesday Whinge' where you can express your feelings on racing industry issues of the past week. Try to keep them objective. Just e-mail: haveyoursay@letsghorseracing.com.au.

Queensland topics dominated the e-mail box this week with a host of e-mails relating to the speculation of prospective Board and management changes at RQ that we raised last week. We also have the RQ explanation of an error made when identifying the BRC property during the licensing debacle last week. There was an owners' perspective on a controversial race at Eagle Farm on Saturday; calls for a national tote pool; some criticism of the role former Racing Minister Bob Gibbs played in the TAB Privatization Deal that is returning to haunt the industry in Queensland; more anger over the treatment of prominent bookmakers; and questions concerning the critics of swap cases in Toowoomba.

Here is this week's selection:

RESPONSE TO SPECULATION ON CHANGES AT RQ AFTER THE NEXT ELECTION

THERE was a strong response to last week's compilation of e-mails concerning changes to the RQ Board and administrative roles at RQ in the event of the LNP winning the next election. Here is a cross-section of what was received that we hope relays the general message:

'HAVING read the list of prospective candidates for a new Board and management positions at Racing Queensland in the event of a change of Government, there will obviously be no shortage of legal expertise.

When you consider that three of those being suggested are lawyers in Bill Andrews, Barry Taylor and Bill Millican, therein lies a surefire cure for the unrealistic cost burden that the industry has been exposed to in legal costs in recent years.

Many in the industry cannot understand the need to waste money on outside legal firms or legal consultation when there are lawyers on the staff. The exception to that of course is when expert advice is needed in specialized areas or in the event of major court action.

Racing Queensland has its own legal department as far as I am aware. There should be no need for outside consultation to the degree that has occurred in recent years if we had the likes of Andrews, Taylor or Millican on the Board or in a management role.

Barry Taylor might not be as well known to racing industry stakeholders in the south-east of the state as those in the north but rest assured he would be an excellent choice for the RQ Board or even as Chairman.

Here's hoping that those who count in the industry are listening to the call which is growing to a groundswell of support for Taylor since his name was raised.' - *Vince Gropan, Townsville*

'ONE important aspect of the appointment of a new Board to run racing in Queensland has been overlooked in all the speculation and that is the need for independence.

Many stakeholders are keen to support Brisbane Racing Club boss Kevin Dixon as the new RQ Chairman when the LNP wins Government next year.

My friends and I have been involved in racing for more years than we care to remember and the issue we wish to raise is how independent can Mr Dixon be if he moves to RQ from the BRC?

We are not questioning his ability to do the job - he obviously has the credentials - but the BRC and old QTC brigade are the first to criticize Bob Bentley over his alleged conflict of interest as a Board member of Tattersalls.

Why then are we not entitled to question the independence of an official from the major club if he was to join RQ? This was the draw-back to the system of the past when Board members were drawn from regions and clubs. Most found it virtually impossible to serve two masters; their clubs or the overall industry.

What a new Board of RQ needs are appointments with no political affiliations or background prejudices in racing. What we don't need are people out to right the wrongs they believe the Bentley Board has done to their mates.

What we don't need are big owners with ties to studs or major stables. What we need are young professional appointees with no axes to grind from the past but a passion for racing and a desire to market and improve the product that continues to suffer because of political hatreds.

The other thing that is desperately needed is a big shake-up of the appeals system, the

WEDNESDAY WHINGE - HAVE YOUR SAY!

'SILKS & SADDLES' - Punter wanted not to swallow the BETFAIR PROPAGANDA

SPECTATOR Safety Review of Victoria Racefields

VICTORIA gets three-year JUMPS RACING funding package

SENSATIONAL conclusion to Hong Kong racing season

MONDAY POST-MORTEM - the good, the bad and the ugly side of SATURDAY racing with Godfrey Smith

QUADRELLA IN SEASON FINALE HONG KONG

RATINGS

PUBLIC to decide racing's MOST MEMORABLE

MOMENT

DISCUSSION PAPER ON QGIS - RQ suggests means of

increasing transparency

CHAIRMAN responds to inquiries concerning BRISBANE

RACING CLUB MASTER PLAN

integrity department and the administration of Racing Queensland. It's time for a complete restructure, a new-look and some fresh faces at the helm at headquarters.' - Clayton Simonsen, Sunshine Coast

THERE needs to be some comment concerning this on-going speculation about Board and administrative changes at Racing Queensland after the LNP bolts in at the next election.

I support some of the Bob Bentley initiatives but do not support the appointment process or lack of accountability that his Board enjoys or the way it spends too much money on pie-in-the-sky projects and consultancies.

It came as a surprise to a lot of racing folk when a businessman with a racing background of Gary Pemberton was suggested as a possible Board chairman - he sounds perfect.

I have no problem with what Kevin Dixon has achieved for the BRC in a short time but believe he would be a political appointment and also have concerns about the fact that he has links to top stables, pre-training establishments and the major club (even though he would no doubt resign as chairman there).

One also has to question what treatment clubs that have supported the Bentley Board - such as Ipswich, Sunshine Coast, Rockhampton and others in the country would receive under a new-look control body.

There needs to be a suitable blend of youth and experience - racing and business - on the new Board. If you have representatives of the regions, major clubs and stakeholder groups elected to run the industry it is fraught with danger and hasn't worked in the past.

It is time to cut the ties with vested interests and appoint an independent qualified Board of businessmen or women who are determined to get racing in Queensland back on track and headed in the right direction free of the politics of the past.

As for the key administrative roles - the need for a vibrant, energetic, respected, well credentialed CEO has never been more evident. Not an ex-steward who many feel has been catapulted into the role.

Scott Whiteman is the obvious choice but it would not be cheap luring him back from Country Racing Victoria. As the saying goes, if you pay peanuts, you get monkeys.' - Albert Williams, Redcliffe

I haven't stopped laughing at some of those being suggested for the new Board or to run the management side of Racing Queensland if things change after the next election.

Some mentioned like Kevin Dixon and Bill Andrews smack of political appointments - what the critics are claiming has occurred under the Bentley regime and Labor. What can we expect, more of the same, just from a different political perspective?

Those other old dinosaurs being suggested from the QTC - National Party era are too silly to even contemplate. As for the speculation about one bush racing identity to the Board, well that would be just reward for all his hard work on behalf of the LNP.

There should be a total ban on anyone with political affiliations or from the media being selected for the Board. Surely Wayne Wilson would be too busy hosting travel tours overseas and working for Kevin Dixon and crew trackside at the BRC to take on another role. That is unless RQ decided to start its own racing travel company, then he would come into his own with the host of experience he has had.

As for the CEO position I liked the suggestions of Bill Millican and Scott Whiteman who worked successfully together at the Gold Coast Turf Club as chairman and CEO. Both have plenty to offer and could hardly be considered political appointments.

As for your web site suggestions - how could you possibly revisit CEOs of the past like Kevin Hasemann, leave him where he belong at Swimming Queensland? And if Mary Collier wins a Board seat after the way one adviser to the LNP is bagging her, I'll give up going to the races - then again that might be more profitable.' - Peter Hansen, Toowoomba

EDITOR'S NOTE: Where do I start. I do not know Kevin Dixon and have never spoken to him. If he can do for racing in Queensland what he has for the merged Brisbane Racing Club in such a short time then he looks the ideal man to head up a new Board. Apart from his official duties, he has experienced racing as an owner and a breeder. He understands the need to make racing pay as evidenced by the return that this major development project at the BRC promises. That can only benefit the overall industry. The prospect of not spending so much on outside legal consultancies is long overdue. The trio named in the early e-mail could well fit that gap. I am amazed by the response to the suggestion that Barry Taylor would make a terrific Board member. The Townsville-based lawyer has a groundswell of support statewide. As I said last week ultimately it's up to the LNP to come clean on what they have planned for the selection process of a new Board to replace the one they have already said will be sacked.

LICENSING DEBACLE 'AN ABSOLUTE EMBARRASSMENT' FOR RACING QLD

'If some of the stories doing the rounds are correct this club licensing debacle is developing into an absolute embarrassment for Racing Queensland.

Club officials are telling of receiving their new license requirements almost a week after the dead-line. Did someone forget to mail it out or were the administrators at RQ working to public service hours as per usual?

To make matters worse there is a story doing the rounds that the new Brisbane Racing Club licensing requirements were a total botch.

Some legal eagle at headquarters apparently got the lots mixed up at Eagle Farm and instead of the racetrack required the BRC to relicence a paddock on their property which is leased to leading trainer Rob Heathcote and the back-yard of track manager Bill Shuck.

Little wonder the LNP has a list as long as your arm of prospective administrative and legal

replacements for the new Board that takes control when the current one is show the door after the next election.'

Kevin Brown, Herts.

EDITOR'S NOTE: We afforded Racing Queensland the opportunity to respond to the above e-mail. Here is what Chairman Bob Bentley had to say:

'The facts of the matter of quite simple:

(a) The real property description attached to the Brisbane Racing Club's (BRC) 'Club and Venue License' was transcribed from a registrar that was obviously incorrect. Racing Queensland Limited (RQL) has acknowledged this error.

(b) Mr Steven Ferguson of the BRC advised RQL of the incorrect lot descriptions tendered by RQL and forwarded the real property descriptions as per the BRC's registrar. The BRC's registrar was also incorrect.

(c) RQL conducted an in-depth title reference search of all 15 titles held by the BRC.

(d) The 'Club and Venue License' was e-mailed to the BRC on 28 June 2011 and the original was sent by post.

(e) The 'Club and Venue License' was intended to be prescriptive than the existing format and align the license period to a financial year, similar to Greyhound and Harness licenses.

(f) The BRC advised RQL that it was considering not proceeding with its scheduled mid-week race meeting on Wednesday, 6 July 2011 on the basis that it disagreed with the conditions on its renewed license and it was of the view that its previous license should continue.

(g) In fact, BRC's previous license expired on 30 June 2011. While RQL had intended toward the end of 2010 to move to a calendar year license (and in fact received applications and payment of fees from Clubs on that basis), given the events of January 2011, that did not eventuate and instead clubs were issued with licenses from 1 July 2011 in accordance with the practice of previous years. Accordingly, BRC's only license was that which operated from 1 July 2011.

(h) While BRC was prepared to abandon the meeting, RQL, acting in the interests of all stakeholders to have the meeting proceed, advised BRC that the license would operate from 1 July 2011 in the same terms as its previous license until such time as it had the opportunity of discussing the operation of the new license.

(i) On Friday, 8 July 2011, the BRC again advised RQL that it was considering not proceeding with its scheduled Queensland Cup race meeting on Saturday, 9 July 2011, stating that they disagreed with two clauses of the new proposed license.

(j) RQL received calls from two (2) other race clubs declaring that the 'Club and Venue License' issued were not valid, and there were two (2) clauses that were new within the license. Both clubs accepted the assurances from RQL that the clauses were not an additional imposition and both clubs sensibly moved on.

(k) RQL immediately advised the BRC that the club could race on the extension of the existing license format, and the new license would be issued under the old format. This was e-mailed to the BRC on 8 July 2011.

The above could have been avoided had the BRC liaised with RQL in amicable manner.

There was no need to involve the media and/or cause disruption within the Queensland racing industry for an administrative issue that could have been resolved in a timely and agreeable manner. - RG Bentley, Chairman, Racing Queensland Limited.

DESPERATE NEED FOR A NATIONAL TOTE POOL TO COMBAT CORPORATES

INSTEAD of continually highlighting the alleged conflict of interest Racing Queensland Chairman Bob Bentley has with his TattsBet Board position, perhaps the critics should be encouraging him to use his influence to push for a national tote pool.

As Terry Butts highlights in his 'Sicks & Saddles' column the only way of combating the invasion of the major British corporate bookmaking organizations is for the three TABs in this country to amalgamate.

The argument that the ACCC raises concerning a monopoly shows how out of touch they are with the problems confronting the financial viability of the racing industry in this country.

Don't they realize the enemy is the corporate bookmaker, especially Betfair, which was not allowed to enter Asia, especially Hong Kong where they race for such big money?

Mr Bentley also needs to use his influence as ARB Chairman to have more of the turnover from Fixed Odds betting returned to the industry than currently occurs.' - Glen Irwin, Gold Coast.

EDITOR'S NOTE: Couldn't agree more Glen - there is a desperate need for a national TAB pool. The corporate agencies will continue to hold an unfair advantage while they can offer best of three totes. It's like the Government saying you can only invest with one bank despite the fact that others are offering a higher interest rate.

OWNERS CONCERNED ABOUT CONSISTENCY IN APPLYING THE RULES

'AS a syndicate of owners who are relatively new to the racing game we have enjoyed a little success and our share of bad luck but we are struggling to come to terms with what we believe is anomaly in the system.

Several times when we have backed horses that were fancied by the stable they have got back in the field in a slowly run race and the trainer has told us there is nothing you can do when they set a slow tempo.

That's fine and we accept it but these days slow front-running tactics seem to be becoming a regular occurrence in Brisbane racing. The winners are normally heavily-backed and little pressure is applied to them and of course they get home.

We accept that there is little stewards can do to overcome this unless horses that normally race

on the pace are ridden back in the field then they can ask why.

But what we strongly object to is a situation like that which occurred at Eagle Farm on Saturday when Strumming got to the front and put the brakes on, causing horses back in the field to be checked off heels.

On a couple of occasions our jockeys have paid the price for careless riding when, in desperation to get into the clear they have caused interference to rivals, some of which we felt was relatively minor. We would never want them to deliberately endanger the safety of a fellow jockey but would expect that they do everything possible to win for us and the punters.

With all due respects to the stewards who have a tough job to do the situation on Saturday was quite alarming when Strumming slowed the pace and caused some major problems back in the field. Horses were checking off heels and it was only luck and good riding skills that saved a more serious situation from occurring.

Some of us believe that the tactics were far more serious than shunting horses out of the way to get out and win races yet all the jockey received from stewards was a reprimand. In our opinion it makes a complete mockery of the racing rules when this happens.

We just wanted to express our displeasure at what happened and to explain how many others in the industry, even jockeys and trainers, feel that there is one set of rules for one situation and another set for what is basically the same situation but not regarded as such.' - Alano and address with-held

EDITOR'S NOTE: Jason Taylor isn't the only jockey who does this but he was the offender on this occasion. The fact that he escaped with only a caution displays the lack of consistency in the approach of stewards to actions which place rivals jockeys in awkward situations. Once Taylor adopted the tactics he did on Saturday the horses back in the field were deprived their chances of winning - not because his was a smart tactical ride but because some were forced to be checked.

URGENT NEED FOR SEPARATION OF INTEGRITY DEPARTMENT FROM RO

'THE urgent need to have a separation of powers between Racing Queensland and the Integrity Department was again highlighted by the recent inquiry involving a prominent Brisbane bookmaker and one of the country's leading punters in Sean Bartholomew.

Regardless of the rights and wrongs of this particular case, there appears to have been some aspects of the incident that have not been addressed by the stewards.

It came as a great surprise that the Chief Steward did not officiate in this case and that it was left to a deputy whose track record since returning to Racing Queensland has been littered with criticism.

Some bookmakers seem to have nine lives when it comes to alleged infringements of the rules and this leads to all sorts of unsubstantiated allegations doing the rounds in the industry.

More than a shade dismayed by the outcome of this inquiry I thought it might be appropriate to repeat an e-mail I sent to the Wednesday Whinge some weeks ago which expressed my feelings then:

'It would seem that some of the brave bookmakers in the betting rings of Brisbane only want to bet the 'mug' punters and when a professional arrives on the scene they head for the hills.

After getting burnt recently by one of the country's most successful punters, Sean Bartholomew, some of these weak-kneed fiddlers are reportedly not even prepared to accept his bets - even for the amount they are required to.

Bartholomew inflicted some financial wounds on the Eagle Farm ring when he plunged successfully on Hurtle Myrtle on Oaks day. His betting agents have since had trouble getting set.

As a young runner for Bartholomew tried unsuccessfully to get set on Stradbroke day - when most of the ring was betting ridiculous percentages - I witnessed one leading fiddler yell an abusive comment at him which I wouldn't care to repeat.

A wonderful public relations effort on the biggest day of the year, in full hearing of many interstate visitors, but what more would you expect from a supposedly fearless fiddler who I am assured only seems to grow balls when they cannot win?

I read somewhere that Queensland stewards are keeping an eye on the situation. Well the betting steward must be watching it with his eyes closed because it's the talking point of the track and has reached joke status interstate yet nothing seems to be happening.'

The question I would now like answered - that did not seem to be addressed in the Stewards' Report of the inquiry is this: Did they ask any questions about the abusive comment allegedly directed to the young runner placing bets for Sean Bartholomew?

Circumstances or not that saved the day here, it is obvious that the Brisbane bookmaking ring has won out and will not have to combat an assault by Bartholomew in future. There are too many other outlets, where he can not only get set, but his staff is not treated with contempt.

It's a victory for some of the 'guileless' bookies of Brisbane but a major loss of respect for the industry in Queensland where punter confidence in racing is already at an all-time low.

They might as well not have a Betting Steward at TAB tracks in Queensland. Then again I am told the good ones that did that job were shown the door in the past. And my mates in the north try to convince me that things have changed up there. - Wally Graham, Sydney

EDITOR'S NOTE: It seems that some big bookmakers in Brisbane would rather take bets from mug punters than the likes of Sean Bartholomew. I feel sorry for the fiddlers in the ring whose reputation is being tarnished by this sort of thing and are struggling to survive after often being the target of hefty bets from well-informed colleagues. Some of the issues which continue to haunt Brisbane racing were raised at the Racing Inquiry but seem to have fallen on deaf ears. Below is the Stewards' Report of the incident referred to in the e-mail, which was concluded at Eagle Farm on Saturday when Daniel Aurisch chaired the meeting:

"Stewards today concluded an inquiry into a complaint lodged by Mr Matthew Bradley, a betting agent for Mr Sean Bartholomew, regarding a bet he attempted to place on WILLY JIMMY in Race 3 at Eagle Farm on 11 June 2011 at the odds of \$5.50 with licensed bookmaker Lindsay Gallagher who had provided evidence that the price on offer at that stage was \$5. Today evidence was taken from Mr Gallagher's clerk, Mr Kevin Smith, and further evidence was considered from Mr Bradley and Mr Gallagher. After considering all the available evidence, stewards took no direct action as they were unable to establish the price on offer at that particular time."

BLAME BOB GIBBS FOR THE DISASTROUS TAB PRIVATISATION DEAL

"It should come as no surprise to the racing industry in Queensland that the return from the TAB has 'flat lined' as RQ chief executive Malcolm Tuttle told the media.

That was always going to happen eventually under the ridiculous Privatization Agreement that former Labor Racing Minister Bob Gibbs steam-rolled through.

They can blame increased interest in Fixed Odds betting and lack of confidence in the Queensland product or whatever they like, the finger should be pointed directly at Gibbs and his race club mates of that era who forced this situation upon us.

The damage that Gibbs did to this industry came flooding back to many of us as we watched him strolling around Eagle Farm on Saturday – the club he tried so hard to destroy – as though he owned the place.

He is all but forgotten in retirement these days but memories of his fateful days as Racing Minister linger on as the industry continues to suffer. There doesn't seem to have been the political golden hand-shake appointments for Bollinger Bob since his term in the United States ended.

One suspects that even Gibbs would like his time over when the affects of the TAB Privatization Agreement are starting to impact heavily on prize-money.

About the only winner Bob can count on celebrating in the weeks ahead is the horse he was at Eagle Farm to watch go around on Saturday – Gypsy Heart trained by his old mate Pat Duff. It ran an eye-catcher and looks a 'good thing' when next produced in midweek grade." -- Barry O'Dea, Brisbane.

EDITOR'S NOTE: Many in racing would be surprised to know that one of the strongest opponents to the TAB Privatization Agreement was the current chairman of RQ, Bob Bentley. In fact he resigned in protest from the committee that was drawing up the deal because he did not believe it was in the best interests of racing in Queensland. It wasn't often that Bentley and the QTC agreed on an issue but this was one of them. They both lost out but have been proven right in the end. And by the way Barry, thanks for the tip on Gypsy Heart. I had a look at the replay and it did run a real eye-catcher.

'SPIN DOCTORS' SERVING IT UP TO UNDER SIEGE GCTC CHAIRMAN

"ANDREW Eggleston, the under siege chairman of the Gold Coast Turf Club, might not be everyone's cup of tea, but the pasting he is copping at the hands of the Gold Coast Bulletin 'spin doctors' is over the top.

As we watch from afar the credibility of the Murdoch Empire crumble in Britain amid the demise of the News of the World, perhaps some-one should remind the Bulletin of the requirement to disclose a conflict of interest.

Whether the Bulletin is right or wrong – and they are probably right – that Mr Eggleston is on borrowed time as GCTC chairman, there is a responsibility on the newspaper's behalf to declare that a former boss in Bob Gordon is standing for a rival team at the up-coming committee elections of the club.

Racing writer Daniel Meers, obviously a protégé of Bob Bentley's 'spin doctor' Peter Cameron, seems to be hellbent on destroying the credibility of Andrew Eggleston whose appeal against a three month misconduct suspension over an incident involving security guards at the Turf Club is yet to be handed down.

The Bulletin wound up with egg on its face predicting the demise of Mr Eggleston at the hands of his committee when they met last Friday. Now they are saying – courtesy of a Meers article – that his tenure is in its final lap. Come on guys how about approaching your job with a little more integrity and professionalism." -- Andy Harding, Gold Coast.

EDITOR'S NOTE: Here is the article referred to above written by Daniel Meers in the Gold Coast Bulletin:

ANDREW EGGLESTON'S tenure as chairman of the Gold Coast Turf Club could be on its final lap. It is understood several board members are lobbying to roll Eggleston after his 700-word tirade from

Thailand, in which he lambasted the governing body, and his ongoing misconduct saga.

Eggleston has been sidelined and replaced by deputy chairman Brett Cook as club representative at several

meetings alongside senior executive Brian Fletcher and chief executive Grant Sheather.

It is well known Eggleston has a sour relationship with Racing Queensland chairman Bob Bentley. Some at the club now fear it could impact on the club receiving funding for an upgrade of the Bundall venue.

Eggleston survived at a board meeting on Friday, but the troops are becoming increasingly restless.

It has been suggested the board is in "caretaker mode" after a crucial new corporate governance agreement which

was to be passed on Friday but was deferred to make more changes.

The next board election is still more than two months away.

GREED OF QTIS SUPPORTERS SAD INDICTMENT ON RACING IN QLD

THE racing industry in Queensland can't have it both ways. If they want prize-money to increase across the board then something has to give in these tough times.

If that means a reduction in level of QTIS prize-money then so be it. Of course those privileged enough to live off the fat of the lamb – the bonuses of this Scheme – will be the first to bleat.

The Thoroughbred Incentive Scheme never achieved its objectives of improving the quality of the stallions and mares in this state because of sheer greed on the part of the breeders.

They created the current problem and predictably are the first to object when Racing Queensland suggests cutting back QTIS funding and redirecting that money to mid-week and provincial stakes.

RQ has produced a 'discussion paper' outlining this proposal and already the 'fat cats' in the breeding and ownership brigade are ready to mutiny. They couldn't care less about the battling owners who are struggling to make ends meet racing for inferior stakes at the mid-weeks and provincials.

For too long they have suffered while owners and breeders of second rate two-year-olds have lined up like Saturday at Eagle Farm for a QTIS race worth \$250,000 (\$150,000 to the winner). If those that fought out the finish of this are the result of an incentive scheme that has improved the quality of our stock then the breeders need to take a long look at their industry and objectives.

While this inferior stock raced for \$250,000, the restricted races on the card were run for a paltry \$45,000 and the feature Listed Queensland Cup and Ascot Handicap for \$150,000 and \$80,000 respectively.

It's time racing in Queensland got its priorities right and cut these QTIS 'fat cats' of the breeding industry back, ensuring that the rank and file enjoy the stakes that they have been deprived of for far too long.' – *Alan Shepherson, Sunshine Coast*

EDITOR'S NOTE: Unfortunately QTIS has become a dirty four-letter word in the eyes of many in Queensland racing. For more than two decades those racing QTIS horses have cashed in on a scheme designed to boost the local breeding industry and improve the quality of sires and mares which arguably has not occurred. With a black-hole in TAB returns the time has come to stop paying some of the outrageous stakes for QTIS and distribute it across the board to the rank and file who are desperately in need of a prize-money increase.

AT LEAST THE OWNERS' ASSN ISN'T JUMPING ABOARD THE LNP LOVE BOAT

TOO often these days the Queensland Racehorse Owners' Association is accused of supporting the Racing Queensland Board of Bob Santley.

At the same time the Trainers' Association could be accused of jumping political ship and trying to get an early berth aboard the LNP 'Love Boat.'

From the perspective of an owner all I can say is thank God we have the QROA. It was hardly an endorsement of RQ when QROA president Grant Morgan publicly declared during the week: "Owners are sick and tired of the hostility between Racing Queensland and some race clubs."

Many owners in Queensland are disenchanted. They are sick of the political power-play with many high profile club officials keen to earn Brownie Points with the LNP as it looks set to win the next election.

Owners are also fed up with the poor prize-money levels being offered when for too long the breeding industry has been pandered to through the QTIS scheme. It's time the funding that is available was shared around and not just enjoyed by a privileged few.' – *Name and address withheld by request*

EDITOR'S NOTE: There is a need for an end to the hostility between some race clubs and Racing Queensland but unfortunately there are political points to be scored at present as we head to an election and this is bound to continue. A general cross-section of the industry has been impressed by the pro-activeness of Grant Morgan since taking on the presidency of the QROA.

NOT THE SAME 'CONTRIBUTORS' AS THOSE THAT RACING LIKES TO CONTROL?

I read with mixed interest an article on your site on the 8th instant by a Mr Dixon of the BRC waffling on about the redevelopment of Eagle Farm and or Doomben.

One of the many points that were raised was a reference by Mr Dixon in the third paragraph to your 'CONTRIBUTORS.'

The one reason I tune into this site is that I have great difficulty in following other web sites who on occasions seem to sell their soul for the almighty dollar.

I do not agree with your views on many occasions but I have always felt that they ARE NOT SUBJECT TO OUTSIDE INFLUENCE i.e. financial contributors and or sponsors.

Considering the support that the BRC gets from one well known turf scribe in Brisbane, I trust this comment by Mr Dixon about CONTRIBUTORS was an innocent remark and not meant in the true meaning of the word?' – *Ernie Morris, Redcliffe*

EDITOR'S NOTE: I think you are misinterpreting the meaning of the BRC response from Kevin Dixon and his Board. This web site will never be the subject of outside influence. We are here to protect the interests of the battling punters whether that offends those in official positions or not. We also try to let them have their say in an objective way through the Wednesday Whinge which continues to prove our most popular features and attracts thousands of individual hits every week.

'SELECTIVE APPROACH' FROM CRITICS WHEN IT COMES TO POSITIVE SWABS

'It seems that the critics from racing in Toowoomba take a selective approach when it comes to positive swabs.

When Mark Webb hit a swabbing hurdle all hell broke loose over his treatment by Racing Queensland because he was the trainer for former Toowoomba Turf Club chairman Neville Stewart.

Not a murmur has been heard from those same critics in recent times when Tycoon Terror from the Michael Nolan stable returned a positive swab after his win at Clifford Park in May.

Incidentally, Tycoon Terror is raced by current TTC chairman Bob Frappell and his good mate, former BO Board member, Bill Andrews.

It seems the critics of Mark Webb don't want to know about this positive. I will be very interested to see what coverage it gets on racing radio on the Downs from the chairman's mates who now enjoy the privilege of an earn on the side for doing the race-book form-guide. - As I am a member of the TTC and don't want to be involved in a fracas when I go to the races you will understand why I do not wish to have my identity revealed.

EDITOR'S NOTE: *It's extremely sad that a good bloke and top trainer in Michael Nolan and a fine racing family in Toowoomba has been dragged into this crap fight. Regardless, here is the Stewards' Report posted on Tuesday concerning the positive swab referred to in the above e-mail:*

Stewards today conducted an inquiry into the circumstances surrounding the analyst's finding's of a post race urine sample taken from TYCOON TERROR, following it competing in Race 4 at the Toowoomba Turf Club meeting on Saturday 7th May 2011. The sample was found upon analysis to contain the presence of TESTOSTERONE in excess of the allowable threshold as prescribed by the Australian Rules of Racing.

Trainer of TYCOON TERROR Mr. Michael Nolan today provided evidence to the inquiry informing Stewards that the gelding had been treated several days prior to racing but he had only administered this treatment under advice that the withholding period for such treatment was sufficient. Mr Nolan also presented a record of treatments administered for that period, however no such entry was recorded for treatment to this horse on the day Mr Nolan had advised.

Trainer M Nolan subsequently pleaded guilty to a charge under AR.178 for presenting TYCOON TERROR to race at the Toowoomba Turf Club when a urine sample taken from the gelding, upon analysis, was found to contain the prohibited substance TESTOSTERONE in excess of the allowable threshold.

When assessing penalty Stewards took into account Mr Nolan's evidence in relation to the findings of the analysis, the manner in which he conducted himself, his guilty plea and previous good record.

Trainer M Nolan was fined the sum of \$4000.

Acting under the provisions of Rule AR.177, 'TYCOON TERROR' was disqualified from its 1st placing in Race 4 on 7th May, 2011, and the placings were amended accordingly. 1st - Show Flight 2nd - Prepared 3rd - Pukekura Boy 4th - Philocracy.

DISCLAIMER: *The views expressed in the above e-mails should not be interpreted as those of JOHN LINGARD, the owner of the letsohorseracing web-site. That is why he has added an 'EDITOR'S NOTE'. Every endeavor is made to verify the authenticity of contributors. We welcome any reasonable and constructive responses from parties or individuals.*

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Gamble, Kristin

From: Procter, Murray
Sent: Wednesday, 13 July 2011 9:01 AM
To: Gamble, Kristin
Subject: FW: [2767947:12] RQL
Attachments: doc20110713085145.pdf

Categories: Filed
Database: APAC
E-mail ID: 22861275
Matter Number: 2767947

-----Original Message-----

From: Shara Murray [mailto:smurray@racingqueensland.com.au]
Sent: Wednesday, 13 July 2011 9:03 AM
To: Procter, Murray
Subject: RQL

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-----Original Message-----

From: administrator@racingqueensland.com.au [mailto:administrator@racingqueensland.com.au]
Sent: Wednesday, July 13, 2011 8:52 AM
To: Shara Murray
Subject:

TASKalfa 500ci
J:c0:ee:7a:00:a6]

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Racing Queensland Ltd

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Arsenal:

Legislation to establish an amalgamated control body for the three racing codes was introduced into state parliament this week. The new control body is called Racing Queensland Ltd.

Second Reading

Hon. PJ LAWLOR (Southport—ALP) (Minister for Tourism and Fair Trading) (12.49 pm): I move—

That the bill be now read a second time.

I am pleased to introduce amendments to the Racing Act 2002 which will amalgamate the three existing racing control bodies, Queensland Racing, Harness Racing Queensland and Greyhounds Queensland, into one control body, known as Racing Queensland Ltd. It is no secret that the racing

industry's capital infrastructure has become run down and threatens the competitive ability of the industry going forward.

The Bligh government has committed to the largest injection of capital from the government in the history of Queensland's racing industry. In excess of \$80 million will be provided over four years from

July 2010 to June 2014. These funds will be delivered by a racing industry levy of 50 per cent of net

wagering tax collected by the government.

The current multiple control body structure results in duplication of effort and prevents decisions being made in the best interests of the entire Queensland racing industry.

To ensure this money delivers the best possible outcomes for the industry and a coordinated approach is taken to industry management and development, a single control body for the Queensland

racing industry will be established. This new combined control body, Racing Queensland Ltd, will be the

racing control body for all three codes of racing and will act in the best interests of the entire racing industry.

This bill will amend the Racing Act 2002, known as the Racing Act, to:

- establish this one control body for the three codes of racing;
- ensure that the new control body has the necessary powers to manage the three codes of racing;
- abolish entities established under the Racing Act that can be established administratively by the control body;
- reduce the administrative burden and costs to a control body; and
- clarify provisions relating to taking and dealing with samples from licensed animals.

The bill also amends the Wagering Act 1998 and the Gaming Machine Act 1991 to fund and enable the payment of monies under the Racing Industry Capital Development Scheme. The bill transfers the staff, assets, liabilities and responsibilities of the current thoroughbred, harness and greyhound control bodies to the new control body.

The bill ensures employees earning total remuneration of up to \$100,000 per annum will be employed on the terms and conditions of employment at least equivalent to their current arrangements

for at least two years.

To ensure stability within the new control body structure, the initial directors of Racing Queensland Ltd will hold office until 2014 and then two directors will retire on a rotational basis every

two years. The initial directors of Racing Queensland Ltd will be the current five directors from

the existing thoroughbred control body, one from the harness control body and one from the greyhound control body.

The directors of Racing Queensland Ltd will be the only members of the company. It has been shown that a model which provides membership of the control body company to persons and entities

licensed by the control body does not work and is not in the best interests of the racing industry.

After expiry of the initial term, a selection panel will be responsible for appointing directors to the control body. It will be made up of—

- the chair or deputy chair of the control body;
- one person who is Fellow of the Australian Institute of Company Directors who is a sitting member of an ASX Top 200 listed company; and
- one person appointed by the director-general of the department responsible for racing.

In making decisions, the directors of Racing Queensland Ltd will not only be bound by the requirements of the Corporations Act 2001 and the Racing Act 2002 but will also have to have regard to

the best interests of the thoroughbred, harness and greyhound codes as a whole.

The remuneration of the directors can only be varied with the approval of the chief executive officer of the department responsible for racing. The constitution of Racing Queensland Ltd establishes

1258 Health Legislation (Health Practitioner Regulation National Law) A'ment Bill 13 Apr 2010 advisory committees for non-TAB racing in all codes, so maintaining thoroughbred-specific bodies in

legislation is now redundant.

The requirement for the thoroughbred control body to pay seven per cent of its net UNITAB product fee as prize money for non-TAB racing, or for supporting non-TAB racing, is retained with the

necessary percentage amendments made to reflect the new combined control body structure.

The expiration of a control body approval every six years results in unnecessary costs and an administrative burden to control bodies. The granting of an approval for an indefinite period rather than

for a period of six years will avoid unnecessary costs and reduce the administrative burden to both the

control body and government.

The bill clarifies the powers of a control body and ensures that it has the necessary powers to effectively operate within the highly competitive and rapidly changing wagering and racing environment.

I commend the bill to the House.

Debate, on motion of Mr McArdle, adjourned.

Five existing QRL directors plus one each from Harness and Greyhound control bodies constitute the new board and in office from 1 July 2010 until 2014.

And no more restrictions on their licence to control things, now it's for an indefinite period, read forever unless there's a change of government

And they are the only members, no more Class A and B members to account to or answer embarrassing questions at the AGM. The new body is responsible to the Minister I presume.

I don't know if there is any compulsory retirement on age, maybe there should be if its good enough for Judges to rack off at 70

Whatever comes out of this we must give credit to Bob, he has convinced the government to make these changes which on the surface appear to be beneficial to the whole racing industry.

One qualification is the imbalance of industry representation which could see thoroughbred racing overwhelm the trots and dogs in sharing the benefits of the amalgamation.

We'll have to wait and see.

One thing is certain Bob is the big winner here. Not so long ago the Minister, Andrew Fraser, refused to sanction a change to the QRL constitution to give Bob and fellow directors an extension of time, now they are in at least to 2014 which is longer than they would have got before.

So whose the smart one here?

Bob romps in. Onya Bob. beer.

Norton:

Dead set accurate Vadim. The axe fell on race clubs, as we know them, at 5.58pm on Thursday 20 May 2010, when the entity to be known as Racing Queensland was enshrined in law as a totally independant control body with all the powers it needs to take racing wherever it wants to.

Race clubs are now subject to stringent control by RQ (funding, race dates, programs, performance and ultimately viability) and are effectively reduced to a status of "social clubs" like the Brisbane Lions. Hopefully, the average Member won't notice the difference.

First ball to be bowled on 1 July 2010.

The proceedings in the house make for a fine record of a benchmark event in the Qld racing industry. Suggest all should download the Hansard report when it is available in the morning. It is a good read.

<http://www.parliament.qld.gov.au/view/legislativeAssembly/hansard.asp?SubArea=latest>

Arsenal:

Racing and Other Legislation Amendment Bill

Second Reading

Resumed from 13 April (see p. 1258), on motion of Mr Lawlor--

That the bill be now read a second time.

Mr STEVENS (Mermaid Beach--LNP) (11.32 am): As the shadow minister for racing for the LNP, unlike the minister opposite, who tries to distance himself at every opportunity for the betterment of Queensland racing, I rise to speak on the Racing and Other Legislation Amendment Bill 2010. This is the most ill-conceived, illogical and deliberately destructive piece of legislation that I have seen come into this House during my time in this parliament. I am utterly disgusted at the introduction of this piece of legislation and extremely worried about how this repugnant and detached state Labor government is going to destroy the racing industry in Queensland through this legislation.

The legislation is an abomination in every way. The codes of racing will be the recipients of the deleterious implications of this disastrous piece of legislation until Queensland gets itself a new government. As the shadow minister for racing, I totally oppose this bill and, along with my Liberal National Party colleagues, I will be voting against this dreadful, policy-vacant and worthless amendment.

I would like to explain the genesis of this flawed legislation. It was born out of an attempt about two years ago by the current chairman of Queensland Racing to extend his unelected dictatorship over Queensland Racing until 2014. Mr Bentley asked the then Treasurer and minister responsible for racing, Andrew Fraser, to extend his appointed term without his having to face an election by the industry, mainly because he knew that the industry would reject his leadership. This undemocratic belligerency was too much even for the Labor Party hierarchy and the Labor Party's

lackey, Bob Bentley, was thwarted in that attempt. He went back to the drawing board and came up with this ridiculous scheme to combine the three codes of racing into one and give himself another unelected term, with taxpayers throwing in a few dollars in wagering taxes forgone to justify the deal.

Peter Beattie's racing minister Merri Rose--we all remember Merri--sacked the previous racing control body in 2001 and then in March 2002 appointed Bob Bentley to the new Queensland Thoroughbred Racing Board. From that time on he caused havoc across the racing community of Queensland. This appointment was not given due process, and the usual fair and equitable selection process was not adhered to. This is the person whom the Bligh Labor government wants as its puppet to control the entire racing industry in Queensland and absolve the Labor Party of all blame and all political fall-out from racing codes which collectively involve around 50,000 industry participants.

The Racing and Other Legislation Amendment Bill 2010 seeks to amend the Racing Act 2002 to establish one control body for the three codes of racing--the thoroughbred racing industry, the harness racing industry and the greyhound racing industry. This control body will make all financial and operational decisions for each code. The LNP will not agree to this as we believe that each racing code should have control over its own sector of the industry. There are vastly different skills and interests in the three codes that will be thrown together in a competitive board arrangement dominated by thoroughbred racing representatives. It should be a matter of codes controlling their own business. We believe that the greyhound industry representatives are the best to run the greyhound industry, the harness racing representatives are the best to run the trots and the thoroughbred industry representatives are the best to run the thoroughbred industry.

This is our guaranteed plan when we win the next election, when the people of Queensland vote this dreadfully arrogant government out of power. If this bill is passed, we commit to the overall racing industry that this legislation will be dismantled and control will be given back to each of the codes for a sustainable and secure racing industry into the future, run by industry participants for industry benefit rather than for the company profits of UNITAB shareholders, of which Bob Bentley is of course a beneficiary.

Another objective of the bill is to abolish entities established under the Racing Act that can be established administratively by the control board. This relates to country racing organisations and takes all statutory recognition through legislation away from country racing and hands power and responsibility over to Bob Bentley and Queensland Racing. To borrow some common racetrack slang, it is just like putting Dracula in charge of the blood bank. This complete ransacking of country and provincial racing by the Bligh Labor government is a disgrace, and I am amazed that the minister has ignored any consultation with the large body of participants in country and provincial racing that this amendment affects. These rural racing organisations are the lifeblood of these local communities, and control by someone who sits in an office hundreds of kilometres away, let alone someone devoid of local knowledge of these organisations, is doomed to fail. The thousands of voluntary race club workers and supporters cannot have a dollar value put on their contribution, and I fear that these loyal racing industry participants will be lost to the industry if the main control body keeps bashing them around the head.

The Racing and Other Legislation Amendment Bill 2010 claims to introduce amendments to provide stability and reduce the administrative cost burden on the control body. I would ask the minister to explain what quantum of saving is envisaged to the three codes when there are no employees under \$100,000 to be sacked, no rental savings and obviously no promotional or operational savings identified by the three-code board amalgamation. This is just another red herring in the Labor Party manifesto on how to divest itself of any interest in racing, other than collecting taxes from the industry to prop up its profligate spending.

The bill does provide, however, an opportunity to achieve one positive measure in relation to clarifying provisions relating to taking and dealing with samples from licensed animals for analysis. This closes a loophole in regard to a technical breach in the analysis of samples taken from horses. This is the only piece of the legislation that we would agree with.

The Racing and Other Legislation Amendment Bill also seeks to amend four other pieces of legislation. The bill amends the Wagering Act 1998 and the Gaming Machine Act 1991 to allow for payment of moneys out of the Community Investment Fund to fund a new scheme with a new

name to support and fund capital infrastructure for the racing industry. Again I ask the minister: in relation to this fraudulent piece of legislation, if the boards of the Gold Coast Turf Club, the board of the Townsville Turf Club, the board of the Brisbane Racing Club and several other racing clubs reject these slimey overtures of Racing Queensland for takeovers of their land and assets where will the minister approve the spending of Queensland taxpayer dollars on racing infrastructure? I am told that Treasury and the Treasurer are very keen on the upgrade of the facilities at the Gold Coast Turf Club to erase the possibility of the Magic Millions Sales company and the associated race leaving Queensland for better pastures. If this is the case then the Gold Coast Turf Club is in the box position, to borrow a greyhound term, to do a non-negotiable deal with Racing Queensland or RQ will have nowhere to spend its taxpayer funded dollars.

Surely this incompetent Labor government could not lose the Magic Millions from the Gold Coast as well as Indy within 18 months. The long-held animosity between the Labor Party and the Brisbane Racing Club will ensure that Racing Queensland will not invest in the upgrade of the assets of Queensland's premier racing facilities. The racing control board is running out of logical options to further the interests of Queensland Racing through appropriate capital investment that is worthwhile and relevant to a better racing industry product. In fact, this legislation inhibits the BRC proposal for its own capital investment program, as unveiled last year, to upgrade its own facilities. A matter that we will obviously take up in the consideration in detail stage is the seizure and grab of land assets by the new Racing Queensland body.

The bill will also make consequential amendments to the Racing Regulation 2003. These will enable changes that were made in the Racing Act 2002. The other subordinate piece of legislation to be amended in this bill is the Wagering Regulation 1999.

Racing in Queensland has grown considerably since its humble beginnings. It comprises three codes of racing—thoroughbred, harness and greyhound racing. According to Queensland Racing's own issues paper, it was responsible for \$1.44 billion in economic spend. The thoroughbred industry alone employs 30,000 full-time, part-time and casual employees.

Why would those oppose jeopardise this industry with such a dictatorial piece of legislation? One would usually find amendments like these in the legislation of the parliament of Uganda not in a democracy like ours. Terry Butts from the North Queensland register says it all. He states—

You really have to wonder about our Queensland government. From the very top, you have to wonder whether it still wants to govern, because with every day, it seems to enforce policies (racing at the top of the list) that are about destruction. And frankly, the feeling of discontent amongst the staunchest party members is turning to anger ...

This anger is about this legislation and is across the whole of the racing industry in Queensland. Since the beginning of racing in Queensland the industry, along with the corresponding legislation, has undergone huge transformation. From what used to be considered an amateur sport, racing in Queensland is now a huge industry in the state with many making a living from it as jockeys, trainers, bookies and industry workers. While the following historical amendments to the racing legislation were considerable, they are nothing compared to the current, dramatic and detrimental changes proposed by the Bligh Labor government.

The Racecourse Act 1923 was the first appearance racing made in legislation. Racing legislation stemmed initially from a desire to keep gambling under strict control, but, more importantly, to manage a developing industry that had great potential. This legislation was seen as the start of a new era for racing and was the first step in recognising racing as an industry rather than a sport. It introduced the registration of racing clubs and provided for the acknowledgement of unregistered racing clubs. Unregistered racing clubs consisted of mainly trotting clubs and dog racing clubs as registering a club was only open to gallopers. Racecourses could also be registered where registered racing clubs conducted their meetings. This legislation provided for the start of the regulation of the racing industry.

In 1929 a royal commission was established to inquire into and report on the control and management of horseracing and racecourses in and around Brisbane and Ipswich. Perhaps it is time for another royal commission to be held to flush out into the open the mismanagement and wasteful spending of valuable industry funds right across this industry.

Following the report provided, the Racing Regulation Amendment Act 1930 was established. The

leading turf club at the time was the Queensland Turf Club. It was made responsible for allocating registered race meetings to certain clubs while the Queensland Treasurer managed the unregistered race meetings. The act provided for race meetings to be conducted on Saturdays, with the occasional meeting scheduled for a public holiday such as Easter Monday or Labour Day. The legislation also abolished proprietary racing for both galloping horses and harness racing. This was introduced again in the Racing Act 2002.

In a bid to regulate the industry more thoroughly, unregistered race meetings were to be phased out of the racing calendar by the end of 1931. The conditions at Kedron Park pushed the change to provide for safety measures for both horses or jockeys, although the changes only applied to gallopers. For instance, it was legislated that only 12 runners per race would be allowed to run on a racecourse less than a mile in circumference. That is very much in favour today. Nothing much changes over time.

Gallops and pony races were phased out at Coorparoo, with only trotting events now being allowed to race there. Provisions provided for on-course bookmakers to be able to sue and be sued for wages made on the racecourse. Jockey weight was regulated so only jockeys above seven stone were able to race. Any jockey weighing less than that amount would be prohibited from competing.

While these amendments may seem insignificant and minor, this was when the racing industry was much smaller and these particular provisions were necessary to regulate the gambling and organisational sides of the industry. The Racing Regulation Amendment Act 1931 was originally introduced by the government to set the number of allocated trotting events in the metropolitan area to six. This proved futile as the Governor in Council had the power to raise that number to 12. The Governor in Council did just this, but on the condition that the trotting event organisers find their own course on which to run their events. The bill did not end up passing through parliament as the opposition tried to amend the bill and the government was against the proposed changes.

The opposition was concerned with the number of bookmakers escaping paying state taxes.

The Racing Regulation Amendment Act 1932 only made one significant change. It was simply to add to the existing rule about starting numbers for safety. Galloping races were limited to 16 starters where the distance was one mile or more. Also this legislation provided for the prohibition of trotting at the Coorparoo and Strathpine racecourses.

In 1946 the Racing Limitation Act was introduced to continue regulations provided under national security regulations. Wartime restrictions allowed for 59 racing days for horses per year, severely limiting midweek race days. The 59 day limit applied to the metropolitan area and in the cities of Bundaberg, Cairns, Charters Towers, Gympie, Mackay, Maryborough, Rockhampton, Townsville and Warwick. These restrictions applied to both horseracing and dog racing.

The Racing and Betting Act 1954 introduced the concept of regulated and legalised race gambling. The legislation provided the Governor in Council with regulatory control over principal clubs. Racecourses, trotting grounds and coursing grounds now had to be licensed. The Governor in Council authorised 10 Saturday metropolitan meetings per year that could be extended to 12 by the Governor in Council. The ban on night coursing was continued and mechanical coursing was prohibited. The Governor in Council had to approve coursing clubs. Dividends were not to be paid to those other than those holding a winning ticket. A referendum poll would also be held for approval to allow off-the-course betting to be lawfully conducted.

This act essentially allocated a significant amount of power to the Governor in Council. A committee was established, made up of representatives from three metropolitan racing clubs that provide racecourses to determine the exact racing dates. This greater representation was seen as a step towards the better management of racing in Queensland. What is absurd is that this government is trying to change this concept of wider representation after the racing system has been run successfully this way for 87 years.

The first amendments to the Racing and Betting Act 1954 came in 1980 after the review of the Racing and Betting Act, and these amendments provided various changes to the legislation resulting from the recommendations. The legislation enacted even further representation on principal clubs by including a committee of up to 12 people as representatives from surrounding race clubs. Greater power was given to the official three separate control bodies. Galloping, trotting and greyhound racing control bodies could deal efficiently with the performance of their

affiliated clubs. The three control bodies could now allocate their own race days--something that the government is attempting to take away with this new racing reform. Clubs would now be allowed to collect bets for postponed, abandoned or phantom meetings so as to mitigate the damage as a result of the loss of profits.

The legislation lifted restrictions in relation to the conduct of barrier trials. The Trotting Control Board was provided with an increase in board member numbers, but the majority of members of this board and the greyhound control board would now be regulated through ministerial appointments. This act dissolved the Racecourse Development and Assistance Fund and replaced it with the Racing Development Fund. This would be funded by unclaimed dividends and a levy totalised on the totaliser turnover. Unlawful betting was discouraged even further through increased penalties. Metropolitan, TAB and non-metropolitan oncourse totalisers were amalgamated into one pool from which common and stable dividends may be declared to enable greater disbursement to recipient racing clubs.

The Racing Venues Development Act 1982 came into effect to allow the Governor in Council to appoint trustees to control and develop lands acquired by the Racing Development Corporation for the purpose of racing. This recommendation came from the Racing Development Corporation established by the Racing and Betting Act. This legislation was created predominantly to target the Albion Park racecourse. Trustees were not given the power to sell the land, but their authority allowed them to lease the land or any building upon it so as to profit the development of the racing venues. The trustees were also able to mortgage land under their control for the purpose of raising money to spend on development of the land. All of these measures were about race clubs having control of their own destinies and having control of their own assets for the betterment of the particular racing code in which they were involved.

After the recommendations of the National Competition Policy review of the Racing and Betting Act 1980, the act was repealed and the Racing Act 2002 was introduced to parliament. The Hon. Merri Rose, the minister for racing at the time--although I do believe it is no longer 'Hon.' Merri Rose--

Mr Robertson: Oh, come on!

Mr STEVENS: I do believe that that is the case now; she was at that particular time. Merri Rose stated that one of the main catalysts behind this change in legislation was--

This bill places greater emphasis on government's role to ensure the probity and integrity of racing. The responsibility for the management of the industry rests in the rightful place--with the industry control bodies.

Mr Lawlor: That's right.

Mr STEVENS: We are getting rid of those today, Minister.

Mr Lawlor: And replaced with one body.

Mr STEVENS: What is strange is that throughout the history of legislation changes in racing, which I have given a brief overview of, Labor has continually preached the importance of keeping management of racing within the hands of the three control bodies--Queensland Racing, Harness Racing and Greyhound Racing. Now suddenly it wants to concentrate the power of all three codes into one control body--Racing Queensland. Why on earth would the government want to put all of the power and control of racing in Queensland into one body's hands when all along it has been spruiking the benefit of wider industry representation and autonomous self-management? I will tell members why: the political agenda of this government is to ignore the racing industries at all costs to avoid fallout from Labor voters who are a large part of the racing industries and who are

incensed at the Labor Party's abandonment of all three racing codes. It wants to push all of the blame for the racing industry's chronic underfunding across to an unelected, unanswerable administrator--in this case, named Bob Bentley--and plunder industry funds as much as possible to prop up its ailing and bankrupt financial incompetency.

The Racing Act 2002 established five regional racing associations consisting of representatives elected by clubs in the region as well as representatives elected by trainers, jockeys and bookmakers. Each chairperson represented their respective association on the Queensland Regional Racing Council. What the government is now proposing is that only one member from the harness and greyhound control body be present on the new Queensland Racing Board. And guess who the government consulted about whether this was an appropriate model for the future administration of the racing codes? The same seven people who were going to get a lucrative position as board directors of the new racing control board! I ask the minister when he sums up the debate to advise the House what remuneration the seven directors will receive in their new roles and what the remuneration to the chairman of the board will be.

What a ludicrous, improper and biased consultation process that only a corrupt Labor government, bereft of propriety and decency, could unashamedly call 'industry consultation'! Where is the representation from these regional racing clubs? The council provides the Queensland Racing Board with recommendations in relation to country racing. I guess this issue is less important now the government is attempting to wipe out country racing altogether. This legislation also established the Racing Animal Welfare and Integrity Board, replacing the Racing Codes Advisory Board, with provisions relating to drug control and animal management. Also established was the Racing Appeal Tribunal to hear and decide appeals from decisions made by control bodies of the codes.

The Racing Amendment Act 2004 took into account recommendations in relation to country or non-TAB thoroughbred racing. That was in 2004 when the government was getting a bit of heat from those in country racing areas. Seven per cent of the Thoroughbred Racing Board's net UNITAB profit fee was to be allocated to country clubs to use as prize money for their races. This new reform proposed by this government is going to abandon the guarantee of this prize money to country racing clubs, with the allocation of this funding being left to the discretion of the Chairman of Queensland Racing, Mr Bob Bentley. The previous five regional racing associations established under the previous act were replaced with eight country racing associations and relevant committees on the argument that it would better reflect community interests in country areas. I wonder if the government thinks that the abolition of all eight of these associations will better reflect community interests in country racing.

In 2006 more amendments to the racing legislation were introduced in the Racing Amendment Act 2006. This provided for Queensland Racing's move from a statutory body to a company limited by guarantee and to extend the Queensland Racing Harness Board and the Greyhound Racing Authority as statutory authorities pending their transition to company structures. This amending act provided for the Thoroughbred Racing Board to be recognised and Queensland Racing Ltd, and consequently all liabilities and assets were transferred in the change. The last amendment to Queensland racing legislation was in the Racing Amendment Act 2008. This act allowed, finally, for the Harness Racing Board and the Greyhound Racing Authority to transition from statutory authorities to companies. As with the thoroughbred transition, the assets, liabilities and employees were also transferred to the two new company entities.

Racing in Australia has become a major economic benefit to the Commonwealth as a whole with races like the Melbourne Cup, the biggest horserace that stops this nation. In this the 150th year celebration, the Melbourne Cup Carnival over four days in 2008 contributed \$366 million to the Victorian economy. The Spring Racing Carnival 50-day celebration generates \$600 million directly and indirectly for the state of Victoria. Racing is a very important industry. In Queensland, by far the biggest racing carnival and income-generating sports tourism economic

event is the Magic Millions carnival at the Gold Coast Turf Club. This event has been building in stature since its inception in 1987 and now commands a position that is arguably Queensland's biggest internationally recognised event. As most people would know through the media, there has been much angst expressed by the current owners of the Magic Millions sales company that the facilities to run the Magic Millions race day are totally inadequate for their international clientele.

The owners have threatened to leave Queensland with their event on every second day of every second year when their contract with the Gold Coast Turf Club expires and it would be a catastrophic blow for the Queensland government and the Queensland Events Corporation to lose this event to a southern state such as Victoria. Consequently, I am sure that the promise of funding for the racing industry from the Treasurer is predicated on serious chunks of the taxpayer-funded package being spent on the Gold Coast Turf Club to avoid another major Queensland event disappearing off the tourism radar.

I urge the chairman of the Gold Coast Turf Club, Mr Andrew Eggleston, and his board to resist all attempts by Racing Queensland to take over the freehold of this member owned property--member owned property. I am sure that they will still reap the benefits of this financial package under the leasehold proposition that they have already presented to the Queensland Racing board. When you are dealing with an overbearing, intimidating bully, you have to have a steely resolve and in the end the good guys, with right on their side, invariably win.

Personally, I have been involved with racing for a very long time and I am very passionate about doing everything I possibly can to ensure that the industry grows from strength to strength. I have been an owner, a punter, a breeder, a committee member, a member of several clubs and I have never in my life seen such a despised control body as the one we have endured in the thoroughbred industry for the past eight years. This is the same control body that, through this legislation, will be inflicted upon all the codes and which will ensconce Mr Bob Bentley for at least another four years and possibly, under this ridiculous appointment model that becomes legislation if it is passed today, could make him a 20-year appointee as the controller of thoroughbred racing in Queensland. General Pinochet, eat your heart out.

As well as the insulting process that installed this flawed racing control body, the government has set in this legislation an embarrassing process for the re-election of board members whereby the chairman of the board, a Racing Queensland appointed HR company appointed in the same way that the court processes of Queensland rejected the recruitment process of Queensland Racing for their replacement of directors, and, of course, a director from the government make up the triumvirate to decide who will become a new director after 2014. That is akin to the member for Mermaid Beach choosing who should take his position as the member for Mermaid Beach after the 2012 state election and I can guarantee everybody that I would be recommending me. What a complete blight on this government's commitment to open, fair and accountable election processes. It echoes its hollow rhetoric on everything from secrecy in government to its promise that there will be no increase in fuel tax.

I believe that this legislation will not help the three codes of racing develop whatsoever. It will cause ructions and promote an atmosphere of discontent between the new Racing Queensland and each and every club across the state. Combining these three racing codes under the one control body creates confusion, power-play issues and communication issues and has the potential to become directionless for the outnumbered harness and greyhound racing representatives.

We see with this takeover that even the thoroughbred industry is vehemently opposed to this conquest by the new entity, Racing Queensland. Experts in their fields of any endeavour will fight to the end of the earth to highlight their plight and to promote the needs of their cause or industry for the betterment of their own business. This is exactly the reason that you must always position the experts in their field to be in charge of the decision making for their own industry. Major benefits include the use of corporate and industry knowledge, specific industry-focused decision making, the development of industry-focused policy and the delivery of outcomes.

The funding inducement made by Mr Bentley to the racing clubs across the state is basically a bribe in the form of 'if you don't play my game, you will cop a reduction in funding and prize money. You will have your race meetings cut back and in the meantime I am going to audit each

club to expose their financial difficulty to justify my takeover position' when, in fact, it was Queensland Racing cutbacks on funding that got the same clubs into the position that they are in in the first place.

Even independent observers have come out on this issue. University of Southern Queensland academic Gerard Betros has questioned Queensland Racing's decision to call in auditors. He went on to say that Queensland Racing had been steadily increasing its influence over individual clubs and that it would be most interesting to see the terms of reference that Queensland Racing provided Deloitte for their audits of these certain clubs. Those comments highlight one of the fundamental flaws of Queensland Racing's administration techniques in that its dealings and its intentions are cloaked in secrecy and deception.

Fourteen months ago I asked the chairman of Queensland Racing to provide me with the strategic direction for the racing industry in Queensland. This is the so-called independent chairman of Queensland racing. He told me that it was halfway finished, that it would take another two weeks to complete and then the minister would have to peruse it first. Naturally, I agreed with that course of action, having great respect for the role of the minister. Yet 14 months later, I have not seen hide nor hair of this so-called strategic plan and I doubt if one exists.

Mr Bentley has certainly not exposed his grand plans to the industry and has pursued a path of intimidation and coercion of race clubs throughout the state in what one can only deduce is his master plan for state controlled industry assets of all racing codes throughout Queensland. His weapons of mass destruction are prize money reductions; reductions in race dates; absolving his organisation from industry necessary costs, such as track maintenance; and also inflicting over-the-top workplace health and safety requirements for remote and occasionally used racetracks. The land grab by the Labor government's lackey, Mr Bentley, is to line Queensland Racing's coffers and make its balance sheet look good when it becomes the new entity, Racing Queensland.

The track record of Queensland Racing in industry improvement is not good. Under successive state Labor governments the three super tracks--the supposed solution to racing in Queensland--have been complete failures. Premier Beattie tried for a super track at Wacol--a lot of people love to go to Wacol in Brisbane's south-western suburbs--but ruled it out when he told parliament on 19 October 2004 in a ministerial statement that the proposal had a major funding shortfall of about \$150 million and that the Wacol super track option was dead. Then the government wanted to sell off Doomben for an upgrade of Eagle Farm, which did not go ahead. That was a dismal failure, costing hundreds of thousands of industry funds in investigating this proposal with consultants. Then the third policy collapse was the proposed move of the very valuable Gold Coast Turf Club to Palm Meadows, a flood hole on the Merriamac flood plain, to assist the Magic Millions company relocate from its shabby sales venue. That was strike 3 for Mr Bentley at a huge cost of industry funds. Some have said that as high as \$700,000 was spent on the Palm Meadows relocation alone, which should have seen him removed by the minister.

But the minister has been noticeable only by his absence in any matters relating to racing. The only time he has popped his head up on racing was to announce a good-news press release with the Treasurer in January that, if the racing industry signs over all of its very valuable land assets to Queensland Racing, the government would use \$20 million a year of taxpayer funds across all three codes for capital improvements for four years.

This means literally hundreds of millions of dollars of land assets into the balance sheet of the Queensland government with only a pittance for racing industry capital needs. Of major concern to North and Western Queensland is that this piece of legislation takes out all reference to country and provincial racing and gives the new entity, Racing Queensland, complete control over funding and organisational set up for country and provincial racing.

Back in January I sent out a release saying that country and provincial racing was headed for extinction under Labor's direction. Look how right I was. Town by town the state government, under the guise of Racing Queensland, is disbanding each and every country and provincial racing club across Queensland. They are so up in arms about it that a petition was started a couple of weeks ago, getting thousands of signatures, which requested the House to immediately ensure that the Queensland Country Racing Committee and Queensland country racing associations are not dissolved and that this statute be incorporated into any new legislation.

Country and provincial racing is the fabric of local communities in these remote areas and they need to be preserved at every opportunity. The Townsville Turf Club, for instance, is at loggerheads with Queensland Racing with negotiations at a stalemate. Queensland Racing has come up with a take-all approach. There are some members from Townsville present in the House. I tell them to take good note of the ill feeling that this is creating in Townsville. The reason that the Townsville Turf Club was not allowed by Queensland Racing to sell off some of its unused land to help any financial difficulties it had was because Queensland Racing wants to get its hands on this valuable piece of land, which it can do under this new legislation coming into the House today, so it can sell it at a later date and put the profits into Racing Queensland. These financial difficulties were caused by Queensland Racing Ltd when two years ago, without any consultation or agreement, it reduced the TAB funding distribution to Townsville. The Townsville Turf Club had an unconditional contract for \$10 million to sell a parcel of vacant land but Queensland Racing would not allow them to go ahead with the sale to make the Townsville Turf Club viable. For the Townsville Amateurs, Queensland Racing has taken it upon itself to reduce the prize money from \$225,000 to \$120,000 and also reduce the racing carnival from two days to one day. The debacle between Queensland Racing and the Gold Coast Turf Club over Magic Millions has been a complete fiasco. Queensland Racing has yet again tried to dictate to the Gold Coast Turf Club what the best way forward is. I am sorry, but I think the Gold Coast Turf Club, with 50 years of successful trading--the minister and I both know many people who have put a lot into making it a very successful club over the years--would better know the future directions the club should take than Racing Queensland. Magic Millions should remain on the Gold Coast working constructively with the Gold Coast Turf Club, and the minister should ensure that this happens.

The government did not engage in any worthwhile consultation with racing industry stakeholders. It was more of a 'let's keep these changes quiet' approach because of the discontent that would cop if the racing industry knew that the changes were going to be implemented. Where is the taxpayer-funded package going to be spent to justify this enormous leap of faith to the one control body model under the direction of a leader who has enjoyed eight years of uninterrupted governance with no outward rewards from his direction and leadership visibly available? It is a case of 'sign here and trust us', when the form guide for this course of action is a litany of broken promises and a pathway to total subjugation.

The only consultation has been with Labor mates. The government has not been open or inclusive of all industry stakeholders--very few industry stakeholders to be exact--of what its intentions were for the industry. The Brisbane Racing Club has expressed its outrage at this legislation. I concur wholeheartedly with it and acknowledge that this piece of legislation needs to be reviewed urgently to ensure that the rights of racing clubs across Queensland are upheld. The Brisbane Racing Club also believes that by stripping the power from racing clubs it places the power in the hands of people whose appointment is political and who are not representatives from the industry. Again I wholeheartedly agree.

I would now raise the issue that I have raised previously in a question on notice to the minister on 23 February 2010 and subsequently in a press release and a speech in parliament and that is the issue of Mr Bentley's integrity. In the annual report of Tatts Group Ltd 2009 Mr Bentley was not to be considered an independent, non-executive director on the board as he was also chairman of Queensland Racing Ltd which controls a material supplier to UNITAB Ltd. The response I received from the Minister for Racing about the conflict of interest was that the Integrity Commissioner's advice had not been sought. This to me shows blatant disregard for the integrity of the overall racing industry in general and I urge the minister to seek the Integrity Commissioner's advice on this issue. I am sure that the minister is not seeking the advice of the Integrity Commissioner because he is frightened of what the Integrity Commissioner will say. There is clearly a conflict of interest and then up blows the plan for the one control body controlled by Mr Bob Bentley.

I have great concerns about the information that I have received regarding the availability of the draft constitution of the new control body. The racing industry is concerned that this has not been available to industry stakeholders. In parliament on 13 April in his second reading speech the minister said--

The constitution of Racing Queensland Ltd establishes advisory committees for non-TAB racing in all codes, so maintaining thoroughbred-specific bodies in legislation is now redundant. This must mean that the minister has seen a copy and knows what is in the draft constitution of the proposed new entity, Racing Queensland. In the Courier-Mail on Friday, 14 May he said he had not seen a copy of the draft constitution. I ask the minister which one is correct. As there is a guarantee of savings in the minister's second reading speech with this new one control body model, can the minister quantify these savings that will be achieved by adopting this new one control body model?

In Legislation Alert No.6 2010 of the Scrutiny of Legislation Committee, the report on the Racing and Other Legislation Bill is damning. The first area affected is the rights and liberties of individuals in this proposed legislation and this is seen in clause 12 and clause 23 whereby there is insufficient regard to the rights and liberties of individuals currently employed as members of the Queensland Country Racing Committee or as a chairperson of a country racing association. A further issue with these clauses is that industry consultation was limited to chairs and chief executive officers of control bodies--the classic case of Caesar judging Caesar. This is another area where the rights and liberties of individuals have been affected. In relation to new sections 432 and 442 the Scrutiny of Legislation Committee notes that neither employees nor organisations representing employees appear to have been consulted on this legislation.

In conclusion, this is a classic example of a Labor government exploiting its power through its unmitigated front man and inflicting pain on each and every racegoer, industry stakeholder and industry worker. Section 444 of the bill ensures that changes are possible as it states--

The amendment of the Racing Regulation 2003 by the Racing and Other Legislation Amendment Act 2010 does not affect the power of the Governor in Council to further amend the regulation or to repeal it.

The important part is, '... to repeal it'. This, I believe, will apply to the act itself. Industry stakeholders in each of the three racing codes are the ones best placed to be able to make the decisions needed for their code to develop. The government has let the whole of Queensland down in so many areas, such as asset sales, the economy, health and education, and now wants to do the same with the racing industry. If the Labor government had not sat on its hands for the past 12 years Queensland would have been reaping the rewards of 10 years of economic boom and could have funded the racing industry appropriately. Because the government squandered mining royalties and taxes that were rolling in over this period, when hard times came there were no reserves left to fund and protect Queensland properly. It is the responsibility of a state government to manage state finances, not squander them. In every area we see a grab for whatever it can sell off to manage the massive debt it has plunged this state into. This time it is the racing industry. The asset grab by Queensland Racing is the most disgusting and authoritarian action I have seen from an Australian state Labor government, and there have been plenty of rough actions it has issued in the past.

I make a commitment to the racing industry of Queensland that when the Liberal National Party wins government at the next state election we will immediately dismantle this flawed and undemocratic legislation, and we will put control of the three racing codes back into the hands of industry participants for the betterment and development of a fruitful racing industry into the future. Finally, I thank the minister for his inertia in the racing industry, as his failed strategy for passing the blame for industry woes onto the despised Mr Bob Bentley is the best thing that the Liberal National Party can take into the next election.

Mr KNUTH (Dalrymple--LNP) (12.20 pm): In rising to speak on the Racing and Other Legislation Amendment Bill, I want to say that I believe this bill is one of the greatest attacks, not only on thoroughbred racing but also on country racing, ever seen in Queensland's history. This bill gives supreme power to the man who has caused ultimate devastation for country racing right across Queensland. The obsession of one particular person to see the death knell of country racing is astronomical. Country clubs take pride in running race meetings of the highest quality. Those meetings have raised funds for charities, sporting clubs, local P&Cs and the Royal Flying Doctor Service. However, they have fallen on the sword as we have a chairman who is not interested in

working in the best interests of country racing. His philosophy is to implement every impediment possible to make the lives of country clubs a misery and eventually see country racing eradicated from the rural calendar. If this legislation is passed, finally he will have supreme and unlimited power.

The explanatory notes state--

This amendment puts it beyond doubt that a control body has the power to make policies and give directions in relation to how a club is to deal with its assets, including its real property and intellectual property rights.

The notes also state that one of the objectives of the bill is to, 'abolish entities established under the Racing Act that can be established administratively by the control body'. That is what it is: a control body. The only thing that is beyond any doubt is that this legislation gives absolute control to a power hungry individual and his henchmen.

This country is supposed to be a democracy, but what is the minister responsible for racing doing about this? He is washing his hands of it. He is removing any ministerial responsibility and handing country racing, on a silver platter, to an anti-rural racing chairman. The racing minister has promised that no club will be abolished because of the proposed changes, yet those two policy amendments give the controlling body the supreme power to appoint, abolish, close down, refuse funding and all the other laws that will kick country racing in the guts. While there are certain rules for some people, things can be different for others, especially if a person is a friend of the Labor Party and the chairman of Queensland Racing Ltd. Not only is Mr Bentley the chairman of Queensland Racing Ltd; he is also the director of Tattersalls since his appointment in October 2006.

The Tattersalls 2007 annual report states that all members of the board were considered to be independent with the exception of Mr Bentley who, as chairman of the Queensland Thoroughbred Racing Board, is directly associated with the material supply to UNITAB. Mr Bentley is in a position to improve the outcome for shareholders yet he remains the chairman of the Queensland Thoroughbred Racing Board, which has a vendetta against non-profit TAB meetings such as those held by country race clubs. This is a monumental conflict of interest. It is appalling that this person is allowed to continue in his role as chairman of Queensland Racing Ltd while sitting on the board of Tattersalls. As the shadow minister for racing said, this needs to be referred to the Integrity Commission because it involves the integrity of the racing industry.

Clearly, Queensland Racing Ltd does not abide by the same ideals as country racing, and country racing is suffering. It is not being given a fair go and, consequently, the entire racing industry is suffering. Already there are fewer jockeys and trainers in country areas because of these astronomical cutbacks. People are travelling further and further to meetings because of the lack of support given to them by Bob Bentley who, with his anti-country, anti-racing and pro-profit making stance, is making things harder and harder for jockeys and trainers.

The government wants the three separate racing codes to be administered by a single body. Obviously, that has come about without any consultation with experts. The three codes are up in arms about the concept of a single governing body for all of them. It is puzzling how this government can claim to be qualified to determine if a club is able to be administered from a central governing body, particularly as it has displayed a complete disregard for the interests of those in the bush and a lack of willingness to engage in any consultation. As an example, all country race clubs have had to endure impediments such as cutbacks in funding, reduced race meetings and inflexible race dates. In addition, Queensland Racing Ltd has slammed country clubs with ridiculous laws, such as forcing them to erect inside and outside running rails at an extra cost of some \$70,000 and spending tens of thousands of dollars on special air-conditioned amenities for male and female jockeys, which is an overkill for the bush. The rules that apply down south do not fit country racing. It is a totally different environment. It is paramount that the minister for racing venture out of his subterranean existence and have a good look at the uniqueness of country racing and the differences between it and city racing.

Queensland Racing Ltd does not recognise or understand the importance of country race days, which are the lifeblood of small communities. Country clubs are continually being kicked in the

guts by the hierarchy of Queensland Racing Ltd. Rural communities need to be allowed to stage these special events, which were a time honoured tradition for many years before Queensland Racing Ltd took control. I vehemently oppose this legislation.

Dr DOUGLAS (Gaven--LNP) (12.26 pm): This bill is presented as a fait accompli. We are getting it whether we like it or not. Nothing in this bill is progressive or enlightening for the future of racing in Queensland. Maybe it should have been called the 'day of the execution of racing as we know it'. The minister has claimed that he has not been provided with a copy of the draft constitution of QRL, yet he is pushing this bill through on a guillotine motion today. Such is life under Labor. Nothing is sacred, nothing is sentimental and the public will have to cop it because there is no alternative on offer.

In this legislation the minister proposes, firstly, increasing the tenure of directors of Queensland Racing Ltd up to 10 years with no industry input on director selection or appointment. Secondly, licensed clubs are prohibited from dealing with their own assets. Thirdly, these assets effectively become the assets of the control body for no cost, with an ability of the controlling body, Queensland Racing Ltd, to direct how those assets, tangible and intangible, will be used. Finally, the minister is proposing to abolish all country racing associations and the Queensland Country Racing Committee from legislative protection. Other than QRL, everyone is a net loser. Horse racing is about winners and losers. Most participants are losers, but they dream big. This bill is about winners and losers, too. There are far too many losers. The minister will understand this: in betting terms, when nearly everyone is a loser there will be an adjustment that the winner might not like. Such will be the case here. Under the government proposal, the provincial and city clubs under the legislation are deemed irrelevant, their assets near worthless and their franchises up for grabs at the whim of an all-encompassing, all-powerful board of Labor appointees who have effectively voted themselves jobs for life. The country clubs are deemed finished, has-beens, washed up and are not even worthy of owning their own piece of real estate, and QRL ends up the majority owner of all club assets.

Far from being given any choices, this like-it-or-lump-it version of legislation has all the hallmarks of a draconian, out-of-touch government that merely sees this much loved spectacle or Australian folklore and dreams becoming another cog in the chain of state income from gambling and other vices. It does so on the basis that the government has sold its share of UNITAB. Its own effective net take from horse racing, harness and greyhounds as a share of gaming revenue has fallen to five per cent of total gaming revenue. In 2009-10 total Queensland gaming revenue was estimated at \$1.006 billion, of which poker machines contributed \$550 million. The TAB contribution was only \$35 million and has been static for years. However, QRL is driven solely by TAB turnover and is short-term focused. In 2008-09, online betting saw Queenslanders lose \$1.83 billion, which is \$5 million a day. Poker machine revenue actually increased in an otherwise flat wagering year.

In this bill the government is actually saying that it has a lot in common with those often criticised for sending slow horses to the knackery, glue factory or an Eastern European dinner table. If it cannot make money out of it itself, it will kill it for everyone else, which is what this bill will achieve. This is the concept of loving nothing, standing for nothing and anything that the masses enjoy is merely allowed under the terms of the government's totalitarian ideals.

In the minister's second reading speech, he sums it all up in paragraph 1--

It is no secret that the racing industry's capital infrastructure has become run down and threatens the competitive ability of the industry going forward.

Do members know whose watch this occurred on? Labor's. Do members know where the money from racing went? It went on ridiculous schemes and bloated contracts to build nothing of any substance, things such as the takeover of the Caloundra racetrack. And do members know what this is really all about? Well the minister does not really know either. He has told many in the industry at earlier times that 'this is not really necessary', yet the Leader of the House says that it is urgent legislation. So why is Labor doing anything at all?

Labor wants the assets of the racing clubs to appear on the ledger of its statement of assets and liabilities, as it scrambles to prove to the bankers that it still has some family silver to sell.

Queensland Racing Ltd has even set up a registered company called Queensland Racing Ltd Venue Management. But do members know who really owns these assets? The race club members do, and this bill takes their assets from them.

In the case of the Gold Coast, for allegedly investing \$60 million over four years—to be paid out of a levy on revenue raised—the Gold Coast Turf Club is to give up a majority of its equity in its own real estate. This is a property worth probably \$400 million, even in this market. The minister knows this number because he is a former board member of the Gold Coast Turf Club. This has occurred after the club's revenue from on-course TAB was reduced from 12 per cent to 4.9 per cent five years ago. Only a few days of the year does this revenue make racing at all possible. The balance sheets of all race clubs in Queensland since these changes have been under extreme pressure, whilst Queensland Racing Ltd's balance sheet should have improved from \$40 million to \$100 million cash at bank on close scrutiny. No other significant controlling racing body in Australia has more than \$10 million cash at bank.

Mr Hoolihan: How? You don't know.

Dr DOUGLAS: You obviously have not read anything, member for Keppel.

Mr DEPUTY SPEAKER (Mr O'Brien): Order! Member for Gayen. The Speaker this morning issued a statement about referring to members by the word 'you' which you have just done. I would counsel you to read the Speaker's statement this morning and desist from that activity.

Dr DOUGLAS: Thank you, Mr Deputy Speaker. Yet QRL claim they only have \$32 million. Is their balance sheet incorrect? Is it under pressure? Why does Queensland Racing Ltd need to raid all of the clubs' balance sheets for money? Do they have undeclared losses? The minister ought to be ashamed of what he is trying to do to the clubs. He goes on to say in his second reading speech—

The current multiple control body structure results in duplication of effort and prevents decisions being made in the best interests of the entire Queensland racing industry.

How is signing over the ownership of race clubs to Queensland Racing Ltd in the best interests of the Queensland racing industry? One needs to look no closer than in Toowoomba, where there are now 250 horses in training, down from 750 following Queensland Racing Ltd's decision to mandate a new synthetic racetrack. There has been a massive, unprecedented increase in injuries to racehorses. Owners and trainers have been left with little alternative but to leave. Was that in the best interests of racing? Some facts might assist: grass grows on treated effluent throughout the country, and on the Gold Coast they treat the wash down water and they use the lake water on the grass, too. Toowoomba's only problem was that they were not using it. That is why the grass was not growing in a drought. It was a stupid, ill-conceived stopgap measure by Queensland Racing Ltd in Toowoomba that has had disastrous consequences. That is the track record of Queensland Racing Ltd in recent times.

The very clear assessment of most racing people is that the chair of Queensland Racing Ltd believes he knows more than everybody else when the reality is that he does not. Queensland Racing Ltd invested \$60 million in Caloundra for a zero result, then \$6 million in Rockhampton for a similar result. Racing in both of those areas has been significantly degraded. The chair of Queensland Racing Ltd should be known as the 'race club terminator' for what is occurring on his watch as the chairman of racing in Queensland.

Horseracing is obviously not everyone's cup of tea. For some, it represents the worst of an admixture of horses, gambling and human entertainment. For others, it is about the love of horses, a mathematical challenge, and an afternoon with friends for many. For others, it is a job and, for a fortunate few, it is a very good living indeed. It is an Australian tradition, certainly one borrowed from others on foreign shores. The Italians, French and Chinese have embraced it and increasingly so have the Africans outside of South Africa, South Americans and those from the Middle East. For those who are not aware, Japan and the USA currently vie for the biggest prize money on offer which is four times that of the cumulative Australian sum, and both of those countries have the biggest amount of wagering revenue in the world. Gambling is a critical part of racing because the thrill of the win drives the competitive aspect. For the successful owner, breeder, trainer, jockey, strapper, stablehand and punter, this is everything. In the US, there is \$1.5 billion in prize

money on offer, and that is a significant incentive alone.

This bill's purpose, as explained in the explanatory notes, is not reflected in the legislative changes. It is an embarrassing gloss on critical changes that diminish this great industry. It fails to state the obvious, and there are the critical changes to the board of Queensland Racing Ltd, the selection of the board, the powers of the board and the length of time board members' appointments are for. Really only one person is appointed—the chair—for he has all the power. When this is added to the fact that the industry does not have the capacity to place members on the board and country racing is all but decimated, this compounds the critical changes to Queensland racing forever under this Labor plan.

I put it to both government members and the board itself, who have put this forward as their best efforts, that not only will the board last merely seconds after the declaration of the poll result with a change of government but the changes bring great shame on the administration of horseracing in Queensland itself. I am not being so childish as to suggest anything political has to be completely bipartisan, but this bill is a nonsense. The take it or leave it approach demands a serious step once a change of government ensues. Whilst I do not deny that some of the board members are keen horse people, by their actions they are not representing the diverse interests of all of those involved in racing, supporters of and those who derive their income either in full or in part from thoroughbred, harness and/or dog racing.

The actions of Queensland Racing Ltd alone are unconscionable and they demand serious action. This is a big call but, mark my words, the board are drawing a line in the sand via the government's legislation which they falsely believe there is no coming back from. I fully endorse the statement made by the member for Mermaid Beach, the shadow minister. They are seriously wrong and they need to re-examine their individual decisions to support actions of this incumbent government. The LNP will change this legislation and will resuscitate both country and provincial racing. Beyond change to the board itself and the decrees that board members will be in place for 10 years, they are dreaming. Foolishly, the board members do not realise that, once they reach their use-by date, Labor will quickly give them the heave-ho well in advance of anything that the LNP may subsequently have to do. The retrospective elements in the bill absolutely demand this action by the LNP.

The critical change in the bill that unites trainers, owners and club members are the changes that decree that the clubs themselves are irrelevant—that is, they are not franchises as such anymore, and Queensland Racing Ltd is effectively the franchisee under this proposal. This franchisee, Queensland Racing Ltd—as the allocator of race scheduling, dates, types of races, prize money and distributor of funds—will determine where those races will be held. Queensland Racing Ltd is also the regulator-administrator of the integrity of racing. So, as a first, it is both the franchisee and the regulator. Does this not then raise the issue of Caesar judging Caesar, as has been raised already? The clubs are now entirely at the mercy of Queensland Racing Ltd. This is delivered by the Queensland Racing Ltd demanding that the clubs will do what QRL says and will hold the sword of Damocles over their heads. Presently, clubs are dependent only in part on Queensland Racing Ltd. Thankfully this is the case because Queensland Racing Ltd is a hopelessly dysfunctional organisation and most clubs are not.

I seek leave to incorporate the remainder of my speech in Hansard, as agreed with the Speaker earlier.

Leave granted.

What is presently happening on the Gold Coast should be the best example in practical terms of what this might mean. This means a privately owned race club that is private property owned by a mutual of fee paying members of the Gold Coast Turf Club on receipt of a one page poorly drawn proposal regarding a realignment of the club's facilities and a vague announcement of \$60 million of a total of \$80 million available to the whole industry on offer from QRL over four years are to agree and hand over majority ownership of the club and all its assets to QRL. To intimidate, QRL's chair Bob Bentley has demanded an immediate forensic audit of the GCTC. This closely followed actions by the GCTC who dared to raise trainers' fees to ensure the club's own survival since the club is responsible for its own recurrent costs. QRL have said the \$80 million is for the

whole industry, including trotting and greyhound racing. It also has to go to other clubs as well and the money is funded by the industry itself from a levy. The public statements of the chair of QRL and the Minister would lead everyone to believe the Gold Coast Turf Club is rejecting the \$60 million on offer. That's not true. These statements are misleading and border on fraudulent. The resounding statements from the Minister, whose public utterances in recent weeks are meek and hollow, are that the board of the GCTC is recalcitrant and failing to progress forward by not agreeing to exchange over 50 percent equity in return for a vague promise of up to \$60 million for changes that are unclear. There would be a continuing obligation of the club to fund the running costs of the club under these new equity arrangements. Multiple press releases from QRL about Rockhampton and Caloundra repeatedly refer to the clubs having to manage these costs themselves. Honourable Members the real estate of the GCTC alone is worth \$400 million in this market. Do you really think GCTC members are being offered a reasonable deal here? How would you react if, for example Queensland Transport told property owners along the M1 that they must exchange over 50 percent of their property's equity in return for access not onto the M1 but onto surrounding parallel roads, they weren't going to be given any money but QT deemed that they might be allowed to have a minority share in their own property. Imagine if you were one of the owners, what would you do? Justifiably everyone rejects this nonsense. This is why resummptions are under the law mandated so as to secure property owners legitimate property rights. But this is what is occurring in racing on the Gold Coast because the government seeks to le

ted e turner:

feking labor party parasites....bentley and ludwig slimey scum....yours is coming maggots :mad:

Arsenal:

Racing and Other Legislation Amendment Bill (continued from previous) :tears:

The resounding statements from the Minister, whose public utterances in recent weeks are meek and hollow, are that the board of the GCTC is recalcitrant and failing to progress forward by not agreeing to exchange over 50 percent equity in return for a vague promise of up to \$60 million for changes that are unclear. There would be a continuing obligation of the club to fund the running costs of the club under these new equity arrangements. Multiple press releases from QRL about Rockhampton and Caloundra repeatedly refer to the clubs having to manage these costs themselves. Honourable Members the real estate of the GCTC alone is worth \$400 million in this market. Do you really think GCTC members are being offered a reasonable deal here? How would you react if, for example Queensland Transport told property owners along the M1 that they must exchange over 50 percent of their property's equity in return for access not onto the M1 but onto surrounding parallel roads, they weren't going to be given any money but QT deemed that they might be allowed to have a minority share in their own property. Imagine if you were one of the owners, what would you do? Justifiably everyone rejects this nonsense. This is why resummptions are under the law mandated so as to secure property owners legitimate property rights. But this is what is occurring in racing on the Gold Coast because the government seeks to legislate changes that deny the legitimate property rights of a mutual ownership group, of their own property. Do members think they won't stare down QR Ltd? Do members think racing people are not intelligent enough to look for alternatives? Do member's think this won't go to the High Court just as the bikie consorting legislation is now in the High Court. I'll bet you five to one on that it will, the State Labor government loses every case and every appeal in the High Court on this issue. Remember property rights under the Torrens title system are seriously protected under the constitution, as they should be.

There is a clear case in Townsville currently where a property that was surplus to the requirements of the race club was to be bought for \$10 million and QRL and the Minister sat on a decision for nearly two years. The chairman of QRL even apologised to the chair of the race club but do you know what is going to happen? Nothing because the money under the new agreement goes to QRL for no net benefit to the club. The club needs that money and the members own the property. Every Labor Townsville and surrounding districts member needs to directly confront their own Labor minister and ask why is Townsville district racing been treated so badly.

Honourable Members, QRL needs the GCTC, Townsville Racing Club and all the other clubs more than they need QRL. This type of public grandstanding by QR Ltd via this legislation is non-productive. For a lazy government that pretends that horse-racing is irrelevant, it needs to wake up to itself quickly and clean out the cobwebs. QR Ltd in this bill is not a partner with the clubs, it is delivered as a dictator, owner and vendor of sub franchises.

This Labor government falsely believes that the public attendance at race clubs is declining, that pub TAB is growing in revenue terms anecdotally. The Labor government that has shed its share of Unitab, now Tattersalls, leaves Labor as a winner and QRL as the nemesis. All pain and blame goes to the QRL which becomes a halfway entity between a GOC, a master football franchise and the fat controller.

I must correct some of the misinformation that Labor members have been fed either by their faction or the Labour machine itself. Racing has changed. Harness racing and greyhound racing have diminished due to lack of interest and availability of tracks. Horse racing of thoroughbreds continues to grow because of everyday racing, racing offshore, racing as an event—Golden Slipper/Melbourne Cup week, online gaming/sports betting, BetFair and the increased capacity for discretionary income spending by middle Australia. The TAB was introduced originally to weaken SP betting, deliver the government a return, weaken the power of bookmakers and stop people like John Wren who owned the racetracks.

Punters generally do care who owns the tracks nor who operates them. They also do care about their chances of fairly receiving their money wagered in return for risk. They do have interest in how races are run and who runs them to ensure that cheating does not occur. They also want good fields of horses so they can maximise their betting opportunities. The system we have developed over many years delivers these solutions. Pub TAB revenue is actually declining as on line and telephone betting increases. On course betting is declining as a proportion of overall betting that is \$200 million in Queensland of the \$1.87 billion wagered. Online wagering and cross border wagering is increasing and may be 30 percent of total wagering. Wagering on racing has flattened during the economic downturn. The statistics are total wagering of \$1.78 billion in 2006/07, \$1.726 billion in 07/08 and \$1.897 billion in 2008/2009. Of this \$1.1 billion accrues from thoroughbred wagering, harness, dog and sports betting yielded \$702 million in 2008/2009. But gambling, like alcohol consumption, increases in times of adversity and in recorded times has always done so. Horse racing is a big component of that gambling. The total wagering in Australia was \$21.94 billion in 2008/09, of which \$14.433 billion was wagered on horses in Australia. \$7 billion was wagered in New South Wales and Victoria lone. Horse racing fields in New South Wales and Victoria are better paying, more consistent and for punters better value for money. Of the \$14.2 billion, \$9 billion was wagered on the TAB, \$4.5 billion via bookmakers and 60 percent of the total amount came from NSW and Victoria alone.

Queensland risks becoming a back water for third rate runners and smaller fields with lower winning purses. The evidence for this is currently seen in the differences of the percentage increases of prize money between Queensland and the combined New South Wales Victoria group. This decline in Queensland will continue until an external group such as a private equity group re-enters the field to offer a competitive package over and above that. The best example is set by the Magic Millions private company. This is what will happen under the plan of this Racing bill presented here today. This Labor government having sold Unitab don't care less what happens as long as some group ensures there is at least some racing that income to it will continue and the public will shut up. So this is what will happen as a result of this near-sided bill. This is after denying property owners of their rights and being contemptuous of their rights to represent themselves in the administration of racing.

So if that is the impact of the bill why is Labor proceeding in its present direction?

One, maybe it does not care. The minister, ex Gold Coast Turf Club board member doesn't go to the races anymore and most Labor Government members have no interest in horse, harness or dog racing.

Two, maybe it does not understand. There will be job losses, there will be a lot of them. Most, not

all of the clubs are going to be ruined forever.

Three, maybe it is bloody-minded, leaving a dictator in charge like the current chair of the QRL, maybe Labor feels that the race clubs deserve this.

Four, maybe it really wants to see the end of horse racing. In Queensland this would be a fairly good bet but one never knows what will happen when one group seeks to remove something of great pleasure from an aggrieved group for reasons associated with ideology.

Five, maybe labor just thinks racing is like football and franchise controllers are the way of the future. They probably think a kind of nationally agreed the salary cap will address everything. They have forgotten the lessons of super league. They also think the other states will play fair. I urge honourable members to grow up. Do members understand cross border gaming?

Six, maybe Labor just does not think. I think that is the answer because this racing bill is not the answer to racing's real troubles at present.

The crux of those problems would sensibly be currently, there is miserable lowly percentage distribution back to the clubs by QRL for putting the races on week on week out. The clubs need to have their assets retained as their own and those funds withheld from 2005. Provincial tracks need to be supported for lesser quality horses. Industry representatives must by default be included in the management of racing. There must be an understanding that this is sport. It is a spectacle. People want to go to events, these are events. Jockeys are modern day superstar sportsmen, the horses are too. Trainers and their families are given star billing in newspapers. Just because a few journalists and some former jockeys want to see the end of race clubs, foolishly some believe this current bill will fix everything. Don't fool yourself, only the fool and his money are easily parted.

I want to spell out the implications to Labor members here today of this bill.

One, it will guarantee the end of race clubs as they are now and will ensure that future private clubs will arise and take away QRL's franchise as a legitimate competitor to that franchise.

Two, it will collapse provincial race clubs.

Three, it will collapse Queensland racing fields to metropolitan tracks with at best second-rate to third-rate horses read slow horses. Only the trainers, owners and southern clubs will all be in the same place and it will not be in Queensland. Our major feature races of the winter carnival will become attractive only to group two and three horses. This is a great tragedy.

Four, the horse racing industry, stock suppliers, track staff, caterers, food suppliers, casual staff will all lose their jobs. I predict 50 percent will be gone within five years.

Five, QRL will not only be unable to maintain support costs, guaranteed prize money in line with other states, but it will be forced to ration what it has on offer already.

Six, punters will just bet on southern fields and increasingly on line. If members think Sportsbet is big now, this is like giving it a hit of adrenaline, steroids and growth hormone as a super injection, all at once, for all on line variations for it is the punters who really drive this industry. Cross border gambling is already rising fast.

I have previously warned about on line gambling and highlighted the interest of Labor Members and in particular the former Member for Greenslopes who was involved in Hippodrome and others in Gocorp. It would be unbelievable to assume they did not know what was to happen. Honourable Members need to stop fooling themselves and equating horse racing with poker machines. True gamblers chase odds that are in their favour or can be made so. Poker machines equate to anonymous gambling with no ability to shift odds in the favour of the wagering.

Within five years private equity will again own race tracks and will be allowed under competition rules. Most likely there will be more than one franchisee, obviously one being QRL, the other one private. The private one will have better fields, better facilities, be new, it will suck in both advertising spend and more importantly punter capital. The super league and NRL divide might if

members can recall those events be the best example of why this will occur. These new entities will probably organise themselves in tracks that QRL ultimately abandon. There are a few of these and there's likely to be a few more. How do we know this? QRL is based at Deagon and it's a dead track with no racing. Look what Magic Millions has done in the last 12 months, they go where the money is, they take the lowest charges on offer and they give the most minimal return to the hosting club. What they do is to offer high prize money for horses linked to their sale where they derive commissions. They take a risk, they have paid equity for their franchise but in the case of the Magic Millions it is linked to the Gold Coast and may only work on the Gold Coast. There are plenty other examples that are not so lucky. We need to learn from what works and what doesn't work. The VRC earns \$20 million after everything, that is every possible cost over a full year, from the Melbourne Cup alone. At the Flemington track, which the VRC owns, it really doesn't have to have or make anything from racing for the whole year. But it does so as a service to members, trainers, owners and prepare the field for its huge spectacle. Every race club in Australia has Melbourne Cup as its biggest earning day and Flemington host two million people. All the gamblers largely lose but the income to the nation and states is huge. It is a good learning curve for everyone.

So what does Queensland Racing Ltd do under Labor? It attempts a backdoor change in control and gain ownership of at least one major club and probably all the other metropolitan clubs as well that have a future in a modern racing world. For a miserable 30 pieces of silver read \$80 million the public is suppose to think that QRL should be given the keys to the kingdom. Racing is truly biblical and the names of the horses especially the best ones are named in biblical terms. But there was only one true Judas and he was a slow runner and couldn't handle the barriers. It would be too easy to lay all the blame of this debacle at the foot of the chair of QRL Bob Bentley and his QR Ltd board. No doubt this Labor Government strategy, especially if it all goes wrong. Blame someone else. I am sure we are going to hear that it was Bentley's dream and his failing, not the minister's, not Labor's for that matter.

This is cowardly, deceitful and grossly unsatisfactory, from a government that believes it is accountable. This sheer act of theft of the assets alone needs to be demonstrated as the work of the Queensland Labor Party who don't have the intestinal fortitude to fess up and admit their complicity at a time when their incompetent financial management of the state has led them to be at the mercy of their bankers. To destroy race clubs, club's ownerships of tracks and facilities and their right to exist after taking their assets is not even revolution. It is common theft. It is the lowest of lows, sure Bob Bentley remains in charge but of what, really for how long and with bloodied hands. Most punters and many horse owners are average people, not millionaires as some honourable members may still believe. This is not a fair cop and they won't swallow it. For the sport of kings there is nothing majestic about this legislation. It legitimizes common theft and disenfranchisement by an out of touch government. The bill is not supported--it is a disgrace. Mr HOOLIHAN (Keppel--ALP) (12.38 pm): In speaking to the Racing and Other Legislation Amendment Bill, I think it is time that many members in this House realised that they do not know as much as they think they do. As a matter of fact, some of them do not have too much knowledge of things at all. I would like to remind the member for Gaven that the last person who said 'such is life' was Ned Kelly as they put the noose around his neck. Then we have the arrogance of the member for Mermaid Beach standing in here--and it is becoming more and more evident--saying not 'if we win government' but 'when we win government'. He said it three times. Let me explain a few things for the shell like ear of the member for Mermaid Beach and the member for Gaven. This amending act is intended to amalgamate the three existing racing control bodies: Queensland Racing for gallops, Queensland Harness Racing for trots and Greyhounds Queensland.

For the benefit of those people who will stand up and say, as the member for Gaven just said, that the property of the race club is owned by the members of it, I say that that is not the case because race clubs are incorporated bodies and it is the property of the incorporated body. If people knew anything about the law they would realise that it is a separate legal entity. So much for that! In 2004, 2005 and into 2006 I was on the backbench committee that originally made the report for

the then minister in relation to the restructuring of racing in Queensland. There were 123 race clubs in Queensland which had been fostered by the National Party appointing their own sycophants and paying them money. Three race clubs did not even exist and they had received somewhere in the vicinity of \$100,000. No-one could ever say where that money went or where it was spent, but I will bet any money that the people on the committee were National Party appointees.

I come from the country and I saw the way the National Party tried to make it their own fiefdom. It treated anyone else--trainers, owners, jockeys--involved in the industry like dirt. It was fine as long as they could stand up there and say, 'I'm the chairman of a race club.' For 25 years I practised law. I had those sycophants sitting opposite me in appeals against suspensions of jockeys or trainers. Their attitude was, 'We are here to run the race club. We control the money. You just do what you're told. Get out of here.' I can even give you the names, but I would not--

Mr Stevens: You can vote them out.

Mr HOOLIHAN: You can be voted out, too, member for Mermaid Beach. Just remember that.

Mr DEPUTY SPEAKER: Order! Member for Keppel, I would ask you not--

Mr HOOLIHAN: I retract the 'you'. The member for Mermaid Beach can be voted out also, as he was from the Gold Coast race club committee. All the National Party did was purchase their sycophancy, put them in place and give them enough money to make them think they were big people. That has not happened in recent times. Whilst I appreciate that people have criticism of the current chairman of Queensland Racing, at least there has been consistency about the way racing has been administered.

Putting the three bodies together does make sense. As the minister said in his second reading speech, it will avoid duplication of effort. I heard mention of the \$6 million that was spent by Queensland Racing in Rockhampton. What the member for Gaven did not bother to find out is that the members of the race club in Rockhampton voted--overwhelmingly, I might add, by in excess of 80 per cent--to go into partnership, because that was the problem for them. They did not have the money for their grounds, but they would administer it.

This will actually provide sufficient funding for Queensland Racing Ltd over four years. There will be an amendment to the Wagering Act and the Gaming Machine Act to fund that and to enable payment of moneys. I wish they would change the Racing Act and the Gaming Machine Act so that people who bet got more money back. I have a terrible tendency to put money on horses and people say to me, 'Do you follow the horses?' I answer, 'Yes, but the horses I follow like to follow other horses.' I do not think any rearrangement of Queensland Racing will make very much difference to that.

This bill protects employees earning under \$100,000 and transfers staff, assets and liabilities to the new control body from the harness and greyhound control bodies, which actually own those assets. They do not belong to the members, regardless of all the rubbish that is spouted here. It is a real problem.

We have heard about the retention of the current directors through to 2014--I had some concerns with that when I first heard the proposal--but after that time two directors will retire on a rotational basis and there will be a selection panel responsible for appointing new directors. It is common sense to anyone who stops and thinks about it that a guarantee of continuity in managerial direction has to come from people who have been there and have had the experience. There will be an increase in the number of directors. One from the harness racing control body and one from the greyhound control body will be added to the current five directors.

We do have in Australia an act called the Corporations Act, which is administered by ASIC. The Racing Act will also bind the directors of Queensland Racing. They will administer funding across the three codes. There is a seven per cent net UNITAB product fee which will be used to provide prize money for non-TAB racing. We heard from the member for Dalrymple about this, but race clubs can still have their own meetings. The Yeppoon race club has three meetings a year. The number of people there probably exceeds the number of people who end up at the Gold Coast. They are massive meetings because the committee and the club work very hard, in conjunction with Queensland Racing, to provide a good day, to provide enjoyment for those people who enjoy

racing.

I should say that I hold shares in Tattersall's, which bought out UNITAB. It was the only way I could get any money back from the TAB! Seven per cent of the UNITAB product fee will be returned to non-TAB racing. Those community organisations can still run their race meetings. They can still apply for those race meetings. Some organisations have not been able to continue, and that is for a variety of reasons--not always to do with whether it is a non-TAB meeting. One of the groups that has discontinued is the Mackenzie River amateur race club, which raised money at the Wilpeena races for the Royal Flying Doctor Service. That was purely and simply because there were not enough people on the committee to continue to operate that committee.

All in all, this legislation will create a new regime for Queensland. We heard from the member for Gaven--it is a really interesting proposal--that the Japanese and the American racing industries have the highest prize money, that they are just out of this world in terms of money. Well, he should look more closely. If he did, he would see that the government of neither country puts any money into racing. The industry itself controls and organises racing and deals with prize money. So he ought to put some thought into his own argument in relation to that.

I support, with some misgivings, the operation of the act and the legislation. I commend the bill to the House.

Ms JOHNSTONE (Townsville--ALP) (12.48 pm): I am pleased to rise in support of the Racing and Other Legislation Amendment Bill 2010. The passing of this legislation will see the amalgamation of the three existing racing control bodies: Queensland Racing, Harness Racing Queensland and Greyhounds Queensland. The amalgamated body will become Queensland's single control body, Racing Queensland Ltd. There appears to have been a lot of scaremongering and misinformation circulating in the lead-up to this debate. In Townsville, most of the misinformation seems to be surrounding who will control the assets of the Townsville Turf Club into the future.

The amalgamation of the three control bodies will not in any way change the ownership or control that local turf clubs have over their assets. Should a club choose to dispose of any part of its assets, the current and future process will be the same. The club must first decide it wants to undertake this course of action. The next step in the process is that the racing control body will assess and approve or otherwise. Finally, if both of these processes occur, remembering that it is the club that first has to make the decision for itself, the minister responsible for racing will then make an assessment of the club's request.

This process is in place to allow the local clubs to have the autonomy to make decisions specific to their local communities whilst the extra steps involved allow for the protection of the industry assets broadly. In the case of the Townsville Turf Club, it was the recipient and beneficiary of the Queensland government's deed of grant in trust racecourse policy. In July 2005 the value of the asset transferred to them was \$7.9 million.

I cannot claim to be an expert in the racing industry. My only experience with the industry was my contact with communities and individuals I worked with during my time with Gambling Help. What I do know from the many reports in the media over recent months is that it is a fact that the racing industry is changing. With reducing club memberships and reducing patronage at race days, the structure of the industry needed to be reviewed.

I am advised that provisions are in place to provide for a smooth transition for staff. I am also advised that negotiations will occur between the respective unions and the three employers during that transition period. I support these provisions. I commend the bill to the House.

Mr ELMES (Noosa--LNP) (12.50 pm): I rise to make my contribution to this very important debate on behalf of my electorate of Noosa, which I always regard as a privilege. I also regard it as a privilege to support the shadow minister and my good friend the member for Mermaid Beach as he strives, as shadow minister, to bring a little sanity and reason into the debate on the very important racing industry. I suggest that this is the lifeblood of an industry which we are debating. It is a sport. It is a leisure time activity. It is also an industry and a business and we should bear that in mind as we debate this industry-changing legislation.

When I was reading the explanatory notes on this legislation I was struck by the feeling that I had read it all before. Where had I seen the notion previously of mixing apples and pears? Where had I

seen the notion of shrinking representation? Where had I seen the promise of cost efficiencies from a change in organisational arrangements? Where had I seen the promise of a stronger organisation resulting from change? Where had I seen the promise of more effective decision making? Then I had that 'aha' moment and I found the magic word in the explanatory notes. It was that word which is considered by those in my electorate to be infinitely worse than any four letter word--that is, amalgamation. Again with this legislation we have the same hollow and disingenuous promises that the now Treasurer made when he introduced that legislation to force local council amalgamations. That led to the amalgamation of Noosa, Caloundra and Maroochy into what we now call the Sunshine Coast Regional Council.

A friend of mine was working at a major Australian university some years ago when management consultants were bought in to advise on organisational reform. His definition of a management consultant is one who borrows your watch to tell you the time. The consultants, the Boston Consulting Group, were known locally as the 'Boston Stranglers' because of the impact they have on staff.

The university was highly administratively centralised at the time. What did the stranglers recommend? Surprise, surprise, they recommended decentralisation. In a quiet moment of reflection, the members of the consultancy team revealed that had the university been decentralised they would have recommended centralisation. This was the period when the organisational term 'change management' was born. It is a term I detest. Because it is value free it is never change which is required, simply change for change's sake. Change is always about improvement.

I get the strong feeling that this Labor government has been bitten by the organisational centralisation bug. It is illogical. There has never been or there never is any modelling, never any financial analysis and never any genuine consultation with communities or stakeholders. In fact, consultation has been redefined by this Labor government. Consultation now occurs after the decision has been taken and is in the form of a government simply telling stakeholders why the government's decision will be good for them. It is consultation with closed ears and even more tightly closed minds. It is spin at its most effective.

Mind you, the title Minister for Tourism and Fair Trading is offensive to all racing interests as it shows the government's sheer contempt for racing in this state by not recognising it formally in the minister's title. That is something the LNP will change in government.

The present Minister for Tourism and Fair Trading is not as convinced as was the then Treasurer when he became an apostle for amalgamation. Maybe that is because the minister only wants to be a disciple and not an apostle. Maybe it is because he is more mature than the young and inexperienced man which the then minister for local government was. Maybe it is because he is a bit more circumspect about overreaching, about stretching the truth when he promises. His expectations are more guarded. His explanatory notes state--

The establishment of one control body for thoroughbred, harness and greyhound codes of racing is expected to provide a unified commercial focus.

It then goes on--

The one control body is expected--

not will but is expected--

to significantly reduce control body administrative overheads and drive efficiencies.

Where is the business case which underpins the need and the logic for this change? Where is the administrative plan? Where is the financial analysis? Where is the modelling?

This bill also includes the other most abhorrent of all political acts and that is retrospectivity. We all loathe retrospectivity and avoid it at all costs. Not so this Labor government which slips into its legislation time and again the notion of the retrospective effect. This bill also proposes another of the democratic no-noes--that is, the reversal of the onus of proof. The only saving grace is that in this case they only apply in administrative proceedings and not in criminal matters.

The shadow minister has indicated already that we on this side of the House will oppose this legislation and in government repeal it. This is a position on which I agree with him 100 per cent. That is because I remember fondly my time working within the communities of regional Queensland in commercial broadcasting. I know from firsthand experience the damage that this legislation will do to country racing and by definition the revenues which country racing generates for regional communities.

This Labor government continues to be ignorant of the needs and aspirations of regional and country communities. This legislation will be a disaster for these smaller communities. It will be a disaster for country racing clubs. It will be a disaster for the regional businesses which are directly related to country racing. It will also devastate this form of entertainment for country communities.

It is about time that this Labor government woke up to the fact that there is a whole state outside of South-East Queensland crying out for good government. It is something that they are yet to find.

Mrs CUNNINGHAM (Gladstone--Ind) (12.57 pm): I rise to oppose the Racing and Other Legislation Amendment Bill 2010. In commencing, I thank the minister for the briefing. I also thank Mike and Linda for their time yesterday afternoon. I appreciate that a lot. I am not a punter. The member for Keppel appears to have had some experience--

Mr Finn: We're all punters.

Mrs CUNNINGHAM: Let me rephrase that then. I am not a punter on the horses. I do go to the turf club in Gladstone when I am invited to hand out trophies or simply attend. It is a wonderful time. I commend David and the committee for the work that they have done. They have to try to gain revenue outside of racing with facilities that have limitations, to say the least. They have worked tirelessly over the last little while to upgrade the Gladstone Turf Club facilities. I commend the committee for their dedication. I also commend the owners, trainers, strappers, jockeys, bookies and workers who come out on race days and those who maintain the grounds on a volunteer basis. That facility is a credit to them.

Having said that, can I say that Racing Queensland has done little to enhance the ability of the Gladstone Turf Club to survive. It is on that basis and what I perceive as the implications of this bill that I oppose this bill.

Sitting suspended from 1.00 pm to 2.30 pm.

That's all folksmore tomorrow. :bye:

ted e turner:

just reading the first 2 labor mutts {dogs} in support.....hooli-gan/han sprouts about the national party party of 20 years ago and him being a solicitor at jockeys appeals.....absolute drivel.....then says he has misgivings but supports it.....followed by mandy brainless johnstone from townsville in front of members of the townsville turf club.....she sprouts that she doesn't know anything about racing but supports the bill.....labor=priceless

ted e reviews of the other labor germs supporting the rort will follow :rant:

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Judd, Jan

From: Procter, Murray
Sent: Thursday, 14 July 2011 6:33 PM
To: 'smurray@racingqueensland.com.au'
Subject: [2767947:13] Executive strategy

Categories: Filed
Database: APAC
E-mail ID: 22919224
Matter Number: 2767947

Hi Shara

Can you please send through a copy of the RQL constitution?

Also, do you think there would be any issue as between the executives if the advice (which presumably will be read by the executives) contains the TRV of each of the executives?

Please give me a call if you would like to discuss or if you have any queries.

id regards

Murray

Murray Procter
Partner

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Norton Rose, UK Law Firm of the Year - The Lawyer Awards 2011

Ogilvy Renault and Deneys Reitz have joined Norton Rose Group

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Gamble, Kristin

From: Procter, Murray
Sent: Friday, 15 July 2011 7:47 AM
To: Gamble, Kristin
Subject: [2767947:14] RQL

Database: APAC
E-mail ID: 22921420
Matter Number: 2767947

Hi K

Page 11 of the Courier Mail today contains an article criticising the State Government for giving a 5 year term contract to a diplomat who would ordinarily otherwise only have had a 3 year term. It would be worthwhile flagging that as a possible consequence (ie negative publicity) of either extending the executives' terms or otherwise providing tenure. Perhaps the least controversial (other than keeping the term the same) would be to give them another 3 year term from, say August 2011 - August 2014.

thanks

Murray

Murray Procter
Partner

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Gamble, Kristin

From: Procter, Murray
Sent: Friday, 15 July 2011 9:12 AM
To: Gamble, Kristin
Subject: FW: [2767947:15] RQL Constitution
Attachments: doc20110715085516.pdf

Categories: Filed
Database: APAC
E-mail ID: 22922925
Matter Number: 2767947

From: Debbie Toohey [mailto:dtoohey@racingqueensland.com.au]
Sent: Friday, 15 July 2011 9:08 AM
To: Procter, Murray
Subject: RQL Constitution

Dear Mr Procter

Please see enclosed a copy of RQL's Constitution as requested.

Kind regards

Debbie Toohey

EA to Senior Corporate Counsel/Company Secretary
Board Secretary



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**CONSTITUTION OF
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Corporations Act 2001

A Company Limited by Guarantee and not having a Share Capital

**CONSTITUTION OF
RACING QUEENSLAND LIMITED**

1. INTERPRETATION

1.1 In this Constitution:

Annual General Meeting means the general meeting held each year as required by the *Corporations Act* and this Constitution.

Associations means those established under clause 26.1.

Auditor means the Auditor of the company appointed in accordance with clause 22.

Business Day means a day which is not a Saturday, Sunday or a public holiday in Brisbane.

Chairman means the chairman of the Board of Directors of the Company from time to time.

Company means Racing Queensland Limited.

Company Secretary means the secretary of the Company.

Corporations Act means the *Corporations Act 2001*.

Control Body means a Control Body under the *Racing Act*, or a similar body under any Act passed in substitution of the *Racing Act*.

Country Racing Committee means the committee established under clause 26.1.

Directors or Board of Directors or Board means the Directors of the Company.

Director Candidates means persons named on the Shortlist and to be considered by the Selection Committee in accordance with the provisions of clause 15.

Election Year means the year in which the Initial Term expires and every second year after that in which there is to be an election held under clause 15.1.

Financial Year means the period from the date of establishment of the Company to the following 30 June, and after that, the period 1 July in a calendar year through to 30 June in the next calendar year or such other period of 12 consecutive months determined by the Board.

Founding Directors means the Directors referred to in clause 12.2.

Independent Recruitment Consultant an independent recruitment consultant engaged by the Board of the Company.

Initial Term means the term which:

- (a) commences on the date the Company is approved as the Control Body for thoroughbred, harness and greyhound racing pursuant to section 26 of the *Racing Act*; and



(b) expires at the conclusion of the Annual General Meeting which next takes place after 30 June 2014.

Member means the persons appointed as Directors of the Company from time to time.

Minister means the Queensland Government Minister with responsibility for the Racing Act.

Notice of Meeting means a notice provided in accordance with clause 23.

Office means the registered office for the time being of the Company.

Racing Act means the *Racing Act 2002* (Queensland).

Selection Committee means the committee formed and convened in accordance with clause 15.

Selection Criteria means the criteria for the selection of Directors set out in Appendix A.

Shortlist means the shortlist of Director Candidates formulated in accordance with clause 15.

State means the State of Queensland.

- 1.2 Unless the contrary intention appears in this Constitution, an expression used in a particular Part or Division of the *Corporations Act* that is given a special meaning for the purposes of that Part or Division has, in this Constitution where it deals with a matter dealt with by that Part or Division, the same meaning as in that Part or Division.
- 1.3 Words importing the singular include the plural (and vice versa) and words denoting a gender include all other genders.
- 1.4 Clause headings are inserted for convenience only and are not to be used in interpreting this Constitution.
- 1.5 Reference to legislation or to a provision of legislation includes any modification or re-enactment or any legislative provision substituted for it, and all regulations and subordinate legislation and statutory instruments issued under such legislation.
- 1.6 A reference to a clause number, unless the context otherwise requires, is a reference to a clause in this Constitution.
- 1.7 To the extent that any provision in this Constitution is inconsistent with any provision in a replaceable rule under the *Corporations Act*, the provision of this Constitution applies and the replaceable rule is deemed to be displaced or modified accordingly.

2. LIMITED COMPANY

- 2.1 The liability of the Members is limited to the payment of the amount prescribed by clause 24.
- 2.2 The name of the Company is Racing Queensland Limited.
- 2.3 The registered office of the Company will be at the place that the Board of Directors determines from time to time, but must always be in the State of Queensland.

3. OBJECTS

- 3.1 In addition to the powers conferred by the *Corporations Act*, the objects of the Company are to exercise the powers and perform the functions of a Control Body.



- 3.2 The income and property of the Company must be applied solely towards the promotion of the objects of the Company as set out in this Constitution and no portion of it can be paid or transferred, directly or indirectly, by way of dividend, bonus or otherwise by way of profit to the Members.
- 3.3 The Company will have regard to the best interests of the thoroughbred, harness and greyhound racing codes as a whole, and the continued existence and welfare of each individual code in exercising its powers and performing the functions of a Control Body.

4. MEMBERSHIP

- 4.1 Members are those persons who are Directors of the Company from time to time.
- 4.2 Immediately upon becoming a Director of the Company, that person becomes a Member of the Company.
- 4.3 Immediately upon ceasing to be a Director of the Company, that person ceases to be a Member of the Company.

5. ELECTION OF DIRECTORS

- 5.1 The election of Directors will be determined in accordance with clause 15.

6. CESSATION OF MEMBERSHIP

- 6.1 A person ceases to be a Member if the person ceases to be a Director of the Company.

7. ANNUAL GENERAL MEETING

- 7.1 Subject to the *Corporations Act* the Annual General Meeting must be held each year no later than five months after the end of the previous financial year.

8. GENERAL MEETINGS

- 8.1 A general meeting may be convened by the Board at any time and must be convened within two calendar months of receiving a requisition in writing from at least 75% of the Members.
- 8.2 At least 28 days written notice of a general meeting must be given to all Members who are entitled to receive such a notice.
- 8.3 A notice of a general meeting must contain all information required by the *Corporations Act*, including:
- (a) the place, the day and the hour of the meeting; and
 - (b) the general nature of the business to be transacted at the meeting.

9. PROCEEDINGS AT GENERAL MEETINGS

- 9.1 No business can be transacted at any Annual General Meeting or general meeting unless a quorum of Members is present in person or by proxy or attorney at the time when the meeting is due to commence.
- 9.2 A quorum is 50 per cent of Members present in person or by proxy or attorney.



- 9.3 Having regard to the provisions of clause 9.1, at a meeting of the Company no motion to remove a Member may be proposed or considered unless a motion to remove that person as a director has been proposed, the motions are dealt with together and insofar as the motion to remove a Director is concerned, the provisions of the Corporations Act and this Constitution are observed.
- 9.4 If a quorum of Members is not present within half an hour after the time appointed for the meeting, the meeting:
- (a) if convened upon the requisition of Members; is dissolved; or
 - (b) in any other case, is adjourned to the same day in the next week at the same time and place, or to such other day, time and place as the Chairman may determine.
- 9.5 If a quorum is not present at the adjourned meeting within half an hour after the time appointed for the meeting, the Members (as applicable) present constitute a quorum.
- 9.6 The Chairman may, with the consent of the Members present at any meeting at which a quorum is present (and must if so directed by those Members), adjourn the meeting from time to time and from place to place. No business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.
- 9.7 When a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting but it is not otherwise necessary to give notice of an adjournment or the business to be transacted at an adjourned meeting.
- 9.8 In the case of an equality of votes, the Chairman of the meeting has a second or casting vote except:
- (a) on a resolution to amend the Constitution;
 - (b) on the election or removal of Members; and
 - (c) on a resolution to increase the Directors' remuneration.
- 9.9 Unless a poll is demanded, a declaration by the Chairman is conclusive evidence of the result, provided the declaration reflects a show of hands. Neither the Chairman nor the minutes need to state the number or proportion of votes recorded in favour or against.
- 9.10 If a poll is duly demanded it must be taken in such manner and time as the Chairman directs, and the result of the poll is the resolution of the meeting at which the poll was demanded. If a poll is demanded on the election of a Chairman or on a question of adjournment, it must be taken immediately.

10. VOTING

- 10.1 A Member may vote in person or by proxy or attorney.
- 10.2 Each Member has one vote whether on a show of hands or on a poll.

11. PROXIES

- 11.1 A proxy must:
- (a) be in writing under the hand of the Member or of the Member's attorney duly authorised in writing; and
 - (b) contain:



- (i) the Member's name; and
 - (ii) the meetings at which the proxy may be used.
- 11.2 An instrument appointing a proxy may specify the manner in which the proxy is to vote in respect of a particular resolution and, where an instrument of proxy so provides, the proxy is not entitled to vote on the resolution except as specified in the instrument.
- 11.3 An instrument appointing a proxy is taken to confer authority to demand or join in demanding a poll.
- 11.4 An instrument appointing a proxy must be in the following form or in a form that is as similar to the following form as the circumstances allow:

Racing Queensland Limited

I, _____, of _____,
 being a member of the Company, appoint _____ of _____ or,
 in their absence, _____ of _____ as my
 proxy to vote for me on my behalf at the *Annual General Meeting/*general meeting of the
 Company to be held on the _____ day of _____ 20____ and at any adjournment of
 that meeting.

+This form to be used *in favour of/*against the resolution.

Signed this _____ day of _____ 20____

*Strike out whichever is not desired
 +To be inserted if desired.

- 11.5 An instrument appointing a proxy is not valid unless:
- (a) the instrument; and
 - (b) the original or a certified copy of the power of attorney or other authority under which the instrument is signed,
- is deposited:
- (c) not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
 - (d) in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll,
- at:
- (e) the registered office of the Company; or
 - (f) such other place as is specified for that purpose in the notice convening the meeting.
- 11.6 Where the time to lodge under clause 11.5 falls on a day which is not a business day in the place where the registered office of the Company is located, the document must be deposited at same time on the previous business day.
- 11.7 For the purpose of clause 11.5, a document is taken to be "deposited at the registered office of the Company" if a legible, true copy of a document is received on a facsimile machine located at the registered office of the Company or scanned and emailed to the Company Secretary within the time referred to in clause 11.5.



- 11.8 A vote made in accordance with the terms of an instrument of proxy or of a power of attorney is valid despite:
- (a) the previous death or unsoundness of mind of the principal; or
 - (b) the revocation of the instrument (or of the authority under which the instrument was executed) or of the power; or
 - (c) no notice in writing of any of the events referred to in this clause having been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the instrument is used or the power is exercised.

12. APPOINTMENT, REMOVAL & REMUNERATION OF DIRECTORS

12.1 The Board will consist of seven Directors.

12.2 The Founding Directors will be:

- (a) Robert Geoffrey Bentley;
- (b) Anthony John Hammer;
- (c) William Patrick Ludwig;
- (d) Wayne Norman Milner;
- (e) Bradley John Ryan;
- (f) Kerry Lee Watson; and
- (g) Robert James Lette,

who will hold office until the Annual General Meeting of the Company following the Initial Term, unless they cease to hold office sooner in accordance with this Constitution or the Corporations Act and who will then retire by rotation in accordance with the following provisions of this clause 12.

- 12.3 After the Initial Term an election of Directors must take place in every Election Year in accordance with clause 15.
- 12.4 The Chairman and one Director (other than the Deputy Chairman) must retire at the first Annual General Meeting following the Initial Term.
- 12.5 The Deputy Chairman and one Director (other than the Directors selected to replace those that retired under clause 12.4) must retire at the third Annual General Meeting following the Initial Term.
- 12.6 Two Directors (other than those Directors selected to replace those that retired under clauses 12.4 and 12.5) must retire at the fifth Annual General Meeting following the Initial Term.
- 12.7 One Director (other than those Directors selected to replace those that retired under clauses 12.4, 12.5 and 12.6) must retire at the seventh Annual General Meeting following the Initial Term.
- 12.8 At the ninth Annual General Meeting following the Initial Term and in each Election Year, two Directors must retire from office by rotation. The Directors to retire by rotation in an Election Year are those who have been longest in office since their election. As between Directors who have been in office for an equal length of time, those to retire, if there is not agreement between them, must be determined by the Chairman.



- 12.9 A retiring Director may act until the conclusion of the Annual General Meeting at which he or she retires.
- 12.10 Each Director retiring from office in accordance with clause 12 is eligible to apply to become a Director under clause 15.
- 12.11 The Company may by ordinary resolution remove any Director before the expiration of his or her period of office. The office of a Director becomes vacant if the Director:
- (a) dies;
 - (b) is convicted of a criminal offence;
 - (c) becomes bankrupt or makes any arrangement or composition with his or her creditors generally;
 - (d) becomes prohibited from being a director of a company by reason of any order made under the *Corporations Act*;
 - (e) ceases to be a Director by operation of any provision of the *Corporations Act*;
 - (f) ceases to be a Member;
 - (g) becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the *Corporations Act* relating to mental health;
 - (h) resigns as a Director by notice in writing to the Company;
 - (i) is absent from three consecutive meetings of the Board without having previously obtained leave of the Board;
 - (j) ceases to be an eligible individual under the *Racing Act*; or
 - (k) is guilty of any conduct which in the opinion of the Board is unbecoming of a Director of the Company or is prejudicial to its interests.
- 12.12 For the avoidance of doubt, in circumstances where a vacancy arises due to any of the reasons set out in clause 12.11, the Board may appoint a Director to fill the vacancy. Any Director appointed under this clause 12.12 will hold office until the conclusion of the next Annual General Meeting of the Company after their appointment, but is eligible to apply to be confirmed as a Director by following the process under clause 15.
- 12.13 The Directors are entitled to be remunerated for their services from the date he or she is appointed to the Board. The remuneration accrues from day to day and is to be apportioned accordingly.
- 12.14 The maximum amount of the remuneration of the Chairman, Deputy Chairman and the other Directors will be determined, subject to the *Corporations Act*, by an independent consultant who has expertise in remuneration of public company directors. The amount of remuneration determined by the independent consultant must be approved by the Chief Executive Officer of the Queensland Government Department responsible for racing from time to time. The amounts shall be fixed for each period of two years commencing from the date of commencement of the Initial Term. The Company may not approve remuneration for payment to Directors in excess of that determined by the independent consultant and approved by the Chief Executive Officer of the Queensland Government Department responsible for racing from time to time.
- 12.15 Subject to clause 12.14, the remuneration of each Director will be determined by the Board or any committee of it.



- 12.16 The Directors are also entitled to be paid their reasonable travelling and accommodation and other expenses incurred in consequence of their attendance at Directors' meetings and otherwise in the execution of their duties as Directors.

13. CHAIRMAN

- 13.1 The Initial Chairman of the Company will be Robert Geoffrey Bentley, who will hold office until the conclusion of the first Annual General Meeting following the Initial Term.
- 13.2 The Chairman must retire following the first Annual General Meeting held after the Initial Term but may offer himself for re-election as a Director.
- 13.3 Subject to this Constitution and the *Corporations Act*, any Director of the Company may offer himself or herself for election as Chairman.
- 13.4 Following the Initial Term the election of the Chairman will be determined by the Board following each Director selection process in accordance with clause 15.
- 13.5 If the Chairman retires or is removed from office under clause 12.11 a new Chairman will be appointed by a majority decision of the Board.

14. DEPUTY CHAIRMAN

- 14.1 The Initial Deputy Chairman of the Company will be Anthony John Hamner, who will hold office until the conclusion of the third Annual General Meeting following the Initial Term.
- 14.2 The Deputy Chairman must retire following the third Annual General Meeting held after the Initial Term but may offer himself for re-election as a Director.
- 14.3 Subject to this Constitution and the *Corporations Act*, any Director of the Company may offer himself or herself for election as Deputy Chairman.
- 14.4 Following the Initial Term the election of the Deputy Chairman will be determined by the Board following each Director selection process in accordance with clause 15.
- 14.5 If the Deputy Chairman retires or is removed from office under clause 12.11 a new Deputy Chairman will be appointed by a majority decision of the Board.

15. SELECTION OF DIRECTORS

- 15.1 Four months prior to the holding of an Annual General Meeting following the conclusion of the Initial Term a Director selection process must take place in accordance with the provisions of this clause. In every Election Year, a Director selection process must be initiated to enable the election of directors in accordance with the provisions of this clause 15.
- 15.2 Not less than three months prior to the Annual General Meeting in an Election Year, the Board must appoint an Independent Recruitment Consultant to identify, assess and prepare a list of those persons who are or will be, prior to appointment, qualified under the Racing Act to act as a director of a control body, who meet with the requirements of Appendix A and who are best suited to meet the requirements of the Board, to enable the vacancies occurring on the Board in that year to be filled at the close of the next Annual General Meeting.
- 15.3 Not less than two months prior to the Annual General Meeting in an Election Year the Independent Recruitment Consultant must prepare and give to the Company Secretary a list of those applicants who by reason of their qualification against the Selection Criteria and suitability are in the opinion of the Independent Recruitment Consultant appropriate for consideration for appointment to the Board.



- 15.4 Not less than six weeks prior to the Annual General Meeting in an Election Year, a Selection Committee must be convened by the Chairman. The Selection Committee will be comprised of:
- (a) the Chairman or in his absence the Deputy Chairman at that time or if neither is available one other Director chosen by the Board;
 - (b) one person who is a Fellow of the Australian Institute of Company Directors and who is a then sitting director of an ASX Top 200 listed company; and
 - (c) one person appointed by the Director General of the Queensland Government department responsible for racing in Queensland.
- 15.5 The Chairman or the other person from paragraph 15.4(a) must chair the meeting of the Selection Committee.
- 15.6 The Selection Committee may in its discretion interview anyone whose name appears on the list prepared by the Independent Recruitment Consultant. No person is entitled to an interview merely because his or her name appears on the list.
- 15.7 The meeting must first discuss the Shortlist and try to agree who is to be the preferred candidate or candidates to fill the vacancy.
- 15.8 If no agreement is reached on the preferred candidate or candidates after such time as the person chairing the meeting considers reasonable, the Selection Committee must determine by majority vote the person or persons to be selected to fill the vacancies.
- 15.9 The decision of the Selection Committee will effect the election of those Directors from the close of the next Annual General Meeting. At the Annual General Meeting the Chairman shall announce the election of those Directors selected.

16. POWERS AND DUTIES OF THE DIRECTORS

- 16.1 The management of the Company is the responsibility of the Board and the Board may exercise all powers of the Company as are not, by the *Corporations Act* or by this Constitution, required to be exercised by the Company in general meeting.
- 16.2 The Board may make by-laws that are not inconsistent with the Constitution and the *Corporations Act* for the general management and running of the Company.
- 16.3 The Board may exercise all the powers of the Company to borrow money and to mortgage or charge its property or any part of it, and to issue debentures and other securities whether outright or as security for any debt, liability, or obligation of the Company.

17. PROCEEDINGS OF THE BOARD

- 17.1 The Board may meet together for the dispatch of business, adjourn and otherwise regulate its meetings as it thinks fit. A Director may at any time, and the Secretary must, on the requisition of a Director, summon a meeting of the Board.
- 17.2
- (a) Where a meeting of Directors is held the Chairman shall chair the meeting provided that if:
 - (i) the Chairman has not been elected; or
 - (ii) the Chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act,



the Deputy Chairman will act as Chairman of the meeting, unless:

- (iii) the Deputy Chairman has not been elected; or
- (iv) the Deputy Chairman is not present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act,

in which case, the Directors present must elect one of them to be the chairman of the meeting.

- 17.3 Subject to this Constitution, questions arising at any meeting of the Board will be decided by a majority of votes, and a determination by a majority of the members of the Board is a determination of the Board.
- 17.4 In case of an equality of votes, the Chairman of the meeting has a second or casting vote.
- 17.5 The quorum necessary for the transaction of the business of the Board is three.
- 17.6 Where a motion is put to the Board to rescind any previous decision of the Board, the decision shall not be passed unless directors support the motion by a 75 per cent majority.
- 17.7 The continuing members of the Board may act notwithstanding any vacancy in the Board, but if and so long as their number is reduced below the number fixed by or pursuant to this Constitution as the quorum of the Board, the continuing Directors may act for the purpose of filling a casual vacancy to that number or of summoning a general meeting of the Company, but for no other purpose.
- 17.8 A resolution in writing signed by all Directors in Australia for the time being entitled to receive notice of a meeting of the Board is as valid and effectual as if it had been passed at a meeting of the Board duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Directors.
- 17.9 The Board may delegate any of its powers and/or functions to one or more committees consisting of such of the Directors as the Board thinks fit and the Board may also appoint the chairman of any such committee. Any committee may include a person or persons who are not a Member of the Company.
- 17.10 Each committee must keep proper minutes of its meetings and the provisions regulating proceedings of the Board apply to the proceedings of committees also.
- 17.11 A committee may meet and adjourn as the members of it think proper.
- 17.12 Committees are appointed by the Board only and may only make recommendations to the Board. No decision of a committee is binding on the Company unless it is ratified by the Board.
- 17.13 Every act done by any meeting of the Board or of a committee or by any person acting as a Director is, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any Director or in the formation or constitution of a committee or any of them were disqualified, as valid as if every such person had been duly appointed and was qualified to be a Director or the formation or charter of the committee as the case may be.

18. MEETINGS USING TECHNOLOGY

- 18.1 A Board meeting or meeting of any committee or of Members may be called or held using any technology allowed under the *Corporations Act* and consented to by all the Directors.
- 18.2 The consent referred to in clause 18.1 may be a standing one. A Director or Member may only withdraw his or her consent within a reasonable period before the meeting.



19. NO ALTERNATE DIRECTORS

- 19.1 No Director may appoint any other person to be an alternate Director of the Company.

20. DIRECTORS CONTRACTING WITH THE COMPANY

- 20.1 No Director is disqualified by his or her office from contracting with the Company (whether as vendor or purchaser or otherwise). Nor can any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested be voided. Nor can any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of the Director holding that office or of the fiduciary relationship. The nature of the Director's interest must be disclosed by the Director at the first meeting of the Board after the events or circumstances giving rise to the conflict occurring and the Secretary must record each declaration in the minutes of the meeting.
- 20.2 The declaration must be made at a meeting of the Directors at which the contract or arrangement is determined if the Director's interest then exists, or in any other case at the first meeting of the Directors after the acquisition of the Director's interest.
- 20.3 A general notice that a Director is a member of a specified company or firm and is to be regarded as interested in any subsequent transaction with the company or firm is sufficient disclosure under this clause if:
- (a) the notice states the nature and extent of the interest of the Director in the company or firm; and
 - (b) when the question of confirming or entering into the transaction is first taken into consideration the extent of the Director's interest in the company or firm is not greater than is stated in the notice; and
 - (c) the notice is given at the meeting of Directors or the Director takes reasonable steps to ensure that it is brought up and read at the next meeting of the Directors after it is given.
- 20.4 The giving of a declaration or a general notice under this clause does not entitle a Director to be present or to vote at a meeting in relation to a particular contract unless a resolution of the Board under clause 20.5 has first been passed.
- 20.5 A Director who has a material interest in a matter that is being considered at a Directors' Meeting must not be present at the meeting while the matter is being considered and must not vote on the matter unless clauses 20.2 and 20.3 have been satisfied and the Directors who do not have a material interest in the matter have passed a resolution in accordance with section 195 of the *Corporations Act*.
- 20.6 Subject to a Director having complied with this clause, the Director may affix and witness the affixing of the Common Seal of the Company to any contract in which he or she is interested.

21. COMPANY SECRETARY

- 21.1 The Secretary of the Company holds office on the terms decided by the Directors and in accordance with the *Corporations Act*.
- 21.2 The Secretary must cause minutes to be made and entered of:
- (a) the names of Directors and other persons present at all meetings of the Company and of the Board and of committee of the Board; and



- (b) all proceedings at all meetings of the Company and of the Board or of any committee constituted by the Board.
- 21.3 The minutes must be signed by the Chairman of the meeting at which the proceedings were held or within 30 days of the date on which the meeting was held.

22. ACCOUNTS

- 22.1 The Auditor of the Company is appointed by the Company in general meeting and holds office in accordance with the *Corporations Act*.
- 22.2 The Board must cause:
 - (a) proper accounting and other records to be kept;
 - (b) copies of yearly financial statements (including every document required by law to be attached to them) accompanied by a copy of any auditor's report to be distributed to Members as required by the *Corporations Act*; and
 - (c) a statement of financial position, a statement of financial performance and a statement of cash flow for the preceding financial year of the Company to be prepared to a date not more than twelve months before the date of the meeting and sent to every Member with the notice for each Annual General Meeting.

23. NOTICES

- 23.1 A Company may give the Notice of Meeting to a Member either by:
 - (a) serving it on the Member personally;
 - (b) by sending it by post to the Member at the address shown in the register of members or the address supplied by the member for the giving of notices;
 - (c) forwarding it by facsimile transmission at the facsimile number shown in the registers of Members (if any) or the facsimile number supplied by the member for the giving of notices;
 - (d) forwarding it by electronic mail to the electronic mail address shown in the register of Members (if any) or the electronic mail address supplied by the members for the giving of notices; or
 - (e) in any other way allows by the *Corporations Act*.
- 23.2 A Notice of Meeting sent by post is taken to be given seven days after it is posted.
- 23.3 A Notice of Meeting sent by facsimile will be deemed to be effected on the date the Company receives a facsimile transmission report confirming receipt of the notice at the facsimile number for the member referred to in clause 23.1.
- 23.4 Where a notice is forwarded by electronic mail, service will be deemed to be effected on the day of the transmission, so long as the sender of the notice does not receive a delivery failure message.
- 23.5 Notice of every Meeting must be given in any manner authorised by this Constitution to:
 - (a) every Member except those Members who have not supplied to the Company an address for the giving of Notices to them; and
 - (b) the auditor or auditors for the time being of the Company.



23.6 No other person is entitled to receive Notices of Meetings.

24. WINDING-UP

- 24.1 Upon the winding up or dissolution of the Company if any property remains after satisfaction of all its debts and liabilities, that property must not be paid to or distributed among the Members of the Company. It must be given or transferred to a Control Body or Bodies for thoroughbred, harness and greyhound racing in Queensland approved by the Minister at or before the time of dissolution, but if no such approval is given then to an institution or institutions having similar objects of the Company as determined by a Judge of the Supreme Court of Queensland.
- 24.2 In the event that the Company ceases to be a Control Body under the *Racing Act*, the Board will call a general meeting of Members to resolve to wind up the Company and will deal with the assets of the Company in accordance with clause 24.1.
- 24.3 Every Member of the Company undertakes to contribute to the assets of the Company to a maximum of \$10 in the event of the Company being wound up while he or she is a Member or within one year after he or she ceases to be a Member, for payment of the debts and liabilities of the Company contracted before he or she ceases to be a Member, and of the costs, charges and expenses of winding up and for the adjustments of the rights of the contributories among themselves.

25. INDEMNITY

- 25.1 Every Director, Secretary and other officer of the Company is indemnified out of the assets of the Company against any liability incurred by the person as officer except where the Company is prohibited from indemnifying the person under the provisions of the *Corporations Act*. The indemnity may extend to a liability for costs and expenses incurred by a person in defending proceedings, whether civil or criminal, irrespective of their outcome.
- 25.2 The Company may pay premiums in respect of contracts insuring persons who are or have been officers or auditors of the Company against liabilities incurred by them as officers or auditors and liability for costs and expenses incurred in defending proceedings (whether criminal or civil) whatever their outcome except in circumstances where the Company is prohibited from doing so under the *Corporations Act*.
- 25.3 A Director, manager, secretary or other officer of the Company is not liable for:
- (a) the act, neglect or default of any other Director or officer;
 - (b) any loss or expenses incurred by the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company;
 - (c) the insufficiency or deficiency of any security in or upon which any of the moneys of the Company are invested;
 - (d) any loss or damage arising from the bankruptcy, insolvency or tortious act of any person with whom any moneys, securities or effects are deposited or left; or
 - (e) for any other loss or damage which happens in the execution of the duties of his office,
- unless the same happens through his or her own negligence, wilful default, breach of duty or breach of trust.



26. COUNTRY RACING

26.1 Country Racing

The Board, at its first meeting, will establish the Country Racing Committee and the Associations for the provision of advice to the Board in relation to country thoroughbred races:

- (a) the Capricornia Country Racing Association;
- (b) the Central West Country Racing Association;
- (c) the Downs Country Racing Association;
- (d) the Eastern Downs Country Racing Association;
- (e) the Far North Country Racing Association;
- (f) the Leichardt Country Racing Association;
- (g) the North West Country Racing Association; and
- (h) the South East Country Racing Association.

26.2 Country Racing Committee

- (a) The Country Racing Committee will be made up of representatives from the Associations.
- (b) The chairman of each Association and a representative from the Company will comprise the Country Racing Committee.
- (c) A member of the Country Racing Committee holds his or her position until removed by the relevant Association which appointed him or her.
- (d) The Company representative on the Country Racing Committee will be the chairman of the Country Racing Committee.
- (e) The Country Racing Committee will meet biannually as a minimum, with these meetings scheduled for November and March. Additional meetings will be on an as needs basis at the discretion of the chairman of the Country Racing Committee.
- (f) The Country Racing Committee will provide advice to the Company about country thoroughbred racing.
- (g) The functions of the Country Racing Committee are to:
 - (i) consider submissions made by Associations about matters including funding, prize money distribution and race date allocations;
 - (ii) give advice to the Company about any submissions received from Associations; and
 - (iii) monitor the performance of country race clubs and advise the Company on such performance.

26.3 Associations

- (a) The function of each Association established under clause 26.1 is to provide advice to the Country Racing Committee about race meetings conducted by country clubs that are members of it.



- (b) The geographical boundaries of each Association are those as at 30 June 2010. These boundaries may be varied from time to time by the Company after consultation with the Country Racing Committee.
- (c) Each registered country race club located within an Association may nominate a representative to the relevant Association.
- (d) The Queensland Branch of the Australian Trainers' Association, the Queensland Jockeys' Association, the Queensland Bookmakers' Association and the Queensland Racehorse Owners' Association may each provide a representative to each Association.
- (e) For the purpose of determining eligibility for nomination as representative to an Association, a nominated person must reside within the respective Association's geographical boundaries.
- (f) The representative nominated by a country race club or one of the associations in clause 26.3 (d) to an Association represents that club or association until removed by the club or association.
- (g) Each Association must meet at least once per calendar year. Additional meetings may be conducted at the discretion of each Association.

26.4 Country Race Dates

- (a) Each year the Company will provide a draft race date schedule to the Country Racing Committee for the purpose of consultation.
- (b) The Company will take into account the results achieved by meetings in preceding racing seasons, with the following criteria to be considered:
 - (i) meetings achieving agreed key performance indicators;
 - (ii) meetings failing to meet agreed benchmarks;
 - (iii) best use of available horse populations;
 - (iv) maximisation of wagering returns for the industry;
 - (v) reduction of regional race date clashes; and
 - (vi) ability to appropriately service meetings (essential race day staff and jockeys).
- (c) Following the consultation process the Company and the Country Racing Committee will review the feedback received and endeavour to reach agreement on the proposed race date schedule.
- (d) Should the Company and the Country Racing Committee be unable to reach agreement on the number of days on which country race meetings are to be held, the number of country race meetings for the year under consideration must be not less than the number of days on which country race meetings were held in the previous racing season.



APPENDIX A

Directors Selection Criteria

Candidates must be capable of demonstrating that they are an eligible individual within the meaning of the Racing Act.

It is a mandatory requirement for any two or more of the following to apply:

1. Five or more years experience as a director or senior manager of a Large Proprietary Company*, a public company or a public sector entity.
2. Five or more years experience in a senior administrative role.
3. Five or more years experience at a senior level in the fields of finance, law, marketing or commerce.
4. Five or more years experience as a non executive director in a Large Proprietary Company* or a public company.
5. Knowledge of the Thoroughbred Racing Code, Harness Racing Code or Greyhound Racing Code.

*A proprietary company is a Large Proprietary Company if it satisfies at least 2 of the following paragraphs:

- (i) The consolidated gross operating revenue for the financial year of the company and the entities it controls (if any) is \$10 million or more;
- (ii) The value of the consolidated gross assets at the end of the financial year of the company and the entities it controls (if any) is \$5 million or more;
- (iii) The company and the entities it controls (if any) have 50 or more employees at the end of each financial year.



Gamble, Kristin

From: Procter, Murray
Sent: Friday, 15 July 2011 9:21 AM
To: Gamble, Kristin
Subject: FW: [2767947:13] Executive strategy
Attachments: doc20110715085654.pdf

Categories: Filed
Database: APAC
E-mail ID: 22923303
Matter Number: 2767947

From: Shara Murray [mailto:smurray@racingqueensland.com.au]
Sent: Friday, 15 July 2011 9:23 AM
To: Procter, Murray
Subject: RE: [2767947:13] Executive strategy

Murray

Hope you are well.

I understand that you have been sent a copy of RQL's Constitution.

For your information, please find **attached** a news article in today's Courier Mail.

In relation to your advice, please do not include the TRV of each of the executives. Furthermore, could you please issue your advice in draft form in the first instance.

In relation to timing, could you please advise when you think we should receive your draft advice.

Kind Regards

Shara

Shara Murray

Senior Corporate Counsel



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From: Procter, Murray [mailto:murray.procter@nortonrose.com]
Sent: Thursday, July 14, 2011 6:33 PM
To: Shara Murray
Subject: [2767947:13] Executive strategy

Hi Shara

Can you please send through a copy of the RQL constitution?

Also, do you think there would be any issue as between the executives if the advice (which presumably will be read by the executives) contains the TRV of each of the executives?

Please give me a call if you would like to discuss or if you have any queries.

Kind regards

Murray

Murray Procter
Partner

Norton Rose Australia
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He was right-hand man to the Premier and walked away with a plum foreign post. Now it appears that he can't be sacked

Steven Wardell
STATE POLITICAL EDITOR

QUEENSLAND'S new Agent-General was handed a contract as thick as his predecessor's. It will be all but impossible for Opposition to sack him if they win the looming election.

The Courier-Mail can reveal that Premier Anna Bligh gave her long-serving director-general Ken Smith a five-year contract for the plum post in London.

All previous agents-general and trade commissioners were given three-year contracts, including former premier Peter Beattie during his recent stint in Los Angeles.

It is understood Mr Smith's lengthy contract, under the Agent-General Act, does not include a 90-day termination clause like all other overseas trade representatives.

This means he could be eligible for a massive payout if the LNP want to remove him, given the strict conditions that apply to sacking someone who holds the traditional post, which dates back to colonial times.

Department sources yesterday claimed Mr Smith increased some public servants before leaving last month by boasting about how he would be "driving around London in a Jaguar" for the next five years.

The salary of the Agent-General, who also doubles as Queensland's European trade commissioner, is \$411,000 annually, including a \$20,000 vehicle allowance.

Treasurer Andrew Fraser confirmed Mr Smith's five-year contract, but insisted there was nothing unusual with the length of the

Up, up and away says bureaucrat

Beattie looks froggy next to this high-flyer



IN SPOTLIGHT: How we reported Chris Rodwell's \$120,000 travel bill

Most people would expect

... that the days of gratuitous sinecures were well and truly past

Tim Nicholls

appointment. "It is not uncommon for senior government officers to be signed up to five-year contracts," Mr Fraser said.

He said that the absence of a 90-day notice-in-writing clause in Mr Smith's contract was no different to past agents-general.

Mr Smith is appointed under the Agent-General for Queensland Act, which has its own specific regulations regarding termination," Mr Fraser said.

However, Opposition hand spokesman Tim Nicholls said it appeared Labor was once again dispensing "race and favour positions" to a select few.

"Most people would expect there

would be some form of ability to deal with non-performance and that the days of gratuitous sinecures were well and truly past," he said.

It comes as the Government is planning to spend up to \$100,000 seeking private sector advice on how it can run its trade division more effectively.

The review will recommend strategies to improve the effectiveness of the department's trade and investment function, ensuring it has the agility and flexibility to respond to changing market opportunities, tender advertisements state.

It's the second case involving high-flying bureaucrats this week following revelations that Peter Beattie's replacement as Queensland's Trade Commissioner to the Americas racked up a travel bill almost four times higher than the frugal former premier.

Chris Rodwell, based in Chile, racked up nearly \$120,000 in flights in 2010-11 compared with \$25,000 for Mr Beattie the year before.



SPECIAL AGENT: Ken Smith, Queensland's new Agent-General, has been given security of tenure in his London posting, meaning he likely cannot be removed.

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Flood edict the wrong way to go, say insurers

Alison Sandy
Tuck Thompson

INSURANCE giant Suncorp has called for a national inquiry into disaster mitigation and slammed proposals to make flood cover mandatory amid claims living costs for Australians will soar.

The insurer, which expects to pay out more than \$900 million in claims from the Queensland floods and Cyclone Yasi, yesterday announced its subsidiary AAMI would for the first time also include flood cover, but customers could "opt out".

In its submission to the National Disaster Insurance Review, Suncorp said the Federal Government had to invest in better flood mapping to reduce the number of Australians living in high-risk areas.

"The reality is subsidisation will just end up being another tax, which ultimately won't reduce the risk," Personal Insurance chief executive Mark Milliner said. "We're certainly keen to see stan-

dard definition of revenue flood come in. We agree with a one-page summary (on product disclosure statements) so people really do understand what is included and excluded."

Meanwhile, the Insurance Council of Australia denied there was any market failure but admitted there was a need for improvement. In its submission, the national peak insurance body also featured moves to introduce an insurance pool to subsidise those living in high-risk areas.

"Government intervention into private insurance markets should be kept at a minimum," the ICA submission said. "A new pool will require further government bureaucracy and complexity and will increase the costs of living for ordinary Australians."

It said most insurers did not support the creation of a system that would pool flood premiums in government hands, preferring a model which offered subsidies to needy homeowners based on a first-home owners' grant scheme.

Product Safety Recall

Oral-B Tooth and Gum Care Mouth Rinse
(all flavours and sizes)



Procter & Gamble is conducting a product safety recall of the above products.

Issue: This is a precautionary step after detecting out of specification microbial levels in some products produced at one of its contract manufacturing facilities.

Hazard: If present, the microbial level poses virtually no risk to healthy people. People with severely weakened immune systems, such as those with cystic fibrosis, may be more susceptible to adverse health effects.

What to do: If you have a bottle of these products do not use it. Call Oral-B's customer service number 1800 541 828 or email brandinfo@au.pgconsumer.com for more information and to arrange a full refund.

For further information, please visit www.oralb.com.au

See www.recalls.gov.au for
Australian Product Recall Information

Procter, Murray

From: Shara Murray [smurray@racingqueensland.com.au]
Sent: Friday, 15 July 2011 9:30 AM
To: Procter, Murray
Subject: RE: [2767947:13] Executive strategy

Categories: Filed
Database: APAC
E-mail ID: 22923471
Matter Number: 2767947

Thanks Murray.

Do you believe that the article is beneficial to our position?

Regards

Shara

Shara Murray
Senior Corporate Counsel



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From: Procter, Murray [mailto:murray.procter@nortonrose.com]
Sent: Friday, July 15, 2011 9:21 AM
To: Shara Murray
Subject: RE: [2767947:13] Executive strategy

Thanks Shara

Yes, I saw the article too and was going to mention it.

Your comments noted, thanks.

I expect you will have the draft after lunch time today.

Kind regards

Murray

Murray Procter
Partner

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From: Shara Murray [mailto:smurray@racingqueensland.com.au]
Sent: Friday, 15 July 2011 9:23 AM
To: Procter, Murray
Subject: RE: [2767947:13] Executive strategy

Hi Murray

Hope you are well.

I understand that you have been sent a copy of RQL's Constitution.

For your information, please find **attached** a news article in today's Courier Mail.

In relation to your advice, please do not include the TRV of each of the executives. Furthermore, could you please issue your advice in draft form in the first instance.

In relation to timing, could you please advise when you think we should receive your draft advice.

Kind Regards

Shara

Shara Murray
Senior Corporate Counsel



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☐ telephone in date: 15/7/11 time: 9.30 to: 9.35 units: _____
☐ telephone out full name of author: MSP
☐ teleconference client: RQL
☐ conference/meeting matter: Force Strategy
☐ court attended: _____

Shona theory

→ re email

no, not beneficial; if anything, slows
 the non-legal consequences of extending
 term; that may be something RQL
 may wish to bear.

Judd, Jan

From: Procter, Murray
Sent: Friday, 15 July 2011 5:26 PM
To: 'Shara Murray'
Subject: [2767947:16] Executive strategy
Attachments: Letter - Chairman of Racing Queensland Limited - Executive strategy(10820366_2).pdf

Categories: Filed
Database: APAC
E-mail ID: 22945606
Matter Number: 2767947

Dear Shara

Please see **attached**. We provide our advice at this stage in draft as requested to gauge your views on the approach of the Board.

Once the advice is finalised we can assist you further by drafting the new executive employment contracts if you wish.

Please let me know if you have any queries.

Kind regards

Murray

Murray Procter
Partner

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15 July 2011

Email: smurray@racingqueensland.com.au

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AUSTRALIA

Private & Confidential

The Chairman
Racing Queensland Limited
c/o Ms Shara Murray
Senior Corporate Counsel
Racing Queensland Limited
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SANDGATE QLD 4017

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Fax +61 7 3414 2999
GPO Box 407, Brisbane Qld 4001
DX 114 Brisbane
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Direct line
+61 7 3414 2876

Our reference
2767947

Email
kristin.gamble@nortonrose.com

Dear Shara

Executive retention strategy

1 Instructions

1.1 We have been instructed to advise the Board of Directors of Racing Queensland Limited (**Board**) in relation to a retention strategy for the following executives of Racing Queensland Limited (**RQL**):

- (1) Mr Malcolm Tuttle, Chief Executive Officer;
- (2) Mr Jamie Orchard, Director Integrity Operations;
- (3) Mr Paul Brennan, Director Product Development; and
- (4) Ms Shara Murray, Senior Corporate Counsel,

(collectively referred to as the **Executives**).

1.2 The Board has instructed us to advise on options available to it to address the ongoing need to retain and reward high performing executives in an environment of uncertainty, taking into account the legal obligations imposed on the Board in determining an appropriate level of remuneration and benefits.

1.3 In this letter we have:

- (1) considered the general obligations imposed on the Board under the *Corporations Act 2001* (Cth) (**Act**);
- (2) considered the specific requirements, if any, to avoid breaching the Act in relation to any benefits to be provided; and
- (3) provided an overview of the types of benefits that we consider would be appropriate in the circumstances that the Board may wish to consider.

APAC-#10820366-v2

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2 Executive summary and recommendation

2.1 In determining the appropriateness of rewards for the Executives, the real question for the Board is whether or not any proposed benefit or change to the benefits is unfair or unconscionable. In making this determination, the Board should have regard to factors including:

- (1) the need to retain the Executives;
- (2) the level of skills and knowledge of the Executives;
- (3) the limitations imposed on other companies by the Act (specifically in relation to termination payments); and
- (4) current market conditions and drivers.

2.2 In circumstances where:

- (1) the proposed new benefits are necessary for the retention of the Executive;
- (2) the retention of the Executive is in the best interests of RQL; and
- (3) the benefits are not disproportionate,

it is unlikely that a resulting agreement would be deemed to be unfair or unconscionable.

2.3 Our suggestion of appropriate benefits that are not disproportionate and that would be in the interests of RQL is as follows:

- (1) an increase to the total remuneration value (TRV) of each Executive of between 10% and 20%;
- (2) the inclusion of a new 5 year term commencing from, say, August 2011;
- (3) a notice period for termination of the Executive Employment Agreement by either party without cause, which should be an amount (to be decided by the Board and agreed with the Executive) of no more than 12 months;
- (4) the implementation of a RQL-wide redundancy policy with payments based on length of service in a particular position;
- (5) the inclusion of two incentive bonuses as follows:
 - (a) a performance bonus linked to the achievement of certain outcomes, with payment of the bonus deferred (say, until half-way through the term and then at the end of the term) and conditional on the Executive remaining employed with RQL at that time, unless the Executive's employment is terminated by RQL earlier, in which case the bonus becomes immediately payable; and
 - (b) a retention bonus of, say, 12 months of the Executive's TRV, payable on completion of the term by the Executive unless the term is renewed for a further period, or if the Executive's employment is terminated by RQL during the final year without cause;
- (6) the inclusion of a material adverse change clause with a trigger that includes RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), a change to either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure, or a reasonable expectation by the Executive of any of these triggers occurring, entitling Executive to payment of:

- (a) a fixed amount equivalent to 12 months of each Executive's TRV as a material adverse change severance payment;
 - (b) any accrued incentives (including any deferred incentives); and
 - (c) all other legal entitlements (such as accrued leave); and
- (7) the inclusion of a clause limiting the payments of benefits (as defined in the Act) paid in connection with the termination to the Executive's average annual base salary (as defined in the Act).
- 2.4 In summary, the general effect of these benefits is that in circumstances of a termination or cessation other than for misconduct, an Executive would become entitled to a payment of up to (depending on the Board's decision about the amount), 12 months TRV.

3 Background

General

- 3.1 We are instructed that without implementing a reasonable executive retention strategy, RQL considers it faces a real risk of the resignation of one or more of the Executives. Not only would a resignation of the Executives have serious implications for the ongoing operations of RQL, but it also places at risk a smooth transition to an alternate structure if one was implemented as a result of a change in the State Government.

Corporate status

- 3.2 RQL is a company incorporated under the Act and limited by guarantee. It does not have share capital.
- 3.3 None of the Executives are currently appointed, or have been appointed in the past 3 years, as a director of RQL.
- 3.4 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act (which relates to termination payments made to person's holding a managerial or executive office).
- 3.5 Under its Constitution, the directors of RQL are required to retire in rotation, two at every Annual General Meeting held in an election year and then every second year thereafter.

Industry environment

- 3.6 We are instructed that the current industry conditions are cause for concern in retaining the Executives.
- 3.7 In particular, there is ongoing industry speculation around the removal of the Board and the termination of the employment of the Executives if there is a change from the current Labor Government to a Liberal National Party (LNP) run Government in the next State election to be held prior to June 2012.
- 3.8 This speculation stems from a number of comments made in Parliament by Shadow Minister for Racing and member of the LNP Mr Ray Stevens MP.
- 3.9 For example, on 20 May 2010, as recorded in Hansard, Mr Stevens stated:
- (1) "We believe that each racing code should have control over its own sector of the industry";
 - (2) "If this bill is passed, we commit to the overall racing industry that this legislation will be dismantled and control will be given back to each of the codes"; and

- (3) "When the Liberal National Party wins government at the next State election we will immediately dismantle this flawed and undemocratic legislation, and we will put control of the three racing codes back into the hands of the industry participants".
- 3.10 Mr Stevens has also strongly indicated his opposition to the current Chairman of RQL, Mr Bob Bentley, which he has most recently reiterated in Parliament on 25 May 2011.
- 3.11 As part of continued speculation in response to Mr Stevens' statements, on 6 July 2011 the following comments were published on the Letsgohorseracing.com.au website and appear to be indicative of the ongoing speculation in the racing industry:
- (1) "There is also strong speculation that two major roles will change at Racing Queensland under a new Board if the LNP wins Government and these are those of Chief Executive Officer Malcolm Tuttle and Director of Integrity Services Jamie Orchard";
- (2) "The greatest certainty – according to those who claim to know what the LNP has planned for racing in Queensland – is that Malcolm Tuttle, the one-time steward who made a meteoric rise to CEO under the Bentley-led Board, will be dumped"; and
- (3) "Malcolm Tuttle and Jeremy [sic] Orchard odds-on to be eventually dumped from their current roles as Chief Executive Officer and Director of Integrity Services."
- 3.12 This speculation is also reflected in the comments of Mark Oberhardt in the Courier Mail on 4 July 2011 of "Huge tip that a country racing legend would replace Bob Bentley as RQ Chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive."

Executive concerns

- 3.13 As a result of the industry speculation, we are instructed that the Chairman of RQL has received a letter from the Executives dated 5 July 2011 in which the Executives raise concerns in relation to their ongoing engagement with RQL.
- 3.14 Essentially, their concerns are that they face unreasonable risks in relation to their future and are being asked to take a gamble on a reformed company or new RQL Board retaining their services beyond the State election.
- 3.15 The Executives have requested that the Chairman of RQL give urgent consideration to retaining the services of the Executives and put in place a framework that provides them with necessary security.
- 3.16 In our view, the letter from the Executives indicates a real and apparent risk to RQL that it faces early terminations from the Executives should their concerns be ignored.
- 3.17 To add to the Executives concern, each of the Executives is engaged under Executive Employment Agreements having an expiry date of 30 June 2013.
- 3.18 In this context, it would be prudent of any organisation to put in place appropriate measures to ensure the ongoing retention of their senior executives, in our view.

4 Legal obligations

- 4.1 Relevantly, there are a number of legal obligations which have to be considered when determining the appropriate terms and conditions of employment and benefit structure. These are outlined in more detail below.

Common law duty to act in the best interests of RQL

- 4.2 The Board must ensure that any agreement made with the Executives is made in the best interests of RQL.

- 4.3 Further, any agreement that amounts to unconscionable conduct against RQL by the Board carries the risk that it may be set aside by a Court.

Obligation to act in good faith – section 181 of the Act

- 4.4 A director or other officer of a corporation must exercise their powers and discharge their duties in good faith in the best interests of the corporation and for a proper purpose.

Use of position – Directors, other officers and employees – section 182 of the Act

- 4.5 A director, secretary, other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation.
- 4.6 The directors must, of course, ensure that they are using their powers for a proper purpose. That is, a purpose that is in the best interests of RQL, when determining the appropriate level of remuneration and reward.

Termination benefits to executives – Part 2D.2 of the Act

- 4.7 Part 2D.2 of the Act places a restriction on the benefits that can be paid in connection with the termination of a person holding a managerial or executive office in a company.
- 4.8 Whether a person holds a managerial or executive office depends on whether the company is a disclosing entity. For disclosing entities, this includes a person whose details are included in the directors' report at any time in the 3 years preceding termination.
- 4.9 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act. However, if it was, it is likely that at least some, if not all, of the Executives would be named in the directors' report for the current financial year.
- 4.10 For all other corporate entities, a person holds a managerial or executive office if that person is a director (including "shadow" or "de facto" directors, ie someone with whose wishes the directors are accustomed to acting) of the corporate entity or a person that holds a position in connection with the management of RQL whilst holding an office of director of a related body corporate, at any time in the 3 years preceding the date of loss of that position. As far as we are aware, the Executives are not directors of RQL or any related body corporate.
- 4.11 Accordingly, Part 2D.2 of the Act does not apply to the Executives.
- 4.12 Despite Part 2D.2 of the Act not applying, we consider the Board should take Part 2D.2 of the Act into account in determining the termination benefits to provide to the Executives, because, in our view, ostensible compliance with these provisions would provide RQL with a defensible position that the termination benefits are reasonable and in the best interests of RQL.
- 4.13 Essentially, Part 2D.2 of the Act provides that benefits paid in connection with the termination cannot be made without shareholder approval unless the benefits do not exceed the amount set out in the formula contained in the Act (Cap).
- 4.14 The Cap varies depending on the length of time that the relevant executive has held a relevant office. If the office has been held for more than 3 years, the value of the benefits must not exceed the amount equal to the average annual base salary that the person received during the last 3 years of the relevant period (with the "relevant period" being the period or combined periods in which the person has held the position).

5 Relevant current arrangements

- 5.1 The Executive Employment Agreements all commenced on 1 July 2010 and have an expiry of 30 June 2013, unless terminated earlier in accordance with its terms.

- 5.2 Clause 15 of each Executive Employment Agreement provides for termination by RQL without cause by giving six weeks notice and paying the TRV the Executive would have received for the balance of the term.
- 5.3 Prior to 1 July 2012, RQL has an obligation to negotiate any extension to the employment contract beyond 30 June 2013.

6 Possible options

Change to remuneration

- 6.1 The industry speculation in relation to the ongoing engagement of the Executives would, in our view, justify an increase to the Executive's remuneration to partially address the Executive's concerns.
- 6.2 In determining what might be an appropriate increase it would be beneficial to have regard to comparable market rates to offer a package that will be attractive to the Executives while ensuring that it is reasonable having regard to each of their positions.
- 6.3 This information can be obtained by the engagement of a remuneration consultant. We can assist you in identifying an appropriate provider if you wish. We have, however, reviewed the Ernst & Young Remuneration Practices in 2010 and 2011 report which analyses the ASX 200 companies' remuneration practices (**EY Report**) to gauge current conditions. It remains to be seen whether a comparison between RQL and the information in the EY Report is appropriate, because we have not performed any comparison between RQL and ASX 200 companies to determine whether there are any common characteristics. The key highlights of this report however are that fixed remuneration increases will be constrained in the current year with a greater focus on performance-based pay.
- 6.4 In our view and taking into account the need to retain the Executives, we would consider a moderate increase to the Executive's remuneration of between 10% and 20% would be reasonable in the circumstances. However, the precise increase depends whether other options are implemented by the Board.
- 6.5 We consider that it is in the interests of RQL to maintain a moderate increase to each of the Executive's TRV whilst placing greater protection around longevity by implementing the retention options discussed below.

Incentive plans

- 6.6 Under the Executive Employment Agreements there is currently no entitlement to a short or long term incentive.
- 6.7 In our view, it would be reasonable for RQL to put in place a short term incentive plan. We consider that this plan should have two limbs:
- (1) a performance bonus linked to the achievement of certain outcomes, with payment of the bonus deferred (say, until half-way through the term and then at the end of the term) and conditional on the Executive remaining employed with RQL at that time, unless the Executive's employment is terminated by RQL earlier, in which case the bonus becomes immediately payable; and
 - (2) a retention bonus of, say, up to 12 months of the Executive's TRV, payable on completion of the term by the Executive unless the term is renewed for a further period, or if the Executive's employment is terminated by RQL during the final year without cause.
- 6.8 We recommend that the deferred bonus plan is determined having regard to comparable plans in the market. Relevantly, bonuses or incentives determined by the achievement of measurable targets are not included in the calculation of "benefits" for the purpose of the Cap.
- 6.9 The retention bonus, on the other hand, would be considered as a "benefit" for the purpose of the Cap as it is payable in connection with termination or cessation. However, in this case the other

benefits such as payment in lieu of notice, redundancy, or payment on the occurrence of a material adverse change would not apply.

Notice of termination without cause

- 6.10 Clause 15 of each Executive Employment Agreement currently provides for termination by RQL without cause by paying the TRV the Executive would have received for the balance of the term.
- 6.11 We set out below our suggestion to increase the term to 5 years. On this basis, it is then a matter of striking a balance between an excessive payment and a reasonable one.
- 6.12 As notice of termination is taken into account in the calculation of termination payments under the Act, it would be appropriate here to limit the amount to that which would not breach the Act. Under the Act, the actual period of notice should not, when combined with the value of all other termination benefits, exceed the Cap. Any amount higher than this could be viewed as being inconsistent with the duties the Board owes to RQL under the Act.
- 6.13 So in the normal course, we would suggest that a notice period of up to 12 months would be reasonable depending on the seniority of the Executives. That amount would be reduced pro-rata if notice of termination is given in the final year of the term, but in that case, the retention payment would be payable. For that reason, we recommend setting the retention payment at the same amount as the notice period.

Redundancy payments

- 6.14 Currently, there is no entitlement to a payment on termination of employment due to redundancy.
- 6.15 We are also not aware of any policies applicable to the Executives of other employees of RQL that contain redundancy entitlements.
- 6.16 Under the Act, where there is a genuine redundancy a reasonable payment that is made in accordance with a policy that applies to all employees of RQL on the basis of a person's service in an office or position is not a "benefit" under the Act, and is therefore not taken into account for the purposes of the Cap.
- 6.17 In line with the requirements for redundancy under the *Fair Work Act 2009* (Cth), we consider it appropriate for RQL to implement a redundancy policy that applies to all of its employees with payments determined on the person's length of service with RQL.
- 6.18 Of course, this policy would not apply if the Executive's employment ended at the completion of the term, but it provides further comfort in the event of a restructure or a cessation of operations.

Material adverse change clause

- 6.19 An option available to RQL is the inclusion of a material adverse change clause. Under a material adverse change clause the Executive will be able to terminate the employment agreement on the trigger of a material adverse change and receive a payment. Examples of material adverse changes include RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), or a change in either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure.
- 6.20 If there is a material adverse change, the Executive has the right to resign and if he or she does so, will be entitled to payment. The payment would be a fixed payment of, say, no more than 12 months.
- 6.21 As an additional protection for RQL, we recommend making the payment conditional upon the execution of a deed of release, and a commitment for the Executive to serve a short transition period unless otherwise agreed.

Extension to term

- 6.22 Any variation to the terms of the Executive Employment Agreements will provide RQL with an opportunity to extend the term of each Executive's engagement.
- 6.23 One option would be for RQL to offer the Executives permanent employment (subject to notice). Permanent employment, combined with the 12 months notice of termination, would in our view ensure the ongoing employment of the Executives and allow for a smooth transition resulting from any change to RQL's structure.
- 6.24 However, it is more likely that the offer of permanent employment would attract a higher level of public scrutiny and criticism. While we consider that your position would be defensible from a legal perspective, you may like to consider a more conservative approach in order to minimise the possible negative publicity.
- 6.25 As an alternative, you could offer an extension to the current term of the Executive's engagement of a new 3 year term (eg from August 2011 to August 2014). In our view however, it would be reasonable in the circumstances (especially if the other benefits set out above are adopted) to adopt a 5 year term (subject to notice as discussed above at paragraph 6.13). Our view has regard to our general understanding that 5 year terms (terminable on 12 months notice) are not uncommon for executives in local government, State government or quasi-government bodies.

Please let me know if you have any queries. Alternatively, please contact Kristin Gamble on (07) 3414 2876.

Yours faithfully

Murray Procter
Partner
Norton Rose Australia
Contact: Kristin Gamble

Procter, Murray

From: Shara Murray [smurray@racingqueensland.com.au]
Sent: Friday, 15 July 2011 6:55 PM
To: Procter, Murray
Subject: Re: [2767947:16] Executive strategy

Categories: Filed
Database: APAC
E-mail ID: 22950751
Matter Number: 2767947

Thanks Murray.
I will call you on Monday.
Hope you have a lovely weekend.
Regards
Shara

Sent from my iPhone

On 15/07/2011, at 5:31 PM, "Procter, Murray"
murray.procter@nortonrose.com<<mailto:murray.procter@nortonrose.com>>> wrote:

Dear Shara

Please see attached. We provide our advice at this stage in draft as requested to gauge your views on the approach of the Board.

Once the advice is finalised we can assist you further by drafting the new executive employment contracts if you wish.

Please let me know if you have any queries.

Kind regards

Murray

Murray Procter
Partner

Norton Rose Australia
Level 17, 175 Eagle Street, Brisbane, Australia
Tel +61 7 3414 2914 Mob +61 405 082 089 Fax +61 7 3414 2999
murray.procter@nortonrose.com<<mailto:murray.procter@nortonrose.com>>

Norton Rose, UK Law Firm of the Year - The Lawyer Awards 2011

Ogilvy Renault and Deneys Reitz have joined Norton Rose Group More information on Norton Rose Group's capabilities in Canada and South Africa is available at [nortonrose.com](http://www.nortonrose.com)<<http://www.nortonrose.com>>

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<Letter - Chairman of Racing Queensland Limited - Executive strategy(10820366_2).pdf>

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attended: M. Tuttle, S. Murray
@ MSP + KTG

- Abu Dhabi • Amsterdam • Athens • Bahrain • Bangkok • Beijing • Brisbane • Brussels • Canberra • Dubai • Frankfurt • Ho Chi Minh City* • Hong Kong • Jakarta* • London
Melbourne • Milan • Moscow • Munich • Paris • Perth • Piraeus • Prague • Riyadh* • Rome • Shanghai • Singapore • Sydney • Tokyo • Warsaw *Associate office

2:05pm

☐ telephone in date: _____ time: _____ to: _____ units: _____
☐ telephone out full name of author: _____
☐ teleconference client: _____
☐ conference/meeting matter: _____
☐ court attended: _____

- Keep terms as is to June 2013
- Renegotiate before December 30-2012
- Key is trigger - whether they can rely on that with a state of comfort
- Redundancy? - They won't be employed into the roles in the foreseeable future.
- Current Board won't re-employ into the positions
- Trigger payment - how does this interact with the redundancy provision - a trigger must be the initiative of the employee - draft it so that it
up to
2.3 (1) 30% TRV increase
- No performance bonus
- No extended term
- No deferred payments

- ☐ telephone in date: _____ time: _____ to: _____ units: _____
☐ telephone out full name of author: _____
☐ teleconference client: _____
☐ conference/meeting matter: _____
☐ court attended: _____

- renegotiation before December 2012

- from current advice to delimit their autonomies.

- incentive bonus taken out.

2.3(5) - delete (both (a) and (b))

(3) - ~~12~~ over delete

(4) - ~~delete~~ keep (redundancy policy) leave in 6 - get redundancy with

MSP

- explained redundancy policy

• applies to everyone

• would happen only in a genuine

* NB - Shara will send MSP code of conduct policy T.

2 P2

- (a) term of contract
 (b) delete
 (c) remain

| | |
|---|--|
| <input type="checkbox"/> telephone in | date: _____ time: _____ to: _____ units: _____ |
| <input type="checkbox"/> telephone out | full name of author: _____ |
| <input type="checkbox"/> teleconference | client: _____ |
| <input type="checkbox"/> conference/meeting | matter: _____ |
| <input type="checkbox"/> court | attended: _____ |

2.4 - u-crafted into

- put in stuff from Mark Oberthart from this morning.

Free estimate - do we have scope to extend by 2 1/2
- Shara said yes.

*ROL/Exec retention
Provided by Shara Murray
during meeting on 18/7/11*

Malcolm Tuttle

To: Shara Murray
Subject: today

Key outcomes from today will be:

30% trv increase from July 1, 2011

Contract until June 30, 2013

Renegotiate before December 31, 2012

In the event of a change of Government, LNP policy (back to 3 codes) triggers material change and redundancy payment in favor of employee for balance of term and entitlements

Other material changes to include change of board member, change of board

Malcolm Tuttle

Chief Executive Officer

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M +61 419 759 457

E mtuttle@racingqueensland.com.au

W www.racingqueensland.com.au



☐ telephone in date: 18/7/11 time: 1.30 to: 2.10pm units: _____

☐ telephone out full name of author: MSF

☐ teleconference client: RCL

☒ conference/meeting matter: Essee

☐ court attended: _____

not Chair this am.

Board in

re West Apr, 2011.

no transition

Board would step in.

R

est \$2,500.

Malcolm Tuttle

To: Shara Murray
Subject: today

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Malcolm Tuttle

Chief Executive Officer



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15 July 2011

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Private & Confidential

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Direct line
+61 7 3414 2876

Our reference
2767947

Email
kristin.gamble@nortonrose.com

Dear Shara

Executive retention strategy

1 Instructions

1.1 We have been instructed to advise the Board of Directors of Racing Queensland Limited (**Board**) in relation to a retention strategy for the following executives of Racing Queensland Limited (**RQL**):

- (1) Mr Malcolm Tuttle, Chief Executive Officer;
 - (2) Mr Jamie Orchard, Director Integrity Operations;
 - (3) Mr Paul Brennan, Director Product Development; and
 - (4) Ms Shara Murray, Senior Corporate Counsel,
- (collectively referred to as the **Executives**).

1.2 The Board has instructed us to advise on options available to it to address the ongoing need to retain and reward high performing executives in an environment of uncertainty, taking into account the legal obligations imposed on the Board in determining an appropriate level of remuneration and benefits.

1.3 In this letter we have:

- (1) considered the general obligations imposed on the Board under the *Corporations Act 2001* (Cth) (**Act**);
- (2) considered the specific requirements, if any, to avoid breaching the Act in relation to any benefits to be provided; and
- (3) provided an overview of the types of benefits that we consider would be appropriate in the circumstances that the Board may wish to consider.

APAC-#10820366-v2

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2 Executive summary and recommendation

2.1 In determining the appropriateness of rewards for the Executives, the real question for the Board is whether or not any proposed benefit or change to the benefits is unfair or unconscionable. In making this determination, the Board should have regard to factors including:

- (1) the need to retain the Executives;
- (2) the level of skills and knowledge of the Executives;
- (3) the limitations imposed on other companies by the Act (specifically in relation to termination payments); and
- (4) current market conditions and drivers.

2.2 In circumstances where:

- (1) the proposed new benefits are necessary for the retention of the Executive;
- (2) the retention of the Executive is in the best interests of RQL; and
- (3) the benefits are not disproportionate,

it is unlikely that a resulting agreement would be deemed to be unfair or unconscionable.

2.3 Our suggestion of appropriate benefits that are not disproportionate and that would be in the interests of RQL is as follows:

- (1) an increase to the total remuneration value (TRV) of each Executive of between 10% and 20%; *30%*
- 2* (2) the inclusion of a new 5 year term commencing from, say, August 2011;
- 3* (3) a notice period for termination of the Executive Employment Agreement by either party without cause, which should be an amount (to be decided by the Board and agreed with the Executive) of no more than 12 months;
- ✓* (4) the implementation of a RQL-wide redundancy policy with payments based on length of service in a particular position;
- 5* (5) the inclusion of two incentive bonuses as follows:
 - (a) a performance bonus linked to the achievement of certain outcomes, with payment of the bonus deferred (say, until half-way through the term and then at the end of the term) and conditional on the Executive remaining employed with RQL at that time, unless the Executive's employment is terminated by RQL earlier, in which case the bonus becomes immediately payable; and
 - (b) a retention bonus of, say, 12 months of the Executive's TRV, payable on completion of the term by the Executive unless the term is renewed for a further period, or if the Executive's employment is terminated by RQL during the final year without cause;
- ✓* (6) the inclusion of a material adverse change clause with a trigger that includes RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), a change to either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure, or a reasonable expectation by the Executive of any of these triggers occurring, entitling Executive to payment of:

- (a) a fixed amount equivalent to 12 months of each Executive's TRV as a material adverse change severance payment;
- (b) ~~any accrued incentives (including any deferred incentives); and~~ *June 13.*
- (c) all other legal entitlements (such as accrued leave); and ✓
- (7) the inclusion of a clause limiting the payments of benefits (as defined in the Act) paid in connection with the termination to the Executive's average annual base salary (as defined in the Act).

2.4 In summary, the general effect of these benefits is that in circumstances of a termination or cessation other than for misconduct, an Executive would become entitled to a payment of up to (depending on the Board's decision about the amount), 12 months TRV.

3 Background

General

- 3.1 We are instructed that without implementing a reasonable executive retention strategy, RQL considers it faces a real risk of the resignation of one or more of the Executives. Not only would a resignation of the Executives have serious implications for the ongoing operations of RQL, but it also places at risk a smooth transition to an alternate structure if one was implemented as a result of a change in the State Government.

Corporate status

- 3.2 RQL is a company incorporated under the Act and limited by guarantee. It does not have share capital.
- 3.3 None of the Executives are currently appointed, or have been appointed in the past 3 years, as a director of RQL.
- 3.4 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act (which relates to termination payments made to person's holding a managerial or executive office).
- 3.5 Under its Constitution, the directors of RQL are required to retire in rotation, two at every Annual General Meeting held in an election year and then every second year thereafter.

Industry environment

- 3.6 We are instructed that the current industry conditions are cause for concern in retaining the Executives.
- 3.7 In particular, there is ongoing industry speculation around the removal of the Board and the termination of the employment of the Executives if there is a change from the current Labor Government to a Liberal National Party (LNP) run Government in the next State election to be held prior to June 2012.
- 3.8 This speculation stems from a number of comments made in Parliament by Shadow Minister for Racing and member of the LNP Mr Ray Stevens MP.
- 3.9 For example, on 20 May 2010, as recorded in Hansard, Mr Stevens stated:
- (1) "We believe that each racing code should have control over its own sector of the industry";
 - (2) "If this bill is passed, we commit to the overall racing industry that this legislation will be dismantled and control will be given back to each of the codes"; and

- (3) "When the Liberal National Party wins government at the next State election we will immediately dismantle this flawed and undemocratic legislation, and we will put control of the three racing codes back into the hands of the industry participants".
- 3.10 Mr Stevens has also strongly indicated his opposition to the current Chairman of RQL, Mr Bob Bentley, which he has most recently reiterated in Parliament on 25 May 2011.
- 3.11 As part of continued speculation in response to Mr Stevens' statements, on 6 July 2011 the following comments were published on the Letsgohorseracing.com.au website and appear to be indicative of the ongoing speculation in the racing industry:
- (1) "There is also strong speculation that two major roles will change at Racing Queensland under a new Board if the LNP wins Government and these are those of Chief Executive Officer Malcolm Tuttle and Director of Integrity Services Jamie Orchard";
 - (2) "The greatest certainty – according to those who claim to know what the LNP has planned for racing in Queensland – is that Malcolm Tuttle, the one-time steward who made a meteoric rise to CEO under the Bentley-led Board, will be dumped"; and
 - (3) "Malcolm Tuttle and Jeremy [sic] Orchard odds-on to be eventually dumped from their current roles as Chief Executive Officer and Director of Integrity Services."
- 3.12 This speculation is also reflected in the comments of Mark Oberhardt in the Courier Mail on 4 July 2011 of "Huge tip that a country racing legend would replace Bob Bentley as RQ Chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive."

Executive concerns

- 3.13 As a result of the industry speculation, we are instructed that the Chairman of RQL has received a letter from the Executives dated 5 July 2011 in which the Executives raise concerns in relation to their ongoing engagement with RQL.
- 3.14 Essentially, their concerns are that they face unreasonable risks in relation to their future and are being asked to take a gamble on a reformed company or new RQL Board retaining their services beyond the State election.
- 3.15 The Executives have requested that the Chairman of RQL give urgent consideration to retaining the services of the Executives and put in place a framework that provides them with necessary security.
- 3.16 In our view, the letter from the Executives indicates a real and apparent risk to RQL that it faces early terminations from the Executives should their concerns be ignored.
- 3.17 To add to the Executives concern, each of the Executives is engaged under Executive Employment Agreements having an expiry date of 30 June 2013.
- 3.18 In this context, it would be prudent of any organisation to put in place appropriate measures to ensure the ongoing retention of their senior executives, in our view.

4 Legal obligations

- 4.1 Relevantly, there are a number of legal obligations which have to be considered when determining the appropriate terms and conditions of employment and benefit structure. These are outlined in more detail below.

Common law duty to act in the best interests of RQL

- 4.2 The Board must ensure that any agreement made with the Executives is made in the best interests of RQL.

- 4.3 Further, any agreement that amounts to unconscionable conduct against RQL by the Board carries the risk that it may be set aside by a Court.

Obligation to act in good faith – section 181 of the Act

- 4.4 A director or other officer of a corporation must exercise their powers and discharge their duties in good faith in the best interests of the corporation and for a proper purpose.

Use of position – Directors, other officers and employees – section 182 of the Act

- 4.5 A director, secretary, other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation.
- 4.6 The directors must, of course, ensure that they are using their powers for a proper purpose. That is, a purpose that is in the best interests of RQL, when determining the appropriate level of remuneration and reward.

Termination benefits to executives – Part 2D.2 of the Act

- 4.7 Part 2D.2 of the Act places a restriction on the benefits that can be paid in connection with the termination of a person holding a managerial or executive office in a company.
- 4.8 Whether a person holds a managerial or executive office depends on whether the company is a disclosing entity. For disclosing entities, this includes a person whose details are included in the directors' report at any time in the 3 years preceding termination.
- 4.9 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act. However, if it was, it is likely that at least some, if not all, of the Executives would be named in the directors' report for the current financial year.
- 4.10 For all other corporate entities, a person holds a managerial or executive office if that person is a director (including "shadow" or "de facto" directors, ie someone with whose wishes the directors are accustomed to acting) of the corporate entity or a person that holds a position in connection with the management of RQL whilst holding an office of director of a related body corporate, at any time in the 3 years preceding the date of loss of that position. As far as we are aware, the Executives are not directors of RQL or any related body corporate.
- 4.11 Accordingly, Part 2D.2 of the Act does not apply to the Executives.
- 4.12 Despite Part 2D.2 of the Act not applying, we consider the Board should take Part 2D.2 of the Act into account in determining the termination benefits to provide to the Executives, because, in our view, ostensible compliance with these provisions would provide RQL with a defensible position that the termination benefits are reasonable and in the best interests of RQL.
- 4.13 Essentially, Part 2D.2 of the Act provides that benefits paid in connection with the termination cannot be made without shareholder approval unless the benefits do not exceed the amount set out in the formula contained in the Act (**Cap**).
- 4.14 The Cap varies depending on the length of time that the relevant executive has held a relevant office. If the office has been held for more than 3 years, the value of the benefits must not exceed the amount equal to the average annual base salary that the person received during the last 3 years of the relevant period (with the "relevant period" being the period or combined periods in which the person has held the position).

5 Relevant current arrangements

- 5.1 The Executive Employment Agreements all commenced on 1 July 2010 and have an expiry of 30 June 2013, unless terminated earlier in accordance with its terms.

- 5.2 Clause 15 of each Executive Employment Agreement provides for termination by RQL without cause by giving six weeks notice and paying the TRV the Executive would have received for the balance of the term.
- 5.3 Prior to 1 July 2012, RQL has an obligation to negotiate any extension to the employment contract beyond 30 June 2013.

6 Possible options

Change to remuneration

- 6.1 The industry speculation in relation to the ongoing engagement of the Executives would, in our view, justify an increase to the Executive's remuneration to partially address the Executive's concerns.
- 6.2 In determining what might be an appropriate increase it would be beneficial to have regard to comparable market rates to offer a package that will be attractive to the Executives while ensuring that it is reasonable having regard to each of their positions.
- 6.3 This information can be obtained by the engagement of a remuneration consultant. We can assist you in identifying an appropriate provider if you wish. We have, however, reviewed the Ernst & Young Remuneration Practices in 2010 and 2011 report which analyses the ASX 200 companies' remuneration practices (**EY Report**) to gauge current conditions. It remains to be seen whether a comparison between RQL and the information in the EY Report is appropriate because we have not performed any comparison between RQL and ASX 200 companies to determine whether there are any common characteristics. The key highlights of this report however are that fixed remuneration increases will be constrained in the current year with a greater focus on performance-based pay.
- 6.4 In our view and taking into account the need to retain the Executives, we would consider a moderate increase to the Executive's remuneration of between 10% and 20% would be reasonable in the circumstances. However, the precise increase depends whether other options are implemented by the Board.
- 6.5 We consider that it is in the interests of RQL to maintain a moderate increase to each of the Executive's TRV whilst placing greater protection around longevity by implementing the retention options discussed below.

Incentive plans

- 6.6 Under the Executive Employment Agreements there is currently no entitlement to a short or long term incentive.
- 6.7 In our view, it would be reasonable for RQL to put in place a short term incentive plan. We consider that this plan should have two limbs:
- (1) a performance bonus linked to the achievement of certain outcomes, with payment of the bonus deferred (say, until half-way through the term and then at the end of the term) and conditional on the Executive remaining employed with RQL at that time, unless the Executive's employment is terminated by RQL earlier, in which case the bonus becomes immediately payable; and
 - (2) a retention bonus of, say, up to 12 months of the Executive's TRV, payable on completion of the term by the Executive unless the term is renewed for a further period, or if the Executive's employment is terminated by RQL during the final year without cause.
- 6.8 We recommend that the deferred bonus plan is determined having regard to comparable plans in the market. Relevantly, bonuses or incentives determined by the achievement of measurable targets are not included in the calculation of "benefits" for the purpose of the Cap.
- 6.9 The retention bonus, on the other hand, would be considered as a "benefit" for the purpose of the Cap as it is payable in connection with termination or cessation. However, in this case the other

benefits such as payment in lieu of notice, redundancy, or payment on the occurrence of a material adverse change would not apply.

Notice of termination without cause

- 6.10 Clause 15 of each Executive Employment Agreement currently provides for termination by RQL without cause by paying the TRV the Executive would have received for the balance of the term.
- 6.11 We set out below our suggestion to increase the term to 5 years. On this basis, it is then a matter of striking a balance between an excessive payment and a reasonable one.
- 6.12 As notice of termination is taken into account in the calculation of termination payments under the Act, it would be appropriate here to limit the amount to that which would not breach the Act. Under the Act, the actual period of notice should not, when combined with the value of all other termination benefits, exceed the Cap. Any amount higher than this could be viewed as being inconsistent with the duties the Board owes to RQL under the Act.
- 6.13 So in the normal course, we would suggest that a notice period of up to 12 months would be reasonable depending on the seniority of the Executives. That amount would be reduced pro-rata if notice of termination is given in the final year of the term, but in that case, the retention payment would be payable. For that reason, we recommend setting the retention payment at the same amount as the notice period.

Redundancy payments

- 6.14 Currently, there is no entitlement to a payment on termination of employment due to redundancy.
- 6.15 We are also not aware of any policies applicable to the Executives of other employees of RQL that contain redundancy entitlements.
- 6.16 Under the Act, where there is a genuine redundancy a reasonable payment that is made in accordance with a policy that applies to all employees of RQL on the basis of a person's service in an office or position is not a "benefit" under the Act, and is therefore not taken into account for the purposes of the Cap.
- 6.17 In line with the requirements for redundancy under the *Fair Work Act 2009* (Cth), we consider it appropriate for RQL to implement a redundancy policy that applies to all of its employees with payments determined on the person's length of service with RQL.
- 6.18 Of course, this policy would not apply if the Executive's employment ended at the completion of the term, but it provides further comfort in the event of a restructure or a cessation of operations.

Material adverse change clause

- 6.19 An option available to RQL is the inclusion of a material adverse change clause. Under a material adverse change clause the Executive will be able to terminate the employment agreement on the trigger of a material adverse change and receive a payment. Examples of material adverse changes include RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), or a change in either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure.
- 6.20 If there is a material adverse change, the Executive has the right to resign and if he or she does so, will be entitled to payment. The payment would be a fixed payment of, say, no more than 12 months.
- 6.21 As an additional protection for RQL, we recommend making the payment conditional upon the execution of a deed of release, and a commitment for the Executive to serve a short transition period unless otherwise agreed.

Extension to term

- 6.22 Any variation to the terms of the Executive Employment Agreements will provide RQL with an opportunity to extend the term of each Executive's engagement.
- 6.23 One option would be for RQL to offer the Executives permanent employment (subject to notice). Permanent employment, combined with the 12 months notice of termination, would in our view ensure the ongoing employment of the Executives and allow for a smooth transition resulting from any change to RQL's structure.
- 6.24 However, it is more likely that the offer of permanent employment would attract a higher level of public scrutiny and criticism. While we consider that your position would be defensible from a legal perspective, you may like to consider a more conservative approach in order to minimise the possible negative publicity.
- 6.25 As an alternative, you could offer an extension to the current term of the Executive's engagement of a new 3 year term (eg from August 2011 to August 2014). In our view however, it would be reasonable in the circumstances (especially if the other benefits set out above are adopted) to adopt a 5 year term (subject to notice as discussed above at paragraph 6.13). Our view has regard to our general understanding that 5 year terms (terminable on 12 months notice) are not uncommon for executives in local government, State government or quasi-government bodies.

Please let me know if you have any queries. Alternatively, please contact Kristin Gamble on (07) 3414 2876.

Yours faithfully

Murray Procter
Partner
Norton Rose Australia
Contact: Kristin Gamble

Filenote

| | | | |
|----------------|--|-------------------------|--------------------|
| Client | Racing Queensland Limited | Date | 19 July 2011 |
| Subject | Phone call in from Debbie from Racing Queensland Limited | Time | 11.20am to 11.21am |
| By | Kristin Gamble | Client/Matter No | 1050766/2767947 |

I took a call from Debbie to Murray.

I said that I was assisting Murray with the advice and that we had all of the changes made in draft form. I said that Murray was not in the office right now but that we would be getting the advice to them today. She said that she would pass on the message to Shara that the changes were in draft with Murray and that we would be sending the advice today.

KJG



Gamble, Kristin

From: Procter, Murray
Sent: Tuesday, 19 July 2011 12:11 PM
To: Gamble, Kristin
Subject: FW: [2767947:20] RQL
Attachments: doc20110719085053.pdf; Wendy Thomas.doc; HR pol_001_RQ - Code of Conduct Vsn2.doc

Categories: Filed
Database: APAC
E-mail ID: 22993628
Matter Number: 2767947

From: Shara Murray [mailto:smurray@racingqueensland.com.au]
Sent: Tuesday, 19 July 2011 10:38 AM
To: Procter, Murray
Subject: RQL

Dear Murray

FYI – please see below and attached.

Furthermore, please find attached an RQL employment agreement in relation to general staff and RQL's Code of Conduct.

As discussed yesterday, could you please draft (as per your advice) a general 'redundancy policy' for RQL.

Regards

Shara

Shara Murray
Senior Corporate Counsel



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P +61 7 3869 9712
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M 0407 156 539
E smurray@racingqueensland.com.au
W www.racingqueensland.com.au

to back \$50 million chance

Page: 19

1

ation, a new committee looks like the best bet for the onceproud Gold Coast Turf Club.

ement for Gold Coast racing when administrators are fined or disqualified on misconduct charges.

kies, jockeys, trainers etc seem to have had enough.

in plenty in private.

ent offered up to \$50 million to rebuild the racecourse in January last year.

d dithered.

experience hut dealing with the government of the day is sound business governance in any jurisdiction. The AFL and NRL enjoy lush govern
ising to return to surplus when the annual balance sheet is produced in a few weeks. The few hundred grand from a Sky Channel agreement wil
t.

members' car parking spaces is not exactly a show of confidence in club finances.

new hoard members may he elected to the GCTC at the September elections. First priority will be to grab the \$50 million. Equity consideration
a racing minister can veto any sale of club real estate. Queensland laws also provide for racing privatisation.

CTC. The hot tip is that if the LNP wins government, former Gold Coast chairman Bill Millican will be invited to run a new state racing admin
gby league coach should be able to handle the rough stuff.

agic Millions must get its finances sorted.

Cheers Shaun

Shaun Rigby
Account Director

Sequel Communications
Phone: 07 3251 8140
Mobile: 0438 021 936



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The Ear



with Mark Oberhardt
oberhardtm@qnp.newstld.com.au

Time to plan for a future

THERE is continuing speculation about a clean out of racing administrators after the next election. I would hate to see a night of the long knives but the sport desperately needs young blood who can look 20 years ahead. The sport had major problems in the past decade but worse is to come. As has been pointed out repeatedly, racing is linked closely with the gambling dollar and unless something is done to ensure long-term growth racing here could soon be nothing more than a novelty. For starters the TAB agreement runs out in 2014. The Queensland TAB pays a large fee for exclusive rights so for instance TABCORP can't set up here. But the computer age has made exclusive rights virtually meaningless. One sure bet is no one in their right mind will pay to have an exclusive service which is no longer viable. The futures of TAB agencies and on-course bookies look grim. Somewhere in this state must be a messiah who has an idea to ensure the sport survives in a healthy format. A QUEENSLAND-born player could captain Australia in the first Test against New Zealand at the Gabba on December 1. Ipswich's Shane Watson would be the first local to do so in almost 70 years if Michael Clarke's back continues to give him problems. Clarke faces a heavy load with three Tests in Sri Lanka in September and two more in South Africa the following month. Watson got some practice this week with Clarke sitting out a trial one-day match against Queensland. SUNSHINE Coast teenager Ashley Gray is getting plenty of messages from home as news filters back about his extraordinary performance in a recent English League match. A

budding member of the Coasts first grade team, Gray hit 358 not out of the Royal Household Cricket Club's score of 1-454 in a 40-over game at Windsor Castle. Gray struck 34 sixes and 26 fours in a 334 run win. COULD code-hopper Karmichael Hunt also harbour secret soccer desires? Karmichael appeared alongside Titans skipper Scott Prince and Gold Coast United's new signing Michael Thwaite to launch a sportsman's lunch benefit for the family of slain Coomera policeman Damian Leeding at Jupiters Casino last week. Our spies report the star Gold Coast Suns recruit souvenired the soccer ball Thwaite brought with him. He was last seen walking out of the casino, happily dribbling the ball and commenting: "I've always wanted one of these." MY men at Marist Ashgrove are crowing after selections in a cross section of football codes this week. Scott Maloluta was chosen as halfback for Australian Schoolboys rugby union. Lachlan Keelfe (2007 graduate) debuted for Collingwood against North Melbourne. He is the first Ashgrove boy to play AFL. Cory Brown was in the Australian U17 World Cup soccer team in Mexico City and Andre Jannese has been chosen in the Australian side for the next U17 World Cup. THE Reds Super Rugby win meant a lot but none more than to Wallaby and Reds legend Anthony Herbert. He was the last to leave the Ice Works after victory celebrations. We hear Herbie even had a tear in his eye at fulltime. But he wasn't alone. Reds greats Tony Shaw and his wife Judy and Paul McLean and his daughter Abby celebrated so long that when they went to leave Suncorp

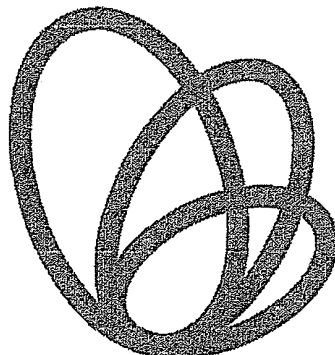
they were locked in!

RUGBY union historians reached for their record books after GPS's second grade side beat Redlands 99-0. I hear the ref called the game off five minutes early but in the long term it was a favour. Scores of 100 plus are rare but not unusual in club rugby especially since tries became worth five points. But no one can remember a side getting to 99 and not racking up the ton.

WE hear trouble is brewing over Premier rugby clubs allegedly paying players. Logan was upset at an attempted raid by a Premier club and two other clubs have contacted me with allegations of attempts to "steal" players. A problem is while club rugby is professional in Sydney, by gentleman's agreement, it is amateur here. But if you believe some clubs aren't "compensating players", well I have a nice big bridge to sell you. The problem is several clubs who have paid players ended up in a financial mess.

TRIBUTES flowed in all week after The Ear's mention of the death of cricket identity Jim Taylor from cancer. Jim was a highly respected teacher, umpire and coach. A former Brisbane Grammar and St Paul's teacher he was also a first-class umpire and coached the Valley and Toombul clubs. He was credited with being among the first to realise the huge potential of future superstar Matt Hayden.

DIARY DATE: Tickets are already on sale for the legendary Corney's lunch on September 30. The lunch, which is always a sell out, will feature Tom Lawton as MC with special guest Greg Ritchie.



RACING
QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

This Offer of Employment is made by:

RACING QUEENSLAND LIMITED (ACN 142 786 874)

To

WENDY THOMAS (referred to in this document as "You or Your")

FT - PERMANENT

This Agreement sets out the terms and conditions of employment being offered by Racing Queensland Limited (RQL).

1. ENGAGEMENT

- 1.1. You shall be employed by RQL in Your Position as set out in Schedule 1 to this Agreement and in such other offices or capacities, as may from time to time be assigned to you in accordance with the terms of this Agreement. Your employment will commence on 21 February 2011 or such other date agreed in writing with RQL.
- 1.2. The duties that you perform will be in line with the **attached** Role Profile and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing. Because RQL is a new entity created by amalgamating three separate control bodies, it is expected that there will be changes made to that role profile in the future as RQL adapts responsively to future challenges. It is agreed that any changes will not fundamentally alter the nature of your role. RQL will consult you in advance about any changes that are proposed for your position description. In turn, you agree that you will diligently fulfil the responsibilities set out in your position description, as it stands from time to time.
- 1.3. Your ongoing employment is subject to your satisfactory completion of the six month qualifying period that is set by the *Fair Work Act 2009*. This period is an opportunity for both RQL and yourself to determine your suitability for the position and ongoing employment. During this period your work performance will be reviewed and evaluated by your manager.

2. PLACE OF WORK

- 2.1. Your principal place of work will be the Location(s) set out in Schedule 1 to this agreement. You may be required to perform your duties at other locations as reasonably requested. RQL may move your principal place of work to another location due to business requirements. If you are required to move your principal place of work, RQL will provide you with at least four weeks' notice of the move and will discuss any such change with you as soon as possible.

3. HOURS OF WORK

- 3.1. You will be employed on a full-time basis and are expected to work an average of at least 38 hours per week. The days on which you may be asked to work your ordinary hours are the Ordinary Days set out in Schedule 1 to this agreement, or such other days as are agreed with RQL to be your ordinary working days. Your starting and finishing times should be determined in consultation with your manager.
- 3.2. In order to meet the responsibilities of your position, operational or client requirements you may be required to work additional hours as necessary from time to time. Your Salary compensates you for all hours worked and you will not receive additional pay if working hours in excess of 38 hours per week as you acknowledge that your Salary reasonably compensates you for all hours worked.
- 3.3. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.

4. REMUNERATION AND SUPERANNUATION

- 4.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and RQL's compulsory superannuation contribution. Details of your TRV are set out in Schedule 1 to this agreement.

- 4.2. That part of your TRV remaining after deduction of superannuation, (including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:
- (a) Taxes required by law, including PAYG and FBT;
 - (b) Compulsory superannuation contributions;
 - (c) The cost of any salary sacrifice arrangements implemented by you;
 - (d) Any other deductions which you have authorised RQL to make;
 - (e) An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Agreement amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
 - (f) Any contribution that you are required to make to the cost of a motor vehicle as set out in Schedule 1 under Additional Benefits.
- 4.3. The cash component of your remuneration package will be paid in twelve equal monthly instalments direct to your nominated bank account. The deposit to your bank will usually be made on the first working day after the 14th day of each month.
- 4.4. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your Salary, as agreed, into your superannuation fund.
- 4.5. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.
- 4.6. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time. That policy currently allows for employees to change their salary package options annually.
- 4.7. You will be responsible for all costs associated with salary sacrificing. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.
- 4.8. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 4.9. You agree that any monies owing to RQL upon termination of employment may be deducted by RQL from your final termination pay.
- 4.10. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

5. LEAVE

- 5.1. All full time employees are entitled to 4 weeks' paid annual leave per 12 months of continuous service, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in accordance with organisational requirements and must be approved prior to you taking leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 5.2. The working patterns of some employees mean that they are entitled to additional annual leave entitlements. If you are one of these employees, details of your Additional Leave Entitlements are set out in Schedule 1 to this agreement.
- 5.3. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 5.4. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 5.5. Full time employees are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 5.6. Personal leave entitlements will accumulate from year to year but are not paid out upon termination.
- 5.7. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 5.8. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.
- 5.9. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave.
- 5.10. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 5.11. You are entitled to long service leave in accordance with legislative requirements and in accordance with the RQL Long Service Leave policy.

6. EMPLOYEE OBLIGATIONS

- 6.1. In accordance with your duties you must:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under the applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

7. CONFLICT OF INTEREST

7.1. You must not engage in any activity that would conflict with RQL's interests or operations. Conflict of interest will be determined in accordance with RQL's Conflict of Interest Policy, which may be amended by RQL from time to time. Examples of situations that might create a conflict of interest are:

- (a) Any interest in property used for stud purpose, agistment, breeding, training or other purposes associated with the racing industry;
- (b) relationships with licensed persons in the racing industry or with any person providing services or facilities to the racing industry;
- (c) any involvement in the ownership, breeding, leasing, claiming, racing or management of horses or greyhounds;
- (d) having a family member who is a licensed person in the racing industry or who provides services or facilities to the racing industry.

7.2. You warrant that, from the date you commence employment, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. This offer of employment is made to you on the condition that you complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to

commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.

- 7.3. If you have an actual or perceived conflict of interest, you must immediately advise the appropriate person in accordance with RQL's Conflict of Interest Policy and follow any directions given to you. Failure to report an actual or perceived conflict of interest is an extremely serious matter and may be treated by RQL as serious misconduct which is sufficient to justify terminating your employment.
- 7.4. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.

8. INFORMATION, POLICIES AND PROCEDURES

- 8.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 8.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 8.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.

9. CONFIDENTIAL INFORMATION

- 9.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
- (a) With RQL's prior written permission;
 - (b) In the proper performance of your duties;
 - (c) As expressly allowed under this Agreement; or
 - (d) For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 9.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 9.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.
- 9.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

10. INTELLECTUAL PROPERTY

- 10.1. You acknowledge and agree that all existing and future intellectual property rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:
- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;

- b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
- c. In the course of, as a consequence of or in relation to the performance of the employees duties;
- d. Relating to RQL's general methods of operation; or
- e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;

vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.

- 10.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.
- 10.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.
- 10.4. Your obligations under this clause will continue, notwithstanding the expiry or termination of this Agreement.

11. PRIVACY

- 11.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.
- 11.2. During the course of your employment, You agree that RQL may collect, use, handle and/or disclose your personal information in the proper course of business; such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

12. RQL PROPERTY AND SECURITY

- 12.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.
- 12.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).
- 12.3. No materials, tools or equipment of any description may be borrowed or removed from the premises without the prior consent of RQL.
- 12.4. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.
- 12.5. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:

- ▶ immediately return the device to RQL on termination or your employment or earlier request;
- ▶ not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
- ▶ not give the device to anybody else or permit anybody else to use the device; and
- ▶ use the device strictly in accordance with any conditions advised by RQL in respect of it.

13. TERMINATION OF EMPLOYMENT

13.1. Subject to RQL's rights regarding summary dismissal, either you or RQL may terminate your employment by giving one months notice, or a mutually agreed lesser period, to the other party in writing. RQL may pay you the equivalent of that period or part of the period in lieu of such notice. The notice period required to be given by RQL will be increased by one week if you are over 45 years of age and employed for more than two years of continuous service with RQL.

13.2. During any period of notice, RQL may require you:

- ▶ To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- ▶ To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

13.3. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

13.4. If you do not give the required notice and there is no agreement regarding a shorter notice period, RQL is authorised to withhold or deduct from your final termination payment, the equivalent amount of salary in lieu of the required notice.

13.5. RQL may terminate your employment summarily without notice or payment in lieu of notice if you commit any dishonest act, serious misconduct or any other act that justifies summary dismissal. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

13.6. Following termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

14. ENTIRE AGREEMENT

14.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

14.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

14.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

- 14.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

15. VARIATION

- 15.1. The terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

16. SEVERABILITY

- 16.1. If any provision in this Agreement is unenforceable, illegal or void, then it is severed and the rest of the Agreement remains in force.

17. WORK ELIGIBILITY

- 17.1. Your employment is conditional upon you providing to RQL, prior to your commencement, evidence of your eligibility to work in Australia.

18. WARRANTIES

- 18.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.

19. CONFIDENTIALITY OF AGREEMENT

- 19.1. This Agreement and its contents are confidential and should not be communicated to any other party.

20. DEFINITIONS AND INTERPRETATION

- 20.1. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- (a) Would be of commercial value to a competitor of RQL.
- (b) Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- (c) Relates to RQL's operational requirements.
- (d) Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- (e) Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- (f) Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity.
- (g) Relates to or is contained in any of RQL's computer data bases or software.
- (h) Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- (i) Relates to or is contained in any manuals or handbooks produced by RQL.
- (j) Relates to RQL fees, quotations, prices or charges in respect of services or products.

- (k) Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- (l) Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- (m) Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- (n) Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- (o) Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- (p) Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

20.2. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

20.3. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

20.4. Schedule 1 means the Schedule attached to this agreement. It is agreed that all of the contents of that Schedule are incorporated as terms of this Agreement.

20.5. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL by:

Malcolm Tuttle
Chief Executive Officer

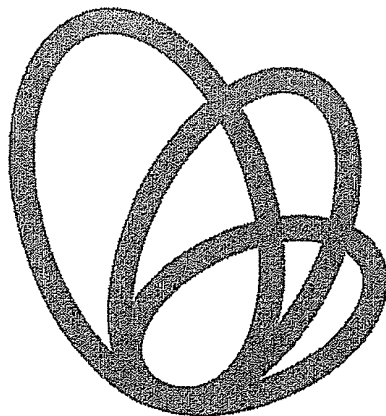
I acknowledge that I have read the contents of this Employment Agreement and accept the offer of employment on the terms and conditions set out in this Agreement.

Wendy Thomas

Employee Name

Signature

Date



RACING QUEENSLAND

CODE OF CONDUCT A Guide to Behaviour Expectations

| | | | |
|----------------------|---|------------------------|-------------|
| Authorised By: | Remuneration and Nomination Sub-Committee | Date of Authorisation: | 1 July 2010 |
| Last Amendment Date: | 1 July 2010 | | |
| Review Due Date: | 30 June 2011 | | |
| Policy Owner: | Chief Financial Officer | | |
| Related Documents: | <ul style="list-style-type: none">▪ Harassment, Discrimination and Bullying Policy▪ Workplace Health and Safety Policy▪ Grievance Handling Policy▪ Performance Counselling Policy▪ Workplace Health and Safety Act 1995▪ Racing Act 2002▪ Fair Work Act 2009▪ | | |

Any person who requires assistance in understanding this document should contact their manager.

MESSAGE FROM THE CHAIRMAN

Racing Queensland Limited (Racing Queensland) plays a crucial role in the racing industry in Queensland. Racing Queensland is committed to the efficient administration of the industry and acknowledges that its decision making impacts on all participants in the industry.

Public confidence in the racing industry depends upon Racing Queensland managing the industry in a fair and transparent manner according to the highest standards of probity and integrity.

This Code of Conduct applies to all Racing Queensland officials, including Board members, in the performance of their functions and duties. Racing Queensland officials are expected to maintain the highest standards in professional and business ethics and, through their work, performance and behaviour, ensure that confidence in the integrity of Racing Queensland is justified and maintained. Racing Queensland is committed to fostering a working environment that relies on personal integrity, quality management and a high level of service. To this end, Racing Queensland has produced this Code of Conduct which details the expected levels of behaviour required of all Racing Queensland officials. The Board of Racing Queensland is committed to ensuring compliance with the provisions of this Code at all times.

RG Bentley
Chairman
Racing Queensland Limited

Racing Queensland Limited (Racing Queensland) is committed to delivering the highest standards of corporate practice and business conduct. We aim to be a model corporate citizen; conducting business in an ethical and responsible manner, complying with all applicable legal requirements, promoting a positive and ethical work environment for employees, and making a positive contribution to the community. Racing Queensland:

- Will work to inspire the utmost faith, confidence and support of all participants and stakeholders in racing in Queensland.
- Is committed to fairness, impartiality and transparency in its decision making.
- Will act in the best interests of racing in Queensland.
- Will comply with this Code of Conduct (Code) to ensure integrity in its operations.

PART 1 INTRODUCTION

To help Racing Queensland meet its objectives, the Code summarises Racing Queensland's standards for conduct, defining the expectations of employees to support behaviour consistent with company values. Every Racing Queensland employee must:

- Act in accordance with the Code, their employment contract, Racing Queensland policies and statutory obligations imposed on Racing Queensland and on Racing Queensland employees.
- Act with the highest standards of professionalism, honest, diligence and integrity.

1.1 TO WHOM DOES THE CODE OF CONDUCT APPLY

The Code applies to all Racing Queensland employees.

Former Racing Queensland employees must also continue to respect the provisions of the Code, particularly in relation to the confidentiality of information and ownership of intellectual property to which the former Racing Queensland employee had access in the course of work with Racing Queensland.

1.2 WHY HAVE A CODE OF CONDUCT?

All employees of Racing Queensland are "public officials" within the meaning of the *Public Sector Ethics Act 1994* and are required to comply with its provisions. Under this Act Racing Queensland is required to have a code of conduct to provide standards of conduct for all Racing Queensland employees.

All employees must ensure that they understand and follow the requirements of the Code and any additional standards, instructions and processes that apply. Failure to adhere to the requirements of the Code is taken very seriously and may result in disciplinary action up to and including summary dismissal.

The Code is a reference to important information however, it cannot address every situation, nor does it serve as a substitute for employees' individual responsibility to exercise good judgement and common sense to ensure that actions never damage Racing Queensland's reputation.

PART 2 DEFINITIONS

Conflict of Interest: a real or perceived conflict between a private interest and an official duty. A real conflict of interest exists when a reasonable person, in possession of the relevant facts, would conclude that the official's private interests interfere, or are likely to interfere, with the proper performance of the official's duties. A perceived conflict of interest exists when it appears that an



official's private interests may interfere with the proper performance of the official's duties although, in reality, this may not be the case.

Corruption: criminal behaviour that may involve fraud, theft, the misuse of position or authority or other acts that are unacceptable to Racing Queensland and which may cause loss to Racing Queensland, its stakeholders or the general community. This may also include other elements such as breaches of trust and confidentiality.

Ethics Principles: principles identified in the Public Sector Ethics Act 1994 as: respect for the law and system of government, respect for persons, integrity, diligence, and economy and efficiency.

Fraud: the intentional use of false representations or deception to avoid an obligation and/or gain an unjust advantage.

Interest: used in relation to declaring personal interests or conflicts of interest, the term "interest" means direct or indirect personal interests of Racing Queensland Limited officials. Interests may be pecuniary (that is, financial or economic forms of advantage) or non-pecuniary (that is, non-financial forms of advantage).

Maladministration: administrative action that is unlawful, arbitrary, unjust, oppressive, improperly discriminatory or taken for an improper purpose.

Official Misconduct: as defined in the Crime and Misconduct Act 2002, means conduct that could, if proved, be a criminal offence or a disciplinary breach providing reasonable grounds for terminating the Racing Queensland official's employment or services.

Public Interest: for a Racing Queensland official, acting in the public interest means acting lawfully and/or in accordance with Racing Queensland policy. In the absence of legal or policy frameworks, it means acting for the common good of the community. Racing Queensland has developed a policy on safeguarding the public interest; Racing Queensland officials should refer to this policy for guidance on what constitutes the public interest and Racing Queensland's responsibilities to this end.

Public Interest Disclosure: as defined in the Whistleblowers Protection Act 1994, means a disclosure of information about official misconduct, maladministration, negligent or improper management affecting public funds, reprisal, or danger to public health or safety or environment.

Racing Queensland Limited Official: includes Board members of the Racing Queensland Board and all other persons employed or remunerated by Racing Queensland, whether full-time, part time, permanent, fixed-term, contract or casual and includes members of any Racing Queensland sub-committee.

Racing Queensland Limited's Policies: policies from time to time adopted by Racing Queensland.

Reprisal: as defined in the Whistleblowers Protection Act 1994, occurs when a person causes, attempts or conspires to cause, detriment to another person because, or in the belief that, anybody has made, or may make, a public interest disclosure.

Statutory Obligations: obligations imposed from time to time by legislation including, where relevant and without limitation, obligations imposed on Racing Queensland and/or Racing Queensland's officials by: *Anti-Discrimination Act 1991*, *Crime and Misconduct Act 2002*, *Corporations Act 2001*, *Public Records Act 2002*, *Public Sector Ethics Act 1994*, *Racing Act 2002*, *Whistleblowers Protection Act 1994* and *Workplace Health and Safety Act 1995* and any relevant regulations made pursuant to statute.

Whistle Blowing: when, in the public interest, as provided for in the Whistleblowers Protection Act 1994, a person discloses information about official misconduct, maladministration, negligent or improper management affecting public funds, reprisal, or danger to public health or safety or environment.

3.1 ROLE OF RACING QUEENSLAND LIMITED

Racing Queensland is responsible for the control, supervision and regulation of racing in Queensland. Racing Queensland is:

- ❧ The approved control body for racing in Queensland under the *Racing Act 2002*.
- ❧ The "principal racing authority" in Queensland under the Australian Rules of Racing.

3.2 ROLE OF THE BOARD OF RACING QUEENSLAND LIMITED

The Board of Racing Queensland is responsible for determining the strategic direction of Racing Queensland and ensuring compliance with the statutory obligations imposed on Racing Queensland.

A Board member shall act independently and not in the interests of any sectional interests. A Board member has an obligation to be impartial in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions to be taken by the Board.

The *Racing Act 2002* requires every Board member of Racing Queensland to disclose a personal interest, or a direct or indirect financial interest, in an issue being considered, or about to be considered, by the Board where the interest could conflict with the proper performance of the member's duties about the consideration of the issue. Unless the Board otherwise directs, the member must not be present when the Board considers the issue or take part in a decision of the Board about the issue.

A member of the Board of Racing Queensland shall attend Board meetings. When a member is unable to attend a Board meeting, the member must obtain a leave of absence.

A Board member must ensure the member is fully informed of the activities and affairs of Racing Queensland and racing generally, including statutory obligations imposed on Racing Queensland and on Racing Queensland officials.

3.2.1. Role of the Chair of the Board

The Chair of the Board of Racing Queensland plays an important leadership role in ensuring Racing Queensland works effectively. These responsibilities include ensuring:

- ❧ The Board reviews the method by which the senior management team undertakes day to day management of Racing Queensland.
- ❧ All relevant issues are included on the agenda for the Board's meetings and that Board members receive timely and relevant information on agenda items.
- ❧ Members of the Board comply with their statutory obligations and with the provisions of the Code.

3.2.2. Role of the Deputy Chair of the Board

The Deputy Chair of the Board of Racing Queensland must act as the Chair of the Board during a vacancy in the office of the Chair and during all periods when the Chair is absent from duty or, for another reason, cannot perform the functions of the office.

3.3 ROLE OF THE CHIEF EXECUTIVE OFFICER AND DIRECTOR INTEGRITY OPERATIONS

The Chief Executive Officer and Director Integrity Operations:

- ❧ Are responsible for ensuring all Racing Queensland officials within their organisational area comply with the Code.



- 2. Have a duty under the *Crime and Misconduct Act 2002* to report to the Crime and Misconduct Commission any allegation of "official misconduct".
- 3. Must comply with all statutory obligations imposed on them in their capacities as executive managers in Racing Queensland.

PART 4 PRINCIPLES OF THE PUBLIC SECTOR ETHICS ACT 1994

The *Public Sector Ethics Act 1994* imposes obligations on Racing Queensland officials as "public officials"; as such Racing Queensland officials must comply with the five Ethics Principles prescribed by the Act.

4.1 RESPECT FOR THE LAW AND SYSTEM OF GOVERNMENT

All Racing Queensland officials must support the implementation of government policy effectively and impartially, and carry out official duties lawfully, observing, where applicable, statutory obligations. The conduct of all Racing Queensland officials is subject to relevant statutory obligations, the requirements and sanctions specified in the Code, their employment contract and Racing Queensland policies.

4.2 RESPECT FOR PERSONS

All Racing Queensland officials must:

- 2. Treat all licensees and participants in the racing industry with courtesy, honesty and fairness and with proper regard for their rights and obligations.
- 3. Respond to reasonable demands of stakeholders and line managers in a timely manner.
- 4. Cooperate and assist co-employees in the performance of their duties when reasonably requested to do so.
- 5. Support their co-employees in a responsible and ethical manner.
- 6. Exercise powers fairly and equitably.

All Racing Queensland officials should deal with all matters in accordance with approved procedures, promptly and without discrimination. There is an obligation on all Racing Queensland officials to treat every issue reasonably and fairly and with a view to meeting the principles of natural justice.

4.2.1 Discrimination and Workplace Harassment

All Racing Queensland officials must provide a workplace free from unlawful discrimination, harassment, bullying and intimidation and hostile, offensive or distressing behaviour. They must ensure they understand their responsibilities under Racing Queensland's HR Policy on Harassment, Discrimination and Bullying. They have a duty to disclose breaches of this policy.

If managers become aware of inappropriate conduct, they do not have to wait for a complaint to be lodged before taking action. As with their other areas of responsibility, if managers become aware of a problem, they are expected to respond to that problem.

Racing Queensland's HR Policy on Harassment, Discrimination and Bullying applies to all Racing Queensland Board members, officials, other employees, workers and agents, including contractors, consultants, work experience students and other volunteers.

Racing Queensland officials who become aware that another person is being subjected to sexual harassment, bullying or unlawful discrimination should seek advice and assistance from the Harassment and Discrimination Referral Officer, or, if it is not appropriate to approach this officer, the matter should be reported in accordance with the HR Policy on Harassment, Discrimination and Bullying and the associated Grievance Handling Policy.



Any reports of discrimination, victimisation, sexual harassment, vilification and bullying will be treated seriously and dealt with promptly, confidentially and impartially. Disciplinary action will be taken against anyone who discriminates against, victimises, sexually harasses, vilifies or bullies a co-worker. Discipline may involve a warning, transfer, counselling, demotion or dismissal, depending on the circumstances.

4.2.2. Workplace Health and Safety

In the workplace, all Racing Queensland officials must take all reasonable practical steps to ensure the safety, health and welfare of themselves and others.

All Racing Queensland officials must comply with statutory obligations and Racing Queensland's policy on Workplace Health and Safety.

4.2.3. Whistleblowing

All Racing Queensland officials must report to their line manager or the CEO or Director Integrity Operations (as appropriate), any suspected or actual instances of official misconduct, maladministration, negligent or improper management affecting public funds, reprisal, or danger to public health, safety or the environment of which they are aware. In doing so, Racing Queensland officials should follow the guidelines in the policy adopted by Racing Queensland on Whistleblowers. The *Whistleblowers Protection Act 1994* protects those who make public interest disclosures.

Failure to report suspicious activities or circumstances may be seen as compounding or assisting official misconduct, maladministration, negligent or improper management affecting public funds, reprisal, or danger to public health or safety or environment and may constitute improper conduct requiring disciplinary action.

If a Racing Queensland official is found to have breached the *Whistleblowers Protection Act 1994*, the breach will be considered a serious breach of this Code and the Racing Queensland official may be subjected to disciplinary action, including, in appropriate cases, instant dismissal.

Under the *Crime and Misconduct Act 2001*, the CEO or Director Integrity Operations (as appropriate) must refer matters of actual or suspected official misconduct to the Crime and Misconduct Commission.

4.3 INTEGRITY

All Racing Queensland officials must:

- a. Perform their duties with the highest standards of personal integrity and honesty so as to maintain and enhance public confidence in Racing Queensland and racing in Queensland.
- a. Provide a timely and competent service to all members of the public and industry.
- a. Not use or allow another person to use their official position of authority improperly.

4.3.1 Conflicts of Interest

Every Racing Queensland official must:

- a. Carry out their duties impartially and regardless of personal preferences.
- a. Avoid private, financial or other interests or undertakings that could directly or indirectly compromise or conflict with the performance of their duties.
- a. Disclose any interest, which may impact or have the potential to impact on the performance of their duties.
- a. Take action to resolve any conflict between personal interests and official duties in the favour of the public interest.

All full-time employees of Racing Queensland must disclose in writing to the CEO or Director Integrity Operations (as appropriate) any secondary paid employment they may have. Failure to



disclose this information may result in a Racing Queensland official being disciplined or, in appropriate cases, instantly dismissed. Secondary employment within the racing industry represents a prima facie conflict of interest and is not permitted without specific authorisation.

All Racing Queensland officials resigning or retiring to take up business appointments should give consideration to possible conflicts of interest that may arise. Where an offer of appointment could give rise to an actual or apparent conflict of interest, a Racing Queensland official should apply to the CEO or Director Integrity Operations (as appropriate) for assent to take up the proposed employment. If a conflict of interest is identified, the CEO or Director Integrity Operations (as appropriate) may obtain an undertaking from the Racing Queensland official regarding the use of information gained in the Racing Queensland official's employment with Racing Queensland.

4.3.2 Gifts or Benefits

All Racing Queensland officials must comply with Racing Queensland's Gifts and Benefits Policy, which has been adopted by Racing Queensland.

4.3.3 Confidentiality

All Racing Queensland officials have access to confidential information. Appropriate safeguards and care must be taken to ensure that unauthorised access or distribution is not permitted.

No Racing Queensland official may take, or seek to take, improper advantage of confidential information gained in the course of employment or in their official capacity. No Racing Queensland official may disclose confidential information to any person unless it is required by law or is required by their duties and is consistent with this Code or specifically authorised. If a Racing Queensland official resigns or leaves Racing Queensland, the official must not disclose confidential information acquired when they acted as an official of Racing Queensland.

A member of the Board of Racing Queensland must not disclose confidential information discussed at Board meetings and/or acquired while acting as a Board member.

If a Board member resigns or leaves the Board the member shall have regard to the duty:

- a. Not to disclose confidential information.
- a. To act bona fide in the interests of Racing Queensland.

4.4 DILIGENCE

All Racing Queensland officials must:

- a. Comply with and implement Racing Queensland policies faithfully and impartially.
- a. Comply with all reasonable and lawful instructions.
- a. Exercise all reasonable care, skill and diligence in giving information or advice.
- a. Perform their duties and functions of office to a high standard and with proper diligence, care and attention.
- a. Use their skills and experience to the best advantage of Racing Queensland.
- a. Refrain from frequently using, or using to excess, alcohol, drugs or other substances where that use may have an adverse affect on their work performance or behaviour, or on the integrity of Racing Queensland.

4.4.1 Performing Duties

All Racing Queensland officials must perform all duties associated with their positions diligently, impartially, conscientiously, with proper care and attention, in a civil manner and to the best of their ability. This includes:

- a. Performing their duties in such a way that Racing Queensland will be held in high regard by the community and the industry;

- ↳ Following any professional standards of conduct relevant to their office;
- ↳ Maintaining adequate documentation to support decisions; and
- ↳ Helping Racing Queensland adhere to its statutory obligations.

4.4.2 Monitoring Performance

All Racing Queensland officials who manage or supervise others must ensure that:

- ↳ Their work and that of their staff helps Racing Queensland adhere to its statutory obligations;
- ↳ Where their staff breach this Code, the official takes appropriate action.

4.4.4 Use of Alcohol and Drugs

It is a criminal offence to possess or use illegal drugs at any time. All Racing Queensland officials must comply with Racing Queensland's *Workplace Smoking, Drugs and Alcohol Policy*. If a Racing Queensland official is found guilty of possessing or using illegal drugs, it will be considered a serious breach of this Code and the official may be subjected to disciplinary action, including instant dismissal.

4.5 ECONOMY AND EFFICIENCY

All Racing Queensland officials must:

- ↳ Strive to obtain value for Racing Queensland money spent.
- ↳ Ensure Racing Queensland resources are safeguarded and not wasted abused or used improperly or extravagantly.
- ↳ Not misuse the electronic communication systems of Racing Queensland to access, create, store, copy, retrieve or distribute offensive material.

4.5.1 Using Resources for Official Purposes

All Racing Queensland officials must ensure Racing Queensland resources are:

- ↳ Used economically.
- ↳ Used for the purposes for which they were provided.
- ↳ Treated and maintained with appropriate care.
- ↳ Secured against theft or misuse.

In serious cases, a Racing Queensland official who misuses resources may be found guilty of misconduct or maladministration.

All Racing Queensland officials who manage or supervise others must ensure that their employees use Racing Queensland resources appropriately.

4.5.2 Private Use

Limited personal use of Racing Queensland resources for non-official purposes may be acceptable.

In general terms, limited personal use involves:

- ↳ Minimal additional expense to Racing Queensland.
- ↳ An expectation that it will be performed during the employee's non work hours.
- ↳ Does not interfere with the operation of Racing Queensland.
- ↳ Does not violate this Code, statutory obligations or Racing Queensland policies.

If a Racing Queensland official is unsure as to whether their proposed personal use of Racing Queensland resources is acceptable, the official should seek advice from their line manager.



Where a Racing Queensland official uses Racing Queensland internet, intranet and electronic mail system, the official must comply with the policy on internet and email adopted by Racing Queensland.

4.5.3 Motor Vehicles

All Racing Queensland officials who use a motor vehicle owned by Racing Queensland must use it only for official purposes, unless the terms of their employment contract otherwise provide or the CEO or Director Integrity Operations (as appropriate) has authorised in writing private use of the motor vehicle by the official.

4.5.4 Expense reimbursement

All Racing Queensland officials must comply with Racing Queensland's Expense Reimbursement Policy. This policy sets out the requirements of Racing Queensland regarding expenditure while on official duty.

PART 5 BREACHES TO THE CODE OF CONDUCT

Board members who breach statutory obligations or the provisions of this Code or their employment contract will be dealt with by the Chairperson in a manner determined by a majority of the Board. Any action taken against a Board Member shall be consistent with the provisions of the *Racing Act 2002*.

All Racing Queensland officials who breach statutory obligations or the provisions of this Code or their employment contract may be subject to disciplinary action, including, where appropriate, instant dismissal.

The CEO or Director Integrity Operations or their delegated managers will deal with breaches by an employee of Racing Queensland. Where it is not considered harsh, unjust or unreasonable to do so, the CEO or Director Integrity Operations or their delegated managers may suspend a Racing Queensland official from work, either with or without pay, while an alleged breach is being investigated. Disciplinary action may constitute, but is not restricted to, counselling, warnings or reprimands or suspension or dismissal, as the case requires.

Serious breaches, such as official misconduct, may need to be referred to the Crime and Misconduct Commission. Any action taken will accord with the principles of procedural fairness. In the case of suspected or actual official misconduct or maladministration, procedural fairness does not mean that the person under investigation is to be presented with the allegations prior to an investigation. The relevant investigating authority will determine the appropriate time for advising the person of the allegations and affording the person the opportunity to respond.

REVISION HISTORY

| Revision | Date | Description of Changes | Author |
|----------|----------|------------------------|--------|
| 01.00 | 1/7/2010 | New Policy | HRBS |
| | | | |
| | | | |

☒ telephone in date: 19/7/11 time: 2.29 to: 2.31 units: _____
☐ telephone out full name of author: MSP
☐ teleconference client: RQL
☐ conference/meeting matter: Exce Start
☐ court attended: _____

Debbie

- share money today

- want it to send off

MP -> 30mins or so.

☒ telephone in date: 19/7/11 time: 3pm to: 3.01 units: _____
☐ telephone out full name of author: NBP
☐ teleconference client: RAL
☐ conference/meeting matter: Excc
☐ court attended: _____

Debbie
- chasing advice
- Mal Tuttle being @ 4pm
MP → soon, WIP.

Judd, Jan

MR

From: Procter, Murray
Sent: Tuesday, 19 July 2011 3:41 PM
To: 'Shara Murray'
Subject: [2767947:21] Private and confidential
Attachments: Letter - Chairman of Racing Queensland Limited - Executive strategy(10820366_3).DOC; Letter - Chairman of Racing Queensland Limited - Executive strategy(10820366_4).DOC

Categories: Filed
Database: APAC
E-mail ID: 23003390
Matter Number: 2767947

Hi Shara

Please see **attached** draft as requested yesterday. We have tracked our changes for your convenience. We also include a clean draft.

Please let me know if you are ready for us to send you the final version to provide to the Board.

Please let me know if you have any queries or would like to discuss.

Kind regards

Murray

Murray Procter
Partner

Norton Rose Australia
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Norton Rose, UK Law Firm of the Year - The Lawyer Awards 2011

Ogilvy Renault and Deneys Reitz have joined Norton Rose Group
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19 July 2011

Email: smurray@racingqueensland.com.au

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c/o Ms Shara Murray
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Our reference
2767947

Email
kristin.gamble@nortonrose.com

Dear Shara

Executive retention strategy

1 Instructions

1.1 We have been instructed to advise the Board of Directors of Racing Queensland Limited (**Board**) in relation to a retention strategy for the following executives of Racing Queensland Limited (**RQL**):

- (1) Mr Malcolm Tuttle, Chief Executive Officer;
- (2) Mr Jamie Orchard, Director Integrity Operations;
- (3) Mr Paul Brennan, Director Product Development; and
- (4) Ms Shara Murray, Senior Corporate Counsel,

(collectively referred to as the **Executives**).

1.2 The Board has instructed us to advise on options available to it to address the ongoing need to retain and reward high performing executives in an environment of uncertainty, taking into account the legal obligations imposed on the Board in determining an appropriate level of remuneration and benefits.

1.3 In this letter we have:

- (1) considered the general obligations imposed on the Board under the *Corporations Act 2001* (Cth) (**Act**);
- (2) considered the specific requirements, if any, to avoid breaching the Act in relation to any benefits to be provided; and
- (3) provided an overview of the types of benefits that we consider would be appropriate in the circumstances that the Board may wish to consider.

APAC-#10820366-v3

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2 Executive summary and recommendation

2.1 In determining the appropriateness of rewards for the Executives, the real question for the Board is whether or not any proposed benefit or change to the benefits is unfair or unconscionable. In making this determination, the Board should have regard to factors including:

- (1) the need to retain the Executives;
- (2) the level of skills and knowledge of the Executives;
- (3) the limitations imposed on other companies by the Act (specifically in relation to termination payments); and
- (4) current market conditions and drivers.

2.2 In circumstances where:

- (1) the proposed new benefits are necessary for the retention of the Executive;
- (2) the retention of the Executive is in the best interests of RQL; and
- (3) the benefits are not disproportionate,

it is unlikely that a resulting agreement would be deemed to be unfair or unconscionable.

2.3 Our suggestions of for appropriate benefits that are not disproportionate, are the most straightforward and that are that would be in the interests of RQL is are as follows:

- (1) an increase to the total remuneration value (TRV) of each Executive of between up to 130% and 20%;
- (2) the inclusion of a new 5 year term commencing from, say, August 2011 retention of the current 3 year term with an obligation on RQL to renegotiate before 31 December 2012;
- (3) a notice period for termination of the Executive Employment Agreement by either party without cause, which should be an amount (to be decided by the Board and agreed with the Executive) of no more than 12 months;
- (4)(3) the implementation of a RQL-wide redundancy policy with payments based on length of service in a particular position; and
- (5) the inclusion of two incentive bonuses as follows:
 - (a) a performance bonus linked to the achievement of certain outcomes, with payment of the bonus deferred (say, until half-way through the term and then at the end of the term) and conditional on the Executive remaining employed with RQL at that time, unless the Executive's employment is terminated by RQL earlier, in which case the bonus becomes immediately payable; and
 - (b) a retention bonus of, say, 12 months of the Executive's TRV, payable on completion of the term by the Executive unless the term is renewed for a further period, or if the Executive's employment is terminated by RQL during the final year without cause;
- (6)(4) the inclusion of a material adverse change clause with a trigger that includes a change in State Government, RQL ceasing to be a control body for the purpose of the Racing Act 2002 (Qld), a change to either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure, or a reasonable expectation by the Executive of any of these triggers occurring, entitling Executive to payment of:

(a) a payment a fixed amount equivalent to the amount of 12 months of each Executive's TRV that they would have received had the Executive remained employed by RQL to the completion of the term, plus an amount of severance pay equivalent to the RQL-wide redundancy pay payment, as a material adverse change severance payment; and

(b) any accrued incentives (including any deferred incentives); and

(c) (b) all other legal entitlements (such as accrued leave); and,

~~(7) the inclusion of a clause limiting the payments of benefits (as defined in the Act) paid in connection with the termination to the Executive's average annual base salary (as defined in the Act).~~

2.4 In summary, the general effect of these benefits is that in circumstances of a termination or cessation other than for misconduct due to a material adverse change, an Executive would become entitled to resign and trigger a payment equivalent to the amount each Executive would have received to the end of the term and a redundancy payment of up to (depending on the Board's decision about the amount), 12 months TRV. We consider that this will provide the Executives with the protection they are seeking and satisfy RQL's desire to maintain the Executives' employment.

3 Background

General

3.1 We are instructed that without implementing a reasonable executive retention strategy, RQL considers it faces a real risk of the resignation of one or more of the Executives. Not only would a resignation of the Executives would have serious implications for the ongoing operations of RQL, but it also places at risk a smooth transition to an alternate structure if one was implemented as a result of a change in the State Government.

Corporate status

3.2 RQL is a company incorporated under the Act and limited by guarantee. It does not have share capital.

3.3 None of the Executives are currently appointed, or have been appointed in the past 3 years, as a director of RQL.

3.4 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act (which relates to termination payments made to person's holding a managerial or executive office).

3.5 Under its Constitution, the directors of RQL are required to retire in rotation, two at every Annual General Meeting held in an election year and then every second year thereafter.

Industry environment

3.6 We are instructed that the current industry conditions are cause for concern in retaining the Executives.

3.7 In particular, there is ongoing industry speculation around the removal of the Board and the termination of the employment of the Executives if there is a change from the current Labor Government to a Liberal National Party (LNP) run Government in the next State election to be held prior to June 2012.

3.8 This speculation stems from a number of comments made in Parliament by Shadow Minister for Racing and member of the LNP Mr Ray Stevens MP.

3.9 For example, on 20 May 2010, as recorded in Hansard, Mr Stevens stated:

- (1) "We believe that each racing code should have control over its own sector of the industry";
 - (2) "If this bill is passed, we commit to the overall racing industry that this legislation will be dismantled and control will be given back to each of the codes"; and
 - (3) "When the Liberal National Party wins government at the next State election we will immediately dismantle this flawed and undemocratic legislation, and we will put control of the three racing codes back into the hands of the industry participants".
- 3.10 Mr Stevens has also strongly indicated his opposition to the current Chairman of RQL, Mr Bob Bentley, which he has most recently reiterated in Parliament on 25 May 2011.
- 3.11 As part of continued speculation in response to Mr Stevens' statements, on 6 July 2011 the following comments were published on the Letsgohorseracing.com.au website and appear to be indicative of the ongoing speculation in the racing industry:
- (1) "There is also strong speculation that two major roles will change at Racing Queensland under a new Board if the LNP wins Government and these are those of Chief Executive Officer Malcolm Tuttle and Director of Integrity Services Jamie Orchard";
 - (2) "The greatest certainty – according to those who claim to know what the LNP has planned for racing in Queensland – is that Malcolm Tuttle, the one-time steward who made a meteoric rise to CEO under the Bentley-led Board, will be dumped"; and
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- 3.12 This speculation is also reflected in the recent comments of made by Mark Oberhardt in the Courier Mail:
- (1) on 4 July 2011, Mark Oberhardt commented of "Huge tip that a country racing legend would replace Bob Bentley as RQ Chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive." and
 - (2) on 18 July 2011, Mark Oberhardt commented "There is continuing speculation about a clean out of racing administrators after the next election."

Executive concerns

- 3.13 As a result of the industry speculation, we are instructed that the Chairman of RQL has received a letter from the Executives dated 5 July 2011 in which the Executives raise concerns in relation to their ongoing engagement with RQL.
- 3.14 Essentially, their concerns are that they face unreasonable risks in relation to their future and are being asked to take a gamble on a reformed company or new RQL Board retaining their services beyond the State election.
- 3.15 The Executives have requested that the Chairman of RQL give urgent consideration to retaining the services of the Executives and put in place a framework that provides them with necessary security.
- 3.16 In our view, the letter from the Executives indicates a real and apparent risk to RQL that it faces early terminations from the Executives should their concerns be ignored.
- 3.17 To add to the Executives concern, each of the Executives is engaged under Executive Employment Agreements having an expiry date of 30 June 2013.
- 3.18 In this context, it would be prudent of any organisation to put in place appropriate measures to ensure the ongoing retention of their senior executives, in our view.

4 Legal obligations

- 4.1 Relevantly, there are a number of legal obligations which have to be considered when determining the appropriate terms and conditions of employment and benefit structure. These are outlined in more detail below.

Common law duty to act in the best interests of RQL

- 4.2 The Board must ensure that any agreement made with the Executives is made in the best interests of RQL.
- 4.3 Further, any agreement that amounts to unconscionable conduct against RQL by the Board carries the risk that it may be set aside by a Court.

Obligation to act in good faith – section 181 of the Act

- 4.4 A director or other officer of a corporation must exercise their powers and discharge their duties in good faith in the best interests of the corporation and for a proper purpose.

Use of position – Directors, other officers and employees – section 182 of the Act

- 4.5 A director, secretary, other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation.
- 4.6 The directors must, of course, ensure that they are using their powers for a proper purpose. That is, a purpose that is in the best interests of RQL, when determining the appropriate level of remuneration and reward.

Termination benefits to executives – Part 2D.2 of the Act

- 4.7 Part 2D.2 of the Act places a restriction on the benefits that can be paid in connection with the termination of a person holding a managerial or executive office in a company.
- 4.8 Whether a person holds a managerial or executive office depends on whether the company is a disclosing entity. For disclosing entities, this includes a person whose details are included in the directors' report at any time in the 3 years preceding termination.
- 4.9 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act. However, if it was, it is likely that at least some, if not all, of the Executives would be named in the directors' report for the current financial year.
- 4.10 For all other corporate entities, a person holds a managerial or executive office if that person is a director (including "shadow" or "de facto" directors, ie someone with whose wishes the directors are accustomed to acting) of the corporate entity or a person that holds a position in connection with the management of RQL whilst holding an office of director of a related body corporate, at any time in the 3 years preceding the date of loss of that position. As far as we are aware, the Executives are not directors of RQL or any related body corporate.
- 4.11 Accordingly, Part 2D.2 of the Act does not apply to the Executives.
- 4.12 Despite Part 2D.2 of the Act not applying, we consider the Board should take Part 2D.2 of the Act into account in determining the termination benefits to provide to the Executives, because, in our view, ostensible compliance with these provisions would provide RQL with a defensible position that the termination benefits are reasonable and in the best interests of RQL.
- 4.13 Essentially, Part 2D.2 of the Act provides that benefits paid in connection with the termination cannot be made without shareholder approval unless the benefits do not exceed the amount set out in the formula contained in the Act (Cap).

- 4.14 The Cap varies depending on the length of time that the relevant executive has held a relevant office. If the office has been held for more than 3 years, the value of the benefits must not exceed the amount equal to the average annual base salary that the person received during the last 3 years of the relevant period (with the "relevant period" being the period or combined periods in which the person has held the position).

5 Relevant current arrangements

- 5.1 The Executive Employment Agreements all commenced on 1 July 2010 and have an expiry of 30 June 2013, unless terminated earlier in accordance with its terms.
- 5.2 Clause 15 of each Executive Employment Agreement provides for termination by RQL without cause by giving six weeks notice and paying the TRV the Executive would have received for the balance of the term.
- 5.3 Prior to 1 July 2012, RQL has an obligation to negotiate any extension to the employment contract beyond 30 June 2013.

6 Possible options

Change to remuneration

- 6.1 The industry speculation in relation to the ongoing engagement of the Executives would, in our view, justify an increase to the Executive's remuneration to partially address the Executive's concerns.
- 6.2 In determining what might be an appropriate increase it would be beneficial to have regard to comparable market rates to offer a package that will be attractive to the Executives while ensuring that it is reasonable having regard to each of their positions.
- 6.3 This information can be obtained by the engagement of a remuneration consultant. We can assist you in identifying an appropriate provider if you wish. We have, however, reviewed the Ernst & Young Remuneration Practices in 2010 and 2011 report which analyses the ASX 200 companies' remuneration practices (**EY Report**) to gauge current conditions. It remains to be seen whether a comparison between RQL and the information in the EY Report is appropriate, because we have not performed any comparison between RQL and ASX 200 companies to determine whether there are any common characteristics. The key highlights of this report however are that fixed remuneration increases will be constrained in the current year with a greater focus on performance-based pay.
- 6.4 In our view and taking into account the need to retain the Executives, we would consider an moderate increase to the Executive's remuneration of between up to 340% and 20% would be reasonable in the circumstances. This is the most straightforward way to address the retention concerns. We discuss other options below. If other retention options are implemented (such as the incentive plans) a lesser increase to remuneration should be considered. However, the precise increase depends whether other options are implemented by the Board.
- ~~6.5 We consider that it is in the interests of RQL to maintain a moderate increase to each of the Executive's TRV whilst placing greater protection around longevity by implementing the retention options discussed below.~~

Incentive plans

- 6.5 Under the Executive Employment Agreements there is currently no entitlement to a short or long term incentive.
- 6.6 In our view, it would be reasonable for RQL to put in place a short term incentive plan.
- 6.7 We consider that this plan should could have two limbs:

- (1) a performance bonus linked to the achievement of certain outcomes, with payment of the bonus deferred (say, until half-way through the term and then at the end of the term) and

conditional on the Executive remaining employed with RQL at that time, unless the Executive's employment is terminated by RQL earlier, in which case the bonus becomes immediately payable; and

- (2) a retention bonus of, say, up to 12 months of the Executive's TRV, payable on completion of the term by the Executive unless the term is renewed for a further period, or if the Executive's employment is terminated by RQL during the final year without cause.

~~6.76.8~~ We recommend that the deferred bonus plan is determined having regard to comparable plans in the market. Relevantly, bonuses or incentives determined by the achievement of measurable targets are not included in the calculation of "benefits" for the purpose of the Cap.

~~6.86.9~~ The retention bonus, on the other hand, would be considered as a "benefit" for the purpose of the Cap as it is payable in connection with termination or cessation. However, in this case the other benefits such as payment in lieu of notice, redundancy, or payment on the occurrence of a material adverse change would not apply.

~~6.10~~ In our view however, if RQL was to incorporate an incentive plan into the Executive's remuneration, a more moderate increase to remuneration (10% to 20%) should be considered.

Notice of termination without cause

6.11 Clause 15 of each Executive Employment Agreement currently provides for termination by RQL without cause by paying the TRV the Executive would have received for the balance of the term.

~~6.11~~ We set out below our suggestion to increase the term to 5 years. On this basis, it is then a matter of striking a balance between an excessive payment and a reasonable one.

~~6.12~~ RQL could consider increasing the notice required on termination without cause. In the normal course, we would suggest that a notice period of up to 12 months would be reasonable depending on the seniority of the Executives. That amount would be reduced pro-rata if notice of termination is given in the final year of the term, but in that case, the retention bonus would be payable.

~~6.13~~ If there is an increase in this way to the notice period, the Board should consider restricting the increase to remuneration we have recommended (up to 30% of each Executive's TRV) to a more moderate amount (10% to 20%).

~~6.12~~ As notice of termination is taken into account in the calculation of termination payments under the Act, it would be appropriate here to limit the amount to that which would not breach the Act. Under the Act, the actual period of notice should not, when combined with the value of all other termination benefits, exceed the Cap. Any amount higher than this could be viewed as being inconsistent with the duties the Board owes to RQL under the Act.

~~6.13~~ So in the normal course, we would suggest that a notice period of up to 12 months would be reasonable depending on the seniority of the Executives. That amount would be reduced pro-rata if notice of termination is given in the final year of the term, but in that case, the retention payment would be payable. For that reason, we recommend setting the retention payment at the same amount as the notice period.

Redundancy payments

6.14 Currently, there is no contractual entitlement to a payment on termination of employment due to redundancy.

6.15 We are also not aware of any policies applicable to the Executives of other employees of RQL that contain redundancy entitlements.

6.16 Under the Act, where there is a genuine redundancy a reasonable payment that is made in accordance with a policy that applies to all employees of RQL on the basis of a person's service in

an office or position is not a "benefit" under the Act, and is therefore not taken into account for the purposes of the Cap.

6.16

6.17 In line with the requirements for redundancy under the *Fair Work Act 2009* (Cth) (**FW Act**), we consider it appropriate for RQL to implement a redundancy policy that applies to all of its employees with payments determined on the person's length of service with RQL.

6.18 You should note that the introduction of an RQL-wide redundancy policy would result in a cost impost on RQL in the event RQL decides to make any employee redundant. This is because for some employees, the current redundancy requirements contained in the FW Act are lower.

6.19 However:

(1) the reason for implementing an RQL-wide redundancy policy is to increase the defensibility of a severance payment made to the Executive on termination of employment, equivalent to redundancy, on the basis that the redundancy component is no more than what other employees would receive; and

(2) the introduction of a RQL-wide policy in this way reflects current employment practices.

6.18 Of course, this policy would not apply if the Executive's employment ended at the completion of the term, but it provides further comfort in the event of a restructure or a cessation of operations.

Material adverse change clause

6.196.20 An option available to RQL is the inclusion of a material adverse change clause. Under a material adverse change clause the Executive will be able to terminate the employment agreement on the trigger of a material adverse change and receive a payment. Examples of material adverse changes could include a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), or a change in either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure.

6.206.21 If there is a material adverse change, the Executive has the right to resign and if he or she does so, he or she will be entitled to payment of a sum calculated in accordance with a specified calculation. The payment would be a fixed payment of, say, no more than 12 months an amount equivalent to what the Executive would have received if they had remained employed by RQL for the balance of the term of the Executive Employment Agreement, plus a severance payment equivalent to redundancy.

6.22 You should note that, in our view, the Australian Taxation Office (ATO) will treat an amount paid as a result of a material adverse change in these circumstances as an employment termination payment as opposed to a genuine redundancy payment. This is because there has been no "dismissal" at the initiative of RQL.

6.216.23 As an additional protection for RQL, we recommend making the payment conditional upon the execution of a deed of release, and a commitment for the Executive to serve a short transition period unless otherwise agreed.

Extension to term

6.226.24 Any variation to the terms of the Executive Employment Agreements will provide RQL with an opportunity to extend the term of each Executive's engagement.

6.236.25 One option would be for RQL to offer the Executives permanent employment (subject to notice). Permanent employment, combined with the 12 months notice of termination, would in our view ensure the ongoing employment of the Executives and allow for a smooth transition resulting from any change to RQL's structure.

6.246.26 However, it is more likely that the offer of permanent employment or any extension to the term would attract a higher level of public scrutiny and criticism. While we consider that your position would be defensible from a legal perspective, you may like to consider a more conservative approach in order to minimise the possible negative publicity.

6.256.27 As an alternative, and taking into account our suggestion on an increase to each Executive's TRV, maintaining the term as it currently is with an expiry of 30 June 2013 will minimise the risk of public criticism.

6.28 We recommend however amending the time by which RQL is required to renegotiate any extension to the contract (which is currently before 30 June 2012) to require renegotiation before 31 December 2012. Given the timing of the State election by no later than June 2012, the future of the Executives will be more certain at that time.

6.26 you could offer an extension to the current term of the Executive's engagement of a new 3-year term (eg from August 2011 to August 2014). In our view however, it would be reasonable in the circumstances (especially if the other benefits set out above are adopted) to adopt a 5-year term (subject to notice as discussed above at paragraph 6.13). Our view has regard to our general understanding that 5-year terms (terminable on 12 months notice) are not uncommon for executives in local government, State government or quasi-government bodies.

Please let me know if you have any queries. Alternatively, please contact Kristin Gamble on (07) 3414 2876.

Yours faithfully

Murray Procter
Partner
Norton Rose Australia
Contact: Kristin Gamble

19 July 2011

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Dear Shara

Executive retention strategy

1 Instructions

1.1 We have been instructed to advise the Board of Directors of Racing Queensland Limited (**Board**) in relation to a retention strategy for the following executives of Racing Queensland Limited (RQL):

- (1) Mr Malcolm Tuttle, Chief Executive Officer;
 - (2) Mr Jamie Orchard, Director Integrity Operations;
 - (3) Mr Paul Brennan, Director Product Development; and
 - (4) Ms Shara Murray, Senior Corporate Counsel,
- (collectively referred to as the **Executives**).

1.2 The Board has instructed us to advise on options available to it to address the ongoing need to retain and reward high performing executives in an environment of uncertainty, taking into account the legal obligations imposed on the Board in determining an appropriate level of remuneration and benefits.

1.3 In this letter we have:

- (1) considered the general obligations imposed on the Board under the *Corporations Act 2001* (Cth) (**Act**);
- (2) considered the specific requirements, if any, to avoid breaching the Act in relation to any benefits to be provided; and
- (3) provided an overview of the types of benefits that we consider would be appropriate in the circumstances that the Board may wish to consider.

APAC-#10820366-v4

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2.1 In determining the appropriateness of rewards for the Executives, the real question for the Board is whether or not any proposed benefit or change to the benefits is unfair or unconscionable. In making this determination, the Board should have regard to factors including:

- (1) the need to retain the Executives;
- (2) the level of skills and knowledge of the Executives;
- (3) the limitations imposed on other companies by the Act (specifically in relation to termination payments); and
- (4) current market conditions and drivers.

2.2 In circumstances where:

- (1) the proposed new benefits are necessary for the retention of the Executive;
- (2) the retention of the Executive is in the best interests of RQL; and
- (3) the benefits are not disproportionate,

it is unlikely that a resulting agreement would be deemed to be unfair or unconscionable.

2.3 Our suggestions for appropriate benefits that are not disproportionate, are the most straightforward and that are in the interests of RQL are as follows:

- (1) an increase to the total remuneration value (TRV) of each Executive of up to 30%;
- (2) retention of the current 3 year term with an obligation on RQL to renegotiate before 31 December 2012;
- (3) the implementation of a RQL-wide redundancy policy with payments based on length of service in a particular position; and
- (4) the inclusion of a material adverse change clause with a trigger that includes a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), a change to either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure, entitling Executive to:
 - (a) a payment equivalent to the amount of each Executive's TRV that they would have received had the Executive remained employed by RQL to the completion of the term, plus an amount of severance pay equivalent to the RQL-wide redundancy pay payment, as a material adverse change severance payment; and
 - (b) all other legal entitlements (such as accrued leave).

2.4 In summary, the general effect of these benefits is that in circumstances of a termination or cessation due to a material adverse change, an Executive would become entitled to resign and trigger a payment equivalent to the amount each Executive would have received to the end of the term and a redundancy payment. We consider that this will provide the Executives with the protection they are seeking and satisfy RQL's desire to maintain the Executives' employment.

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General

- 3.1 We are instructed that without implementing a reasonable executive retention strategy, RQL considers it faces a real risk of the resignation of one or more of the Executives. A resignation of the Executives would have serious implications for the ongoing operations of RQL.

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- 3.7 In particular, there is ongoing industry speculation around the removal of the Board and the termination of the employment of the Executives if there is a change from the current Labor Government to a Liberal National Party (LNP) run Government in the next State election to be held prior to June 2012.
- 3.8 This speculation stems from a number of comments made in Parliament by Shadow Minister for Racing and member of the LNP Mr Ray Stevens MP.
- 3.9 For example, on 20 May 2010, as recorded in Hansard, Mr Stevens stated:
- (1) "We believe that each racing code should have control over its own sector of the industry";
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- 3.17 To add to the Executives concern, each of the Executives is engaged under Executive Employment Agreements having an expiry date of 30 June 2013.
- 3.18 In this context, it would be prudent of any organisation to put in place appropriate measures to ensure the ongoing retention of their senior executives, in our view.

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- 4.2 The Board must ensure that any agreement made with the Executives is made in the best interests of RQL.
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- 4.4 A director or other officer of a corporation must exercise their powers and discharge their duties in good faith in the best interests of the corporation and for a proper purpose.

Use of position – Directors, other officers and employees – section 182 of the Act

- 4.5 A director, secretary, other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation.

- 4.6 The directors must, of course, ensure that they are using their powers for a proper purpose. That is, a purpose that is in the best interests of RQL, when determining the appropriate level of remuneration and reward.

Termination benefits to executives – Part 2D.2 of the Act

- 4.7 Part 2D.2 of the Act places a restriction on the benefits that can be paid in connection with the termination of a person holding a managerial or executive office in a company.
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- 4.10 For all other corporate entities, a person holds a managerial or executive office if that person is a director (including "shadow" or "de facto" directors, ie someone with whose wishes the directors are accustomed to acting) of the corporate entity or a person that holds a position in connection with the management of RQL whilst holding an office of director of a related body corporate, at any time in the 3 years preceding the date of loss of that position. As far as we are aware, the Executives are not directors of RQL or any related body corporate.
- 4.11 Accordingly, Part 2D.2 of the Act does not apply to the Executives.
- 4.12 Despite Part 2D.2 of the Act not applying, we consider the Board should take Part 2D.2 of the Act into account in determining the termination benefits to provide to the Executives, because, in our view, ostensible compliance with these provisions would provide RQL with a defensible position that the termination benefits are reasonable and in the best interests of RQL.
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- 5.1 The Executive Employment Agreements all commenced on 1 July 2010 and have an expiry of 30 June 2013, unless terminated earlier in accordance with its terms.
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6 Possible options

Change to remuneration

- 6.1 The industry speculation in relation to the ongoing engagement of the Executives would, in our view, justify an increase to the Executive's remuneration to partially address the Executive's concerns.

- 6.2 In determining what might be an appropriate increase it would be beneficial to have regard to comparable market rates to offer a package that will be attractive to the Executives while ensuring that it is reasonable having regard to each of their positions.
- 6.3 This information can be obtained by the engagement of a remuneration consultant. We can assist you in identifying an appropriate provider if you wish. We have, however, reviewed the Ernst & Young Remuneration Practices in 2010 and 2011 report which analyses the ASX 200 companies' remuneration practices (**EY Report**) to gauge current conditions. It remains to be seen whether a comparison between RQL and the information in the EY Report is appropriate, because we have not performed any comparison between RQL and ASX 200 companies to determine whether there are any common characteristics. The key highlights of this report however are that fixed remuneration increases will be constrained in the current year with a greater focus on performance-based pay.
- 6.4 In our view and taking into account the need to retain the Executives, we consider an increase to the Executive's remuneration of up to 30% would be reasonable in the circumstances. This is the most straightforward way to address the retention concerns. We discuss other options below. If other retention options are implemented (such as the incentive plans) a lesser increase to remuneration should be considered.

Incentive plans

- 6.5 Under the Executive Employment Agreements there is currently no entitlement to a short or long term incentive.
- 6.6 In our view, it would be reasonable for RQL to put in place a short term incentive plan.
- 6.7 We consider that this plan could have two limbs:
- (1) a performance bonus linked to the achievement of certain outcomes, with payment of the bonus deferred (say, until half-way through the term and then at the end of the term) and conditional on the Executive remaining employed with RQL at that time, unless the Executive's employment is terminated by RQL earlier, in which case the bonus becomes immediately payable; and
 - (2) a retention bonus of, say, up to 12 months of the Executive's TRV, payable on completion of the term by the Executive unless the term is renewed for a further period, or if the Executive's employment is terminated by RQL during the final year without cause.
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- 6.13 If there is an increase in this way to the notice period, the Board should consider restricting the increase to remuneration we have recommended (up to 30% of each Executive's TRV) to a more moderate amount (10% to 20%).

Redundancy payments

- 6.14 Currently, there is no contractual entitlement to a payment on termination of employment due to redundancy.
- 6.15 We are also not aware of any policies applicable to the Executives of other employees of RQL that contain redundancy entitlements.
- 6.16 Under the Act, where there is a genuine redundancy a reasonable payment that is made in accordance with a policy that applies to all employees of RQL on the basis of a person's service in an office or position is not a "benefit" under the Act, and is therefore not taken into account for the purposes of the Cap.
- 6.17 In line with the requirements for redundancy under the *Fair Work Act 2009* (Cth) (**FW Act**), we consider it appropriate for RQL to implement a redundancy policy that applies to all of its employees with payments determined on the person's length of service with RQL.
- 6.18 You should note that the introduction of an RQL-wide redundancy policy would result in a cost impost on RQL in the event RQL decides to make any employee redundant. This is because for some employees, the current redundancy requirements contained in the FW Act are lower.
- 6.19 However:
- (1) the reason for implementing an RQL-wide redundancy policy is to increase the defensibility of a severance payment made to the Executive on termination of employment, equivalent to redundancy, on the basis that the redundancy component is no more than what other employees would receive; and
 - (2) the introduction of a RQL-wide policy in this way reflects current employment practices.

Material adverse change clause

- 6.20 An option available to RQL is the inclusion of a material adverse change clause. Under a material adverse change clause the Executive will be able to terminate the employment agreement on the trigger of a material adverse change and receive a payment. Examples of material adverse changes could include a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), or a change in either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure.
- 6.21 If there is a material adverse change, the Executive has the right to resign and if he or she does so, he or she will be entitled to payment of a sum calculated in accordance with a specified calculation. The payment would be an amount equivalent to what the Executive would have received if they had remained employed by RQL for the balance of the term of the Executive Employment Agreement, plus a severance payment equivalent to redundancy.
- 6.22 You should note that, in our view, the Australian Taxation Office (**ATO**) will treat an amount paid as a result of a material adverse change in these circumstances as an employment termination payment as opposed to a genuine redundancy payment. This is because there has been no "dismissal" at the initiative of RQL.
- 6.23 As an additional protection for RQL, we recommend making the payment conditional upon the execution of a deed of release.

Extension to term

- 6.24 Any variation to the terms of the Executive Employment Agreements will provide RQL with an opportunity to extend the term of each Executive's engagement.
- 6.25 One option would be for RQL to offer the Executives permanent employment (subject to notice). Permanent employment, combined with the 12 months notice of termination, would in our view ensure the ongoing employment of the Executives and allow for a smooth transition resulting from any change to RQL's structure.
- 6.26 However, it is more likely that the offer of permanent employment or any extension to the term would attract a higher level of public scrutiny and criticism. While we consider that your position would be defensible from a legal perspective, you may like to consider a more conservative approach in order to minimise the possible negative publicity.
- 6.27 As an alternative and taking into account our suggestion on an increase to each Executive's TRV, maintaining the term as it currently is with an expiry of 30 June 2013 will minimise the risk of public criticism.
- 6.28 We recommend however amending the time by which RQL is required to renegotiate any extension to the contract (which is currently before 30 June 2012) to require renegotiation before 31 December 2012. Given the timing of the State election by no later than June 2012, the future of the Executives will be more certain at that time.

Please let me know if you have any queries. Alternatively, please contact Kristin Gamble on (07) 3414 2876.

Yours faithfully

Murray Procter
Partner
Norton Rose Australia
Contact: Kristin Gamble

☒ telephone in date: 19/7/11 time: 5:23 to: 537 units: _____



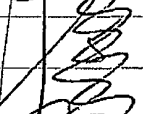
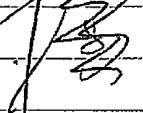
☐ telephone out full name of author: MSP

☐ teleconference client: RQC

☐ conference/meeting matter: Enca

☐ court attended: _____

do at 30 Jun 2012:
HR policy refers to En Act.

| | | |
|-------|----------|---|
| Mal | 20 yrs |  |
| Paul | B 14 yrs |  |
| Janie | 4 yrs |  |
| Shu | 7 yrs |  |

Filenote

| | | | |
|----------------|--|-------------------------|------------------|
| Client | Racing Queensland Limited | Date | 19 July 2011 |
| Subject | Phone call in from Shara Murray (also present was Jamie Orchard) | Time | 5.47pm to 5.49pm |
| By | Kristin Gamble | Client/Matter No | 1050766/2767947 |

I received a call from Shara Murray. Also present was Jamie Orchard.

Shara asked for Murray and I said that he was not in his office and I thought that he was in a meeting but was not sure when he would be out.

Shara asked if I could help them. I said that was fine.

Shara explained that she had been speaking to Murray about redundancy and she wanted to cross reference the scale because she had given him the wrong length of service for herself.

She said that she was about 6.6 years at the relevant time. She said that Murray had said that if she was over 7 it would be 13 weeks.

I said that if she was over 6 but less than 7 then it would be 11 weeks under the NES.

They said that was all they wanted.

KJG

Filenote

| | | | |
|----------------|---------------------------------|-------------------------|------------------|
| Client | Racing Queensland Limited | Date | 19 July 2011 |
| Subject | Phone call in from Shara Murray | Time | 6.02pm to 6.07pm |
| By | Kristin Gamble | Client/Matter No | 1050766/2767947 |

Shara Murray called.

She said that she had some changes to the letter that she had said to Murray they were going to make tonight.

She asked if she could run through them with me. I said that was fine and opened the draft letter.

She went through the changes that she wanted to make and I tracked them in a new version of the letter – the changes are **attached**.

She asked me to issue the letter in final form and I said that I would like to run through them with Murray first to make sure they are all fine. She said that was fine and if he was happy with them to issue the letter in final form for them to take to the board meeting tomorrow.

KJG

Procter, Murray

From: Gamble, Kristin
Sent: Tuesday, 19 July 2011 6:15 PM
To: Procter, Murray
Subject: [2767947:23] Advice - Executive strategy
Attachments: Letter - Chairman of Racing Queensland Limited - Executive strategy(10820366_5).nrl

Categories: Filed
Database: APAC
E-mail ID: 23010418
Matter Number: 2767947

Hi Murray,

Shara called again and had the changes to the contract that she had indicated with you earlier.

I have made the changes to a new version of the letter (**attached**) which are tracked. She said that if you are happy with the changes to issue the letter in final form so that they can take it to the Board meeting tomorrow.

My only thought is that the Corps Act discussion about the Cap is not really relevant to what is in the advice - other in to say that it doesn't apply. I thought about deleting clauses 4.12 - 4.14 and 6.7 (as it is renumbered in the attached) to remove the reference to using it to create a defensible position, but wanted to check with you first.

Thanks,

Kristin Gamble
Associate

Norton Rose Australia
Level 17, 175 Eagle Street, Brisbane, Australia
Tel +61 7 3414 2876 Fax +61 7 3414 2999
kristin.gamble@nortonrose.com

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19 July 2011

Email: smurray@racingqueensland.com.au

Private & Confidential

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Racing Queensland Limited
c/o Ms Shara Murray
Senior Corporate Counsel
Racing Queensland Limited
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DX 114 Brisbane
www.nortonrose.com

Direct line
+61 7 3414 2876

Our reference
2767947

Email
kristin.gamble@nortonrose.com

Dear Shara

Executive retention strategy

1 Instructions

1.1 We have been instructed to advise the Board of Directors of Racing Queensland Limited (Board) in relation to a retention strategy for the following executives of Racing Queensland Limited (RQL):

- (1) Mr Malcolm Tuttle, Chief Executive Officer;
 - (2) Mr Jamie Orchard, Director Integrity Operations;
 - (3) Mr Paul Brennan, Director Product Development; and
 - (4) Ms Shara Murray, Senior Corporate Counsel,
- (collectively referred to as the Executives).

1.2 The Board has instructed us to advise on options available to it to address the ongoing need to retain and reward high performing executives in an environment of uncertainty, taking into account the legal obligations imposed on the Board in determining an appropriate level of remuneration and benefits.

1.3 In this letter we have:

- (1) considered the general obligations imposed on the Board under the *Corporations Act 2001* (Cth) (Act);
- (2) considered the specific requirements, if any, to avoid breaching the Act in relation to any benefits to be provided; and
- (3) provided an overview of the types of benefits that we consider would be appropriate in the circumstances that the Board may wish to consider.

APAC-#10820366-v5

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Norton Rose Australia together with Norton Rose LLP, Norton Rose OR LLP, Norton Rose South Africa (Incorporated as Denys Reitz (nc) and their respective affiliates constitute Norton Rose Group, an international legal practice with offices worldwide, details of which, with certain regulatory information, are at nortonrose.com

2 Executive summary and recommendation

2.1 In determining the appropriateness of rewards for the Executives, the real question for the Board is whether or not any proposed benefit or change to the benefits is unfair or unconscionable. In making this determination, the Board should have regard to factors including:

- (1) the need to retain the Executives;
- (2) the level of skills and knowledge of the Executives;
- (3) the limitations imposed on other companies by the Act (specifically in relation to termination payments); and
- (4) current market conditions and drivers.

2.2 In circumstances where:

- (1) the proposed new benefits are necessary for the retention of the Executive;
- (2) the retention of the Executive is in the best interests of RQL; and
- (3) the benefits are not disproportionate,

it is unlikely that a resulting agreement would be deemed to be unfair or unconscionable.

2.3 Our suggestions for appropriate benefits that are not disproportionate, are the most straightforward and that are in the interests of RQL are as follows:

- (1) an increase to the total remuneration value (TRV) of each Executive of up to 30%;
- (2) retention of the current 3 year term, with an obligation on RQL to renegotiate before 31 December 2012;
- (3) the implementation of a RQL-wide redundancy policy with payments based on length of service in a particular position; and
- (4) the inclusion of a material adverse change clause with a trigger that includes a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), a change to either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure, entitling Executive to:
 - (a) a payment equivalent to the amount of each Executive's TRV that they would have received had the Executive remained employed by RQL to the completion of the term, plus an amount of severance pay equivalent to the RQL-wide redundancy payment, as a material adverse change severance payment; and
 - (b) all other legal entitlements (such as accrued leave).

2.4 In summary, the general effect of these benefits is that in circumstances of a termination or cessation due to a material adverse change, an Executive would become entitled to resign and trigger a payment equivalent to the amount each Executive would have received to the end of the term and a redundancy payment. We consider that this will provide the Executives with the protection they are seeking in the current environment and satisfy RQL's desire to maintain the Executives' employment.

3 Background

General

- 3.1 We are instructed that without implementing a reasonable executive retention strategy, RQL considers it faces a real risk of the resignation of one or more of the Executives. A resignation of the Executives would have serious implications for the ongoing operations of RQL.

Corporate status

- 3.2 RQL is a company incorporated under the Act and limited by guarantee. It does not have share capital.
- 3.3 None of the Executives are currently appointed, or have been appointed in the past 3 years, as a director of RQL.
- 3.4 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act (which relates to termination payments made to person's holding a managerial or executive office).
- 3.5 Under its Constitution, the directors of RQL are required to retire in rotation, two at every Annual General Meeting held in an election year and then every second year thereafter.

Industry environment

- 3.6 We are instructed that the current industry conditions are cause for concern in retaining the Executives.
- 3.7 In particular, there is ongoing industry speculation around the removal of the Board and the termination of the employment of the Executives if there is a change from the current Labor Government to a Liberal National Party (LNP) run Government in the next State election to be held prior to June 2012.
- 3.8 This speculation stems from a number of comments made in Parliament by Shadow Minister for Racing and member of the LNP Mr Ray Stevens MP.
- 3.9 For example, on 20 May 2010, as recorded in Hansard, Mr Stevens stated:
- (1) "We believe that each racing code should have control over its own sector of the industry";
 - (2) "If this bill is passed, we commit to the overall racing industry that this legislation will be dismantled and control will be given back to each of the codes"; and
 - (3) "When the Liberal National Party wins government at the next State election we will immediately dismantle this flawed and undemocratic legislation, and we will put control of the three racing codes back into the hands of the industry participants".
- 3.10 Mr Stevens has also strongly indicated his opposition to the current Chairman of RQL, Mr Bob Bentley, which he has most recently reiterated in Parliament on 25 May 2011.
- 3.11 As part of continued speculation in response to Mr Stevens' statements, on 6 July 2011 the following comments were published on the Letsgohorseracing.com.au website and appear to be indicative of the ongoing speculation in the racing industry:
- (1) "There is also strong speculation that two major roles will change at Racing Queensland under a new Board if the LNP wins Government and these are those of Chief Executive Officer Malcolm Tuttle and Director of Integrity Services Jamie Orchard";
 - (2) "The greatest certainty – according to those who claim to know what the LNP has planned for racing in Queensland – is that Malcolm Tuttle, the one-time steward who made a meteoric rise to CEO under the Bentley-led Board, will be dumped"; and

- (3) "Malcolm Tuttle and Jeremy [sic] Orchard odds-on to be eventually dumped from their current roles as Chief Executive Officer and Director of Integrity Services."
- 3.12 This speculation is also reflected in recent comments made by Mark Oberhardt in the Courier Mail:
- (1) on 4 July 2011, Mark Oberhardt commented "Huge tip that a country racing legend would replace Bob Bentley as RQ Chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive"; and
- (2) on 18 July 2011, Mark Oberhardt commented "There is continuing speculation about a clean out of racing administrators after the next election."

Executive concerns

- 3.13 As a result of the industry speculation, we are instructed that the Chairman of RQL has received a letter from the Executives dated 5 July 2011 in which the Executives raise concerns in relation to their ongoing engagement with RQL.
- 3.14 Essentially, their concerns are that they face unreasonable risks in relation to their future and are being asked to take a gamble on a reformed company or new RQL Board retaining their services beyond the State election.
- 3.15 The Executives have requested that the Chairman of RQL give urgent consideration to retaining the services of the Executives and put in place a framework that provides them with necessary security.
- 3.16 In our view, the letter from the Executives indicates a real and apparent risk to RQL that it faces early terminations from the Executives should their concerns be ignored.
- 3.17 To add to the Executives concern, each of the Executives is engaged under Executive Employment Agreements having an expiry date of 30 June 2013.

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3.183.17 In this context, it would be prudent of any organisation to put in place appropriate measures to ensure the ongoing retention of their senior executives, in our view.

4 Legal obligations

- 4.1 Relevantly, there are a number of legal obligations which have to be considered when determining the appropriate terms and conditions of employment and benefit structure. These are outlined in more detail below.

Common law duty to act in the best interests of RQL

- 4.2 The Board must ensure that any agreement made with the Executives is made in the best interests of RQL.
- 4.3 Further, any agreement that amounts to unconscionable conduct against RQL by the Board carries the risk that it may be set aside by a Court.

Obligation to act in good faith – section 181 of the Act

- 4.4 A director or other officer of a corporation must exercise their powers and discharge their duties in good faith in the best interests of the corporation and for a proper purpose.

Use of position – Directors, other officers and employees – section 182 of the Act

- 4.5 A director, secretary, other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation.

- 4.6 The directors must, of course, ensure that they are using their powers for a proper purpose. That is, a purpose that is in the best interests of RQL, when determining the appropriate level of remuneration and reward.

Termination benefits to executives – Part 2D.2 of the Act

- 4.7 Part 2D.2 of the Act places a restriction on the benefits that can be paid in connection with the termination of a person holding a managerial or executive office in a company.
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- 4.11 Accordingly, Part 2D.2 of the Act does not apply to the Executives.
- 4.12 Despite Part 2D.2 of the Act not applying, we consider the Board should take Part 2D.2 of the Act into account in determining the termination benefits to provide to the Executives, because, in our view, ostensible compliance with these provisions would provide RQL with a defensible position that the termination benefits are reasonable and in the best interests of RQL.
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- (2) a retention bonus of, say, up to 12 months of the Executive's TRV, payable on completion of the term by the Executive unless the term is renewed for a further period, or if the Executive's employment is terminated by RQL during the final year without cause.

6.8 We recommend that the deferred bonus plan is determined having regard to comparable plans in the market. Relevantly, bonuses or incentives determined by the achievement of measurable targets are not included in the calculation of "benefits" for the purpose of the Cap.

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6.13 If there is an increase in this way to the notice period, the Board should consider restricting the increase to remuneration we have recommended (up to 30% of each Executive's TRV) to a more moderate amount (10% to 20%).

Redundancy payments

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Please let me know if you have any queries. Alternatively, please contact Kristin Gamble on (07) 3414 2876.

Yours faithfully

Murray Procter
Partner
Norton Rose Australia
Contact: Kristin Gamble

Judd, Jan

100

From: Procter, Murray
Sent: Tuesday, 19 July 2011 8:01 PM
To: 'Shara Murray'
Subject: [2767947:24] Private and confidential
Attachments: Letter - Chairman of Racing Queensland Limited - Executive strategy(10820366_5).pdf

Categories: Filed
Database: APAC
E-mail ID: 23012027
Matter Number: 2767947

Hi Shara

Sorry I missed you earlier and my meeting went on for longer than expected.

Kristin has left me file notes of your phone conversations and has reworked the draft in accordance with your discussions. I have made some further changes but which are consistent I think with your discussions.

Here it is in final draft with changes tracked for you to have a look at in the morning before we finalise.

Please let me know if you have any queries.

Kind regards

Murray

Murray Procter
Partner

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| 4920 July 2011

Email: smurray@racingqueensland.com.au

Private & Confidential

The Chairman
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c/o Ms Shara Murray
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Our reference
2767947

Email
kristin.gamble@nortonrose.com

Dear Shara

Executive retention strategy

1 Instructions

- 1.1 We have been instructed to advise the Board of Directors of Racing Queensland Limited (**Board**) in relation to a retention strategy for the following executives of Racing Queensland Limited (**RQL**):
- (1) Mr Malcolm Tuttle, Chief Executive Officer;
 - (2) Mr Jamie Orchard, Director Integrity Operations;
 - (3) Mr Paul Brennan, Director Product Development; and
 - (4) Ms Shara Murray, Senior Corporate Counsel,
- (collectively referred to as the **Executives**).
- 1.2 The Board has instructed us to advise on options available to it to address the ongoing need to retain and reward high performing executives in an environment of uncertainty, taking into account the legal obligations imposed on the Board in determining an appropriate level of remuneration and benefits.
- 1.3 In this letter we have:
- (1) considered the general obligations imposed on the Board under the *Corporations Act 2001* (Cth) (**Act**);
 - (2) considered the specific requirements, if any, to avoid breaching the Act in relation to any benefits to be provided; and
 - (3) provided an overview of the types of benefits that we consider would be appropriate in the circumstances that the Board may wish to consider.

APAC-#10820366-v5

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2 Executive summary and recommendation

2.1 In determining the appropriateness of rewards for the Executives, the real question for the Board is whether or not any proposed benefit or change to the benefits is unfair or unconscionable. In making this determination, the Board should have regard to factors including:

- (1) the need to retain the Executives;
- (2) the level of skills and knowledge of the Executives;
- (3) the limitations imposed on other companies by the Act (specifically in relation to termination payments); and
- (4) current market conditions and drivers.

2.2 In circumstances where:

- (1) the proposed new benefits are necessary for the retention of the Executive;
- (2) the retention of the Executive is in the best interests of RQL; and
- (3) the benefits are not disproportionate,

it is unlikely that a resulting agreement would be deemed to be unfair or unconscionable.

2.3 Our suggestions for appropriate benefits that are not disproportionate, are the most straightforward and that are in the interests of RQL are as follows:

- (1) an increase to the total remuneration value (TRV) of each Executive of up to 30%;
- (2) retention of the current 3 year term with an obligation on RQL to renegotiate before 31 December 2012;
- (3) the implementation of a RQL-wide redundancy policy with payments based on length of service in a particular position; and
- (4) the inclusion of a material adverse change clause with a trigger that includes a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), a change to either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure, entitling Executive to:
 - (a) a payment equivalent to the amount of each Executive's TRV that they would have received had the Executive remained employed by RQL to the completion of the term, plus an amount of severance pay equivalent to the RQL-wide redundancy pay payment, as a material adverse change severance payment; and
 - (b) all other legal entitlements (such as accrued leave).

2.4 In summary, the general effect of these benefits is that in circumstances of a termination or cessation due to a material adverse change, an Executive would become entitled to resign and trigger a payment equivalent to the amount each Executive would have received to the end of the term and a redundancy payment. We consider that this will provide the Executives with the protection they are seeking in the current environment and satisfy RQL's desire to maintain the Executives' employment.

3 Background

General

- 3.1 We are instructed that without implementing a reasonable executive retention strategy, RQL considers it faces a real risk of the resignation of one or more of the Executives. A resignation of the Executives would have serious implications for the ongoing operations of RQL.

Corporate status

- 3.2 RQL is a company incorporated under the Act and limited by guarantee. It does not have share capital.
- 3.3 None of the Executives are currently appointed, or have been appointed in the past 3 years, as a director of RQL.
- 3.4 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act (which relates to termination payments made to person's holding a managerial or executive office).
- 3.5 Under its Constitution, the directors of RQL are required to retire in rotation, two at every Annual General Meeting held in an election year and then every second year thereafter.

Industry environment

- 3.6 We are instructed that the current industry conditions are cause for concern in retaining the Executives.
- 3.7 In particular, there is ongoing industry speculation around the removal of the Board and the termination of the employment of the Executives if there is a change from the current Labor Government to a Liberal National Party (LNP) run Government in the next State election to be held prior to June 2012.
- 3.8 This speculation stems from a number of comments made in Parliament by Shadow Minister for Racing and member of the LNP Mr Ray Stevens MP.
- 3.9 For example, on 20 May 2010, as recorded in Hansard, Mr Stevens stated:
- (1) "We believe that each racing code should have control over its own sector of the industry";
 - (2) "If this bill is passed, we commit to the overall racing industry that this legislation will be dismantled and control will be given back to each of the codes"; and
 - (3) "When the Liberal National Party wins government at the next State election we will immediately dismantle this flawed and undemocratic legislation, and we will put control of the three racing codes back into the hands of the industry participants".
- 3.10 Mr Stevens has also strongly indicated his opposition to the current Chairman of RQL, Mr Bob Bentley, which he has most recently reiterated in Parliament on 25 May 2011.
- 3.11 As part of continued speculation in response to Mr Stevens' statements, on 6 July 2011 the following comments were published on the Letsgohorseracing.com.au website and appear to be indicative of the ongoing speculation in the racing industry:
- (1) "There is also strong speculation that two major roles will change at Racing Queensland under a new Board if the LNP wins Government and these are those of Chief Executive Officer Malcolm Tuttle and Director of Integrity Services Jamie Orchard";
 - (2) "The greatest certainty – according to those who claim to know what the LNP has planned for racing in Queensland – is that Malcolm Tuttle, the one-time steward who made a meteoric rise to CEO under the Bentley-led Board, will be dumped"; and

- (3) "Malcolm Tuttle and Jeremy [sic] Orchard odds-on to be eventually dumped from their current roles as Chief Executive Officer and Director of Integrity Services."

3.12 This speculation is also reflected in recent comments made by Mark Oberhardt in the Courier Mail:

- (1) on 4 July 2011, Mark Oberhardt commented "Huge tip that a country racing legend would replace Bob Bentley as RQ Chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive"; and
- (2) on 18 July 2011, Mark Oberhardt commented "There is continuing speculation about a clean out of racing administrators after the next election."

Executive concerns

- 3.13 As a result of the industry speculation, we are instructed that the Chairman of RQL has received a letter from the Executives dated 5 July 2011 in which the Executives raise concerns in relation to their ongoing engagement with RQL.
- 3.14 Essentially, their concerns are that they face unreasonable risks in relation to their future and are being asked to take a gamble on a reformed company or new RQL Board retaining their services beyond the State election.
- 3.15 The Executives have requested that the Chairman of RQL give urgent consideration to retaining the services of the Executives and put in place a framework that provides them with necessary security.
- 3.16 In our view, the letter from the Executives indicates a real and apparent risk to RQL that it faces early terminations from the Executives should their concerns be ignored.

3.17 To add to the Executives concern, each of the Executives is engaged under Executive Employment Agreements having an expiry date of 30 June 2013.

3.18 In this context, it would be prudent of any organisation to put in place appropriate measures to ensure the ongoing retention of their senior executives, in our view.

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4 Legal obligations

- 4.1 Relevantly, there are a number of legal obligations which have to be considered when determining the appropriate terms and conditions of employment and benefit structure. These are outlined in more detail below.

Common law duty to act in the best interests of RQL

- 4.2 The Board must ensure that any agreement made with the Executives is made in the best interests of RQL.
- 4.3 Further, any agreement that amounts to unconscionable conduct against RQL by the Board carries the risk that it may be set aside by a Court.

Obligation to act in good faith – section 181 of the Act

- 4.4 A director or other officer of a corporation must exercise their powers and discharge their duties in good faith in the best interests of the corporation and for a proper purpose.

Use of position – Directors, other officers and employees – section 182 of the Act

- 4.5 A director, secretary, other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation.

- 4.6 The directors must, of course, ensure that they are using their powers for a proper purpose. That is, a purpose that is in the best interests of RQL, when determining the appropriate level of remuneration and reward.

Termination benefits to executives – Part 2D.2 of the Act

- 4.7 Part 2D.2 of the Act places a restriction on the benefits that can be paid in connection with the termination of a person holding a managerial or executive office in a company.
- 4.8 Whether a person holds a managerial or executive office depends on whether the company is a disclosing entity. For disclosing entities, this includes a person whose details are included in the directors' report at any time in the 3 years preceding termination.
- 4.9 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act. However, if it was, it is likely that at least some, if not all, of the Executives would be named in the directors' report for the current financial year.
- 4.10 For all other corporate entities, a person holds a managerial or executive office if that person is a director (including "shadow" or "de facto" directors, ie someone with whose wishes the directors are accustomed to acting) of the corporate entity or a person that holds a position in connection with the management of RQL whilst holding an office of director of a related body corporate, at any time in the 3 years preceding the date of loss of that position. As far as we are aware, the Executives are not directors of RQL or any related body corporate.
- 4.11 Accordingly, Part 2D.2 of the Act does not apply to the Executives.

- 4.12 Despite Part 2D.2 of the Act not applying, we consider the Board should take Part 2D.2 of the Act into account in determining the termination benefits to provide to the Executives, because, in our view, ostensible compliance with these provisions would provide RQL with a defensible position that the termination benefits are reasonable and in the best interests of RQL.
- 4.13 Essentially, Part 2D.2 of the Act provides that benefits paid in connection with the termination cannot be made without shareholder approval unless the benefits do not exceed the amount set out in the formula contained in the Act (**Cap**).
- 4.14 The Cap varies depending on the length of time that the relevant executive has held a relevant office. If the office has been held for more than 3 years, the value of the benefits must not exceed the amount equal to the average annual base salary that the person received during the last 3 years of the relevant period (with the "relevant period" being the period or combined periods in which the person has held the position).

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5 Relevant current arrangements

- 5.1 The Executive Employment Agreements all commenced on 1 July 2010 and have an expiry of 30 June 2013, unless terminated earlier in accordance with its terms.
- 5.2 Clause 15 of each Executive Employment Agreement provides for termination by RQL without cause by giving six weeks notice and paying the TRV the Executive would have received for the balance of the term.
- 5.3 Prior to 1 July 2012, RQL has an obligation to negotiate any extension to the employment contract beyond 30 June 2013.

6 Possible options

Change to remuneration

- 6.1 The industry speculation in relation to the ongoing engagement of the Executives would, in our view, justify an increase to the Executive's remuneration to partially address the Executive's concerns.

- 6.2 In determining what might be an appropriate increase it would be beneficial to have regard to comparable market rates to offer a package that will be attractive to the Executives while ensuring that it is reasonable having regard to each of their positions.
- 6.3 This information can be obtained by the engagement of a remuneration consultant. We can assist you in identifying an appropriate provider if you wish. We have, however, reviewed the Ernst & Young Remuneration Practices in 2010 and 2011 report which analyses the ASX 200 companies' remuneration practices (**EY Report**) to gauge current conditions. It remains to be seen whether a comparison between RQL and the information in the EY Report is appropriate, because we have not performed any comparison between RQL and ASX 200 companies to determine whether there are any common characteristics. The key highlights of this report however are that fixed remuneration increases will be constrained in the current year with a greater focus on performance-based pay.

6.4 It remains to be seen whether a comparison between RQL and the information in the EY Report is appropriate, because we have not performed any comparison between RQL and ASX 200 companies to determine whether there are any common characteristics. Further, it remains to be seen whether a performance based pay is appropriate to RQL's business structure, and practically, it is a less straightforward way of addressing the retention concerns.

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6.46.5 In our view and taking into account the need to retain the Executives, we consider an increase to the Executive's remuneration of up to 30% would be reasonable in the circumstances, because, This that is the most straightforward way to address the retention concerns and would not constitute a breach of the Board's relevant legal obligations in our view. We discuss other options below. If other retention options are implemented (such as the incentive plans) a lesser increase to remuneration should be considered.

Incentive plans

6.5 Under the Executive Employment Agreements there is currently no entitlement to a short or long term incentive.

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6.6 In our view, it would be reasonable for RQL to put in place a short term incentive plan.

6.7 We consider that this plan could have two limbs:

- (1) a performance bonus linked to the achievement of certain outcomes, with payment of the bonus deferred (say, until half way through the term and then at the end of the term) and conditional on the Executive remaining employed with RQL at that time, unless the Executive's employment is terminated by RQL earlier, in which case the bonus becomes immediately payable; and
- (2) a retention bonus of, say, up to 12 months of the Executive's TRV, payable on completion of the term by the Executive unless the term is renewed for a further period, or if the Executive's employment is terminated by RQL during the final year without cause.

6.8 We recommend that the deferred bonus plan is determined having regard to comparable plans in the market. Relevantly, bonuses or incentives determined by the achievement of measurable targets are not included in the calculation of "benefits" for the purpose of the Cap.

6.9 The retention bonus, on the other hand, would be considered as a "benefit" for the purpose of the Cap as it is payable in connection with termination or cessation. However, in this case the other benefits such as payment in lieu of notice, redundancy, or payment on the occurrence of a material adverse change would not apply.

6.10 In our view however, if RQL was to incorporate an incentive plan into the Executive's remuneration, a more moderate increase to remuneration (10% to 20%) should be considered.

Notice of termination without cause

6.11 Clause 15 of each Executive Employment Agreement currently provides for termination by RQL without cause by paying the TRV the Executive would have received for the balance of the term.

6.12 RQL could consider increasing the notice required on termination without cause. In the normal course, we would suggest that a notice period of up to 12 months would be reasonable depending on the seniority of the Executives. That amount would be reduced pro-rata if notice of termination is given in the final year of the term, but in that case, the retention bonus would be payable.

6.13 If there is an increase in this way to the notice period, the Board should consider restricting the increase to remuneration we have recommended (up to 30% of each Executive's TRV) to a more moderate amount (10% to 20%).

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Yours faithfully

Murray Procter
Partner
Norton Rose Australia
Contact: Kristin Gamble

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Numbering

☒ telephone in date: 20/7/11 time: 8:30am to: _____ units: _____
☐ telephone out full name of author: NSP
☐ teleconference client: RQI
☐ conference/meeting matter: Exce
☐ court attended: _____

S Murray

- A explained para 6.4; 6.9; delete 4.12-

4.14

res to finalise & send

Judd, Jan

ASP

From: Procter, Murray
Sent: Wednesday, 20 July 2011 8:36 AM
To: 'Shara Murray'
Subject: [2767947:25] Private and confidential
Attachments: img-7200834-0001.pdf

Categories: Filed
Database: APAC
E-mail ID: 23013840
Matter Number: 2767947

Dear Shara

Please refer to the **attached** correspondence.

Please let me know if you have any queries.

Kind regards

Murray

Murray Procter
Partner

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20 July 2011

Email: smurray@racingqueensland.com.au

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Our reference
2767947

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Dear Shara

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- (1) Mr Malcolm Tuttle, Chief Executive Officer;
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- (4) Ms Shara Murray, Senior Corporate Counsel,

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1.2 The Board has instructed us to advise on options available to it to address the ongoing need to retain and reward high performing executives in an environment of uncertainty, taking into account the legal obligations imposed on the Board in determining an appropriate level of remuneration and benefits.

1.3 In this letter we have:

- (1) considered the general obligations imposed on the Board under the *Corporations Act 2001* (Cth) (**Act**);
- (2) considered the specific requirements, if any, to avoid breaching the Act in relation to any benefits to be provided; and
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- (1) the need to retain the Executives;
- (2) the level of skills and knowledge of the Executives;
- (3) the limitations imposed on other companies by the Act (specifically in relation to termination payments); and
- (4) current market conditions and drivers.

2.2 In circumstances where:

- (1) the proposed new benefits are necessary for the retention of the Executive;
- (2) the retention of the Executive is in the best interests of RQL; and
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it is unlikely that a resulting agreement would be deemed to be unfair or unconscionable.

2.3 Our suggestions for appropriate benefits that are not disproportionate, are the most straightforward and that are in the interests of RQL are as follows:

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- (3) the implementation of a RQL-wide redundancy policy with payments based on length of service in a particular position; and
- (4) the inclusion of a material adverse change clause with a trigger that includes a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), a change to either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure, entitling Executive to:
 - (a) a payment equivalent to the amount of each Executive's TRV that they would have received had the Executive remained employed by RQL to the completion of the term, plus an amount of severance pay equivalent to the RQL-wide redundancy payment, as a material adverse change severance payment; and
 - (b) all other legal entitlements (such as accrued leave).

2.4 In summary, the general effect of these benefits is that in circumstances of a termination or cessation due to a material adverse change, an Executive would become entitled to resign and trigger a payment equivalent to the amount each Executive would have received to the end of the term and a redundancy payment. We consider that this will provide the Executives with the protection they are seeking in the current environment and satisfy RQL's desire to maintain the Executives' employment.

3 Background

General

- 3.1 We are instructed that without implementing a reasonable executive retention strategy, RQL considers it faces a real risk of the resignation of one or more of the Executives. A resignation of the Executives would have serious implications for the ongoing operations of RQL.

Corporate status

- 3.2 RQL is a company incorporated under the Act and limited by guarantee. It does not have share capital.
- 3.3 None of the Executives are currently appointed, or have been appointed in the past 3 years, as a director of RQL.
- 3.4 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act (which relates to termination payments made to person's holding a managerial or executive office).
- 3.5 Under its Constitution, the directors of RQL are required to retire in rotation, two at every Annual General Meeting held in an election year and then every second year thereafter.

Industry environment

- 3.6 We are instructed that the current industry conditions are cause for concern in retaining the Executives.
- 3.7 In particular, there is ongoing industry speculation around the removal of the Board and the termination of the employment of the Executives if there is a change from the current Labor Government to a Liberal National Party (LNP) run Government in the next State election to be held prior to June 2012.
- 3.8 This speculation stems from a number of comments made in Parliament by Shadow Minister for Racing and member of the LNP Mr Ray Stevens MP.
- 3.9 For example, on 20 May 2010, as recorded in Hansard, Mr Stevens stated:
- (1) "We believe that each racing code should have control over its own sector of the industry";
 - (2) "If this bill is passed, we commit to the overall racing industry that this legislation will be dismantled and control will be given back to each of the codes"; and
 - (3) "When the Liberal National Party wins government at the next State election we will immediately dismantle this flawed and undemocratic legislation, and we will put control of the three racing codes back into the hands of the industry participants".
- 3.10 Mr Stevens has also strongly indicated his opposition to the current Chairman of RQL, Mr Bob Bentley, which he has most recently reiterated in Parliament on 25 May 2011.
- 3.11 As part of continued speculation in response to Mr Stevens' statements, on 6 July 2011 the following comments were published on the Letsgohorseracing.com.au website and appear to be indicative of the ongoing speculation in the racing industry:
- (1) "There is also strong speculation that two major roles will change at Racing Queensland under a new Board if the LNP wins Government and these are those of Chief Executive Officer Malcolm Tuttle and Director of Integrity Services Jamie Orchard";
 - (2) "The greatest certainty – according to those who claim to know what the LNP has planned for racing in Queensland – is that Malcolm Tuttle, the one-time steward who made a meteoric rise to CEO under the Bentley-led Board, will be dumped"; and

- (3) "Malcolm Tuttle and Jeremy [sic] Orchard odds-on to be eventually dumped from their current roles as Chief Executive Officer and Director of Integrity Services."

3.12 This speculation is also reflected in recent comments made by Mark Oberhardt in the Courier Mail:

- (1) on 4 July 2011, Mark Oberhardt commented "Huge tip that a country racing legend would replace Bob Bentley as RQ Chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive"; and
- (2) on 18 July 2011, Mark Oberhardt commented "There is continuing speculation about a clean out of racing administrators after the next election."

Executive concerns

- 3.13 As a result of the industry speculation, we are instructed that the Chairman of RQL has received a letter from the Executives dated 5 July 2011 in which the Executives raise concerns in relation to their ongoing engagement with RQL.
- 3.14 Essentially, their concerns are that they face unreasonable risks in relation to their future and are being asked to take a gamble on a reformed company or new RQL Board retaining their services beyond the State election.
- 3.15 The Executives have requested that the Chairman of RQL give urgent consideration to retaining the services of the Executives and put in place a framework that provides them with necessary security.
- 3.16 In our view, the letter from the Executives indicates a real and apparent risk to RQL that it faces early terminations from the Executives should their concerns be ignored.
- 3.17 In this context, it would be prudent of any organisation to put in place appropriate measures to ensure the retention of their senior executives, in our view.

4 Legal obligations

- 4.1 Relevantly, there are a number of legal obligations which have to be considered when determining the appropriate terms and conditions of employment and benefit structure. These are outlined in more detail below.

Common law duty to act in the best interests of RQL

- 4.2 The Board must ensure that any agreement made with the Executives is made in the best interests of RQL.
- 4.3 Further, any agreement that amounts to unconscionable conduct against RQL by the Board carries the risk that it may be set aside by a Court.

Obligation to act in good faith – section 181 of the Act

- 4.4 A director or other officer of a corporation must exercise their powers and discharge their duties in good faith in the best interests of the corporation and for a proper purpose.

Use of position – Directors, other officers and employees – section 182 of the Act

- 4.5 A director, secretary, other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation.
- 4.6 The directors must, of course, ensure that they are using their powers for a proper purpose. That is, a purpose that is in the best interests of RQL, when determining the appropriate level of remuneration and reward.

Termination benefits to executives – Part 2D.2 of the Act

- 4.7 Part 2D.2 of the Act places a restriction on the benefits that can be paid in connection with the termination of a person holding a managerial or executive office in a company.
- 4.8 Whether a person holds a managerial or executive office depends on whether the company is a disclosing entity. For disclosing entities, this includes a person whose details are included in the directors' report at any time in the 3 years preceding termination.
- 4.9 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act. However, if it was, it is likely that at least some, if not all, of the Executives would be named in the directors' report for the current financial year.
- 4.10 For all other corporate entities, a person holds a managerial or executive office if that person is a director (including "shadow" or "de facto" directors, ie someone with whose wishes the directors are accustomed to acting) of the corporate entity or a person that holds a position in connection with the management of RQL whilst holding an office of director of a related body corporate, at any time in the 3 years preceding the date of loss of that position. As far as we are aware, the Executives are not directors of RQL or any related body corporate.
- 4.11 Accordingly, Part 2D.2 of the Act does not apply to the Executives.

5 Relevant current arrangements

- 5.1 The Executive Employment Agreements all commenced on 1 July 2010 and have an expiry of 30 June 2013, unless terminated earlier in accordance with its terms.
- 5.2 Clause 15 of each Executive Employment Agreement provides for termination by RQL without cause by giving six weeks notice and paying the TRV the Executive would have received for the balance of the term.
- 5.3 Prior to 1 July 2012, RQL has an obligation to negotiate any extension to the employment contract beyond 30 June 2013.

6 Possible options***Change to remuneration***

- 6.1 The industry speculation in relation to the ongoing engagement of the Executives would, in our view, justify an increase to the Executive's remuneration to partially address the Executive's concerns.
- 6.2 In determining what might be an appropriate increase it would be beneficial to have regard to comparable market rates to offer a package that will be attractive to the Executives while ensuring that it is reasonable having regard to each of their positions.
- 6.3 This information can be obtained by the engagement of a remuneration consultant. We can assist you in identifying an appropriate provider if you wish. We have, however, reviewed the Ernst & Young Remuneration Practices in 2010 and 2011 report which analyses the ASX 200 companies' remuneration practices (EY Report) to gauge current conditions. The key highlights of this report however are that fixed remuneration increases will be constrained in the current year with a greater focus on performance-based pay.
- 6.4 It remains to be seen whether a comparison between RQL and the information in the EY Report is appropriate, because we have not performed any comparison between RQL and ASX 200 companies to determine whether there are any common characteristics. Further, it remains to be seen whether a performance based pay is appropriate to RQL's business structure, and practically, it is a less straightforward way of addressing the retention concerns.
- 6.5 Taking into account the need to retain the Executives, we consider an increase to the Executive's remuneration of up to 30% would be reasonable, because that is the most straightforward way to

address the retention concerns and would not constitute a breach of the Board's relevant legal obligations in our view.

Redundancy payments

- 6.6 Currently, there is no contractual entitlement to a payment on termination of employment due to redundancy.
- 6.7 We are also not aware of any policies applicable to the Executives of other employees of RQL that contain redundancy entitlements.
- 6.8 In line with the requirements for redundancy under the *Fair Work Act 2009* (Cth) (FW Act), we consider it appropriate for RQL to implement a redundancy policy that applies to all of its employees with payments determined on the person's length of service with RQL.
- 6.9 In this context:
- (1) the reason for implementing an RQL-wide redundancy policy is to increase the defensibility of a severance payment made to the Executive on termination of employment, equivalent to redundancy, on the basis that the redundancy component is no more than what other employees would receive; and
 - (2) the introduction of a RQL-wide policy in this way reflects current employment practices.

Material adverse change clause

- 6.10 An option available to RQL is the inclusion of a material adverse change clause. Under a material adverse change clause the Executive will be able to terminate the employment agreement on the trigger of a material adverse change and receive a payment. Examples of material adverse changes could include a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), or a change in either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure.
- 6.11 If there is a material adverse change, the Executive has the right to resign and if he or she does so, he or she will be entitled to payment of a sum calculated in accordance with a specified calculation. The payment would be an amount equivalent to what the Executive would have received if they had remained employed by RQL for the balance of the term of the Executive Employment Agreement, plus a severance payment equivalent to redundancy.
- 6.12 You should note that, in our view, the Australian Taxation Office (ATO) will treat an amount paid as a result of a material adverse change in these circumstances as an employment termination payment as opposed to a genuine redundancy payment. This is because there has been no "dismissal" at the initiative of RQL.
- 6.13 As an additional protection for RQL, we recommend making the payment conditional upon the execution of a deed of release.

Extension to term

- 6.14 Any variation to the terms of the Executive Employment Agreements will provide RQL with an opportunity to extend the term of each Executive's engagement.
- 6.15 One option would be for RQL to offer the Executives permanent employment (subject to notice). Permanent employment, combined with the 12 months notice of termination, would in our view ensure the ongoing employment of the Executives and allow for a smooth transition resulting from any change to RQL's structure.
- 6.16 However, it is more likely that the offer of permanent employment or any extension to the term would attract a higher level of public scrutiny and criticism. While we consider that your position would be

20 July 2011

NORTON ROSE

defensible from a legal perspective, you may like to consider a more conservative approach in order to minimise the possible negative publicity.

- 6.17 As an alternative and taking into account our suggestion on an increase to each Executive's TRV, maintaining the term as it currently is with an expiry of 30 June 2013 will minimise the risk of public criticism.
- 6.18 We recommend however amending the time by which RQL is required to renegotiate any extension to the contract (which is currently before 30 June 2012) to require renegotiation before 31 December 2012. Given the timing of the State election by no later than June 2012, the future of the Executives will be more certain at that time.

Please let me know if you have any queries. Alternatively, please contact Kristin Gamble on (07) 3414 2876.

Yours faithfully



Murray Procter
Partner
Norton Rose Australia
Contact: Kristin Gamble

Procter, Murray

From: Shara Murray [smurray@racingqueensland.com.au]
Sent: Wednesday, 20 July 2011 8:44 AM
To: Procter, Murray
Subject: RE: [2767947:25] Private and confidential

Categories: Filed
Database: APAC
E-mail ID: 23013882
Matter Number: 2767947

Thanks Murray.

Shara Murray

Senior Corporate Counsel



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M 0407 156 539
E smurray@racingqueensland.com.au
W www.racingqueensland.com.au

From: Procter, Murray [mailto:murray.procter@nortonrose.com]
Sent: Wednesday, July 20, 2011 8:36 AM
To: Shara Murray
Subject: [2767947:25] Private and confidential

Dear Shara

Please refer to the **attached** correspondence.

Please let me know if you have any queries.

Kind regards

Murray

Murray Procter
Partner

Norton Rose Australia
Level 17, 175 Eagle Street, Brisbane, Australia
Tel +61 7 3414 2914 Mob +61 405 082 089 Fax +61 7 3414 2999
murray.procter@nortonrose.com

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Procter, Murray

From: Judd, Jan
Sent: Wednesday, 20 July 2011 4:36 PM
To: Procter, Murray
Subject: [2767947:27] Debbie from Racing Qld just called to organise a meeting

Categories: Filed
Database: APAC
E-mail ID: 23036295
Matter Number: 2767947

The meeting will be Racing Qld - Executives, Chairman and Barry Dumphy from Clayton Utz attending - at their office - I've made a time for 2pm on Wednesday 27 July.

Debbie asked for any time after 11.15 on that day. She is also phoning Barry Dumphy (not sure of spelling) to tee him up.

It is in response to your advice.

thank you,

Jan

Jan Judd
Legal Assistant

Norton Rose Australia
Level 17, 175 Eagle Street, Brisbane, Australia
Tel +61 7 3414 2909 Fax +61 7 3414 2999
jan.judd@nortonrose.com

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☐ telephone in date: 27/7/11 time: 10.33 to: _____ units: _____
☒ telephone out full name of author: MSP
☐ teleconference client: RQL
☐ conference/meeting matter: Exce
☐ court attended: _____

S. Murray
NALM

☐ telephone in date: 27/7/11 time: 10.55 to: _____ units: _____
☒ telephone out full name of author: MSP
☐ teleconference client: RQC
☐ conference/meeting matter: Exec
☐ court attended: _____

S. Murray

NALM

☒ telephone in date: 27/7/11 time: 11am to: 11.10am units: _____
☐ telephone out full name of author: USP
☐ teleconference client: RQC
☐ conference/meeting matter: Free State
☐ court attended: _____
SM

SM advise to Bob

recommended to Board

Board wanted to compare down month
 own advice to be reversal of duty
 meet with duty.

Ray Anphay - away at the moment

Healy Ray & Peter McFarland

Bob Baulty, Neil, James & Paul Brennan

→ may give trigger

BN canij

2.10pm

RQC (140 dubs all 3)

MT - 500 - 550

JO 250

(70 dubs)

SM 300

PB 300

only transcribed.

☒ telephone in date: 27/7/11 time: 12:04 to: 12:06 units: _____
☐ telephone out full name of author: USP
☐ teleconference client: RGL
☐ conference/meeting matter: Exec Start
☐ court attended: _____

8 showing
 Chit want to cancel

- comfortable with advice
 - happy with recommendation
 - " " " trigger
 - 30% happy as long as Board
 is comfortable commercially

Wawryk, Laura

From: Gamble, Kristin
Sent: Wednesday, 27 July 2011 3:58 PM
To: Wawryk, Laura
Subject: FW: [2767947:29] Private & Confidential: RQL - Employment Agreements
Attachments: Malcolm Tuttle.doc; Paul Brennan.doc; Jamie Orchard.doc; Shara Murray.doc; doc20110727154420.pdf

Importance: High

Categories: /Filed
Database: APAC
E-mail ID: 23179612
Matter Number: 2767947

Hi Laura,

Can you please the email below + the attachments.

Thanks!

From: Shara Murray [mailto:smurray@racingqueensland.com.au]
Sent: Wednesday, 27 July 2011 3:57 PM
To: Procter, Murray
Cc: Gamble, Kristin
Subject: [2767947:29] Private & Confidential: RQL - Employment Agreements
Importance: High

Dear Murray

As discussed, could you please redraft the attached employment agreements as per your advice concerning RQL's four (4) key executives.

In relation to timing, could you please provide by early next week.

FYI – please find Bob Bentley's Board Paper of 20 July 2011.

Kind Regards

Shara

Shara Murray
Senior Corporate Counsel



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28 June 2010

Mr Malcolm Tuttle
78 Gerler Road
HENDRA QLD 4011

PRIVATE AND CONFIDENTIAL

Dear Malcolm,

As we have discussed, I am delighted to offer you the position of Chief Executive Officer with Racing Queensland Limited (RQL).

The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

Congratulations on your appointment. I am looking forward to working with you in future.

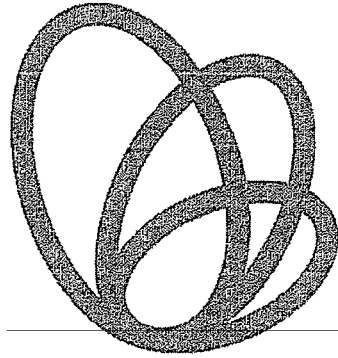
Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



**RACING
QUEENSLAND**

Racing Queensland Limited
A.B.N. 52 142 786 874
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PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3269 5404
E info@racingqueensland.com.au
W www.racingqueensland.com.au



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Malcolm Tuttle

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Malcolm Tuttle (referred to in this document as "you" or "your") employment in the position of Chief Executive Officer.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it supercedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Chief Executive Officer and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Board of Racing Queensland Limited or its nominated delegate.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before 1 July 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. Your employment with RQL will commence on 1 July 2010 or the date when RQL commences operation as an approved Control Body, whichever is the later date.
- 4.2. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.
- 4.3. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

4.4. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.

4.5. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of \$300,000 per annum, including compulsory superannuation.

5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:

- a. Taxes required by law, including PAYG and FBT;
- b. Compulsory superannuation contributions;
- c. The cost of any salary sacrifice arrangements implemented by you;
- d. Any other deductions which you have authorised RQL to make;
- e. An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
- f. Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.

5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.

5.4. RQL will provide you with a 6 cylinder vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.

5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.

5.6. In addition to your TRV, RQL will cover the following costs:

- a. Mobile telephone costs, including calls;
- b. Home internet connectivity;
- c. 100% of your home telephone account,

provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.

5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.

5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings

and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.

- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to

produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.

7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave

7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.

7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation

where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.

- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Board of Racing Queensland Limited or its nominated delegates in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;
 - b. In the proper performance of your duties;
 - c. As expressly allowed under this Agreement; or
 - d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.

- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:

- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
- b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
- c. In the course of, as a consequence of or in relation to the performance of the employees duties;
- d. Relating to RQL's general methods of operation; or
- e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;

vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.

- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

- 12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

- 12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

- 12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

- 13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

- 13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.

- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control.

You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).

14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.

14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:

- a. immediately return the device to RQL on termination of your employment or earlier request;
- b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
- c. not give the device to anybody else or permit anybody else to use the device; and
- d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.7;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

15.3. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4. If RQL terminates your employment for any reason other than those referred to in clauses 15.2 15.3 and 15.7, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the contract.

15.5. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or

- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

15.8. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

15.9. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 1 July 2012 your contract has been extended, but after 1 July 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

- 20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.
- 20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

- 21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

- 22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

- 22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.

- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

28 June 2010

Bob Bentley
Chairman

Date

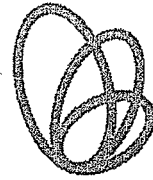
I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Malcolm Tuttle

1 July 2010

28 June 2010



**RACING
QUEENSLAND**

Mr Paul Brennan
5 Lang Street
PELICAN WATERS QLD 4551

Racing Queensland Limited
A.B.N. 52 142 766 674
Racecourse Rd Deagon QLD 4017
PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3269 6404
E info@racingqueensland.com.au
W www.racingqueensland.com.au

PRIVATE AND CONFIDENTIAL

Dear Paul,

As we have discussed, I am delighted to offer you the position of Director of Product Development with Racing Queensland Limited ("RQL").

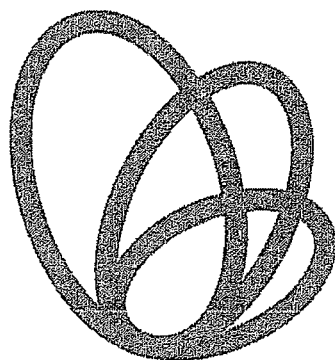
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Paul Brennan

Executive Employment Agreement

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Paul Brennan (referred to in this document as "you" or "your") employment in the position of Director of Product Development.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it supercedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Product Development Director and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before 1 July 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. Your employment with RQL will commence on 1 July 2010 or the date when RQL commences operation as an approved Control Body, whichever is the later date
- 4.2. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.
- 4.3. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

- 4.4. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.
- 4.5. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

- 5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of \$180,000 per annum, including compulsory superannuation.
- 5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:
- Taxes required by law, including PAYG and FBT;
 - Compulsory superannuation contributions;
 - The cost of any salary sacrifice arrangements implemented by you;
 - Any other deductions which you have authorised RQL to make;
 - An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
 - Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.
- 5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.
- 5.4. RQL will provide you with a 6 cylinder vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.
- 5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.
- 5.6. In addition to your TRV, RQL will cover the following costs:
- Mobile telephone costs, including calls;
 - Home internet connectivity; and
 - 50% of your home telephone account,
- provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.
- 5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.
- 5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.
- 5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings

and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.

- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to

produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.

- 7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave
- 7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation

where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.

- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;
 - b. In the proper performance of your duties;
 - c. As expressly allowed under this Agreement; or
 - d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.

- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:

- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
- b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
- c. In the course of, as a consequence of or in relation to the performance of the employees duties;
- d. Relating to RQL's general methods of operation; or
- e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;

vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.

- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

- 12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

- 12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

- 12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

- 13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

- 13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.

- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control.

You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).

14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.

14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:

- a. immediately return the device to RQL on termination of your employment or earlier request;
- b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
- c. not give the device to anybody else or permit anybody else to use the device; and
- d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.7;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

15.3. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4. If RQL terminates your employment for any reason other than those referred to in clauses 15.2 15.3 and 15.7, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the contract.

15.5. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or

- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

15.8. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

15.9. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 1 July 2012 your contract has been extended, but after 1 July 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

- 20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.
- 20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

- 21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

- 22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

- 22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.

- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

28 June 2010

Bob Bentley
Chairman

Date

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Paul Brennan

1 July 2010

28 June 2010

Mr Jamie Orchard
91 Delaney Cct
CARINDALE QLD 4152

PRIVATE AND CONFIDENTIAL



Racing Queensland Limited
A B N. 52 142 788 874
Racecourse Rd Deagon QLD 4017
PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3269 6404
E info@racingqueensland.com.au
W www.racingqueensland.com.au

Dear Jamie,

As we have discussed, I am delighted to offer you the position of Director of Integrity Operations with Racing Queensland Limited ("RQL").

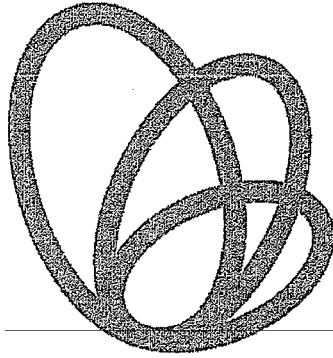
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. It would be appreciated if you could sign and return a copy of the enclosed Offer of Employment to me as soon as possible.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Jamie Orchard

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Jamie Orchard (referred to in this document as "you" or "your") employment in the position of Director of Integrity Operations.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it supercedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Director of Integrity Operations and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before 1 July 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. Your employment with RQL will commence on 1 July 2010 or the date when RQL commences operation as an approved Control Body, whichever is the later date
- 4.2. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.
- 4.3. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

- 4.4. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.
- 4.5. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

- 5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of \$230,000 per annum, including compulsory superannuation. If you choose to take up the option of RQL providing you with a vehicle, as outlined below at clause 5.4, then your TRV will also include your agreed contribution towards the vehicle's cost as set out in clause 5.4.
- 5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:
- Taxes required by law, including PAYG and FBT;
 - Compulsory superannuation contributions;
 - The cost of any salary sacrifice arrangements implemented by you;
 - Any other deductions which you have authorised RQL to make;
 - An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
 - Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.
- 5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.
- 5.4. RQL will provide you with a 6 cylinder vehicle, provided that you agree to salary sacrifice an amount equivalent to 25% of the nominal annual value of the vehicle agreed with RQL. You agree that, effective from 1 July 2010, a 6 cylinder vehicle is to be valued at \$15,000 per annum. If at any time you cease salary sacrificing this agreed amount you will no longer be entitled to the use of the vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.
- 5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.
- 5.6. In addition to your TRV, RQL will cover the following costs:
- Mobile telephone costs, including calls;
 - Home internet connectivity; and
 - 50% of your home telephone account,
- provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.
- 5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.

- 5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.
- 5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.
- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or

unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.

7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.

7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave

7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.

7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.

- I. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;
 - b. In the proper performance of your duties;
 - c. As expressly allowed under this Agreement; or

- d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.
- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:
 - a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
 - b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
 - c. In the course of, as a consequence of or in relation to the performance of the employees duties;
 - d. Relating to RQL's general methods of operation; or
 - e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.
- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.
- 12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.
- 12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.
- 12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

- 13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.
- 13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and

insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.
- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).
- 14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.
- 14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:
 - a. immediately return the device to RQL on termination of your employment or earlier request;
 - b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
 - c. not give the device to anybody else or permit anybody else to use the device; and
 - d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

- 15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.
- 15.2. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:
 - a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.7;
 - b. Failure to comply with the terms and conditions of your employment contract;
 - c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.
- 15.3. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4.If RQL terminates your employment for any reason other than those referred to in clauses 15.2 15.3 and 15.7, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the contract.

15.5.During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6.During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7.RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

15.8.Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

15.9.If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 1 July 2012 your contract has been extended, but after 1 July 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

16.1.This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

16.2.This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

16.3.You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

16.4.Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1.Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.

20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.

- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

28 June 2010

Bob Bentley
Chairman

Date

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Jamie Orchard

1 July 2010

25 June 2010

Shara Murray
23 Ridgegarden Drive
MORAYFIELD QLD 4506



PRIVATE AND CONFIDENTIAL

Dear Shara,

As we have discussed, I am delighted to offer you the position of Senior Corporate Counsel/Company Secretary with Racing Queensland Limited ("RQL").

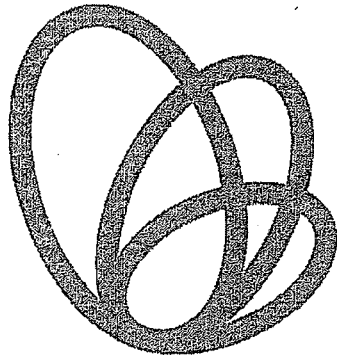
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance of Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Shara Murray

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Shara Murray (referred to in this document as "you" or "your") employment in the position of Senior Corporate Counsel/Company Secretary.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it supercedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Senior Corporate Counsel/Company Secretary and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. In your capacity as Senior Corporate Counsel, you will report to the Chief Executive Officer. In your capacity as Company Secretary, you will report to the Chairman of the Board of Directors.
- 2.3. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.4. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.5. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.6. RQL will, before 1 July 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.
- 2.7. In your capacity as Senior Corporate Counsel, you are required from time to time to give legal advice to RQL. RQL acknowledges that in doing so, you are independent of RQL and must give that advice whether it be favourable to RQL or otherwise. RQL acknowledges it agrees that at no time may it use the giving of advice by you which may be unfavourable to its interests as ground for any disciplinary action of any nature or kind.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. Your employment with RQL will commence on 1 July 2010 or the date when RQL commences operation as an approved Control Body, whichever is the later date
- 4.2. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time,

attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.

- 4.3. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.
- 4.4. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.
- 4.5. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

- 5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of \$120,000 per annum, including compulsory superannuation. If you choose to take up the option of RQL providing you with a vehicle, as outlined below at clause 5.4, then your TRV will also include your agreed contribution towards the vehicle's cost as set out in clause 5.4.
- 5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:
 - a. Taxes required by law, including PAYG and FBT;
 - b. Compulsory superannuation contributions;
 - c. The cost of any salary sacrifice arrangements implemented by you;
 - d. Any other deductions which you have authorised RQL to make;
 - e. An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
 - f. Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.
- 5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.
- 5.4. RQL will provide you with a 4 cylinder vehicle, provided that you agree to salary sacrifice an amount equivalent to 75% of the nominal annual value of the vehicle agreed with RQL. You agree that, effective from 1 July 2010, a 4 cylinder vehicle is to be valued at \$12,000 per annum. If at any time you cease salary sacrificing this agreed amount you will no longer be entitled to the use of the vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.
- 5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.
- 5.6. In addition to your TRV, RQL will cover the following costs:
 - a. Mobile telephone costs, including calls;
 - b. Home internet connectivity;

provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

- 5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.
- 5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.
- 5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.
- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.

- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.
- 7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave
- 7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.

- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL. This clause does not limit your rights or duties to give independent legal advice when called upon to do so.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
- With RQL's prior written permission;
 - In the proper performance of your duties;
 - As expressly allowed under this Agreement; or
 - For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.
- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:
- On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
 - Directly or indirectly as a result of the employee or anybody else's access to confidential information;
 - In the course of, as a consequence of or in relation to the performance of the employees duties;
 - Relating to RQL's general methods of operation; or
 - In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;
- vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.
- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.
- 12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.
- 12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.
- 12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

- 13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.
- 13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.
- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).
- 14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.
- 14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:
- immediately return the device to RQL on termination of your employment or earlier request;
 - not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
 - not give the device to anybody else or permit anybody else to use the device; and
 - use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

- 15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.
- 15.2. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:
- Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.7;
 - Failure to comply with the terms and conditions of your employment contract;
 - You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

- 15.3. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.
- 15.4. If RQL terminates your employment for any reason other than those referred to in clauses 15.2 15.3 and 15.7, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the contract.
- 15.5. During any period of notice, RQL may require you:
- To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
 - To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.
- 15.6. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.
- 15.7. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.
- 15.8. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.
- 15.9. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 1 July 2012 your contract has been extended, but after 1 July 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

- 16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.
- 16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.
- 16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.
- 16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.4 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.

20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.

- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

28 June 2010

Bob Bentley
Chairman

Date

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Shara Murray

1 July 2010

BOARD PAPER NUMBER

Senior Executive Staff

PURPOSE:

To recommend a course of action to the Board in relation to the following four (4) executives:

- Malcolm Tuttle, Chief Executive Officer
- Jamie Orchard, Director Integrity Operations
- Paul Brennan, Director Product Development, and
- Shara Murray, Senior Corporate Counsel/Company Secretary.

BACKGROUND:

At its meeting on May 6, 2011, the Board considered a report from the Remuneration and Nominations Committee in relation to Racing Queensland Limited staff and the offering of extended employment agreements to a number of key people within the organisation.

The precise minute from the May 6, 2011 meeting which was confirmed at the June 7, 2011 meeting reads as follows:

Remuneration & Nominations Committee Meeting Minutes and Recommendations

The Board today noted the draft minutes of the April 14, 2011, meeting of the Remuneration & Nominations Committee.

The Chairman advised Board Directors that he and Mr Ludwig had considered the situation and the amount of work that the executive staff will have to do between now and 2014 with the changing wagering landscape and the approach to the end of the exclusivity of the TattsBet license.

RQL will be required to commence negotiations of a Product Fee with TattsBet post 2014 and the Board needs to understand that key staff will be integral to a successful outcome.

These key executive staff need security of tenure as well as their assistants so as to not be distracted by innuendo and rumour about the period between now and 2014. Board members unanimously agreed with the recommendation with the Remuneration and Nominations committee.

In addition, the Board considered a recommendation from the Remuneration & Nominations Committee, which led to the following resolution:

The Board RESOLVED that:

- (a) the existing employment agreements be extended by 12 months up to and including June 30, 2014, for the following employees:*
 - *Malcolm Tuttle*
 - *Adam Carter*
 - *Jamie Orchard*
 - *Paul Brennan*
 - *Shara Murray*
 - *David Rowan*
 - *Peter Smith*
 - *Col Truscott*
 - *Warren Williams*
- (b) Wade Birch be offered an employment agreement to expire on June 30, 2014, and*
- (c) employment agreements be offered to the following employees to expire on June 30, 2013:*
 - *Wendy Thomas*
 - *Kearra Christensen*
 - *Toni Fenwick*
 - *Ali Wade*
 - *Debbie Toohey*
 - *Jaime Knight*
- (d) The Chairman to approve the terms relevant to the agreements and the extension of the agreements.*
- (e) Ms Murray to draft Employment Agreements for the Executive Assistants to expire 30 June 2013.*
- (f) Ms Murray to draft an Employment Agreement for Mr Wade Birch to expire 30 June 2014.*

MOVED by Mr Wayne Milner **SECONDED** by Mr Bradley Ryan

Motion carried

In discussions with Clayton Utz, concerns were raised in relation to the number of personnel being offered extended employment agreements and also the fact that executive support staff were to be included with those being offered fixed-term employment agreements.

Current Issues:

Since the May 6, 2011 meeting of the RQL Board, there has been continued speculation within the racing industry in Queensland as to the likely replacements of key personnel both on the Board and within the executive staff of the organisation. This speculation comes about as a possible change of Government and the stated position of the LNP that RQL will undergo significant change. Following are a number of accounts that give substantial weight to the fact change will occur.

This first account below has been lifted directly from the Letsgohorseracing.com.au website on July 6, 2011. After outlining that the Board will be ousted it states that both Malcolm Tuttle and Jamie Orchard will be removed.

ALL THE SCUTTLEBUTT ABOUT CHANGES AT RQ IF LNP WINS GOVERNMENT

CONFIRMATION that the Bob Bentley Racing Queensland Board will be sacked if the LNP wins the next election has led to widespread industry speculation about who will replace them.

Lists of prospective candidates for everything from the new Board to Chief Executive Officer and even Director of Integrity Operations have done the rounds.

At first we elected not to run these e-mails but as this has become such a contentious topic – and the LNP opened this can of worms to start with by announcing it would dump the RQ Board this far out from an election – here is a precise of the scuttle-butt that has been forwarded to us.

We wish to stress at the outset that this should not be interpreted as our web-site's opinion of what might happen if and when the Government changes. It is merely a general cross-section of scuttle-butt that is doing the rounds.

The only thing of which we are certain at this stage is that the RQ Board of Chairman Bob Bentley, Deputy Chairman Tony Hammer and Members Bob Lette, Bill Ludwig, Wayne Milner and Bradley Ryan will be shown the door as soon as a new LNP Government can rush through the necessary legislation.

That could take some time after an election and they are known to have a 'quick exit plan' for the current Board and an interim measure to take control of the three codes. Whether this means the appointment of an administrator or how it would be done has not been revealed by the LNP.

The other policy that has been revealed is that the merged board will be discontinued with each code under a new Government responsible for controlling its own destiny which would suggest a return to three separate Boards.

What happens to the harness and greyhound industries under the mooted changes has not been addressed in the e-mails that we have received. These have solely targeted the future control of thoroughbred racing in Queensland.

KEVIN DIXON THE POPULAR CHOICE AS NEW RQ BOARD CHAIRMAN

THE one common denominator points to popular Brisbane Racing Club chairman Kevin Dixon being appointed to run the new Board. Those close to him say that this will not be a long-term appointment but that he is seen as the administrator best suited and most likely to initially steer thoroughbred racing in a new direction in Queensland.

The other appointment that many are predicting is a return to the RQ fold of Bill Andrews, the Board member who lost his seat under Chairman Bob Bentley and then contested the validity of the new appointment process for the merged Board but was – in the eyes of many – a victim of the voting system that currently exists.

Beyond these two favored selections the forecast appointments reach far and wide within the industry. There is a suggestion that a prominent racing identity from the country will take over once Mr Dixon believes his job has been done.

The most likely and favored candidate – in the eyes of many – would be Kevin O'Keefe, a high profile and respected administrator and owner in both the gallops and harness codes from North Queensland. But those close to him say he is not interested.

One high profile business and racing identity continually bobbing up as a prospective new Board member and possible chairman is Gary Pemberton, a former Chairman of Racing NSW, now based in Queensland. When it comes to qualifications Mr Pemberton would win hands down.

He was formerly chairman of TAB Limited, Billabong International, Qantas Airways, Brambles Industries and a Director of CSR Ltd, John Fairfax Holdings, Commonwealth Bank, Rio Tinto Ltd, Queensland Investment Corporation and Rothschild Group in Australia.

One would doubt that a businessman of Mr Pemberton's talents would want to involve himself in the crap fight that is Racing Queensland despite his undoubted passion for the thoroughbred industry.

Another popular duo high on the list includes members of the inaugural Queensland Country Racing Committee in Dr Tony Fitzgerald and Gary Peoples. A patron of the Esk Jockey Club, Dr Fitzgerald has served in numerous roles in Queensland racing and is currently on the First

Level Appeals Panel. Mr Peoples, an outspoken country racing critic of the Bentley Board, has been Mayor of the Aramac Shire and chairman of the Central West Country Racing Association.

What some e-mail writers have referred to as 'a couple of old war-horses from the era of National Party-Queensland Turf Club control of racing in Queensland' have also been mentioned in dispatches. They are Bill Sexton, a former QTC chairman; one-time QR Board member and current member of the Kevin Dixon-led BRC Board and Dick Banks, a former Queensland Principal Club Board member from Blackall who resigned in controversial circumstances from the Queensland Regional Racing Council in the era of Merri Rose as Labor Racing Minister.

Another strongly tipped to play a racing role in an LNP Government is lawyer Bill Millican, the former hard-working chairman of the Gold Coast Turf Club. Mr Millican is a long-time friend of Ray Stevens, who shares the LNP racing industry responsibilities with Shadow Minister Tim Nicholls. He has also being tipped recently in the Brisbane racing media as a possible CEO in the new-look RQ.

Some of the other candidates being suggested for Board positions include:

Gerard Betros, an associate lecturer and unit leader from the Faculty of Business at the University of Southern Queensland whose alternative structure for the integrated control body for the three racing codes was well received by many sections of the industry;

Dan Bowden, a former Deputy Chairman of the QR Board and a former Ipswich Turf Club Chairman;

Allen Volz, the former CEO of the Toowoomba Turf Club, who is now on the Board there;

Sean Kelk, former CEO of the Brisbane Turf Club and now owner of The Barefoot Accountant;

Wayne Wilson, the high profile race commentator who retired recently; and

Jeremy Turner, a former CEO of Queensland Racing and former Chief Financial Officer of Queensland Motorways, who is now a Board member of Swimming Australia.

CHANGES TIPPED TO TWO MAJOR ROLES UNDER A NEW RQ BOARD

THERE is also strong speculation that two major roles will change at Racing Queensland under a new Board if the LNP wins Government and these are those of Chief Executive Officer Malcolm Tuttle and Director of Integrity Services Jamie Orchard.

In fact the mall is strong that the entire Integrity Department is set for a major shake-up and may be separated from RQ which many still claim was a recommendation of two Racing Inquiries that has never been carried out.

Mr Orchard has not been a popular figure with many since his appointment as Integrity boss (not that this is a bad thing in the eyes of the punters) but if the scuttle-butt has an ounce of truth to it he will be on the first bus out.

There has been a push for the return of Steve Rallton, the one-time QR chairman of stewards, who was sacked by the Bentley Board. There are strong moves behind the scenes within the LNP to have him return from Hong Kong where he now works but there are just as many who claim he didn't fire a shot when chief steward at QR and don't want him back.

The greatest certainty – according to those who claim to know what the LNP has planned for racing in Queensland – is that Malcolm Tuttle, the one-time steward who made a meteoric rise to CEO under the Bentley-led Board, will be dumped.

There has been widespread disapproval with the Tuttle appointment among industry stakeholders which even the current chairman would be aware of but he has stood by his loyal CEO. Removal of the Bentley Board will see that life-line disappear.

Those being touted as possible replacements for Mr Tuttle include:

Former Gold Coast Turf Club CEO Scott Whiteman who now runs Country Racing Victoria;

Former GCTC chairman Bill Millican, a lawyer with a strong racing background.

And three former Queensland Racing CEOs in Kevin Hasemann (now with Queensland Swimming), Jeremy Turner (now a Director of Momentum Consulting Group) and Greg Hanchin (now a Board member of a Radio Station at Redcliffe).

There were others suggested as possible Board candidates that we have not mentioned to save them from being the butt of many racing jokes.

That completes our compilation of the e-mails received that you have asked for. We make no apology for publishing the suggestions that are doing the rounds in racing and political circles but do warn that most originate from an industry where nothing is lost in the telling.

OUR SAY ON THE SPECULATION AND WHAT THE LNP MIGHT DO WITH RQ

EDITOR'S NOTE: *ALL this speculation on prospective candidates for major roles in a new-look Racing Queensland provides plenty of fodder for the racing rumor mill, the turf columnists and web sites like ours who attract thousands of hits when we publish this sort of gossip.*

But before the victims of this fiasco, the do-goader racing officials or our wonderful politicians start bleating about the misinformed creating industry disunity, it can easily be overcome.

The ball is now firmly in the LNP court. They threw the first punch declaring that the current Board would be sacked. It's now up to them to finish the fight and provide some policy on what they have planned for the new-look Racing Queensland. It's not good enough to keep saying we will tell you when we are ready to.

Personally, if I were framing a market on what will happen, here it is:

Kevin Dixon is odds-on to run a new-look RQ Board

Bill Andrews short odds to return to the RQ Board

Malcolm Tuttle and Jeremy Orchard odds-on to be eventually dumped from their current roles as Chief Executive Officer and Director of Integrity Services.

The present Integrity Department odds-on to be separated from RQ and become an entirely independent body run separately to, but under the arm of, the Government's Racing Department.

The wild-card of course is that the LNP could revert to the industry appointing a Board from the regions which would be a retrograde step and only create the old problems of conflicts of interest for those elected to represent their respective regions.

The LNP could also take the selection process out of the political arena and hand it over to the industry – that would be an easy cop out for a new Government.

At the end of the day if racing in Queensland is to try and keep pace with the major states it needs to adopt a professional, business and marketing approach, to the management of the control body.

There is no place in RQ racing of the future for the Jurassic Park attitudes of the past where too many decisions have been based on political square-ups and hatreds. The new Board needs to include younger members with racing, business and marketing backgrounds who can try to lure the lost generations back to the track.

Start with an experienced base – the likes of Kevin Dixon, Bill Andrews, Kevin O'Keefe or Gerard Betros but search for suitable Board members of the younger ilk with fresh ideas.

For what it's worth I think ideal Board candidates could include: Barry Taylor, one of the most successful lawyers in the land who has raced some top horses and from his Townsville base experiences and has a knowledge of the best of both worlds in racing from the country to the city; John McCoy, a popular and experienced racing and media personality with strong links now to Tattersall's Club; Jeremy Turner, an extremely talented and competent CEO when he worked for Queensland Racing, possessing great marketing and business skills and a passion for racing; and there is a need for a talented female on the Board with racing and marketing experience – women play an important role in racing these days – someone

like Mary Collier, the former Chairman of the Brisbane Racing Club, who has a strong racing and legal background and these days co-hosts a breakfast radio show on 4BC.

Those above are just my thoughts and won't be everybody's cup of tea but most would agree that the new Board needs a different blend if racing in Queensland is ever going to progress from the political bun fight that has turned the industry in the north into joke status.

Ends.

Mark Oberhardt of the Courier Mail stated in the Monday, July 4, 2011 edition of that paper, the following:

"Huge tip that a country racing legend would replace Bob Bentley as RQ Chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive."

The LNP through its racing mouthpiece, Ray Stevens, has openly declared that Racing Queensland Limited will undergo significant change in the event that there is a change of government.

RQL staff are regularly accosted at the races with claims that RQL will be gone when the LNP seizes power following the next election.

Recent incidents of this include regular approaches by the Brisbane Racing Club Chairman, Kevin Dixon, to our stipendiary stewards and more recently, on Saturday July 2, 2011, continual claims by the Toowoomba Turf Club Chairman Bob Frappell in conversation with RQL's Adam Carter that RQL has nine months left.

In an article under the hand of Terry Butts of the North Queensland Register, and reproduced on the Letsgohorseracing.com.au website, homage was paid to Ray Stevens of the LNP as a result of Stevens' pledge to sack Bentley and his Board and rearrange the integrity department and administration of Racing Queensland. The article went on to outline that Ray Stevens also vowed to scrap the one board for the three codes introduced controversially last year and will revert back to separate boards for trots and dogs and totally separate from gallops.

The following post appeared on the Thoroughbred Village forum and refers to a rotten few being expunged with a direct reference to, "porky brennan".

| | | |
|-------------------|---|--|
| kornjullo2 | Post Options Post Reply Quote kornjullo2 Members Profile Send Private Message Find Members Posts Add to Buddy List | Thanks(0) Quote Reply Posted: 06 May 2011 at 10:26am <p>from the crew that brought stakeholders pet rocks with microphones, gondolas at palm meadows, super tracks at riverside goodna and the nullifying of base stakeholders rights.....many moons ago i declared these parasites the fawtee towers of racing admin....im sure plenty at qr will be preparing resumes and looking for greener pastures, the reality is the rotten few will be expunged in one of the first acts of the new parliment and the core honest employees will be retained.....so its bye bye porky brennan</p> |
|-------------------|---|--|

The following post appeared on the same site and refers to, "shara no-idea".

| | | |
|-------------------|---|---|
| kornjullo2 | Post Options Post Reply Quote kornjullo2 Members Profile Send Private Message Find Members Posts Add to Buddy List | Thanks(0) Quote Reply Posted: 18 May 2011 at 9:49am <p>argh dont ya just love it...osama bin bentheads latest rant re-criticism and not playing favourites is true gold spin from the hands of r/rorters inc corporate spin doctors=sequel communications and one shaun rigby....stakeholders prizemoney dont ya just love it.....well osammy BIN BENTHEAD,dribblin billy,Integrity lemon,head steward cant hackitt,porky brennan,basil tuttle,shara no-idea and smithers smith one thing is certain as you read this missive the industry will not miss your rorting,negligence,money squandering,standover tactics,vote rorting and industry wrecking tricks and drive! ONE BIT.....ring rope-a-dope tim hes at parliment in mackay next week and would be afraid to show even a union boss the disgusting,dangerous,unsafe track in his home town of mackay.....annageddon awaits you suckhole parasites</p> |
|-------------------|---|---|

Champion
 Joined: 01 Mar 2007
 Status: Offline
 Points: 1802

Peter Cameron of the Gold Coast Bulletin stated in the Tuesday, July 19, 2011 edition of that paper, the following:

GCTC needs to back \$50 million chance

BARRING privatisation, a new committee looks like the best bet for the onceproud Gold Coast Turf Club.

It is a poor advertisement for Gold Coast racing when administrators are fined or disqualified on misconduct charges.

Local licensees bookies, jockeys, trainers etc seem to have had enough.

They tell the Bulletin plenty in private.

The State Government offered up to \$50 million to rebuild the racecourse in January last year.

But the GCTC hoard dithered.

It may have been inexperience but dealing with the government of the day is sound business governance in any jurisdiction. The AFL and NRL enjoy lush government facilities.

The GCTC is promising to return to surplus when the annual balance sheet is produced in a few weeks. The few hundred grand from a Sky Channel agreement will be handy constructing a profit.

But raffling board members' car parking spaces is not exactly a show of confidence in club finances.

A minimum of five new board members may be elected to the GCTC at the September elections. First priority will be to grab the \$50 million. Equity considerations sound important but irrelevant when a racing minister can veto any sale of club real estate. Queensland laws also provide for racing privatisation.

Not all is lost for GCTC. The hot tip is that if the LNP wins government, former Gold Coast chairman Bill Millican will be invited to run a new state racing administration. "Changa" Millican a former rugby league coach should be able to handle the rough stuff.

Mark Oberhardt of the Courier Mail stated in the Monday, July 18, 2011 edition of that paper, the following:

Time to plan for a future

THERE is continuing speculation about a clean out of racing administrators after the next election. I would hate to see a night of the long knives but the sport desperately needs young blood who can look 20 years ahead. The sport had major problems in the past decade but worse is to come. As has been pointed out repeatedly, racing is linked closely with the gambling dollar and unless something is done to ensure long-term growth racing here could soon be nothing more than a novelty. For starters the TAB agreement runs out in 2014. The Queensland TAB pays a large fee for exclusive rights so for instance TABCORP can't set up here. But the computer age has made exclusive rights virtually meaningless. One sure bet is no one in their right mind will pay to have an exclusive service which is no longer viable. The futures of TAB agencies and on-course bookies look grim. Somewhere in this state must be a messiah who has an idea to ensure the sport survives in a healthy format.

There is no doubt in my mind that an LNP government will seek so called retribution not only against the Board but against senior executive staff.

This heightened interest about who is to replace me and our Chief Executive Officer and Director of Integrity is having a destabilising effect on Racing Queensland Limited as an organisation. More than ever, our senior executives need to be protected to be able to proceed without fear or favour.

Clearly the landscape has changed since the Board resolution of May 6, 2011, and it is my firm view that we need to reconsider our position as a Board in relation to our key executives. Those executives that are most at risk are also those that will play a vital role over the next 6 months. These four executives are:

- Malcolm Tuttle, Chief Executive Officer
- Jamie Orchard, Director Integrity Operations
- Paul Brennan, Director Product Development; and
- Shara Murray, Senior Corporate Counsel/Company Secretary,

and it is for this reason I recommend to the Board an approach that provides these key executives with certainty prior to the election.

My recommendations in relation to these four executives are as follows:

1. A 30% increase to each executive's TRV, effective from 1 July 2011.
2. The inclusion of a material adverse change clause with a trigger that includes a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), a change to either the make-up of the RQL Board, reporting lines for the Executive or an organisational restructure, entitling Executive to:

(a) a payment equivalent to the amount of each Executive's TRV that they would have received had the Executive remained employed by RQL to the completion of the term, plus an amount of severance pay equivalent to the RQL-wide redundancy pay payment, as a material adverse change severance payment; and

(b) all other legal entitlements (such as accrued leave).

3. Retention of the current 3 year term with an obligation on RQL to renegotiate before 31 December 2012.

In summary, the general effect of these benefits is that in circumstances of a termination or cessation due to a material adverse change, an Executive would become entitled to resign and trigger a payment equivalent to the amount each Executive would have received to the end of the term and a redundancy payment. This will provide the Executives with the protection they are seeking and satisfy RQL's desire to maintain the Executives' employment.

These recommendations are not made lightly to the Board. They are made following the receipt of the attached correspondence, further consideration of the unreasonable and changing circumstances under which these people are expected to perform, the increased industry interest in who will replace them in the event the LNP is successful, the substantive outcomes that have been delivered by them, the work ahead of them in the short term and their commitment to both RQL and the industry.

In the attached correspondence, the four executives set out both their current and future concerns in terms of security for themselves and their families. Given the volatile nature of the industry at present and the fact that it has been openly declared that there will be significant change to RQL should the LNP be successful, I believe it is incumbent on ourselves as directors to provide the necessary certainty and to recognise the commitment and value that these four executives bring to this organisation.

By way of substance, these four executives collectively bring to this organisation over 40 years' experience in the racing industry.

One only has to review some of the more recent initiatives promoted by these executives to put into context the value they bring to the organisation. A brief overview is set out for your consideration below:

- Initiated the economic review that lead to the Queensland Government committing to wagering tax redistribution and the 3 code merger (\$85 million Government commitment).
- Managed the amalgamation of the three codes (savings of \$1.3 million in year 1).

- Initiated and secured race club broadcast agreements to the value of \$110 million. This represents an increase of 65%. Further, two previous attempts to bundle the rights to negotiate as a whole failed.
- The implementation of initiatives that have assisted in delivering \$324 million of total wagering growth over the last six years.
- Delivered an increase in prizemoney over the last six years of \$19 million or 30%.
- Worked closely with Government to introduce race information legislation and implement policies that flowed from that legislation (income of \$32.5 million per annum).
- Restructured race club governance at: Sunshine Coast Turf Club, Rockhampton Jockey Club, and Capalaba Greyhound Racing Club.
- Implemented administrative reform in introducing an operational subsidy saving \$10million per annum.
- The introduction of contemporary club and venue licences.
- Establish local and national insurance regimes saving \$1.5million per annum.
- Driven national IT reform with the pending introduction of a single national business system with savings forecast at approximately \$2 million of operational expenditure per annum.
- Will work closely with the Government during the next six (6) months to establish a framework for a new wagering licence beyond June 30, 2014 (\$132 million per annum).
- Led the Industry response to the equine influenza incursion causing even our most significant detractors to praise RQL. The incursion was estimated to have had an impact of \$1 billion on the Australian industry.
- Successfully developed the business case and will manage the distribution of \$2.5 million of Government funding to assist with the flood and cyclone remediation at Queensland venues.
- Developed the Industry Infrastructure Plan on behalf of the 3 codes of racing in Queensland. The Plan fully costed is \$235 million.
- Delivered changes to the greyhound industry funding model that will lead to \$2.1 million of increased benefits for the greyhound industry.
- Upgraded stewards' technology where we are now seen as industry leaders in this area.
- Currently leading the industry response to the Hendra Virus incursion.
- Successfully negotiated a grant of \$10million from the Government for the innovative synthetic track program.

Over the next six (6) months there are a number of activities to be undertaken by these executives. These include:

- Ensure compliance with governance requirements under the *Corporations Act* and *Racing Act 2002* through and audit process.
- Finalise the strategic plan for the industry.
- Review the agreement with the Racing Science Centre with a view to providing a report to the Board that ensures RQL's analytical needs are met in a cost-effective manner.

- Review, as required, all internal and external policies to ensure compliance and effectiveness.
- Review and amend the new club licensing system subsequent to its initial implementation.
- Develop and submit an audit regime to Government for licensed participants, venues and animals to comply with Section 99(1) of the Racing Act 2002.
- Undertake an audit of the minimum standards for TAB and Non-TAB meetings and trials.
- Review the effectiveness of race-day integrity operations and report to the Board on opportunities to improve efficiency.
- Develop a drug and alcohol testing framework for licensees and animals for the 2012/2013 financial year.
- Undertake a review and report to the Board in relation to the existing appeals process, including QCAT.
- Facilitate a "think tank" of key people with a view to generating initiatives to improve the wagering program and subsequently report to the Board.
- Deliver the approved Industry Infrastructure Plan on time and on budget.
- Report to the Board on commercial opportunities that exist as part of the Infrastructure Plan delivery including at venues such as Deagon, Corbould Park and Callaghan Park.
- Review the amount of Non-TAB races conducted in Queensland and report to the Board.
- Subsequent to the development of the financial key performance indicators, add to these a set of non-financial KPI's that are linked to the payment of the operational subsidy.
- Develop and implement TAB race club service level agreements.
- Work with Harness Racing Australia and Greyhound Australasia Limited to optimise opportunities to aggregate broadcast rights where possible.
- Continue to promote initiatives with RISA, HRA and GAL to optimise commercial returns from the exploitation of racing materials.
- Review and report to the Board on legal decisions and developments as they relate to race information legislation.
- Form and facilitate meetings of the New Business Development Committee.
- Report to the Board on a regular basis in relation to initiatives identified by the New Business Development Committee seeking Board approval to pursue new work initiatives.
- Actively work with Government to establish a viable framework ensuring adequate revenues flow to the industry beyond June 30, 2014.
- Review the approach taken in relation to the pricing for the use of race information leading to the expiry of the existing agreements with corporate bookmakers.

- Expand the industry-wide workplace health and safety approach to encapsulate all clubs.
- Implement and approve an internal fraud plan and policy.
- Further recommend to the Remuneration and Nominations Committee that an organisational review be undertaken.
- Undertake a satisfaction/culture survey of the organisation.
- Ensure performance appraisals with objectives are implemented for all staff.
- Implement a succession plan for the organisation including interdepartmental considerations.
- Following a process review, evaluate the increased use of technology to improve the integrity of racing in Queensland and report to the Board with recommendations.
- Develop a structured set of dates to facilitate regular meetings with key industry bodies including the State Government.

ATTACHMENTS:

- Attachment 1: Letter dated July 5, 2011, signed by Malcolm Tuttle, Jamie Orchard, Paul Brennan and Shara Murray outlining their concerns.
- Attachment 2: Estimate Cost of Severance/Redundancy for Malcolm Tuttle, Jamie Orchard, Paul Brennan and Shara Murray.
- Attachment 3: Norton Rose Advice – 20 July 2011.

RESOLUTIONS:

1. The Board to rescind the Board Resolution of May 6, 2011 Board Meeting, which reads:

Remuneration & Nominations Committee Meeting Minutes and Recommendations

The Board today noted the draft minutes of the April 14, 2011, meeting of the Remuneration & Nominations Committee.

The Chairman advised Board Directors that he and Mr Ludwig had considered the situation and the amount of work that the executive staff will have to do between now and 2014 with the changing wagering landscape and the approach to the end of the exclusivity of the TattsBet license.

RQL will be required to commence negotiations of a Product Fee with TattsBet post 2014 and the Board needs to understand that key staff will be integral to a successful outcome.

These key executive staff need security of tenure as well as their assistants so as to not be distracted by innuendo and rumour about the period between now and 2014. Board members unanimously agreed with the recommendation with the Remuneration and Nominations committee.

In addition, the Board considered a recommendation from the Remuneration & Nominations Committee, which led to the following resolution:

The Board RESOLVED that:

- (a) the existing employment agreements be extended by 12 months up to and including June 30, 2014, for the following employees:*
 - Malcolm Tuttle*
 - Adam Carter*
 - Jamie Orchard*
 - Paul Brennan*
 - Shara Murray*
 - David Rowan*
 - Peter Smith*
 - Col Truscott*
 - Warren Williams*
- (b) Wade Birch be offered an employment agreement to expire on June 30, 2014, and*
- (c) employment agreements be offered to the following employees to expire on June 30, 2013:*
 - Wendy Thomas*
 - Kearra Christensen*
 - Toni Fenwick*
 - Ali Wade*
 - Debbie Toohey*
 - Jaime Knight*
- (d) The Chairman to approve the terms relevant to the agreements and the extension of the agreements.*
- (e) Ms Murray to draft Employment Agreements for the Executive Assistants to expire 30 June 2013.*
- (f) Ms Murray to draft an Employment Agreement for Mr Wade Birch to expire 30 June 2014.*

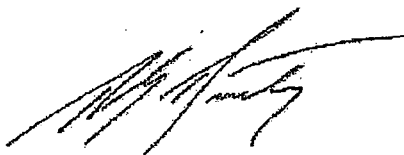
MOVED by Mr Wayne Milner SECONDED by Mr Bradley Ryan

Motion carried

2. The Recommendations for Malcolm Tuttle, Jamie Orchard, Paul Brennan and Shara Murray:

- (a) A 30% increase to each executive's TRV, effective from 1 July 2011.
- (b) The inclusion of a material adverse change clause with a trigger that includes a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), a change to either the make-up of the RQL Board, reporting lines for the Executive or an organisational restructure, entitling Executive to:
 - i. a payment equivalent to the amount of each Executive's TRV that they would have received had the Executive remained employed by RQL to the completion of the term, plus an amount of severance pay equivalent to the RQL-wide redundancy pay payment, as a material adverse change severance payment; and
 - ii. all other legal entitlements (such as accrued leave).
- (c) Retention of the current 3 year term with an obligation on RQL to renegotiate before 31 December 2012.

- 3. The employment agreements for Adam Carter, David Rowan, Peter Smith, Col Truscott and Warren Williams be styled and formatted in accordance with any recommendations from Clayton Utz on the basis that there is no change to the existing terms and conditions of their current employment agreements.
- 4. Wade Birch to be offered an employment agreement with a term until June 30, 2013 based on his current terms and conditions with the agreement to be styled and formatted in accordance with any recommendations from Clayton Utz.
- 5. Clayton Utz to review the Norton Rose advice and on the basis there are no material concerns, the Board to authorise the Chairman to effect all agreements in accordance with the above resolutions. ✓



BOB BENTLEY
Chairman



**RACING
QUEENSLAND**

5 July 2011

Mr Bob Bentley
Chairman
Racing Queensland Limited
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Dear Sir

As you are aware, there has been significant media speculation in relation to the administration of racing in Queensland post the State election which is due to be called by March, 2012.

You advise that the outcome of the State election will be determined by June 30, 2012.

The media speculation, including an article under the hand of Mark Oberhardt in yesterday's Courier Mail, points to a changing of the guard at Racing Queensland Limited should the Liberal National Party be successful in the upcoming State election. Mark Oberhardt states, "Huge tip that a country racing legend would replace Bob Bentley as RQ chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive".

The website, Letsgohorseracing.com.au, has signalled that it will publish a list of new RQL officers on its website tomorrow.

Our staff are regularly reminded at race meetings by Race Club directors that our time is up.

Given the media speculation and discussions within the industry, it is apparent that at the very least there will be significant change to the Board of Directors and senior executive staff at Racing Queensland Limited if there is a change of Government.

The speculation that senior executive staff will be removed post the State election is taking its toll and you would have gathered at yesterday's meeting it is now having the effect of destabilising senior management, and our broader staff.

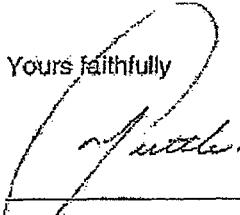
You heard first-hand yesterday from Jamie Orchard, Paul Brennan, Shara Murray and myself in relation to the impact this is having on our work with Racing Queensland Limited and indeed on our personal lives. You are aware that each of us have relatively young families and as responsible individuals are required to plan for our future. We are not of a mind to take unreasonable risks with our future and gamble on a reformed company or new Board retaining our services beyond the State election. In fact, it is more likely than not, that given the seniority associated with each of our positions, we will be removed from office.

As such, we request that you give urgent consideration to retaining the services of key people in the organisation and also consider putting in place a framework that provides us with the necessary security both leading up to and subsequent to the upcoming State election.

We remain committed to the Board and look forward to working with you to arrive at a satisfactory solution during this time of heightened instability.

Should you wish to discuss this matter further, please do not hesitate to contact myself.

Yours faithfully



Malcolm Tuttle
Chief Executive Officer



Jamie Orchard
Director of Integrity Operations



Paul Brennan
Director Product Development



Shara Murray
Senior Corporate Counsel

11. What is the purpose of the "Introduction" section in a research paper?



20 July 2011

Email: smurray@racingqueensland.com.au

Private & Confidential

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c/o Ms Shara Murray
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Dear Shara

Executive retention strategy

1 Instructions

1.1 We have been instructed to advise the Board of Directors of Racing Queensland Limited (Board) in relation to a retention strategy for the following executives of Racing Queensland Limited (RQL):

- (1) Mr Malcolm Tuttle, Chief Executive Officer;
- (2) Mr Jamie Orchard, Director Integrity Operations;
- (3) Mr Paul Brennan, Director Product Development; and
- (4) Ms Shara Murray, Senior Corporate Counsel,

(collectively referred to as the Executives).

1.2 The Board has instructed us to advise on options available to it to address the ongoing need to retain and reward high performing executives in an environment of uncertainty, taking into account the legal obligations imposed on the Board in determining an appropriate level of remuneration and benefits.

1.3 In this letter we have:

- (1) considered the general obligations imposed on the Board under the *Corporations Act 2001* (Cth) (Act);
- (2) considered the specific requirements, if any, to avoid breaching the Act in relation to any benefits to be provided; and
- (3) provided an overview of the types of benefits that we consider would be appropriate in the circumstances that the Board may wish to consider.

APAC-#10820388-v5

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2 Executive summary and recommendation

2.1 In determining the appropriateness of rewards for the Executives, the real question for the Board is whether or not any proposed benefit or change to the benefits is unfair or unconscionable. In making this determination, the Board should have regard to factors including:

- (1) the need to retain the Executives;
- (2) the level of skills and knowledge of the Executives;
- (3) the limitations imposed on other companies by the Act (specifically in relation to termination payments); and
- (4) current market conditions and drivers.

2.2 In circumstances where:

- (1) the proposed new benefits are necessary for the retention of the Executive;
- (2) the retention of the Executive is in the best interests of RQL; and
- (3) the benefits are not disproportionate,

it is unlikely that a resulting agreement would be deemed to be unfair or unconscionable.

2.3 Our suggestions for appropriate benefits that are not disproportionate, are the most straightforward and that are in the interests of RQL are as follows:

- (1) an increase to the total remuneration value (TRV) of each Executive of up to 30%;
- (2) retention of the current 3 year term with an obligation on RQL to renegotiate before 31 December 2012;
- (3) the implementation of a RQL-wide redundancy policy with payments based on length of service in a particular position; and
- (4) the inclusion of a material adverse change clause with a trigger that includes a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), a change to either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure, entitling Executive to:
 - (a) a payment equivalent to the amount of each Executive's TRV that they would have received had the Executive remained employed by RQL to the completion of the term, plus an amount of severance pay equivalent to the RQL-wide redundancy payment, as a material adverse change severance payment; and
 - (b) all other legal entitlements (such as accrued leave).

2.4 In summary, the general effect of these benefits is that in circumstances of a termination or cessation due to a material adverse change, an Executive would become entitled to resign and trigger a payment equivalent to the amount each Executive would have received to the end of the term and a redundancy payment. We consider that this will provide the Executives with the protection they are seeking in the current environment and satisfy RQL's desire to maintain the Executives' employment.

3 Background

General

- 3.1 We are instructed that without implementing a reasonable executive retention strategy, RQL considers it faces a real risk of the resignation of one or more of the Executives. A resignation of the Executives would have serious implications for the ongoing operations of RQL.

Corporate status

- 3.2 RQL is a company incorporated under the Act and limited by guarantee. It does not have share capital.
- 3.3 None of the Executives are currently appointed, or have been appointed in the past 3 years, as a director of RQL.
- 3.4 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act (which relates to termination payments made to person's holding a managerial or executive office).
- 3.5 Under its Constitution, the directors of RQL are required to retire in rotation, two at every Annual General Meeting held in an election year and then every second year thereafter.

Industry environment

- 3.6 We are instructed that the current industry conditions are cause for concern in retaining the Executives.
- 3.7 In particular, there is ongoing industry speculation around the removal of the Board and the termination of the employment of the Executives if there is a change from the current Labor Government to a Liberal National Party (LNP) run Government in the next State election to be held prior to June 2012.
- 3.8 This speculation stems from a number of comments made in Parliament by Shadow Minister for Racing and member of the LNP Mr Ray Stevens MP.
- 3.9 For example, on 20 May 2010, as recorded in Hansard, Mr Stevens stated:
- (1) "We believe that each racing code should have control over its own sector of the industry";
 - (2) "If this bill is passed, we commit to the overall racing industry that this legislation will be dismantled and control will be given back to each of the codes"; and
 - (3) "When the Liberal National Party wins government at the next State election we will immediately dismantle this flawed and undemocratic legislation, and we will put control of the three racing codes back into the hands of the industry participants".
- 3.10 Mr Stevens has also strongly indicated his opposition to the current Chairman of RQL, Mr Bob Bentley, which he has most recently reiterated in Parliament on 25 May 2011.
- 3.11 As part of continued speculation in response to Mr Stevens' statements, on 6 July 2011 the following comments were published on the Letsgohorseracing.com.au website and appear to be indicative of the ongoing speculation in the racing industry:
- (1) "There is also strong speculation that two major roles will change at Racing Queensland under a new Board if the LNP wins Government and these are those of Chief Executive Officer Malcolm Tuttle and Director of Integrity Services Jamie Orchard";
 - (2) "The greatest certainty – according to those who claim to know what the LNP has planned for racing in Queensland – is that Malcolm Tuttle, the one-time steward who made a meteoric rise to CEO under the Bentley-led Board, will be dumped"; and

- (3) "Malcolm Tuttle and Jeremy [sic] Orchard odds-on to be eventually dumped from their current roles as Chief Executive Officer and Director of Integrity Services."

3.12 This speculation is also reflected in recent comments made by Mark Oberhardt in the Courier Mail:

- (1) on 4 July 2011, Mark Oberhardt commented "Huge tip that a country racing legend would replace Bob Bentley as RQ Chief if the LNP wins power. And a former race club chairman is tipped as likely new chief executive"; and
- (2) on 18 July 2011, Mark Oberhardt commented "There is continuing speculation about a clean out of racing administrators after the next election."

Executive concerns

- 3.13 As a result of the industry speculation, we are instructed that the Chairman of RQL has received a letter from the Executives dated 5 July 2011 in which the Executives raise concerns in relation to their ongoing engagement with RQL.
- 3.14 Essentially, their concerns are that they face unreasonable risks in relation to their future and are being asked to take a gamble on a reformed company or new RQL Board retaining their services beyond the State election.
- 3.15 The Executives have requested that the Chairman of RQL give urgent consideration to retaining the services of the Executives and put in place a framework that provides them with necessary security.
- 3.16 In our view, the letter from the Executives indicates a real and apparent risk to RQL that it faces early terminations from the Executives should their concerns be ignored.
- 3.17 In this context, it would be prudent of any organisation to put in place appropriate measures to ensure the retention of their senior executives, in our view.

4. Legal obligations

- 4.1 Relevantly, there are a number of legal obligations which have to be considered when determining the appropriate terms and conditions of employment and benefit structure. These are outlined in more detail below.

Common law duty to act in the best interests of RQL

- 4.2 The Board must ensure that any agreement made with the Executives is made in the best interests of RQL.
- 4.3 Further, any agreement that amounts to unconscionable conduct against RQL by the Board carries the risk that it may be set aside by a Court.

Obligation to act in good faith – section 181 of the Act

- 4.4 A director or other officer of a corporation must exercise their powers and discharge their duties in good faith in the best interests of the corporation and for a proper purpose.

Use of position – Directors, other officers and employees – section 182 of the Act

- 4.5 A director, secretary, other officer or employee of a corporation must not improperly use their position to gain an advantage for themselves or someone else or cause detriment to the corporation.
- 4.6 The directors must, of course, ensure that they are using their powers for a proper purpose. That is, a purpose that is in the best interests of RQL, when determining the appropriate level of remuneration and reward.

Termination benefits to executives – Part 2D.2 of the Act

- 4.7 Part 2D.2 of the Act places a restriction on the benefits that can be paid in connection with the termination of a person holding a managerial or executive office in a company.
- 4.8 Whether a person holds a managerial or executive office depends on whether the company is a disclosing entity. For disclosing entities, this includes a person whose details are included in the directors' report at any time in the 3 years preceding termination.
- 4.9 RQL is not a "disclosing entity" for the purposes of Part 2D.2 of the Act. However, if it was, it is likely that at least some, if not all, of the Executives would be named in the directors' report for the current financial year.
- 4.10 For all other corporate entities, a person holds a managerial or executive office if that person is a director (including "shadow" or "de facto" directors, ie someone with whose wishes the directors are accustomed to acting) of the corporate entity or a person that holds a position in connection with the management of RQL whilst holding an office of director of a related body corporate, at any time in the 3 years preceding the date of loss of that position. As far as we are aware, the Executives are not directors of RQL or any related body corporate.
- 4.11 Accordingly, Part 2D.2 of the Act does not apply to the Executives.

5 Relevant current arrangements

- 5.1 The Executive Employment Agreements all commenced on 1 July 2010 and have an expiry of 30 June 2013, unless terminated earlier in accordance with its terms.
- 5.2 Clause 15 of each Executive Employment Agreement provides for termination by RQL without cause by giving six weeks notice and paying the TRV the Executive would have received for the balance of the term.
- 5.3 Prior to 1 July 2012, RQL has an obligation to negotiate any extension to the employment contract beyond 30 June 2013.

6 Possible options*Change to remuneration*

- 6.1 The industry speculation in relation to the ongoing engagement of the Executives would, in our view, justify an increase to the Executive's remuneration to partially address the Executive's concerns.
- 6.2 In determining what might be an appropriate increase it would be beneficial to have regard to comparable market rates to offer a package that will be attractive to the Executives while ensuring that it is reasonable having regard to each of their positions.
- 6.3 This information can be obtained by the engagement of a remuneration consultant. We can assist you in identifying an appropriate provider if you wish. We have, however, reviewed the Ernst & Young Remuneration Practices in 2010 and 2011 report which analyses the ASX 200 companies' remuneration practices (EY Report) to gauge current conditions. The key highlights of this report however are that fixed remuneration increases will be constrained in the current year with a greater focus on performance-based pay.
- 6.4 It remains to be seen whether a comparison between RQL and the information in the EY Report is appropriate, because we have not performed any comparison between RQL and ASX 200 companies to determine whether there are any common characteristics. Further, it remains to be seen whether a performance based pay is appropriate to RQL's business structure, and practically, it is a less straightforward way of addressing the retention concerns.
- 6.5 Taking into account the need to retain the Executives, we consider an increase to the Executive's remuneration of up to 30% would be reasonable, because that is the most straightforward way to

address the retention concerns and would not constitute a breach of the Board's relevant legal obligations in our view.

Redundancy payments

- 6.6 Currently, there is no contractual entitlement to a payment on termination of employment due to redundancy.
- 6.7 We are also not aware of any policies applicable to the Executives of other employees of RQL that contain redundancy entitlements.
- 6.8 In line with the requirements for redundancy under the *Fair Work Act 2009* (Cth) (FW Act), we consider it appropriate for RQL to implement a redundancy policy that applies to all of its employees with payments determined on the person's length of service with RQL.
- 6.9 In this context:
- (1) the reason for implementing an RQL-wide redundancy policy is to increase the defensibility of a severance payment made to the Executive on termination of employment, equivalent to redundancy, on the basis that the redundancy component is no more than what other employees would receive; and
 - (2) the introduction of a RQL-wide policy in this way reflects current employment practices.

Material adverse change clause

- 6.10 An option available to RQL is the inclusion of a material adverse change clause. Under a material adverse change clause the Executive will be able to terminate the employment agreement on the trigger of a material adverse change and receive a payment. Examples of material adverse changes could include a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), or a change in either the make up of the RQL Board, reporting lines for the Executive or an organisational restructure.
- 6.11 If there is a material adverse change, the Executive has the right to resign and if he or she does so, he or she will be entitled to payment of a sum calculated in accordance with a specified calculation. The payment would be an amount equivalent to what the Executive would have received if they had remained employed by RQL for the balance of the term of the Executive Employment Agreement, plus a severance payment equivalent to redundancy.
- 6.12 You should note that, in our view, the Australian Taxation Office (ATO) will treat an amount paid as a result of a material adverse change in these circumstances as an employment termination payment as opposed to a genuine redundancy payment. This is because there has been no "dismissal" at the initiative of RQL.
- 6.13 As an additional protection for RQL, we recommend making the payment conditional upon the execution of a deed of release.

Extension to term

- 6.14 Any variation to the terms of the Executive Employment Agreements will provide RQL with an opportunity to extend the term of each Executive's engagement.
- 6.15 One option would be for RQL to offer the Executives permanent employment (subject to notice). Permanent employment, combined with the 12 months notice of termination, would in our view ensure the ongoing employment of the Executives and allow for a smooth transition resulting from any change to RQL's structure.
- 6.16 However, it is more likely that the offer of permanent employment or any extension to the term would attract a higher level of public scrutiny and criticism. While we consider that your position would be

20 July 2011

NORTON ROSE

defensible from a legal perspective, you may like to consider a more conservative approach in order to minimise the possible negative publicity.

- 6.17 As an alternative and taking into account our suggestion on an increase to each Executive's TRV, maintaining the term as it currently is with an expiry of 30 June 2013 will minimise the risk of public criticism.
- 6.18 We recommend however amending the time by which RQL is required to renegotiate any extension to the contract (which is currently before 30 June 2012) to require renegotiation before 31 December 2012. Given the timing of the State election by no later than June 2012, the future of the Executives will be more certain at that time.

Please let me know if you have any queries. Alternatively, please contact Kristin Gamble on (07) 3414 2876.

Yours faithfully



Murray Procter
Partner
Norton Rose Australia
Contact: Kristin Gamble

Judd, Jan

From: Procter, Murray
Sent: Wednesday, 27 July 2011 4:01 PM
To: 'Shara Murray'
Subject: RE: [2767947:30] Private & Confidential: RQL - Employment Agreements
Attachments: image001.png; image003.png

Categories: Filed
Database: APAC
E-mail ID: 23179763
Matter Number: 2767947

Thanks Shara, no problems.

Kind regards

Murray

Murray Procter
Partner

Norton Rose Australia
Level 17, 175 Eagle Street, Brisbane, Australia
Tel +61 7 3414 2914 Mob +61 405 082 089 Fax +61 7 3414 2999
murray.procter@nortonrose.com

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From: Shara Murray [mailto:smurray@racingqueensland.com.au]
Sent: Wednesday, 27 July 2011 3:57 PM
To: Procter, Murray
Cc: Gamble, Kristin
Subject: Private & Confidential: RQL - Employment Agreements
Importance: High

Dear Murray

As discussed, could you please redraft the **attached** employment agreements as per your advice concerning RQL's four (4) key executives.

In relation to timing, could you please provide by early next week.

FYI – please find Bob Bentley's Board Paper of 20 July 2011.

Kind Regards

Shara

Shara Murray
Senior Corporate Counsel



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Procter, Murray

From: Shara Murray [smurray@racingqueensland.com.au]
Sent: Thursday, 28 July 2011 11:50 AM
To: Procter, Murray
Subject: RE: [2767947:30] Private & Confidential: RQL - Employment Agreements

Importance: High

Categories: Filed
Database: APAC
E-mail ID: 23198319
Matter Number: 2767947

Dear Murray

Could you also please draft the necessary documents the key executives would require to provide (resignation letter) and/or execute (redundancy/confidentiality etc) in circumstances of a termination or cessation due to a material adverse change.

That is, if I could please have packs 'ready to go' should the need arise!

Thanks Murray.

Kind Regards

Shara

Shara Murray

Senior Corporate Counsel



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F +61 7 3269 9043
M 0407 156 539
E smurray@racingqueensland.com.au
W www.racingqueensland.com.au

From: Procter, Murray [mailto:murray.procter@nortonrose.com]
Sent: Wednesday, July 27, 2011 4:01 PM
To: Shara Murray
Subject: RE: [2767947:30] Private & Confidential: RQL - Employment Agreements

Thanks Shara, no problems.

Kind regards

Murray

Murray Procter
Partner

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Importance: High

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FYI – please find Bob Bentley's Board Paper of 20 July 2011.

Kind Regards

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Schmidt, Peter

From: Judd, Jan on behalf of Procter, Murray
Sent: Friday, 29 July 2011 1:27 PM
To: 'smurray@racingqueensland.com.au'
Subject: [2767947:31] Revised fee estimate - Racing Queensland Limited - Advice - Executive remuneration strategy
Attachments: img-7291321-0001.pdf

Dear Shara,

Please see **attached** revised Instruction Confirmation Sheet, which is inclusive of work to date.

We have had to revise our estimate of \$12,500 (exGST), which we discussed with you during our meeting on 18 July 2011, to \$20,000 (exGST) to take account of the further than expected amendments to the advice, your instructions to prepare the redundancy policy and your instructions to prepare the resignation documents (ie, letter of resignation and separation agreement).

If you have any queries, please do not hesitate to contact me.

Kind regards,

Murray Procter
Partner

Norton Rose Australia
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murray.procter@nortonrose.com

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Revised instruction confirmation sheet

Racing Queensland Limited (our client)

| To | Ms Shara Murray | | | | | | | | | | | | | | |
|----------------------------------|--|--------------|-----------------|----------|------------------|---------|------------------------------|------------------------------|------------------------------|------------------|------------------------------|--------------------|------------------------------|----------------------|------------------------------|
| From | Murray Procter of Norton Rose Australia ABN 32 720 868 049 | | | | | | | | | | | | | | |
| Date | 29 July 2011 | | | | | | | | | | | | | | |
| Client/matter number | 1050766/2767947 | | | | | | | | | | | | | | |
| Description of matter | Advice - Executive strategy | | | | | | | | | | | | | | |
| Engagement | Advice on a strategy for the remuneration of Racing Queensland Limited's executives, as required by you; Advice and drafting of a redundancy policy; and Advice and drafting of resignation letter and separation agreement; as required by you. We confirm that you do not expect us to act for our client in respects beyond the stated scope of these instructions. | | | | | | | | | | | | | | |
| Received from | Ms Shara Murray, Senior Corporate Counsel | | | | | | | | | | | | | | |
| Indicative timetable | Current | | | | | | | | | | | | | | |
| Responsible partner | Murray Procter | Direct line: | +61 7 3414 2914 | | | | | | | | | | | | |
| Relationship partner | Martin Osborne | Direct line: | +61 7 3414 2230 | | | | | | | | | | | | |
| Our team | Kristin Gamble | Direct line: | +61 7 3414 2876 | | | | | | | | | | | | |
| Basis of calculating legal costs | Costs in this matter will be calculated according to the charge-out rates listed below. | | | | | | | | | | | | | | |
| Charge-out rates | <table><tr><th>Category</th><th>Charge-out rates</th></tr><tr><td>Partner</td><td>AU\$485 - AU\$950 (plus GST)</td></tr><tr><td>Special Counsel / Consultant</td><td>AU\$385 - AU\$780 (plus GST)</td></tr><tr><td>Senior Associate</td><td>AU\$380 - AU\$680 (plus GST)</td></tr><tr><td>Associate / Lawyer</td><td>AU\$210 - AU\$620 (plus GST)</td></tr><tr><td>Graduate / Paralegal</td><td>AU\$160 - AU\$340 (plus GST)</td></tr></table> | | | Category | Charge-out rates | Partner | AU\$485 - AU\$950 (plus GST) | Special Counsel / Consultant | AU\$385 - AU\$780 (plus GST) | Senior Associate | AU\$380 - AU\$680 (plus GST) | Associate / Lawyer | AU\$210 - AU\$620 (plus GST) | Graduate / Paralegal | AU\$160 - AU\$340 (plus GST) |
| Category | Charge-out rates | | | | | | | | | | | | | | |
| Partner | AU\$485 - AU\$950 (plus GST) | | | | | | | | | | | | | | |
| Special Counsel / Consultant | AU\$385 - AU\$780 (plus GST) | | | | | | | | | | | | | | |
| Senior Associate | AU\$380 - AU\$680 (plus GST) | | | | | | | | | | | | | | |
| Associate / Lawyer | AU\$210 - AU\$620 (plus GST) | | | | | | | | | | | | | | |
| Graduate / Paralegal | AU\$160 - AU\$340 (plus GST) | | | | | | | | | | | | | | |
| Estimate of total legal costs | \$20,000 (excl GST), up to. Impossible to predict with certainty. Depends on how matter progresses and extent to which you utilise our services. | | | | | | | | | | | | | | |

| | |
|--|--|
| Assumptions/ complications/ exclusions/limitations | <ol style="list-style-type: none"> 1. Significant variables which may affect our estimate of fees are the extent to which you require us to perform work outside of or in addition to the description set out in Engagement above, and includes the matters set out in 2. 2. In setting the fee structure outlined above, we have assumed that: <ol style="list-style-type: none"> (1) we will receive clear and timely instructions from you; (2) there will be no material change to the scope of services; (3) the time taken to negotiate and draft documents is reasonable and not protracted; (4) the time taken to research relevant legal issues is reasonable and not protracted; (5) it is unnecessary for us to represent you in relation to any legal proceedings; (6) the time taken liaising, meeting and conferring with you and other parties is reasonable and not protracted; and (7) we will not be required to negotiate on your behalf. |
| Responsible partner |  <div style="text-align: right;">Signature</div> |
| Notes | |
| <ol style="list-style-type: none"> 1 This instruction confirmation is given as at today's date, based on information presently available to us. It is intended to outline the scope of the work required by you and should not be relied on in substitution for any more detailed advice given to you. 2 Except as provided to the contrary in this form, our engagement letter dated 12 July 2011 and its attached Standard Terms apply. 3 To avoid any misunderstandings, this instruction confirmation is an offer to you to enter into a costs agreement with Norton Rose Australia. You can accept the offer in writing, for example by returning a signed copy of this sheet to us, or by continuing to instruct us in this engagement. Acceptance must be in writing if either: the instructions are not first given in the jurisdiction where the work is to be performed or if there is doubt as to where the instructions were first given but either the work is to be wholly or primarily performed in a particular jurisdiction or has substantial connection with that jurisdiction; OR if the costs agreement is first governed by the <i>Legal Profession Act</i> in 1 state or territory and then by the corresponding Act in another state or territory; OR if payment of the whole or part of our costs is condition on the successful outcome of the matter. Note: If payment is conditional on success, you must define "success". 4 If you accept this offer, this costs agreement and all matters concerning our legal costs will be governed by the <i>Legal Profession Act 2007</i> (Qld). 5 If you wish to discuss our legal costs you may contact the responsible partner or relationship partner named above or the Brisbane Head of Office, Craig Chapman. 6 You have the right to: negotiate this costs agreement with us; receive bills from us; request an itemised bill within 30 days after receipt of a lump sum bill; and to be notified by us of any substantial change in relation to a matter (such as, but not limited to, the scope of our work or our estimate of fees) disclosed in this form or in our engagement letter or Standard Terms. | |
| Work and fee budget approved |  <div style="text-align: right;">Signature (of client representative)</div> |
| Name | |
| Position | |
| Date | |

Schmidt, Peter

From: Procter, Murray
Sent: Friday, 29 July 2011 3:59 PM
To: Judd, Jan
Subject: FW: [2767947:31] Revised fee estimate - Racing Queensland Limited - Advice - Executive remuneration strategy
Attachments: doc20110729132757.pdf

From: Shara Murray [<mailto:smurray@racingqueensland.com.au>]
Sent: Friday, 29 July 2011 1:39 PM
To: Procter, Murray
Subject: RE: [2767947:31] Revised fee estimate - Racing Queensland Limited - Advice - Executive remuneration strategy

Dear Murray

Please find executed Instruction Confirmation Sheet **attached**.

Kind Regards

Shara

Shara Murray
Senior Corporate Counsel



PO Box 63, Sandgate QLD 4017
P +61 7 3869 9712
F +61 7 3269 9043
M 0407 156 539
E smurray@racingqueensland.com.au
W www.racingqueensland.com.au

From: Judd, Jan [<mailto:Jan.Judd@nortonrose.com>] **On Behalf Of** Procter, Murray
Sent: Friday, July 29, 2011 1:27 PM
To: Shara Murray
Subject: [2767947:31] Revised fee estimate - Racing Queensland Limited - Advice - Executive remuneration strategy

Dear Shara,

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If you have any queries, please do not hesitate to contact me.

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Revised instruction confirmation sheet

Racing Queensland Limited (our client)

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| From | Murray Procter of Norton Rose Australia ABN 32 720 868 049 | | |
| Date | 29 July 2011 | | |
| | | | |
| Client/matter number | 1050766/2767947 | | |
| Description of matter | Advice - Executive strategy | | |
| Engagement | Advice on a strategy for the remuneration of Racing Queensland Limited's executives, as required by you; Advice and drafting of a redundancy policy; and Advice and drafting of resignation letter and separation agreement; as required by you. We confirm that you do not expect us to act for our client in respects beyond the stated scope of these instructions. | | |
| Received from | Ms Shara Murray, Senior Corporate Counsel | | |
| Indicative timetable | Current | | |
| Responsible partner | Murray Procter | Direct line: | +61 7 3414 2914 |
| Relationship partner | Martin Osborne | Direct line: | +61 7 3414 2230 |
| Our team | Kristin Gamble | Direct line: | +61 7 3414 2876 |
| Basis of calculating legal costs | Costs in this matter will be calculated according to the charge-out rates listed below. | | |
| Charge-out rates | Category Partner Special Counsel / Consultant Senior Associate Associate / Lawyer Graduate / Paralegal | Charge-out rates AU\$485 - AU\$950 (plus GST) AU\$385 - AU\$780 (plus GST) AU\$380 - AU\$680 (plus GST) AU\$210 - AU\$620 (plus GST) AU\$160 - AU\$340 (plus GST) | |
| Estimate of total legal costs | \$20,000 (excl GST), up to. Impossible to predict with certainty. Depends on how matter progresses and extent to which you utilise our services. | | |

| | |
|---|---|
| Assumptions/ complications/ exclusions/limitations | <p>1. Significant variables which may affect our estimate of fees are the extent to which you require us to perform work outside of or in addition to the description set out in Engagement above, and includes the matters set out in 2.</p> <p>2. In setting the fee structure outlined above, we have assumed that:</p> <p>(1) we will receive clear and timely instructions from you;</p> <p>(2) there will be no material change to the scope of services;</p> <p>(3) the time taken to negotiate and draft documents is reasonable and not protracted;</p> <p>(4) the time taken to research relevant legal issues is reasonable and not protracted;</p> <p>(5) it is unnecessary for us to represent you in relation to any legal proceedings;</p> <p>(6) the time taken liaising, meeting and conferring with you and other parties is reasonable and not protracted; and</p> <p>(7) we will not be required to negotiate on your behalf.</p> |
| Responsible partner |  |
| | Signature |
| Notes | |
| <p>1 This instruction confirmation is given as at today's date, based on information presently available to us. It is intended to outline the scope of the work required by you and should not be relied on in substitution for any more detailed advice given to you.</p> <p>2 Except as provided to the contrary in this form, our engagement letter dated 12 July 2011 and its attached Standard Terms apply.</p> <p>3 To avoid any misunderstandings, this instruction confirmation is an offer to you to enter into a costs agreement with Norton Rose Australia. You can accept the offer in writing, for example by returning a signed copy of this sheet to us, or by continuing to instruct us in this engagement.</p> <p>Acceptance must be in writing if either: the instructions are not first given in the jurisdiction where the work is to be performed or if there is doubt as to where the instructions were first given but either the work is to be wholly or primarily performed in a particular jurisdiction or has substantial connection with that jurisdiction; OR if the costs agreement is first governed by the <i>Legal Profession Act</i> in 1 state or territory and then by the corresponding Act in another state or territory; OR if payment of the whole or part of our costs is conditional on the successful outcome of the matter. Note: If payment is conditional on success, you must define "success".</p> <p>4 If you accept this offer, this costs agreement and all matters concerning our legal costs will be governed by the <i>Legal Profession Act 2007</i> (Qld).</p> <p>5 If you wish to discuss our legal costs you may contact the responsible partner or relationship partner named above or the Brisbane Head of Office, Craig Chapman.</p> <p>6 You have the right to: negotiate this costs agreement with us; receive bills from us; request an itemised bill within 30 days after receipt of a lump sum bill; and to be notified by us of any substantial change in relation to a matter (such as, but not limited to, the scope of our work or our estimate of fees) disclosed in this form or in our engagement letter or Standard Terms.</p> | |
| Work and fee budget approved |  |
| | Signature (of client representative) |
| Name | Robert Geoffrey Bentley |
| Position | Chairman |
| Date | 29 July 2011 |

Filenote

| | | | |
|----------------|---------------------------------|-------------------------|-----------------------|
| Client | Racing Queensland Limited | Date | 1 August 2011 |
| Subject | Phone call in from Shara Murray | Time | 12.27pm to 12.29pm |
| By | Kristin Gamble | Client/Matter No | 1050766/2767947 |

Shara Murray called.

She said that she had received some further advice from Clayton Utz regarding our suggested changes to the contract.

She said that she was trying to contact Murray urgently and understood that he was out of the office. She wondered if there was a way that I could get in touch with him to get him to call her urgently. I said that I would try.

She said that she wants to talk to him with the Chairman of RQL before the Chairman leaves. He is leaving just after lunch time today.

I said that I would try to get in touch with Murray urgently for her. She said that she has sent through the Clayton Utz comments.

KJG



Gamble, Kristin

From: Shara Murray [smurray@racingqueensland.com.au]
Sent: Monday, 1 August 2011 12:34 PM
To: Gamble, Kristin
Subject: FW: [2767947:32] URGENT FW: Further Advice to the Board: Review of the Norton Rose Advice
Attachments: 304695212_4.pdf

Categories: Filed
Database: APAC
E-mail ID: 23262128
Matter Number: 2767947

Shara Murray

Senior Corporate Counsel



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E smurray@racingqueensland.com.au
W www.racingqueensland.com.au

From: Shara Murray
Sent: Monday, August 01, 2011 12:32 PM
To: murray.procter@nortonrose.com
Subject: URGENTFW: Further Advice to the Board: Review of the Norton Rose Advice

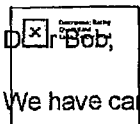
Shara Murray

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From: McComber, Jennifer [mailto:JMcComber@claytonutz.com] **On Behalf Of** Dunphy, Barry
Sent: Monday, August 01, 2011 11:39 AM
To: Robert Bentley
Cc: Shara Murray
Subject: Further Advice to the Board: Review of the Norton Rose Advice



We have carefully reviewed the terms of the Norton Rose Advice.

As you will see, we think that most of the suggestions that have been made would not be unreasonable to adopt. There are only three areas where we think some form of variation is needed being:

- In relation to the expanded trigger points for the right of the four senior executives to terminate their contracts (under clause 15.3) we would suggest that these all be limited to matters that significantly affect the role and duties of the relevant executives. We therefore do not think that a change in the State Government alone should be included as one of the triggers in clause 15.3 of the employment contracts;
- There is a potential complication if an early State election were to be called, say, in the next two months. In that circumstance if a trigger event happened after the election the four executives may then be entitled to twenty months pay-out (at the 30% increased level) which would be equivalent to 26 months salary at their current remuneration. All of that would occur in circumstances where their retention would have only been for a short period of, say, three months. We think that that outcome would be in the nature of a windfall and would be hard to justify and we have therefore suggested that the termination payment provided under clause 15.3 should have some form of cap to mitigate that risk. This is a matter for the Board to consider balancing all of the commercial considerations but if one is having regard to the uplifted salary level (which includes the 30% increase) then a cap of 12 - 14 months might be considered by the Board; and
- We have suggested some other minor changes to the drafting of the additional trigger factors that are suggested for inclusion in clause 15.3 of the relevant employment contracts.

As you will see from the above three points, two are drafting issues and the third point is necessary because of the possibility that a very early election might be held. I know that the Premier is on the record as saying that she intends to not have the election until early next year. However, politically things are fairly volatile at the moment and I have heard some suggestions around Government that a snap election might be called because the current Government may not wish to be holding the State election at the same time as the Local Government election. Of course, one can never be sure about the timing of election and really the election date will only be certain once it is called. However, a very early election would I think create a difficulty for the Board as under the Norton Rose formulation (with the impact of the 30% uplift) would see the four executives get a very large windfall.

Please do not hesitate to contact me once you have read the advice.

Kind regards,

**Barry Dunphy | Partner | Government Services Group
Clayton Utz**

Level 28 Riparian Plaza 71 Eagle Street, Brisbane QLD 4000 Australia | D +61 7 3292 7020 | F +61 7 3221 9669 | M 0407 122 283 | bdunphy@claytonutz.com

www.claytonutz.com



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CLAYTON UTZ

Sydney Melbourne Brisbane Perth Canberra Darwin Hong Kong

Confidential

Mr Bob Bentley
Chairman
Racing Queensland Limited
PO Box 63
SANDGATE QLD 4017

1 August 2011

Our ref 12223/12955/80120739

Dear Bob

Remuneration of Senior Executive Staff

I refer to our previous discussions and to the request that we now review the legal advice dated 20 July 2011 provided to Racing Queensland Limited (**Racing Queensland**) by Messrs Norton Rose.

We have previously in this context provided advice on the legal obligations that are owed by the Board members particularly under sections 181 and 182 of the Corporations Act. We will not for the purposes of this advice repeat those earlier observations.

For convenience, we will address the issues that arise as follows:

- 1.0 Executive Summary
- 2.0 Background
- 3.0 Proposed 30% Increase in Salary
- 4.0 Broadening of the Redundancy Triggers set out in Clause 15.3 of the Employment Contracts
- 5.0 Variation of the Employment Contract Renegotiation Date
- 1.0 **Executive Summary**

Our key conclusions are that:

- (a) The proposed 30% increase in salary does not appear to be unreasonable in all of the circumstances.
- (b) However, the Board needs to carefully assess whether the flow on effect of the 30% increase into the TRV for each of the four senior executives for the purposes of their relevant termination payments (under clause 15.3 of their respective employment contracts) is, in all of the circumstances, reasonable and in the best interests of Racing Queensland. We suggest that there be a form of cap (in terms of the total number of

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Legal\304695212.4

months of TRV equivalent) on the amount that can be paid under the terms of the revised clause 15.3. The value of the capped amount is for the Board to determine but we would suggest that a range of between 12 and 14 months might be considered. Our reason for raising this point is that the timing of the next State general election is really quite flexible and uncertain. In our opinion the next State general election could be as early as September 2011 or as late as June 2012. Our concern is that if the election is held very early, e.g. October 2011 and this then led to an activation of one of the clause 15.3 triggers, that the four executives would then become entitled to a termination payment of 20 months (at the increased 30% level) which, in terms of their current salary would be the equivalent of a 26 month payment. As that trigger would occur in circumstances where the employees were only effectively retained for 3 months from the date of incentive, it is our opinion that such a windfall outcome may be difficult for the Board to justify;

- (c) The variation in the current termination payment triggers as set out in clause 15.3 of the respective employment contracts of the four senior executives appears to be reasonable. However, we recommend that all of the additional triggers ought to have a significant impact in the role or duties of each of the four senior executives. We would not recommend that one of the triggering events that activate payment be a mere change in State Government alone, as that event of itself may or may not have implications for the employment of the four senior executives; and
- (d) The change in the contract renegotiation date in the employment contracts of the four senior executives appears to be reasonable.

1.0 Background

Since we first considered this issue, there has been a most unfortunate escalation in the public discussion about the future of Racing Queensland and the likelihood that an incoming LNP Government will move quickly to dismiss the current Board. The public discussion has now also gone so far as to suggest that two of the senior executives of Racing Queensland will be replaced if there is a change of Government. All of this public discussion has clearly and understandably unsettled the four key senior executives of Racing Queensland who now all believe that if there is a change of Government that their employment will be terminated in very public circumstances

and that their reputations within the racing industry and within the broader business community will then be adversely affected.

So the Board now has a serious dilemma in that four of the key members of its senior management team¹ are now both unsettled and distracted by the recent public discussion. At the same time, Racing Queensland has a very significant workload with which to cope over the next two to three years and the Board believes that keeping the four senior executives is critical to the future success of Racing Queensland. Unless the Board now takes some clear mitigating steps, there is a risk that one or more of those executives will commence looking for alternative employment to avoid the ignominy of the termination of their employment being played out in the public arena if there is a change of Government. The only countervailing factor seems to be that under their respective employment contracts, the four senior executives are required on resignation to give either six or seven weeks notice (depending on their age and period of service) and their entitlements in the event of a voluntary resignation are minimal.

Having regard to these matters, we note that the Board, at its meeting on 20 July 2011, considered these issues and decided for each of the four executives to:

- (a) Increase the TRV of each executive by 30% as from 1 July 2011. This increase is to be payable immediately on an ongoing basis throughout the balance of the current term of their employment contracts;
- (b) That the existing redundancy triggers set out in clause 15.3 of their current employment contracts i.e. if Racing Queensland ceases to be the approved Control Body, be expanded to include other "material adverse changes" such as a change in the State Government, a significant change in the make up of the Racing Queensland Board, a significant change in the reporting line for the relevant senior executive or a significant organisational restructure; and
- (c) That the obligation on Racing Queensland to renegotiate their respective employment contracts be moved from June 2012 to December 2012.

¹ The four senior executives are the Chief Executive Officer, Malcolm Tuttle, the Director Integrity Operations, Jamie Orchard, the Director Product Development, Paul Brennan and the Senior Corporate Counsel/Company Secretary, Shara Murray.

In the circumstances, it is probably best that we examine each of these proposed changes to the employment contracts of the four senior executives and that we then express our opinion on the risks that face the Board in relation to each of those changes.

2.0 Proposed 30% Increase in Salary

As we have previously indicated, even within Government circles, there are precedents for employees to be paid retention bonuses of between 20% and 25% to reflect either market demand for particular employment skills and specialties or when senior executives have been sought to be retained by a Government entity that is the subject of an ongoing privatisation process. In this latter instance, these retention payments have been made to keep the relevant executive management team in place until the new owners of the privatised body have taken control.

Therefore, we believe that the 30% uplift in salary as a concept is not an unreasonable approach. However, as we have previously advised, making these retention payments after certain timelines or milestones have been met by the employees would give rise in an overall sense to a lower risk profile from the Board's perspective.

One point about the proposed 30% increase is that it will apply for the remainder of the balance term of the employment contracts of the four senior executives. This increase in TRV will also then flow through into the calculation of any "redundancy payment" under the expanded version of clause 15.3 of the employment contracts.

So, our view on this aspect of the proposed employment contract variation is:

- (d) That the payment of a 30% salary retention increase conceptually is reasonable in the current circumstances; and
- (e) That the Board in the current circumstances needs to be satisfied that the overall increase in salary for each of the four senior executives together with the associated increase in the entitlements regarding relevant total termination payments under clause 15.3 of their employment contracts and under any general redundancy scheme is, when one weighs up all of the relevant factors, both reasonable and in the best interests of Racing Queensland. We would note in this regard from the spreadsheet that was included with the Board papers that if all four senior executives activated their redundancy entitlements in February 2012 that the extra termination payments

(for the four senior executives) will in total amount to an additional \$677,000 liability for the company. We presume that this figure has been calculated and reflects the flow through of both the 30% increase in their individual TRVs together with the effect of any further payments that will be made under the proposed general Racing Queensland wide redundancy scheme.

Of course, under the relevant employment contracts of each of the four senior executives the actual size of any termination payment will depend on when the material adverse change occurs and then whether the individual executives trigger their termination rights under clause 15.3 of their respective employment contract. For example, if there is a change of Government at the State Government level and Racing Queensland is restructured and/or fundamentally reformed in April 2012 by the new Government, the four executives (if they were all to terminate their employment at that time) would be entitled to approximately 14 months pay together with any additional general redundancy payments. However, if it took the new Government until December 2012 to implement any restructuring process, the payments under the expanded clause 15.3 of the respective employment contracts would then only be seven months salary plus any additional general redundancy payment.

One other area of difficulty is that we cannot be sure when the State election may be held and so there is considerable uncertainty about when a triggering event may actually occur under clause 15.3 of the relevant employment contracts. Under the constitutional and electoral framework in Queensland, the next State election can be held as late as mid June 2012. On the other hand, it is generally accepted that the Governor will grant an early State election if the request is made by the Premier within the last six months of the 3 year Parliamentary term.

On this basis the Premier could ask for a State election to be held as early as September/October 2011. Our concern is that if the election is held very early, e.g. October 2011 and this then led to an activation of one of the clause 15.3 triggers, that the four executives would then be entitled to a termination payment of 20 months (at the increased 30% level) which, in terms of their current salary would be the equivalent of a 26 month payment. As that trigger would occur in circumstances where the employees were only effectively retained for 3 months from the date of incentive, it is our opinion that such a windfall outcome may be difficult for the Board to justify.

To mitigate this risk, we suggest that there be a form of cap (in terms of the number of months) on the amount that can be paid under the revised clause 15.3. This is an amount for the Board to determine but we would suggest that a range of between 12 and 14 months might be considered.

3.0 Broadening of the Redundancy Triggers set out in Clause 15.3 of the Employment Contracts

As we have already advised, we have serious reservations whether an employee triggered termination under clause 15.3 of the current employment contracts would give rise to a genuine redundancy situation. This is because the focus of the clause is on the termination of individual employment arrangements rather than the redundancy of the relevant positions i.e. on the basis that they will then not be required as part of the ongoing structure of Racing Queensland. It is incomprehensible that the current duties undertaken by the four senior executives will in any future management structure of Racing Queensland all cease to exist or, in that sense, become redundant in terms of the ongoing operation and management of Racing Queensland.

In our view, however the proposed broadening of the trigger events as set out in clause 15.3 of the relevant employment contracts would not necessarily be unreasonable. One observation would be that the trigger ought to have a significant impact in the role or duties of each of the four senior executives. We would not recommend a trigger that is activated by a change in the State Government alone as that event may or may not have implications for the employment of the four senior executives.

We also suggest that to the extent that changes in reporting lines for the relevant senior executives or operational structures are added in any trigger points, that it should be made very plain that only significant or substantial changes will operate as a relevant trigger. It would not be in the interests of Racing Queensland to allow the four senior executives to seek a termination payment for what might only be a minor change in their reporting arrangements or a minor variation in the structure of Racing Queensland. This is primarily a drafting issue which can be addressed in the new expanded clause 15.3 as it is being developed.

4.0 Variation of the Employment Contract Renegotiation Date

This proposal is that the obligation on Racing Queensland to renegotiate the respective employment contracts be moved from a nominated date of June 2012 to December 2012. This suggested change is made to allow sufficient time for an assessment to be made of the potential

effect of any structural reforms of Racing Queensland both on the role and the employment terms and conditions of the four senior executives.

We do not see that this change has any financial impact on Racing Queensland and it seems to us to be a reasonable variation in all of the circumstances.

If you have any questions in relation to our advice, do not hesitate to contact us.

Yours sincerely



Barry Dunphy, Partner
+61 7 3292 7020
bdunphy@claytonutz.com

Wawryk, Laura

From: Wawryk, Laura on behalf of Procter, Murray
Sent: Wednesday, 3 August 2011 10:53 AM
To: 'smurray@racingqueensland.com.au'
Subject: [2767947:34] Executive retention strategy
Attachments: img-8031044-0001.pdf

Categories: Filed
Database: APAC
E-mail ID: 23320862
Matter Number: 2767947

Dear Shara,

Please see **attached** correspondence.

Please let me know if you have any queries.

Kind regards,

(
Murray Procter
Partner

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3 August 2011

Email: smurray@racingqueensland.com.au

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Our reference
2767947

Email
kristin.gamble@nortonrose.com

Dear Mr Bentley

Executive retention strategy

We refer to our previous advice dated 20 July 2011 and the advice of Clayton Utz dated 1 August 2011 in relation to a retention strategy for Racing Queensland Limited's (RQL) senior executives, Mr Malcolm Tuttle, Mr Jamie Orchard, Mr Paul Brennan and Ms Shara Murray (**Executives**).

1 Further instructions

1.1 You have requested our response to the following concerns raised by Clayton Utz:

- (1) that an early State Government election may have the effect that the termination payments under the proposed material adverse change clause are unreasonable; and
- (2) that a change in the State Government alone may not be sufficient to act as a trigger in relation to a material adverse change clause.

1.2 Our advice is set out below.

2 Summary

2.1 In our view, in the event of an early election the potential increase to the termination payment under the proposed material adverse change clause is defensible for the following reasons:

- (1) there is a commercial need for RQL to retain the Executives in context of the current industry environment; and
- (2) for this reason, it is in the interests of RQL to reach an agreement satisfactory to the Executives in order to retain their employment.

2.2 If the Executives agree to the inclusion of a cap on the termination payment under the material adverse change clause, then this will satisfy RQL's commercial need to retain the Executives.

2.3 However, in the event that the Executives do not agree to the proposed cap, we consider that it remains in the best interests of RQL to reach an agreement without the inclusion of the cap in order to retain the Executives.

APAC-#11026355-v1

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- 2.4 In order to adequately address the current concerns of the Executives, we also consider that it is necessary to include, effectively, a change in State Government as a trigger in the proposed material adverse change clause.

3 Impact of early State election

- 3.1 In their letter, Clayton Utz have raised the possibility of an early State Government election and recommended to the Board of RQL that it carefully considers the flow on effects.
- 3.2 In particular, the proposed increase to each Executive's TRV of 30% would increase the amount of the termination payments that the Executive would receive if they choose to rely on the proposed material adverse change clause.
- 3.3 Clayton Utz has suggested mitigating the risk by placing a cap on the amount that can be paid under the material adverse change clause of between 12 and 14 months.
- 3.4 Ultimately, we consider that whether a cap is included is a matter for agreement between RQL and the Executives.
- 3.5 The Executives have raised their concerns with you in their letter dated 5 July 2011 indicating that this speculation is having a destabilising effect and that they need security in their employment leading up to and subsequent to the upcoming State election.
- 3.6 It is apparent that if this security regarding the Executives' ongoing employment is not provided, the Executives may resign from their employment with RQL. In the event that the Executives resigned, it would have a significant negative impact on RQL and, in the current industry environment, the likelihood of replacing the Executives would be limited.
- 3.7 The Executives have indicated that they would be satisfied with a commercial agreement that involves an increase of 30% to each of their TRV's and related entitlements and the inclusion of termination rights entitling them to resign and receive payment of their TRV to the end of the term in the event of a material adverse change.
- 3.8 On this basis, we consider that it is in the interests of RQL to put in place appropriate measures to retain the Executives.
- 3.9 If you are able to reach a commercial agreement with the Executives to continue their employment with a cap in place then we consider that this will increase the defensibility of changes to their employment arrangements (particularly in response to negative publicity).
- 3.10 However, we consider that in circumstances where RQL faces potentially losing its senior Executives, and where these Executives would be difficult to replace due to the industry speculation regarding a restructure to RQL, the increase to the termination payment is defensible without the cap.

4 Redundancy triggers

- 4.1 The key concern of the Executives is that if the Liberal National Party (LNP) is successful at the next State election, the LNP will move to alter the make up of RQL including, possibly, terminating their employment.
- 4.2 This concern is based on the stated policy of the LNP to remove the Board of RQL and significant speculation in the industry regarding the Executives.
- 4.3 In our view, unless the effect of the LNP taking control of the Queensland Legislative Assembly is included as a trigger in the proposed material adverse change clause, the Executives' concerns will not be adequately addressed. Therefore, we recommend that this be maintained in the proposed material adverse change clause.

3 August 2011

NORTON ROSE

- 4.4 As to the inclusion of other triggers, we agree with Clayton Utz that any triggers in relation to reporting lines for the Executives or organisational structure be limited to significant or substantial changes. This will in our view avoid any possibility that the Executives will seek to rely on the proposed material adverse change clause without a reasonable basis for doing so.

We are currently in the process of drafting amendments to the Executives' employment agreements in accordance with your previous instructions and consistent with our advice above. If you would like us to include a cap on termination payments under the material adverse change clause, please let us know.

Please contact me if you have any queries. Alternatively, please contact Kristin Gamble on (07) 3414 2876.

Yours faithfully



Murray Procter
Partner
Norton Rose Australia
Contact: Kristin Gamble

Gamble, Kristin

From: Shara Murray [smurray@racingqueensland.com.au]
Sent: Wednesday, 3 August 2011 11:28 AM
To: Procter, Murray
Cc: Gamble, Kristin
Subject: RE: [2767947:34] Executive retention strategy

Categories: Filed
Database: APAC
E-mail ID: 23322543
Matter Number: 2767947

Dear Murray

I confirm that the Chairman is happy with your advice – thank you.

In relation to the cap on termination payment, it has been decided: '...completion of the term (30 June 2013) or 14 months. However, in any event will not be a term greater in duration than 14 months.'

As discussed, could you please draft the necessary resolutions in order for the Board to approve in relation to these executives:

1. A 30% increase to each executive's TRV, effective from 1 July 2011.
2. The inclusion of a material adverse change clause with a trigger that includes a change in State Government, RQL ceasing to be a control body for the purpose of the *Racing Act 2002* (Qld), a change to either the make-up of the RQL Board, reporting lines for the Executive or an organisational restructure, entitling Executive to:
 - (a) a payment equivalent to the amount of each Executive's TRV that they would have received had the Executive remained employed by RQL to the completion of the term or 14 months. However, in any event will not be a term greater in duration than 14 months. Plus an amount of severance pay equivalent to the RQL-wide redundancy pay payment, as a material adverse change severance payment; and
 - (b) all other legal entitlements (such as accrued leave).
3. Retention of the current 3 year term with an obligation on RQL to renegotiate before 31 December 2012.

Happy for you to re-word any of the above. Furthermore, in relation to resolution formatting, please draft resolution in any format/style.

Kind Regards

Shara

Shara Murray
Senior Corporate Counsel



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From: Wawryk, Laura [mailto:laura.wawryk@nortonrose.com] **On Behalf Of** Procter, Murray
Sent: Wednesday, August 03, 2011 10:53 AM
To: Shara Murray
Subject: [2767947:34] Executive retention strategy

Dear Shara,

Please see **attached** correspondence.

Please let me know if you have any queries.

Kind regards,

Murray Procter

Partner

Norton Rose Australia

Level 17, 175 Eagle Street, Brisbane, Australia

Tel +61 7 3414 2914 Mob +61 405 082 089 Fax +61 7 3414 2999

murray.procter@nortonrose.com

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Filenote

| | | | |
|----------------|---------------------------------|-------------------------|------------------|
| Client | Racing Queensland Limited | Date | 3 August 2011 |
| Subject | Phone call in from Shara Murray | Time | 1.35pm to 1.37pm |
| By | Kristin Gamble | Client/Matter No | 1050766/2767947 |

Shara Murray called.

I said that we wanted to confirm that the payment would be capped at 14 months as opposed to being an option of 14 months or the until the end of the term.


I said that consistent with Clayton Utz advice was that the payment would be to the end of the term, up to a maximum of 14 months. I said as she had worded it, it provided an alternative for payment to the end of the term or 14 months.

She said to include it as a cap – ie payment to the end of the term up to a maximum of 14 months. Not as an alternative.

I said that was fine.

She confirmed that we would be sending through the draft resolution from the Board of Directors and the employment contracts for the executives. I said that was correct and that we would get them to her today for her to take to the Board.

KJG



Judd, Jan

From: Gamble, Kristin
Sent: Wednesday, 3 August 2011 4:33 PM
To: 'smurray@racingqueensland.com.au'
Cc: Procter, Murray
Subject: [2767947:35] Advice - Executive strategy
Attachments: RQL - Company resolution - board approval to variation of employment contracts(11056326_1).DOC; RQL - Employment Agreement - Jamie Orchard(10986095_1).DOC; RQL - Employment Agreement - Malcolm Tuttle(10985895_1).DOC; RQL - Employment Agreement - Paul Brennan(10986024_1).DOC; RQL - Employment Agreement - Shara Murray(10986132_1).DOC; RQL - Letter of resignation - Jamie Orchard(11061257_1).DOC; RQL - Letter of resignation - Malcolm Tuttle(11062302_1).DOC; RQL - Letter of resignation - Paul Brennan(11061280_1).DOC; RQL - Letter of resignation - Shara Murray(11019884_1).DOC; RQL - Separation Deed - Jamie Orchard(11062132_1).DOC; RQL - Separation Deed - Malcolm Tuttle(11062188_1).DOC; RQL - Separation Deed - Paul Brennan(11062068_1).DOC; RQL - Separation Deed - Shara Murray(11019461_1).DOC

Categories: Filed
Database: APAC
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iter Number: 2767947

Dear Shara,

Please find **attached** the following documents:

1. amended employment agreements for Malcolm Tuttle, Jamie Orchard, Paul Brennan and yourself (**Executives**);
2. draft Letters of Resignation for each Executive;
3. a draft Separation Deed for each Executive; and
4. a draft Company Resolution for Board's approval of the amended contracts.

Employment agreements

As requested, we have made the following amendments to the Executive's employment agreements:

- in clause 2.5, we have included an obligation to renegotiate any extension to the employment agreement before 31 December 2012;
- in clause 5.1, we have increased the remuneration payable to each Executive by 30%; and
- in clause 15.2, we have included the right for each of the Executives to resign from their employment on the occurrence of a material adverse change, with related entitlements.

Resignation

We have prepared a draft Letter of Resignation and Separation Deed for each of the Executives. In relation to your position as Company Secretary, this may require a separate resignation. We recommend that this only occurs after you have received all of your entitlements.

There are various details that will need to be included in each Separation Deed, which are highlighted throughout the document. In particular, the Settlement Amount is to be inserted. In the event of resignation for a material adverse change, the Settlement Amount will be the gross amount owing to you in respect of the TRV payable to the end of the term, any further payments and your accrued but unpaid entitlements.

Resolution

As requested, we have prepared a resolution for RQL's Board of directors to use in approving the variation to the employment contracts. We have not reviewed the resolution for compliance with any of RQL's rules but these are the words that we suggest you use.

Please contact me if you have any queries. Alternatively, please contact Kristin Gamble on (07) 3414 2876.

Kind regards,

Murray and Kristin

Murray Procter
Partner

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Racing Queensland Limited

ACN 142 786 874

(Company)

Record of circulating directors' resolution in accordance with clause 17.8 of the Company's Constitution

The undersigned are all of the directors of the Company at the time of signing this circulating resolution.

The undersigned are in favour of the resolution(s) set out in the schedule and acknowledge that the resolution(s) was/were passed when the last director signed.

Schedule Resolution(s)

1 Variation to employment contracts

That the employment agreements for the following Company executives:

- (1) Malcolm Tuttle;
- (2) Jamie Orchard;
- (3) Paul Brennan; and
- (4) Shara Murray,

are varied in accordance with the advice received from Norton Rose dated 20 July 2011, the advice received from Clayton Utz dated 29 July 2011 and the subsequent advice received from Norton Rose dated 2 August 2011, in the form of the attached varied employment agreements for each of the above named Company executives.

Signed in accordance with the *Corporations Act 2001* on

2011.

Robert Geoffrey Bentley

Dated

Anthony John Hammer

Dated

William Patrick Ludwig

Dated

Wayne Norman Milner

Dated

Bradley John Ryan

Dated

Kerry Lee Watson

Dated

Robert James Lette

Dated

[insert date] 28 June 2010

Mr Jamie Orchard
91 Delaney Cct
CARINDALE QLD 4152

PRIVATE AND CONFIDENTIAL

Dear Jamie,

As we have discussed, the Board of directors of Racing Queensland Limited ("RQL") had resolved to vary the terms and conditions of your employment in I am delighted to offer you the position of Director of Integrity Operations with Racing Queensland Limited ("RQL").

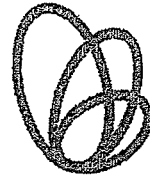
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL with effect from 1 July 2011. The Offer of Employment replaces any previous agreements, or representations, whether express in writing or otherwise, which set out the terms and conditions of your employment. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. It would be appreciated if you could sign and return a copy of the enclosed Offer of Employment to me as soon as possible.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

~~Congratulations on your appointment. I am looking forward to working with you in future.~~

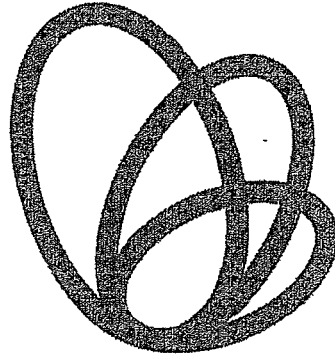
Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING
QUEENSLAND

Racing Queensland Limited
A.B.N. 52 142 786 874
Racecourse Rd Deagon QLD 4017
PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3269 6404
E info@racingqueensland.com.au
W www.racingqueensland.com.au



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Jamie Orchard

Executive Employment Agreement

APAC-#10986095-v1

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Jamie Orchard (referred to in this document as "you" or "your") employment in the position of Director of Integrity Operations.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it ~~supersedes~~^{supersedes} and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Director of Integrity Operations and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before ~~4 July~~^{31 December} 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. ~~This contract~~ Your employment with RQL will commence on 1 July 2011 ~~or the date when RQL commences operation as an approved Control Body, whichever is the later date.~~
- 4.2. Your service with RQL will be calculated from the date you commenced employment with RQL and not from the date of this contract for the purpose of applicable service related entitlements and benefits under this contract.
- 4.2.4.3. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.

- 4.3.4.4. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.
- 4.4.4.5. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.
- 4.5.4.6. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of ~~\$230~~^{\$299},000 per annum, including compulsory superannuation. If you choose to take up the option of RQL providing you with a vehicle, as outlined below at clause 5.4, then your TRV will also include your agreed contribution towards the vehicle's cost as set out in clause 5.4~~5~~.4.

5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:

- a. Taxes required by law, including PAYG and FBT;
- b. Compulsory superannuation contributions;
- c. The cost of any salary sacrifice arrangements implemented by you;
- d. Any other deductions which you have authorised RQL to make;
- e. An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the Fair Work Act 2009;
- f. Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4~~5~~.4.

5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.

5.4. RQL will provide you with a 6 cylinder vehicle, provided that you agree to salary sacrifice an amount equivalent to 25% of the nominal annual value of the vehicle agreed with RQL. You agree that, effective from 1 July 2010, a 6 cylinder vehicle is to be valued at \$15,000 per annum. If at any time you cease salary sacrificing this agreed amount you will no longer be entitled to the use of the vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.

5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.

5.6. In addition to your TRV, RQL will cover the following costs:

- a. Mobile telephone costs, including calls;
- b. Home internet connectivity; and
- c. 50% of your home telephone account,

provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

- 5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.
- 5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.
- 5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.
- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.

- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.
- 7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave
- 7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.

- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;

- b. In the proper performance of your duties;
- c. As expressly allowed under this Agreement; or
- d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.

11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.

11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:

- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
- b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
- c. In the course of, as a consequence of or in relation to the performance of the employees duties;
- d. Relating to RQL's general methods of operation; or
- e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;

vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.

12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of

salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.
- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).
- 14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.
- 14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:
 - a. immediately return the device to RQL on termination of your employment or earlier request;
 - b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
 - c. not give the device to anybody else or permit anybody else to use the device; and
 - d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

- 15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. Within 14 days of the occurrence of a Material Adverse Change, you may resign from your employment by giving 1 month's written notice. If you resign by reason of a Material Adverse Change, you will be entitled to:

- a. a payment of a sum equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract, however not exceeding a sum equivalent to 14 months of your TRV;
- b. a severance payment calculated in accordance with the relevant scale contained in any redundancy policy of RQL; and
- c. any accrued but unpaid entitlements.

For the purpose of this clause, Material Adverse Change means RQL ceasing to be the approved Control Body under the Racing Act 2002 (Qld), it being a stated policy of a parliamentary party who has control of the Queensland Legislative Assembly to materially alter the structure of RQL or to remove one or more of the directors of RQL, a material adverse change in the make up of the RQL Board of directors, or your reporting lines, or an

organisational restructure that materially impacts on your role at RQL in a manner adverse to you.

15.3. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.815-9;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

15.4. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4.15.5. If RQL terminates your employment for any reason other than those referred to in clauses 15.345.2, 15.4, 15.3 and 15.815-9, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract for the period of the contract.

15.5.15.6. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6.15.7. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7.15.8. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

15.8.15.9. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

15.9.15.10. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 4 July 31 December 2012 your contract has been extended, but after 4 July 31 December 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

- 16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.
- 16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.
- 16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.
- 16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

- 17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

- 18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

- 19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

- 20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.
- 20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

- 21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

- 22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;

- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.

- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

| | | |
|-------|-------------|--------------|
| _____ | _____ | 28 June 2010 |
| | Bob Bentley | Date |
| | Chairman | |

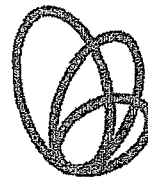
I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

| | | |
|-----------|---------------|-------------|
| _____ | _____ | _____ |
| Signature | Jamie Orchard | 1 July 2010 |

~~28 June 2010~~ [insert date]

Mr Malcolm Tuttle
78 Gerler Road
HENDRA QLD 4011

PRIVATE AND CONFIDENTIAL



**RACING
QUEENSLAND**

Racing Queensland Limited
A B N. 52 142 786 874
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PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3269 6404
E info@racingqueensland.com.au
W www.racingqueensland.com.au

Dear Malcolm,

As we have discussed, the Board of directors of Racing Queensland Limited ("RQL") has resolved to vary the terms and conditions of your employment in I am delighted to offer you the position of Chief Executive Officer with Racing Queensland Limited (RQL).

The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL with effect from 1 July 2011. The Offer of Employment replaces any previous agreements, or representations, whether express in writing or otherwise, which set out the terms and conditions of your employment. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

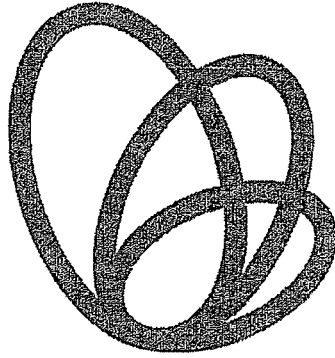
~~Congratulations on your appointment. I am looking forward to working with you in future.~~

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited

Executive Employment Agreement

APAC-#10985895-v1



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Malcolm Tuttle

Executive Employment Agreement

APAC-#10985895-v1

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Malcolm Tuttle (referred to in this document as "you" or "your") employment in the position of Chief Executive Officer.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it ~~supercedes~~ supersedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Chief Executive Officer and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Board of Racing Queensland Limited or its nominated delegate.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before ~~1 July~~ 31 December 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. ~~This contract~~ Your employment with RQL will commence on 1 July 2011 ~~10 or the date when RQL commences operation as an approved Control Body, whichever is the later date~~
- 4.2. Your service with RQL will be calculated from the date you commenced employment with RQL and not from the date of this contract for the purpose of applicable service related entitlements and benefits under this contract.
- 4.2.4.3. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of

standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.

4.3.4.4. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

4.4.4.5. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.

4.5.4.6. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of ~~\$390~~\$300,000 per annum, including compulsory superannuation.

5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:

- a. Taxes required by law, including PAYG and FBT;
- b. Compulsory superannuation contributions;
- c. The cost of any salary sacrifice arrangements implemented by you;
- d. Any other deductions which you have authorised RQL to make;
- e. An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
- f. Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.45.4.

5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.

5.4. RQL will provide you with a 6 cylinder vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.

5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.

5.6. In addition to your TRV, RQL will cover the following costs:

- a. Mobile telephone costs, including calls;
- b. Home internet connectivity;
- c. 100% of your home telephone account,

provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.

- 5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.
- 5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.
- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;

- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.
- 7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave.
- 7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.

- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Board of Racing Queensland Limited or its nominated delegates in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;

- b. In the proper performance of your duties;
 - c. As expressly allowed under this Agreement; or
 - d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.
- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:
- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
 - b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
 - c. In the course of, as a consequence of or in relation to the performance of the employees duties;
 - d. Relating to RQL's general methods of operation; or
 - e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;
- vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.
- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.
- 12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.
- 12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.
- 12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

- 13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.

14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).

14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.

14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:

- a. immediately return the device to RQL on termination of your employment or earlier request;
- b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
- c. not give the device to anybody else or permit anybody else to use the device; and
- d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. Within 14 days of the occurrence of a Material Adverse Change, you may resign from your employment by giving 1 month's written notice. If you resign by reason of a Material Adverse Change, you will be entitled to:

- a. a payment of a sum equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract, however not exceeding a sum equivalent to 14 months of your TRV;
- b. a severance payment calculated in accordance with the relevant scale contained in any redundancy policy of RQL; and
- c. any accrued but unpaid entitlements.

For the purpose of this clause, Material Adverse Change means RQL ceasing to be the approved Control Body under the Racing Act 2002 (Qld), it being a stated policy of a parliamentary party who has control of the Queensland Legislative Assembly to materially alter the structure of RQL or to remove one or more of the directors of RQL, a material

adverse change in the make up of the RQL Board of directors, or your reporting lines, or an organisational restructure that materially impacts on your role at RQL in a manner adverse to you.

15.2.15.3. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.8.15.8;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

15.4. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4.15.5. If RQL terminates your employment for any reason other than those referred to in clauses ~~15.2.15.3, 15.4.15.3 and 15.8.15.8~~, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed ~~for the period of the contract~~ until the end of the term referred to in clause 2.4 of this contract.

15.5.15.6. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6.15.7. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7.15.8. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

15.8.15.9. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

15.9.15.10. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 31 December 2012 ~~4 July 2012~~ your contract has been extended, but after ~~4 July~~ 31 December 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not

extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

- 16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.
- 16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.
- 16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.
- 16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

- 17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

- 18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

- 19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

- 20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.
- 20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

- 21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

- 22.1. Misconduct includes but is not limited to:
- a. Drunkenness or intoxication;
 - b. Dishonesty;
 - c. Neglect of duty or incompetence;

- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

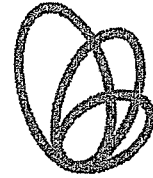
Signed on behalf of RQL.

| | | |
|-------|-------------|--------------|
| _____ | _____ | 28 June 2010 |
| | Bob Bentley | Date |
| | Chairman | |

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

| | | |
|-----------|----------------|-------------|
| _____ | _____ | _____ |
| Signature | Malcolm Tuttle | 1 July 2010 |

Insert date 28 June 2010



**RACING
QUEENSLAND**

Mr Paul Brennan
5 Lang Street
PELICAN WATERS QLD 4551

Racing Queensland Limited
A B N 52 142 786 974
Racecourse Rd Deagon QLD 4017
PO Box 63 Sandgate QLD 4017
T 07 3869 9777
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E info@racingqueensland.com.au
W www.racingqueensland.com.au

PRIVATE AND CONFIDENTIAL

Dear Paul,

As we have discussed, the Board of directors of Racing Queensland Limited ("RQL") has resolved to vary the terms and conditions of your employment in I am delighted to offer you the position of Director of Product Development with Racing Queensland Limited ("RQL").

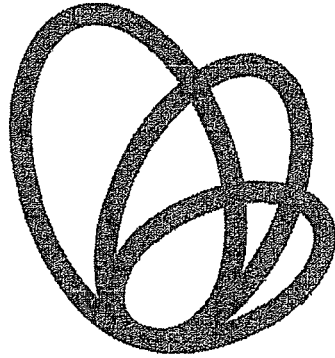
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL with effect from 1 July 2011. The Offer of Employment replaces any previous agreements, or representations, whether express in writing or otherwise, which set out the terms and conditions of your employment. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

~~Congratulations on your appointment. I am looking forward to working with you in future.~~

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Paul Brennan

Executive Employment Agreement

APAC-#10986024-v1

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Paul Brennan (referred to in this document as "you" or "your") employment in the position of Director of Product Development.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it ~~supercedes~~ supersedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Product Development Director and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before ~~31 December~~ 1 July 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. This contract ~~Your employment with RQL will commence on 1 July 2011~~ 40 or the date when RQL commences operation as an approved Control Body, whichever is the later date
- 4.2. Your service with RQL will be calculated from the date you commenced employment with RQL and not from the date of this contract for the purpose of applicable service related entitlements and benefits under this contract.
- 4.2.4.3. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.

4.3.4.4. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

4.4.4.5. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.

4.5.4.6. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of \$180,234,000 per annum, including compulsory superannuation.

5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:

- a. Taxes required by law, including PAYG and FBT;
- b. Compulsory superannuation contributions;
- c. The cost of any salary sacrifice arrangements implemented by you;
- d. Any other deductions which you have authorised RQL to make;
- e. An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
- f. Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.5-4.

5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.

5.4. RQL will provide you with a 6 cylinder vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.

5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.

5.6. In addition to your TRV, RQL will cover the following costs:

- a. Mobile telephone costs, including calls;
- b. Home internet connectivity; and
- c. 50% of your home telephone account,

provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.

5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your

TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.

- 5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.
- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed

by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.

7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.

7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave.

7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.

7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.

- I. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;
 - b. In the proper performance of your duties;
 - c. As expressly allowed under this Agreement; or

- d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.
- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:
 - a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
 - b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
 - c. In the course of, as a consequence of or in relation to the performance of the employees duties;
 - d. Relating to RQL's general methods of operation; or
 - e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.
- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.
- 12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.
- 12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.
- 12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

- 13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.
- 13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and

insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.
- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).
- 14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.
- 14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:
- immediately return the device to RQL on termination of your employment or earlier request;
 - not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
 - not give the device to anybody else or permit anybody else to use the device; and
 - use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

- 15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. Within 14 days of the occurrence of a Material Adverse Change, you may resign from your employment by giving 1 month's written notice. If you resign by reason of a Material Adverse Change, you will be entitled to:

- a payment of a sum equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract, however not exceeding a sum equivalent to 14 months of your TRV;
- a severance payment calculated in accordance with the relevant scale contained in any redundancy policy of RQL; and
- any accrued but unpaid entitlements.

For the purpose of this clause, Material Adverse Change means RQL ceasing to be the approved Control Body under the Racing Act 2002 (Qld), it being a stated policy of a parliamentary party who has control of the Queensland Legislative Assembly to materially alter the structure of RQL or to remove one or more of the directors of RQL, a material adverse change in the make up of the RQL Board of directors, or your reporting lines, or an organisational restructure that materially impacts on your role at RQL in a manner adverse to you.

15.2-15.3. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.8-15.8;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

15.4. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4-15.5. If RQL terminates your employment for any reason other than those referred to in clauses 15.3-15.2, 15.4-15.3 and 15.8-15.8, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract for the period of the contract.

15.5-15.6. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6-15.7. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7-15.8. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

15.8-15.9. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

15.9-15.10. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 31 December 1 July 2012 your contract has been extended, but after 31 December 1 July 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.

20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;

- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

| | | |
|-------|-------------|--------------|
| _____ | _____ | 28 June 2010 |
| | Bob Bentley | Date |
| | Chairman | |

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

| | | |
|-----------|--------------|-------------|
| _____ | _____ | _____ |
| Signature | Paul Brennan | 1 July 2010 |

25 June 2010 [insert date]

Ms Shara Murray
23 Ridgeward Drive
MORAYFIELD QLD 4506



PRIVATE AND CONFIDENTIAL

Dear Shara,

As we have discussed, the Board of directors of Racing Queensland Limited ("RQL") has resolved to vary the terms and conditions of your employment in I am delighted to offer you the position of Senior Corporate Counsel/Company Secretary with Racing Queensland Limited ("RQL").

The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL with effect from 1 July 2011. The Offer of Employment replaces any previous agreements, or representations, whether express in writing or otherwise, which set out the terms and conditions of your employment. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance of Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

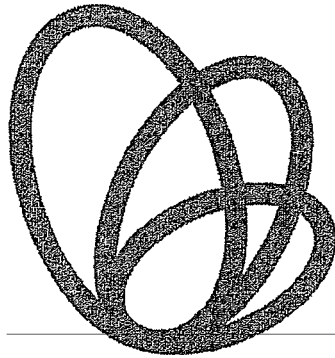
Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited

Executive Employment Agreement

APAC-#10986132-v1



RACING QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Shara Murray

Executive Employment Agreement

APAC-#10986132-v1

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Shara Murray (referred to in this document as "you" or "your") employment in the position of Senior Corporate Counsel/Company Secretary.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it ~~supercedes~~supersedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Senior Corporate Counsel/Company Secretary and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. In your capacity as Senior Corporate Counsel, you will report to the Chief Executive Officer. In your capacity as Company Secretary, you will report to the Chairman of the Board of Directors.
- 2.3. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.4. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.5. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.6. RQL will, before ~~4 July~~ 31 December 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.
- 2.7. In your capacity as Senior Corporate Counsel, you are required from time to time to give legal advice to RQL. RQL acknowledges that in doing so, you are independent of RQL and must give that advice whether it be favourable to RQL or otherwise. RQL acknowledges it agrees that at no time may it use the giving of advice by you which may be unfavourable to its interests as ground for any disciplinary action of any nature or kind.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. ~~This contract~~ Your employment with RQL will commence on 1 July 2011, ~~10 or the date when RQL commences operation as an approved Control Body, whichever is the later date~~

4.2. Your service with RQL will be calculated from the date you commenced employment with RQL and not from the date of this contract for the purpose of applicable service related entitlements and benefits under this contract.

4.2.4.3. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.

4.3.4.4. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

4.4.4.5. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.

4.5.4.6. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of ~~\$420~~156,000 per annum, including compulsory superannuation. If you choose to take up the option of RQL providing you with a vehicle, as outlined below at clause 5.4, then your TRV will also include your agreed contribution towards the vehicle's cost as set out in clause ~~5.45~~4.

5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:

- a. Taxes required by law, including PAYG and FBT;
- b. Compulsory superannuation contributions;
- c. The cost of any salary sacrifice arrangements implemented by you;
- d. Any other deductions which you have authorised RQL to make;
- e. An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
- f. Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause ~~5.45~~4.

5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.

5.4. RQL will provide you with a 4 cylinder vehicle, provided that you agree to salary sacrifice an amount equivalent to 75% of the nominal annual value of the vehicle agreed with RQL. You agree that, effective from 1 July 2010, a 4 cylinder vehicle is to be valued at \$12,000 per annum. If at any time you cease salary sacrificing this agreed amount you will no longer be entitled to the use of the vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.

5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.

5.6. In addition to your TRV, RQL will cover the following costs:

- a. Mobile telephone costs, including calls;
- b. Home internet connectivity;

provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.

5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.

5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.

5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.

5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.

5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.

7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you

to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.

- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.
- 7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave
- 7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.

- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL. This clause does not limit your rights or duties to give independent legal advice when called upon to do so.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.

- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
- With RQL's prior written permission;
 - In the proper performance of your duties;
 - As expressly allowed under this Agreement; or
 - For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.
- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:
- On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
 - Directly or indirectly as a result of the employee or anybody else's access to confidential information;
 - In the course of, as a consequence of or in relation to the performance of the employees duties;
 - Relating to RQL's general methods of operation; or
 - In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;
- vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.
- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other

countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.

14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).

14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.

14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:

- a. immediately return the device to RQL on termination of your employment or earlier request;
- b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
- c. not give the device to anybody else or permit anybody else to use the device; and
- d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. Within 14 days of the occurrence of a Material Adverse Change, you may resign from your employment by giving 1 month's written notice. If you resign by reason of a Material Adverse Change, you will be entitled to:

- a. a payment of a sum equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract, however not exceeding a sum equivalent to 14 months of your TRV;
- b. a severance payment calculated in accordance with the relevant scale contained in any redundancy policy of RQL; and
- c. any accrued but unpaid entitlements.

For the purpose of this clause, Material Adverse Change means RQL ceasing to be the approved Control Body under the Racing Act 2002 (Qld), it being a stated policy of a parliamentary party who has control of the Queensland Legislative Assembly to materially alter the structure of RQL or to remove one or more of the directors of RQL, a material adverse change in the make up of the RQL Board of directors, or your reporting lines, or an organisational restructure that materially impacts on your role at RQL in a manner adverse to you.

15.2.15.3. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.815-8;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

15.4. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4.15.5. If RQL terminates your employment for any reason other than those referred to in clauses 15.3, 15.415-2, 15.3 and 15.815-8, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed ~~for the period of the contract~~ until the end of the term referred to in clause 2.4 of this contract.

15.5.15.6. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6.15.7. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7.15.8. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and

including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

~~15.8-15.9.~~ Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

~~15.9-15.10.~~ If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 31 December ~~4 July~~ 2012 your contract has been extended, but after 31 December ~~4 July~~ 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.4 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.

20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional

qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research,

formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.

- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (Cth)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

| | | |
|-------|-------------|--------------|
| _____ | _____ | 28 June 2010 |
| | Bob Bentley | Date |
| | Chairman | |

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

| | | |
|-----------|---------------------|-------------|
| _____ | _____ | _____ |
| Signature | Shara Murray | 1 July 2010 |

[INSERT DATE]

Private and confidential

The Directors
Racing Queensland Limited
PO Box 63
SANDGATE QLD 4017

Dear Sirs,

Letter of resignation

In accordance with clause 15.2 of my employment contract dated [INSERT DATE], I hereby provide you with notice of my resignation.

My last working day will be [INSERT DATE].

Yours sincerely,

Jamie Orchard
Director Integrity Operations

[INSERT DATE]

Private and confidential

The Directors
Racing Queensland Limited
PO Box 63
SANDGATE QLD 4017

Dear Sirs,

Letter of resignation

In accordance with clause 15.2 of my employment contract dated [INSERT DATE], I hereby provide you with notice of my resignation.

My last working day will be [INSERT DATE].

Yours sincerely,

Malcolm Tuttle
Chief Executive Officer

[INSERT DATE]

Private and confidential

The Directors
Racing Queensland Limited
PO Box 63
SANDGATE QLD 4017

Dear Sirs,

Letter of resignation

In accordance with clause 15.2 of my employment contract dated [INSERT DATE], I hereby provide you with notice of my resignation.

My last working day will be [INSERT DATE].

Yours sincerely,

Paul Brennan
Director Product Development

[INSERT DATE]

Private and confidential

The Directors
Racing Queensland Limited
PO Box 63
SANDGATE QLD 4017

Dear Sirs,

Letter of resignation

In accordance with clause 15.2 of my employment contract dated [INSERT DATE], I hereby provide you with notice of my resignation.

My last working day will be [INSERT DATE].

Yours sincerely,

Shara Murray
Senior Corporate Counsel

Dated

Separation deed

Parties

Racing Queensland Limited
ABN 54 142 786 874

Jamie Orchard

DRAFT

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DRAFT

Deed dated

Parties **Racing Queensland Limited** ABN 52 142 786 874
of Racecourse Road, Deagon, Queensland
(Employer)

Jamie Orchard
of 91 Delaney Cct, Carindale, Queensland
(Employee)

Introduction

- A** The Employee was employed by the Employer in the position of Director Integrity Operations.
- B** The Employment commenced on **[INSERT COMMENCEMENT DATE]**.
- C** In accordance with clause 15.2 of the Employment Contract and the terms of this Deed, the Employee has resigned from their Employment with the Employer.
- D** The Employment will terminate at close of business on the Termination Date.
- E** Without admission of liability, the Employer and the Employee have settled all matters regarding the Employment and its termination, on the terms in this Deed.

It is agreed

1 Definitions and interpretation

1.1 Definitions

In this Deed:

- (1) **Claim** means any present or future, actual or contingent, claim, cause of action, complaint, liability, cost or expense that any person has or might have, in connection with or arising in any way from:

- (a) the facts or matters referred to in the Introduction;
- (b) the Employment, including any Entitlements; or
- (c) the termination of the Employment;

whether or not the facts, matters or circumstances giving rise to that Claim are known to that person or to any other person at the date of this Deed. A Claim:

- (d) includes, to the extent permitted by law, any Claim the Employee may have against the Employer or a statutory workers' compensation authority for damages for injuries sustained by the Employee during the Employment; but

- (e) does not include any claim for, or right to seek, statutory workers' compensation or statutory superannuation contributions;
- (2) **Deed** means this document, including any schedule or annexure to it;
- (3) **Employment** means the employment of the Employee by the Employer or any Related Body Corporate;
- (4) **Employment Contract** means the employment contract between the Employer and the Employee dated **[INSERT DATE]**;
- (5) **Entitlements** includes wages, overtime pay, penalty rates, leave entitlements, allowances, pay in lieu of notice, redundancy payments, commissions, bonuses or other benefits of a similar nature, whether arising under an award, agreement, contract, statute or otherwise;
- (6) **Related Body Corporate** has the meaning given in section 9 of the *Corporations Act 2001* (Cth);
- (7) **Settlement Amount** means **[\$[INSERT AMOUNT]]**; and
- (8) **Termination Date** means **[INSERT DATE]**.

1.2 Interpretation

- (1) Reference to:
 - (a) the singular includes the plural and the plural includes the singular;
 - (b) a Party includes the Party's executors, administrators, successors and permitted assigns;
 - (c) a thing includes the whole and each part of it separately;
 - (d) a statute, regulation, code or other law or a provision of any of them includes:
 - (i) any amendment or replacement of it; and
 - (ii) another regulation or other statutory instrument made under it, or made under it as amended or replaced; and
 - (e) dollars means Australian dollars, unless otherwise stated.
- (2) "Including" and similar expressions are not words of limitation.
- (3) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
- (4) Headings are for convenience only and do not form part of this Deed or affect its interpretation.
- (5) A provision of this Deed must not be construed to the disadvantage of a Party merely because that Party was responsible for the preparation of the Deed or the inclusion of the provision in the Deed.

1.3 Parties

- (1) If a Party consists of more than 1 person, this Deed binds each of them separately and any 2 or more of them jointly.
- (2) An obligation, representation or warranty in favour of more than 1 person is for the benefit of them separately and jointly.
- (3) A Party holds the benefit of any release or indemnity provided for in this Deed on behalf of themselves and for the benefit of that Party's present and former officers, employees and agents.

2 Settlement

- 2.1 Without admission of liability, and in full and final satisfaction of any and all Claims, the Employer must pay the Employee the Settlement Amount, within 7 days of the Employer receiving a copy of this Deed executed by the Employee.
- 2.2 The Settlement Amount is a gross amount, and will be paid to the Employee after deduction of tax as required by law.

3 Termination

- 3.1 The Employment is terminated by the resignation of the Employee, effective at close of business on the Termination Date.

4 Release by Employee

- 4.1 The Employee releases and discharges the Employer, any Related Body Corporate, and their respective present and former officers, employees and agents, from all Claims.
- 4.2 The Employee must not at any time bring, institute, support or continue proceedings in any jurisdiction, commission, court or tribunal, in relation to any Claim, whether at common law, in equity or under statute.

5 Release by Employer

- 5.1 The Employer releases and discharges the Employee from all Claims, with the exception of Claims arising from:
 - (1) breach of any of the Employee's obligations related to confidentiality, good faith or fidelity, or restraint of trade;
 - (2) breach of any of the Employee's fiduciary obligations;
 - (3) breach of the Employee's obligations or duties as a director or officer of the Employer;
 - (4) any claim for indemnity or contribution by the Employer where a claim is made against the Employer based in whole or part on the acts or omissions of the Employee; and
 - (5) the commission of fraud or criminal offences by the Employee.

6 Bar to proceedings

- 6.1 This Deed may be produced by the Employer, any Related Body Corporate, and their respective present and former officers, employees and agents, as a complete bar to any proceeding covered by clause 4.

7 Confidentiality

- 7.1 Both the Employer and the Employee must keep confidential and not disclose to any person the existence, negotiation and terms of this Deed other than:
- (1) for the purpose of obtaining professional advice, including legal or financial advice;
 - (2) for the Employee, to the Employee's spouse, provided the disclosure is made in confidential circumstances;
 - (3) for the Employee, disclosure to the Australian Tax Office as necessary in relation to the taxation treatment of the Settlement Amount;
 - (4) as required by statute;
 - (5) to enforce this Deed;
 - (6) with the prior written consent of the other party; or
 - (7) where the information is already in the public domain, other than as a result of a breach of this Deed.
- 7.2 If either party is required by statute to disclose any information referred to in clause 7.1, that party must immediately notify the other party of the actual or anticipated requirement and use all lawful means to delay and withhold disclosure, until the other party has had a reasonable opportunity to oppose disclosure by lawful means.

8 No disparaging comments

- 8.1 The Employee must not make any disparaging comments about the Employer, any Related Body Corporate, or their respective present and former officers, employees and agents, or about the Employer's clients or suppliers.
- 8.2 The Employer will use its reasonable endeavours to ensure that none of its relevant employees, officers or agents, in their capacity as representatives of the Employer, make any disparaging comments about the Employee in relation to the Employment.

9 Acknowledgment

- 9.1 The Employee acknowledges that they:
- (1) understand the legal significance and effect of signing this Deed;
 - (2) have had the opportunity to obtain professional advice, including legal and financial advice, in relation to the terms and effect of this Deed; and
 - (3) have not been induced to execute this Deed by any improper pressure, coercion or undue influence.

10 General provisions

- 10.1 If anything in this Deed is unenforceable, illegal or void, then it is severed and the rest of this Deed remains in force.
- 10.2 This Deed may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same instrument.
- 10.3 This Deed:
- (1) does not detract from any continuing obligation, express or implied, that the Employee has to the Employer or any Related Body Corporate, including any obligations in the Employee's employment contract, except as expressly provided otherwise in this Deed;
 - (2) otherwise, is the entire agreement and understanding between the Parties on everything connected with the termination of the Employment and any Entitlements; and
 - (3) supersedes any prior agreement or understanding on anything connected with the termination of the Employment and any Entitlements.

11 Governing law and exclusive jurisdiction

- 11.1 This Deed is governed by the law in force in Queensland.
- 11.2 The Parties submit to the exclusive jurisdiction of the courts of Queensland or any competent Federal court exercising jurisdiction in Queensland. The dispute must be determined in accordance with the law and practice applicable in the court.

Executed as a deed and delivered on the date shown on the first page.

Signed sealed and delivered for and on behalf of **Racing Queensland Limited** ABN 52 142 786 874 by its authorised representative in the presence of:

Signature of witness

Signature of authorised representative

Name of witness
(BLOCK LETTERS)

Name of authorised representative
(BLOCK LETTERS)

Address of witness

Signed sealed and delivered by **Jamie Orchard** in the presence of:

Signature of witness

Name of witness (BLOCK LETTERS)

Address of witness

DRAFT

Dated

Separation deed

Parties

Racing Queensland Limited
ABN 54 142 786 874

Malcolm Tuttle

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DRAFT

Deed dated

Parties **Racing Queensland Limited** ABN 52 142 786 874
of Racecourse Road, Deagon, Queensland
(Employer)

Malcolm Tuttle
of 78 Gerler Road, Hendra, Queensland
(Employee)

Introduction

- A** The Employee was employed by the Employer in the position of Chief Executive Officer.
- B** The Employment commenced on **[INSERT COMMENCEMENT DATE]**.
- C** In accordance with clause 15.2 of the Employment Contract and the terms of this Deed, the Employee has resigned from their Employment with the Employer.
- D** The Employment will terminate at close of business on the Termination Date.
- E** Without admission of liability, the Employer and the Employee have settled all matters regarding the Employment and its termination, on the terms in this Deed.

It is agreed

1 Definitions and interpretation

1.1 Definitions

In this Deed:

- (1) **Claim** means any present or future, actual or contingent, claim, cause of action, complaint, liability, cost or expense that any person has or might have, in connection with or arising in any way from:

- (a) the facts or matters referred to in the Introduction;
- (b) the Employment, including any Entitlements; or
- (c) the termination of the Employment;

whether or not the facts, matters or circumstances giving rise to that Claim are known to that person or to any other person at the date of this Deed. A Claim:

- (d) includes, to the extent permitted by law, any Claim the Employee may have against the Employer or a statutory workers' compensation authority for damages for injuries sustained by the Employee during the Employment; but

- (e) does not include any claim for, or right to seek, statutory workers' compensation or statutory superannuation contributions;
- (2) **Deed** means this document, including any schedule or annexure to it;
- (3) **Employment** means the employment of the Employee by the Employer or any Related Body Corporate;
- (4) **Employment Contract** means the employment contract between the Employer and the Employee dated **[INSERT DATE]**;
- (5) **Entitlements** includes wages, overtime pay, penalty rates, leave entitlements, allowances, pay in lieu of notice, redundancy payments, commissions, bonuses or other benefits of a similar nature, whether arising under an award, agreement, contract, statute or otherwise;
- (6) **Related Body Corporate** has the meaning given in section 9 of the *Corporations Act 2001* (Cth);
- (7) **Settlement Amount** means \$**[INSERT AMOUNT]**; and
- (8) **Termination Date** means **[INSERT DATE]**.

1.2 Interpretation

- (1) Reference to:
 - (a) the singular includes the plural and the plural includes the singular;
 - (b) a Party includes the Party's executors, administrators, successors and permitted assigns;
 - (c) a thing includes the whole and each part of it separately;
 - (d) a statute, regulation, code or other law or a provision of any of them includes:
 - (i) any amendment or replacement of it; and
 - (ii) another regulation or other statutory instrument made under it, or made under it as amended or replaced; and
 - (e) dollars means Australian dollars, unless otherwise stated.
- (2) "Including" and similar expressions are not words of limitation.
- (3) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.
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- (2) An obligation, representation or warranty in favour of more than 1 person is for the benefit of them separately and jointly.
- (3) A Party holds the benefit of any release or indemnity provided for in this Deed on behalf of themselves and for the benefit of that Party's present and former officers, employees and agents.

2 Settlement

- 2.1 Without admission of liability, and in full and final satisfaction of any and all Claims, the Employer must pay the Employee the Settlement Amount, within 7 days of the Employer receiving a copy of this Deed executed by the Employee.
- 2.2 The Settlement Amount is a gross amount, and will be paid to the Employee after deduction of tax as required by law.

3 Termination

- 3.1 The Employment is terminated by the resignation of the Employee, effective at close of business on the Termination Date.

4 Release by Employee

- 4.1 The Employee releases and discharges the Employer, any Related Body Corporate, and their respective present and former officers, employees and agents, from all Claims.
- 4.2 The Employee must not at any time bring, institute, support or continue proceedings in any jurisdiction, commission, court or tribunal, in relation to any Claim, whether at common law, in equity or under statute.

5 Release by Employer

- 5.1 The Employer releases and discharges the Employee from all Claims, with the exception of Claims arising from:
 - (1) breach of any of the Employee's obligations related to confidentiality, good faith or fidelity, or restraint of trade;
 - (2) breach of any of the Employee's fiduciary obligations;
 - (3) breach of the Employee's obligations or duties as a director or officer of the Employer;
 - (4) any claim for indemnity or contribution by the Employer where a claim is made against the Employer based in whole or part on the acts or omissions of the Employee; and
 - (5) the commission of fraud or criminal offences by the Employee.

6 Bar to proceedings

- 6.1 This Deed may be produced by the Employer, any Related Body Corporate, and their respective present and former officers, employees and agents, as a complete bar to any proceeding covered by clause 4.

7 Confidentiality

- 7.1 Both the Employer and the Employee must keep confidential and not disclose to any person the existence, negotiation and terms of this Deed other than:
- (1) for the purpose of obtaining professional advice, including legal or financial advice;
 - (2) for the Employee, to the Employee's spouse, provided the disclosure is made in confidential circumstances;
 - (3) for the Employee, disclosure to the Australian Tax Office as necessary in relation to the taxation treatment of the Settlement Amount;
 - (4) as required by statute;
 - (5) to enforce this Deed;
 - (6) with the prior written consent of the other party; or
 - (7) where the information is already in the public domain, other than as a result of a breach of this Deed.
- 7.2 If either party is required by statute to disclose any information referred to in clause 7.1, that party must immediately notify the other party of the actual or anticipated requirement and use all lawful means to delay and withhold disclosure, until the other party has had a reasonable opportunity to oppose disclosure by lawful means.

8 No disparaging comments

- 8.1 The Employee must not make any disparaging comments about the Employer, any Related Body Corporate, or their respective present and former officers, employees and agents, or about the Employer's clients or suppliers.
- 8.2 The Employer will use its reasonable endeavours to ensure that none of its relevant employees, officers or agents, in their capacity as representatives of the Employer, make any disparaging comments about the Employee in relation to the Employment.

9 Acknowledgment

- 9.1 The Employee acknowledges that they:
- (1) understand the legal significance and effect of signing this Deed;
 - (2) have had the opportunity to obtain professional advice, including legal and financial advice, in relation to the terms and effect of this Deed; and
 - (3) have not been induced to execute this Deed by any improper pressure, coercion or undue influence.

10 General provisions

- 10.1 If anything in this Deed is unenforceable, illegal or void, then it is severed and the rest of this Deed remains in force.
- 10.2 This Deed may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same instrument.
- 10.3 This Deed:
- (1) does not detract from any continuing obligation, express or implied, that the Employee has to the Employer or any Related Body Corporate, including any obligations in the Employee's employment contract, except as expressly provided otherwise in this Deed;
 - (2) otherwise, is the entire agreement and understanding between the Parties on everything connected with the termination of the Employment and any Entitlements; and
 - (3) supersedes any prior agreement or understanding on anything connected with the termination of the Employment and any Entitlements.

11 Governing law and exclusive jurisdiction

- 11.1 This Deed is governed by the law in force in Queensland.
- 11.2 The Parties submit to the exclusive jurisdiction of the courts of Queensland or any competent Federal court exercising jurisdiction in Queensland. The dispute must be determined in accordance with the law and practice applicable in the court.

Executed as a deed and delivered on the date shown on the first page.

Signed sealed and delivered for and on behalf of **Racing Queensland Limited** ABN 52 142 786 874 by its authorised representative in the presence of:

Signature of witness

Signature of authorised representative

Name of witness
(BLOCK LETTERS)

Name of authorised representative
(BLOCK LETTERS)

Address of witness

Signed sealed and delivered by **Malcolm
Tuttle** in the presence of:

Signature of witness

Name of witness (BLOCK LETTERS)

Address of witness

DRAFT

Dated

Separation deed

Parties

Racing Queensland Limited
ABN 54 142 786 874

Paul Brennan

DRAFT

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DRAFT

Deed dated

Parties **Racing Queensland Limited** ABN 52 142 786 874
of Racecourse Road, Deagon, Queensland
(Employer)

Paul Brennan
of 5 Lang Street, Pelican Waters, Queensland
(Employee)

Introduction

- A** The Employee was employed by the Employer in the position of Director Product Development.
- B** The Employment commenced on [INSERT COMMENCEMENT DATE]
- C** In accordance with clause 15.2 of the Employment Contract and the terms of this Deed, the Employee has resigned from their Employment with the Employer.
- D** The Employment will terminate at close of business on the Termination Date.
- E** Without admission of liability, the Employer and the Employee have settled all matters regarding the Employment and its termination, on the terms in this Deed.

It is agreed

1 Definitions and interpretation

1.1 Definitions

In this Deed:

- (1) **Claim** means any present or future, actual or contingent, claim, cause of action, complaint, liability, cost or expense that any person has or might have, in connection with or arising in any way from:

- (a) the facts or matters referred to in the Introduction;
- (b) the Employment, including any Entitlements; or
- (c) the termination of the Employment;

whether or not the facts, matters or circumstances giving rise to that Claim are known to that person or to any other person at the date of this Deed. A Claim:

- (d) includes, to the extent permitted by law, any Claim the Employee may have against the Employer or a statutory workers' compensation authority for damages for injuries sustained by the Employee during the Employment; but

- (e) does not include any claim for, or right to seek, statutory workers' compensation or statutory superannuation contributions;
- (2) **Deed** means this document, including any schedule or annexure to it;
- (3) **Employment** means the employment of the Employee by the Employer or any Related Body Corporate;
- (4) **Employment Contract** means the employment contract between the Employer and the Employee dated **[INSERT DATE]**;
- (5) **Entitlements** includes wages, overtime pay, penalty rates, leave entitlements, allowances, pay in lieu of notice, redundancy payments, commissions, bonuses or other benefits of a similar nature, whether arising under an award, agreement, contract, statute or otherwise;
- (6) **Related Body Corporate** has the meaning given in section 9 of the *Corporations Act 2001* (Cth);
- (7) **Settlement Amount** means **[\$[INSERT AMOUNT]]**; and
- (8) **Termination Date** means **[INSERT DATE]**.

1.2 Interpretation

- (1) Reference to:
 - (a) the singular includes the plural and the plural includes the singular;
 - (b) a Party includes the Party's executors, administrators, successors and permitted assigns;
 - (c) a thing includes the whole and each part of it separately;
 - (d) a statute, regulation, code or other law or a provision of any of them includes
 - (i) any amendment or replacement of it; and
 - (ii) another regulation or other statutory instrument made under it, or made under it as amended or replaced; and
 - (e) dollars means Australian dollars, unless otherwise stated.
- (2) "Including" and similar expressions are not words of limitation.
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- (2) An obligation, representation or warranty in favour of more than 1 person is for the benefit of them separately and jointly.
- (3) A Party holds the benefit of any release or indemnity provided for in this Deed on behalf of themselves and for the benefit of that Party's present and former officers, employees and agents.

2 Settlement

- 2.1 Without admission of liability, and in full and final satisfaction of any and all Claims, the Employer must pay the Employee the Settlement Amount, within 7 days of the Employer receiving a copy of this Deed executed by the Employee.
- 2.2 The Settlement Amount is a gross amount, and will be paid to the Employee after deduction of tax as required by law.

3 Termination

- 3.1 The Employment is terminated by the resignation of the Employee, effective at close of business on the Termination Date.

4 Release by Employee

- 4.1 The Employee releases and discharges the Employer, any Related Body Corporate, and their respective present and former officers, employees and agents, from all Claims.
- 4.2 The Employee must not at any time bring, institute, support or continue proceedings in any jurisdiction, commission, court or tribunal in relation to any Claim, whether at common law, in equity or under statute.

5 Release by Employer

- 5.1 The Employer releases and discharges the Employee from all Claims, with the exception of Claims arising from:
 - (1) breach of any of the Employee's obligations related to confidentiality, good faith or fidelity, or restraint of trade;
 - (2) breach of any of the Employee's fiduciary obligations;
 - (3) breach of the Employee's obligations or duties as a director or officer of the Employer;
 - (4) any claim for indemnity or contribution by the Employer where a claim is made against the Employer based in whole or part on the acts or omissions of the Employee; and
 - (5) the commission of fraud or criminal offences by the Employee.

6 Bar to proceedings

- 6.1 This Deed may be produced by the Employer, any Related Body Corporate, and their respective present and former officers, employees and agents, as a complete bar to any proceeding covered by clause 4.

7 Confidentiality

- 7.1 Both the Employer and the Employee must keep confidential and not disclose to any person the existence, negotiation and terms of this Deed other than:
- (1) for the purpose of obtaining professional advice, including legal or financial advice;
 - (2) for the Employee, to the Employee's spouse, provided the disclosure is made in confidential circumstances;
 - (3) for the Employee, disclosure to the Australian Tax Office as necessary in relation to the taxation treatment of the Settlement Amount;
 - (4) as required by statute;
 - (5) to enforce this Deed;
 - (6) with the prior written consent of the other party; or
 - (7) where the information is already in the public domain, other than as a result of a breach of this Deed.
- 7.2 If either party is required by statute to disclose any information referred to in clause 7.1, that party must immediately notify the other party of the actual or anticipated requirement and use all lawful means to delay and withhold disclosure, until the other party has had a reasonable opportunity to oppose disclosure by lawful means.

8 No disparaging comments

- 8.1 The Employee must not make any disparaging comments about the Employer, any Related Body Corporate, or their respective present and former officers, employees and agents, or about the Employer's clients or suppliers.
- 8.2 The Employer will use its reasonable endeavours to ensure that none of its relevant employees, officers or agents, in their capacity as representatives of the Employer, make any disparaging comments about the Employee in relation to the Employment.

9 Acknowledgment

- 9.1 The Employee acknowledges that they:
- (1) understand the legal significance and effect of signing this Deed;
 - (2) have had the opportunity to obtain professional advice, including legal and financial advice, in relation to the terms and effect of this Deed; and
 - (3) have not been induced to execute this Deed by any improper pressure, coercion or undue influence.

10 General provisions

- 10.1 If anything in this Deed is unenforceable, illegal or void, then it is severed and the rest of this Deed remains in force.
- 10.2 This Deed may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same instrument.
- 10.3 This Deed:
- (1) does not detract from any continuing obligation, express or implied, that the Employee has to the Employer or any Related Body Corporate, including any obligations in the Employee's employment contract, except as expressly provided otherwise in this Deed;
 - (2) otherwise, is the entire agreement and understanding between the Parties on everything connected with the termination of the Employment and any Entitlements; and
 - (3) supersedes any prior agreement or understanding on anything connected with the termination of the Employment and any Entitlements.

11 Governing law and exclusive jurisdiction

- 11.1 This Deed is governed by the law in force in Queensland.
- 11.2 The Parties submit to the exclusive jurisdiction of the courts of Queensland or any competent Federal court exercising jurisdiction in Queensland. The dispute must be determined in accordance with the law and practice applicable in the court.

Executed as a deed and delivered on the date shown on the first page.

Signed sealed and delivered for and on behalf of **Racing Queensland Limited** ABN 52 142 786 874 by its authorised representative in the presence of:

Signature of witness

Signature of authorised representative

Name of witness
(BLOCK LETTERS)

Name of authorised representative
(BLOCK LETTERS)

Address of witness

Signed sealed and delivered by **Paul
Brennan** in the presence of:

Signature of witness

Name of witness (BLOCK LETTERS)

Address of witness

DRAFT

Dated

Separation deed

Parties

Racing Queensland Limited
ABN 54 142 786 874

Shara Murray

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| 11 | Governing law and exclusive jurisdiction | 5 |

DRAFT

Deed dated

Parties **Racing Queensland Limited** ABN 52 142 786 874
of Racecourse Road, Deagon, Queensland
(Employer)

Shara Murray
of 23 Ridgegarden Drive, Morayfield, Queensland
(Employee)

Introduction

- A** The Employee was employed by the Employer in the position of Senior Corporate Counsel.
- B** The Employment commenced on **[INSERT COMMENCEMENT DATE]**.
- C** In accordance with clause 15.2 of the Employment Contract and the terms of this Deed, the Employee has resigned from their Employment with the Employer.
- D** The Employment will terminate at close of business on the Termination Date.
- E** Without admission of liability, the Employer and the Employee have settled all matters regarding the Employment and its termination, on the terms in this Deed.

It is agreed

1 Definitions and interpretation

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In this Deed:

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- (a) the facts or matters referred to in the Introduction;
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- (c) the termination of the Employment;

whether or not the facts, matters or circumstances giving rise to that Claim are known to that person or to any other person at the date of this Deed. A Claim:

- (d) includes, to the extent permitted by law, any Claim the Employee may have against the Employer or a statutory workers' compensation authority for damages for injuries sustained by the Employee during the Employment; but

- (e) does not include any claim for, or right to seek, statutory workers' compensation or statutory superannuation contributions;
- (2) **Deed** means this document, including any schedule or annexure to it;
- (3) **Employment** means the employment of the Employee by the Employer or any Related Body Corporate;
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- (5) **Entitlements** includes wages, overtime pay, penalty rates, leave entitlements, allowances, pay in lieu of notice, redundancy payments, commissions, bonuses or other benefits of a similar nature, whether arising under an award, agreement, contract, statute or otherwise;
- (6) **Related Body Corporate** has the meaning given in section 9 of the *Corporations Act 2001* (Cth);
- (7) **Settlement Amount** means \$[INSERT AMOUNT]; and
- (8) **Termination Date** means [INSERT DATE].

1.2 Interpretation

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 - (4) as required by statute;
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- 8.2 The Employer will use its reasonable endeavours to ensure that none of its relevant employees, officers or agents, in their capacity as representatives of the Employer, make any disparaging comments about the Employee in relation to the Employment.

9 Acknowledgment

- 9.1 The Employee acknowledges that they:
- (1) understand the legal significance and effect of signing this Deed;
 - (2) have had the opportunity to obtain professional advice, including legal and financial advice, in relation to the terms and effect of this Deed; and
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- (1) does not detract from any continuing obligation, express or implied, that the Employee has to the Employer or any Related Body Corporate, including any obligations in the Employee's employment contract, except as expressly provided otherwise in this Deed;
 - (2) otherwise, is the entire agreement and understanding between the Parties on everything connected with the termination of the Employment and any Entitlements; and
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Executed as a deed and delivered on the date shown on the first page.

Signed sealed and delivered for and on behalf of **Racing Queensland Limited** ABN 52 142 786 874 by its authorised representative in the presence of:

Signature of witness

Signature of authorised representative

Name of witness
(BLOCK LETTERS)

Name of authorised representative
(BLOCK LETTERS)

Address of witness

Signed sealed and delivered by **Shara
Murray** in the presence of:

Signature of witness

Name of witness (BLOCK LETTERS)

Address of witness

DRAFT

Wawryk, Laura

From: Wawryk, Laura on behalf of Procter, Murray
Sent: Wednesday, 3 August 2011 4:42 PM
To: 'smurray@racingqueensland.com.au'
Cc: Gamble, Kristin
Subject: [2767947:36] Redundancy policy
Attachments: RQL - Redundancy policy - August 2011(10880273_1).doc

Categories: Filed
Database: APAC
E-mail ID: 23338931
Matter Number: 2767947

Dear Shara,

As requested in our meeting on 18 July 2011, we have prepared a draft redundancy policy that will apply to all Racing Queensland employees.

Please find a copy of the draft policy **attached**, for your consideration.

The policy reflects general workplace standards for award covered employees.

In addition, we have included a redundancy process that Racing Queensland should follow in the event redundancies are considered. We have intentionally kept the process broad to ensure that the obligations are not unnecessarily onerous for Racing Queensland.

The process also meets the requirements for consultation generally contained in awards. The consultation process in an award must be followed by an employer in order for the employer to rely on the genuine redundancy exception to unfair dismissal contained in the Fair Work Act. We have not, however, reviewed the requirements of any specific awards that may apply to Racing Queensland. Please let us know if you would like us to do so.

We consider it unlikely that the redundancy policy will need to be approved by resolution of RQL's Board of directors. However, if it is RQL's usual practice to do so, please let us know.

Please let me know if you have any questions. Alternatively, please contact Kristin Gamble on (07) 3414 2876.

Kind regards,

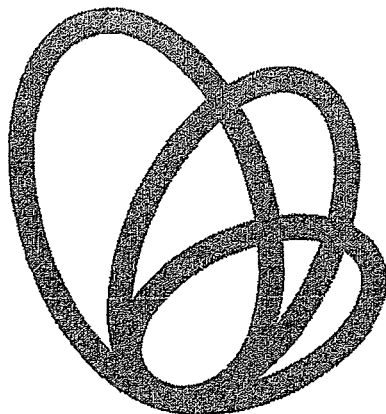
Murray Procter
Partner

Norton Rose Australia
Level 17, 175 Eagle Street, Brisbane, Australia
Tel +61 7 3414 2914 Mob +61 405 082 089 Fax +61 7 3414 2999
murray.procter@nortonrose.com

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RACING QUEENSLAND

REDUNDANCY POLICY

| | | | |
|----------------------|---|----------------------------|-------|
| Authorised By: | Remuneration and Nomination Sub-Committee | Date of Authorisation: | XXXXX |
| Last Amendment Date: | XXX | | |
| Review Due Date: | XXX | | |
| Policy Owner: | Chief Financial Officer | | |
| Related Documents: | ▪ | ▪ Fair Work Act 2009 (Cth) | |

Any person who requires assistance in understanding this document should contact their manager.

OBJECTIVES

The purpose of this Policy is to make clear the obligation of both Racing Queensland and its employees where the decision has been made to initiate a redundancy process.

PART 1 INTRODUCTION

This document sets out the redundancy policy that shall apply in respect of Racing Queensland.

1.1 TO WHOM DOES THIS POLICY APPLY?

This Policy applies to all Racing Queensland employees, other than employees of Racing Queensland who:

- a. are employed as temporary, casual or replacement employees;
- a. terminate their employment of their own accord prior to receiving formal written notice of redundancy;
- a. are provided with suitable alternative employment by Racing Queensland, whether this position is taken up by the employee or not; or
- a. are terminated for any reason other than as set out in this Policy.

1.2 WHEN DOES THIS POLICY APPLY?

This Policy will apply where Racing Queensland has made a definite decision that it no longer requires the role an employee has been performing to be done by anyone, and that decision leads to the dismissal of the employee by Racing Queensland.

PART 2 ROLES AND RESPONSIBILITIES

2.1 ROLE OF RACING QUEENSLAND LIMITED

Managers of Racing Queensland will endeavour to:

- a. develop selection criteria, and undertake an assessment of which positions should be considered for redundancy;
- a. explore appropriate alternatives to redundancy, including redeployment across Racing Queensland's operations generally;
- a. ensure that they follow due process in undertaking the redundancy process and encourage open communication with the employees concerned;
- a. complete all required documentation to ensure Racing Queensland's employees receive all the correct entitlements as soon as possible after the redundancy has taken place; and
- a. account for all property of Racing Queensland at the time of redundancy.

2.2 ROLE OF EMPLOYEES

Employees should ensure that they:

- a. give full consideration to any options or alternatives that are provided to them;
- a. ask their manager or supervisor any question they may have about the redundancy process; and

to perform work to the standard expected by Racing Queensland during the selection and redundancy process and notice period, if applicable.

PART 3 REDUNDANCY PROCESS

3.1 DISCUSSION

Where a definite decision has been made by Racing Queensland to initiate redundancies, discussion shall take place with affected employees regarding the application of this Policy.

Whilst not always possible, Racing Queensland will endeavour to give the employees likely to be affected by redundancy as much notification as is practicable after the definite decision had been made.

Racing Queensland will endeavour to provide the relevant employees with all relevant information about the changes including the nature of the changes proposed, the expected effects of the changes on employees and any other matters likely to affect employees, unless that information is confidential.

3.2 REDEPLOYMENT

In order to reduce the effect of redundancies, Racing Queensland may consider in its discretion whether alternative positions or suitable alternative employment is available that could be offered to affected employees, or whether use of annual leave or other viable options could be utilised.

Employees will be provided with adequate time to consider any available options and to respond accordingly.

3.4 NOTIFICATION AND COMMUNICATION OF DECISION

Racing Queensland will communicate the decision to those employees selected for redundancy. This decision will be confirmed in writing to the employee.

The letter notifying of the redundancy will act as notice of termination to the employees selected for redundancy. The date the redundancy will take effect will be confirmed, together with an outline of all entitlements to be received.

PART 4 REDUNDANCY ENTITLEMENTS

4.1 NOTICE OF TERMINATION

On termination for redundancy, an employee will be entitled to notice in accordance with their written contract of employment or the notice contained in the National Employment Standards contained in the *Fair Work Act 2009* (Cth), whichever is greater.

4.2 SEVERANCE PAY

Upon redundancy, an employee will be entitled to receive severance pay calculated in accordance with the following table:

| Period of continuous service with Racing Queensland | Severance pay |
|---|---------------|
| At least 1 year but less than 2 years | 4 weeks |
| At least 2 years but less than 3 years | 6 weeks |
| At least 3 years but less than 4 years | 7 weeks |
| At least 4 years but less than 5 years | 8 weeks |
| At least 5 years but less than 6 years | 10 weeks |
| At least 6 years but less than 7 years | 11 weeks |
| At least 7 years but less than 8 years | 13 weeks |
| At least 8 years but less than 9 years | 14 weeks |
| At least 9 years but less than 10 years | 16 weeks |
| At least 10 years | 12 weeks |

Payment of severance pay will be based on the employee's Ordinary Pay.

4.3 LIMITATIONS ON SEVERANCE PAY

There will be no entitlement to severance pay in the following circumstances:

- a. where Racing Queensland obtains or facilitates for the employee an offer of employment on terms and conditions substantially similar to and, considered on an overall basis, no less favourable than, the employee's terms of conditions immediately before the redundancy (even if the employee rejects the offer); or
- a. where the employee resigns prior to the advised termination date without Racing Queensland's written agreement.

4.4 GENERAL

Any payment in lieu of notice of termination of severance payment paid to the employee under this Policy, is in satisfaction of (either wholly or in part), and may be off-set against, any legislative severance entitlement the employee might have, to pay in lieu of notice of termination or redundancy pay.

4.5 DEFINITIONS

- a. **Ordinary Pay** means the remuneration for the employee's normal weekly salary (excluding overtime and penalty rates, bonuses and allowances) applicable at the time notice is received by the employee.

REVISION HISTORY

| Revision | Date | Description of Changes | Author |
|----------|-------|------------------------|--------------------------|
| 01.00 | XXXXX | New policy | NORTON ROSE AUSTRALIA |
| | | | |
| | | | |

- b. In the proper performance of your duties;
- c. As expressly allowed under this Agreement; or
- d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.

11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.

11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:

- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
- b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
- c. In the course of, as a consequence of or in relation to the performance of the employees duties;
- d. Relating to RQL's general methods of operation; or
- e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;

vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.

12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.

14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).

14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.

14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:

- a. immediately return the device to RQL on termination of your employment or earlier request;
- b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
- c. not give the device to anybody else or permit anybody else to use the device; and
- d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. Within 14 days of the occurrence of a Material Adverse Change, you may resign from your employment by giving seven days' written notice. This notice period may be waived by the Chairman of the Board of directors of RQL at the Chairman's discretion. If you resign by reason of a Material Adverse Change, you will be entitled to:

- a. a payment of a sum equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract, however not exceeding a sum equivalent to 14 months of your TRV;
- b. a severance payment calculated in accordance with the relevant scale contained in any redundancy policy of RQL; and
- c. any accrued but unpaid entitlements.

For the purpose of this clause, Material Adverse Change means a change in the Queensland State Government, RQL ceasing to be the approved Control Body under the Racing Act 2002 (Qld), a material adverse change in the make up of the RQL Board of

directors, or your reporting lines, or an organisational restructure that materially impacts on your role at RQL in a manner adverse to you.

15.2-15.3. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.845-8;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

15.4. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4-15.5. If RQL terminates your employment for any reason other than those referred to in clauses 15.2-15.3, 15.4-15.3 and 15.845-8, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed ~~for the period of the contract~~ until the end of the term referred to in clause 2.4 of this contract.

15.5-15.6. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6-15.7. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

15.7-15.8. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

15.8-15.9. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

15.9-15.10. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 31 December 4 July 2012 your contract has been extended, but after 4 July 31 December 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

- 16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.
- 16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.
- 16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.
- 16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

- 17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

- 18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

- 19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

- 20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.
- 20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

- 21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

- 22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;

- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.

- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

28 June 2010

Bob Bentley
Chairman

Date

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Malcolm Tuttle

1 July 2010

Filenote

| | | | |
|----------------|---------------------------------|-------------------------|------------------|
| Client | Racing Queensland Limited | Date | 3 August 2011 |
| Subject | Phone call in from Shara Murray | Time | 4.40pm to 4.42pm |
| By | Kristin Gamble | Client/Matter No | 1050766/2767947 |

Shara Murray called.

She said that the executives had asked to take out the obligation to provide one months' notice. I said that I had some concerns about that and would check with Murray about taking it out.

She said that they are concerned that if there is an election on a Saturday night, the Board may be in caretaker mode by Monday morning and that the executives do not want to have to deal with a new Board.

I said that I would check with Murray and get back to her.

She said that she was just going in to a meeting so if I could send that change through if there were no problems that would be great.

KJG



Filenote

| | | | |
|----------------|--------------------------------|-------------------------|------------------|
| Client | Racing Queensland Limited | Date | 3 August 2011 |
| Subject | Phone call out to Shara Murray | Time | 4.45pm to 4.48pm |
| By | Kristin Gamble | Client/Matter No | 1050766/2767947 |

I called Shara Murray back after speaking with Murray Procter.

I said that Murray said that it would place the Board in a difficult position should they resign without notice and so would prefer that notice be retained. I said that we could include something like one month's notice or a shorter agreed period. She asked if one week would be sufficient. I said that I would check again with Murray and that if it was, that I would send through the amended employment agreements.

Shara said that the redundancy policy also needed to be approved by resolution of the Board. I said that I would make that amendment in the resolution and send it through with the contracts.

KJG



From: Gamble, Kristin
Sent: Wednesday, 3 August 2011 5:07 PM
To: 'smurray@racingqueensland.com.au'
Cc: Procter, Murray
Subject: [2767947:37] Advice - Executive strategy
Attachments: RQL - Employment Agreement - Malcolm Tuttle(10985895_1).DOC; RQL - Employment Agreement - Jamie Orchard(10986095_1).DOC; RQL - Employment Agreement - Paul Brennan(10986024_1).DOC; RQL - Company resolution - board approval to variation of employment contracts(11056326_1).DOC; RQL - Employment Agreement - Shara Murray(10986132_1).DOC

Dear Shara,

As discussed, please find **attached** the following documents:

1. employment contracts for each of the relevant RQL executives including a seven day notice period for termination in the event of a material adverse change; and
2. the company resolution with the redundancy policy included.

Please contact me or Murray if you have any queries.

Kind regards,

Kristin Gamble
Associate

Norton Rose Australia
Level 17, 175 Eagle Street, Brisbane, Australia
Tel +61 7 3414 2876 Fax +61 7 3414 2999
kristin.gamble@nortonrose.com

Norton Rose, UK Law Firm of the Year - The Lawyer Awards 2011

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28 June 2010 [insert date]



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Mr Malcolm Tuttle
78 Gerler Road
HENDRA QLD 4011

RACING QUEENSLAND

Racing Queensland Limited
A.B.N. 52 142 786 874
Racecourse Rd Deagon QLD 4017
PO Box 63 Sandgate QLD 4017
T 07 3869 8777
F 07 3269 8404
E info@racingqueensland.com.au
W www.racingqueensland.com.au

PRIVATE AND CONFIDENTIAL

Dear Malcolm,

As we have discussed, the Board of directors of Racing Queensland Limited ("RQL") has resolved to vary the terms and conditions of your employment in I am delighted to offer you the position of Chief Executive Officer with Racing Queensland Limited (RQL).

The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL with effect from 1 July 2011. The Offer of Employment replaces any previous agreements, or representations, whether express in writing or otherwise, which set out the terms and conditions of your employment. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

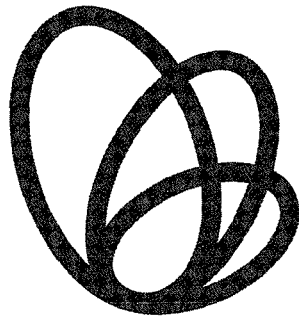
Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited

Executive Employment Agreement

APAC-#10985895-v1



RACING
QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Malcolm Tuttle

Executive Employment Agreement

APAC-#10985895-v1

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Malcolm Tuttle (referred to in this document as "you" or "your") employment in the position of Chief Executive Officer.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it ~~supersedes~~ supersedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Chief Executive Officer and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Board of Racing Queensland Limited or its nominated delegate.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before ~~1 July~~ 31 December 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. ~~This contract~~ Your employment with RQL will commence on 1 July 2011, 10 or the date when RQL commences operation as an approved Control Body, whichever is the later date
- 4.2. Your service with RQL will be calculated from the date you commenced employment with RQL and not from the date of this contract for the purpose of applicable service related entitlements and benefits under this contract.
- 4.2.4.3. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of

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standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.

4.3.4.4. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

4.4.4.5. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.

4.5.4.6. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of ~~\$390~~300,000 per annum, including compulsory superannuation.

5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:

- a. Taxes required by law, including PAYG and FBT;
- b. Compulsory superannuation contributions;
- c. The cost of any salary sacrifice arrangements implemented by you;
- d. Any other deductions which you have authorised RQL to make;
- e. An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
- f. Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.45.4.

5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.

5.4. RQL will provide you with a 6 cylinder vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.

5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.

5.6. In addition to your TRV, RQL will cover the following costs:

- a. Mobile telephone costs, including calls;
 - b. Home internet connectivity;
 - c. 100% of your home telephone account,
- provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.

5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.

5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.

5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.

5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.

5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.

7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.

7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.

7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.

7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;

- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.
- 7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave.
- 7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.

- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Board of Racing Queensland Limited or its nominated delegates in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;

- b. In the proper performance of your duties;
- c. As expressly allowed under this Agreement; or
- d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.

11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.

11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:

- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
- b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
- c. In the course of, as a consequence of or in relation to the performance of the employees duties;
- d. Relating to RQL's general methods of operation; or
- e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;

vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.

12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.

14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).

14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.

14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:

- a. immediately return the device to RQL on termination of your employment or earlier request;
- b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
- c. not give the device to anybody else or permit anybody else to use the device; and
- d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. Within 14 days of the occurrence of a Material Adverse Change, you may resign from your employment by giving seven days' written notice. If you resign by reason of a Material Adverse Change, you will be entitled to:

- a. a payment of a sum equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract, however not exceeding a sum equivalent to 14 months of your TRV;
- b. a severance payment calculated in accordance with the relevant scale contained in any redundancy policy of RQL; and
- c. any accrued but unpaid entitlements.

For the purpose of this clause, Material Adverse Change means RQL ceasing to be the approved Control Body under the Racing Act 2002 (Qld), it being a stated policy of a parliamentary party who has control of the Queensland Legislative Assembly to materially alter the structure of RQL or to remove one or more of the directors of RQL, a material

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EMPLOYMENT AGREEMENT

adverse change in the make up of the RQL Board of directors, or your reporting lines, or an organisational restructure that materially impacts on your role at RQL in a manner adverse to you.

~~15.2.~~ 15.3. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

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- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause ~~15.8~~ 15.8;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. At RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

~~15.3.~~ 15.4. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

~~15.4.~~ 15.5. If RQL terminates your employment for any reason other than those referred to in clauses ~~15.2~~ 15.3, ~~15.4~~ 15.3 and ~~15.8~~ 15.8, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed ~~for the period of the contract~~ until the end of the term referred to in clause 2.4 of this contract.

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~~15.5.~~ 15.6. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

~~15.6.~~ 15.7. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

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~~15.7.~~ 15.8. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

~~15.8.~~ 15.9. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

~~15.9.~~ 15.10. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 31 December ~~1 July~~ 2012 your contract has been extended, but after ~~1 July~~ 31 December 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not

extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

- 16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.
- 16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.
- 16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.
- 16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

- 17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

- 18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

- 19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

- 20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.
- 20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

- 21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

- 22.1. Misconduct includes but is not limited to:
- a. Drunkenness or intoxication;
 - b. Dishonesty;
 - c. Neglect of duty or incompetence;

- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

EMPLOYMENT AGREEMENT

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright, moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

Signed on behalf of RQL.

| | | | |
|--|-------------|--------------|-----------------|
| | | 28 June 2010 | Formatted Table |
| | Bob Bentley | Date | |
| | Chairman | | |

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

| | | | |
|-----------|----------------|-------------|-----------------|
| | | | Formatted Table |
| Signature | Malcolm Tuttle | 1 July 2010 | |

[insert date] 28 June 2010



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Mr Jamie Orchard
91 Delaney Cct
CARINDALE QLD 4152

RACING QUEENSLAND

Racing Queensland Limited
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PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3263 6404
E info@racingqueensland.com.au
W www.racingqueensland.com.au

PRIVATE AND CONFIDENTIAL

Dear Jamie,

As we have discussed, the Board of directors of Racing Queensland Limited ("RQL") had resolved to vary the terms and conditions of your employment in I am delighted to offer you the position of Director of Integrity Operations with Racing Queensland Limited ("RQL").

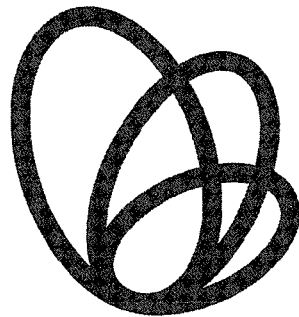
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL with effect from 1 July 2011. The Offer of Employment replaces any previous agreements, or representations, whether express in writing or otherwise, which set out the terms and conditions of your employment. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. It would be appreciated if you could sign and return a copy of the enclosed Offer of Employment to me as soon as possible.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING
QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Jamie Orchard

Executive Employment Agreement

APAC-#10986095-v1

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Jamie Orchard (referred to in this document as "you" or "your") employment in the position of Director of Integrity Operations.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it ~~supercedes~~^{supersedes} and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Director of Integrity Operations and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before ~~1 July 31 December~~ 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. ~~This contract. Your employment with RQL will commence on 1 July 2011 or the date when RQL commences operation as an approved Control Body, whichever is the later date.~~
- 4.2. ~~Your service with RQL will be calculated from the date you commenced employment with RQL and not from the date of this contract for the purpose of applicable service related entitlements and benefits under this contract.~~
- 4.2.4.3. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.

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- 4.3.4.4. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.
- 4.4.4.5. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.
- 4.5.4.6. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

- 5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of ~~\$239,299~~ \$299,000 per annum, including compulsory superannuation. If you choose to take up the option of RQL providing you with a vehicle, as outlined below at clause 5.4, then your TRV will also include your agreed contribution towards the vehicle's cost as set out in clause 5.4.5.4.
- 5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:
- Taxes required by law, including PAYG and FBT;
 - Compulsory superannuation contributions;
 - The cost of any salary sacrifice arrangements implemented by you;
 - Any other deductions which you have authorised RQL to make;
 - An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the Fair Work Act 2009;
 - Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.5.4.
- 5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.
- 5.4. RQL will provide you with a 6 cylinder vehicle, provided that you agree to salary sacrifice an amount equivalent to 25% of the nominal annual value of the vehicle agreed with RQL. You agree that, effective from 1 July 2010, a 6 cylinder vehicle is to be valued at \$15,000 per annum. If at any time you cease salary sacrificing this agreed amount you will no longer be entitled to the use of the vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.
- 5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.
- 5.6. In addition to your TRV, RQL will cover the following costs:
- Mobile telephone costs, including calls;
 - Home internet connectivity; and
 - 50% of your home telephone account,
- provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

- 5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.
- 5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.
- 5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.
- 5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.
- 5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.
- 5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

- 6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

- 7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.
- 7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.
- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.

- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.
- 7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave
- 7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.

- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;

- b. In the proper performance of your duties;
- c. As expressly allowed under this Agreement; or
- d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.

11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.

11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:

- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
- b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
- c. In the course of, as a consequence of or in relation to the performance of the employees duties;
- d. Relating to RQL's general methods of operation; or
- e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;

vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.

12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of

salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.
- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).
- 14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.
- 14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:
 - a. immediately return the device to RQL on termination of your employment or earlier request;
 - b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
 - c. not give the device to anybody else or permit anybody else to use the device; and
 - d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

- 15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. Within 14 days of the occurrence of a Material Adverse Change, you may resign from your employment by giving seven days' written notice. If you resign by reason of a Material Adverse Change, you will be entitled to:

- a. a payment of a sum equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract, however not exceeding a sum equivalent to 14 months of your TRV;
- b. a severance payment calculated in accordance with the relevant scale contained in any redundancy policy of RQL; and
- c. any accrued but unpaid entitlements.

For the purpose of this clause, **Material Adverse Change** means RQL ceasing to be the approved Control Body under the *Racing Act 2002* (Qld), it being a stated policy of a parliamentary party who has control of the Queensland Legislative Assembly to materially alter the structure of RQL or to remove one or more of the directors of RQL, a material adverse change in the make up of the RQL Board of directors, or your reporting lines, or an

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EMPLOYMENT AGREEMENT

organisational restructure that materially impacts on your role at RQL in a manner adverse to you.

~~15.2.~~15.3. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause ~~15.8~~15.9;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

~~15.3.~~15.4. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

~~15.4.~~15.5. If RQL terminates your employment for any reason other than those referred to in clauses ~~15.3~~15.2, ~~15.4~~, ~~15.3~~ and ~~15.8~~15.9, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract ~~for the period of the contract.~~

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~~15.5.~~15.6. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

~~15.6.~~15.7. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

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~~15.7.~~15.8. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

~~15.8.~~15.9. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

~~15.9.~~15.10. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by ~~4 July~~31 December 2012 your contract has been extended, but after ~~4 July~~31 December 2012 RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

- 16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.
- 16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.
- 16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.
- 16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

- 17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

- 18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

- 19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

- 20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.
- 20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

- 21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

- 22.1. Misconduct includes but is not limited to:
- Drunkenness or intoxication;
 - Dishonesty;
 - Neglect of duty or incompetence;
 - Any form of misrepresentation, whether to RQL or others in the performance of your duties;

- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.

- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.

EMPLOYMENT AGREEMENT

Signed on behalf of RQL.

| | | | |
|--|-------------------------|--------------|-----------------|
| | | 28 June 2010 | Formatted Table |
| | Bob Bentley Chairman | Date | |

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

| | | | |
|-----------|---------------|-------------|-----------------|
| | | | Formatted Table |
| Signature | Jamie Orchard | 1 July 2010 | |

[insert date] ~~28 June 2010~~



RACING
QUEENSLAND

Mr Paul Brennan
5 Lang Street
PELICAN WATERS QLD 4551

Racing Queensland Limited
A.B.N. 52 142 786 874
Racecourse Rd Deagon QLD 4017
PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3269 6404
E info@racingqueensland.com.au
W www.racingqueensland.com.au

PRIVATE AND CONFIDENTIAL

Dear Paul,

As we have discussed, the Board of directors of Racing Queensland Limited ("RQL") has resolved to vary the terms and conditions of your employment in I am delighted to offer you the position of Director of Product Development with Racing Queensland Limited ("RQL").

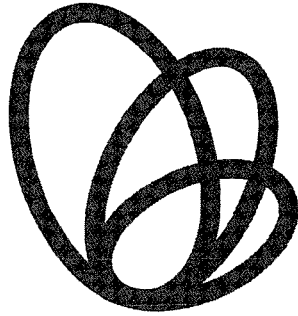
The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL with effect from 1 July 2011. The Offer of Employment replaces any previous agreements, or representations, whether express in writing or otherwise, which set out the terms and conditions of your employment. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited



RACING
QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Paul Brennan

Executive Employment Agreement

APAC-#10986024-v1

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Paul Brennan (referred to in this document as "you" or "your") employment in the position of Director of Product Development.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it ~~supersedes~~ supersedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Product Development Director and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.3. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.4. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.5. RQL will, before ~~31 December~~ 1 July 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. ~~This contract~~ Your employment with RQL will commence on 1 July 2011 ~~10 or the date when RQL commences operation as an approved Control Body, whichever is the later date~~
- 4.2. Your service with RQL will be calculated from the date you commenced employment with RQL and not from the date of this contract for the purpose of applicable service related entitlements and benefits under this contract.
- 4.2.4.3. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.

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- 4.3.4.4. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.
- 4.4.4.5. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.
- 4.5.4.6. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

- 5.1. Your remuneration is calculated on a total remuneration value (TRV) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of \$180,234,000 per annum, including compulsory superannuation.
- 5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:
- Taxes required by law, including PAYG and FBT;
 - Compulsory superannuation contributions;
 - The cost of any salary sacrifice arrangements implemented by you;
 - Any other deductions which you have authorised RQL to make;
 - An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
 - Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause 5.4.5.4.
- 5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.
- 5.4. RQL will provide you with a 6 cylinder vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.
- 5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.
- 5.6. In addition to your TRV, RQL will cover the following costs:
- Mobile telephone costs, including calls;
 - Home internet connectivity; and
 - 50% of your home telephone account,
- provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.
- 5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.
- 5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your

TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.

5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.

5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.

5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.

5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.

7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.

7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.

7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.

7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;

7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed

by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.

7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.

7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave

7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.

7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.
- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.

- I. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.
- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
 - a. With RQL's prior written permission;
 - b. In the proper performance of your duties;
 - c. As expressly allowed under this Agreement; or

- d. For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.

11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.

11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:

- a. On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
- b. Directly or indirectly as a result of the employee or anybody else's access to confidential information;
- c. In the course of, as a consequence of or in relation to the performance of the employees duties;
- d. Relating to RQL's general methods of operation; or
- e. In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;

vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.

12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and

insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

- 14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.
- 14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).
- 14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.
- 14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:
 - a. immediately return the device to RQL on termination of your employment or earlier request;
 - b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
 - c. not give the device to anybody else or permit anybody else to use the device; and
 - d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

- 15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

15.2. Within 14 days of the occurrence of a Material Adverse Change, you may resign from your employment by giving seven days' written notice. If you resign by reason of a Material Adverse Change, you will be entitled to:

- a. a payment of a sum equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract, however not exceeding a sum equivalent to 14 months of your TRV;
- b. a severance payment calculated in accordance with the relevant scale contained in any redundancy policy of RQL; and
- c. any accrued but unpaid entitlements.

For the purpose of this clause, **Material Adverse Change** means RQL ceasing to be the approved Control Body under the *Racing Act 2002* (Qld), it being a stated policy of a parliamentary party who has control of the Queensland Legislative Assembly to materially alter the structure of RQL or to remove one or more of the directors of RQL, a material adverse change in the make up of the RQL Board of directors, or your reporting lines, or an organisational restructure that materially impacts on your role at RQL in a manner adverse to you.

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~~15.2.~~ 15.3. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

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- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.8~~15.8~~;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

~~15.3.~~ 15.4. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

~~15.4.~~ 15.5. If RQL terminates your employment for any reason other than those referred to in clauses 15.3~~15.2~~, 15.4~~15.3~~ and 15.8~~15.8~~, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract~~for the period of the contract~~.

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~~15.5.~~ 15.6. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

~~15.6.~~ 15.7. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

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~~15.7.~~ 15.8. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

~~15.8.~~ 15.9. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

~~15.9.~~ 15.10. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 31 December~~1 July 2012~~ your contract has been extended, but after 31 December~~1 July 2012~~ RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.3 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.

20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;

- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research, formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.
- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (C'th)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.



EMPLOYMENT AGREEMENT

Signed on behalf of RQL.

28 June 2010

Bob Bentley
Chairman

Date

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Paul Brennan

1 July 2010

Racing Queensland Limited

ACN 142 786 874

(Company)

Record of circulating directors' resolution in accordance with clause 17.8 of the Company's Constitution

The undersigned are all of the directors of the Company at the time of signing this circulating resolution.

The undersigned are in favour of the resolution(s) set out in the schedule and acknowledge that the resolution(s) was/were passed when the last director signed.

Schedule Resolution(s)

1 Variation to employment contracts

That the employment agreements for the following Company executives:

- (1) Malcolm Tuttle;
- (2) Jamie Orchard;
- (3) Paul Brennan; and
- (4) Shara Murray,

are varied in accordance with the advice received from Norton Rose dated 20 July 2011, the advice received from Clayton Utz dated 29 July 2011 and the subsequent advice received from Norton Rose dated 2 August 2011, in the form of the attached varied employment agreements for each of the above named Company executives.

2 Introduction of Company redundancy policy

That a redundancy policy in the form of the attached is introduced for all employees of the Company.

Signed in accordance with the *Corporations Act 2001* on

2011.

Robert Geoffrey Bentley

Dated

Anthony John Hammer

Dated

William Patrick Ludwig

Dated

Wayne Norman Milner

Dated

Bradley John Ryan

Dated

Kerry Lee Watson

Dated

Robert James Lette

Dated

25 June 2010 [insert date]



RACING
QUEENSLAND

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Ms Shara Murray
23 Ridgegarden Drive
MORAYFIELD QLD 4506

PRIVATE AND CONFIDENTIAL

Dear Shara,

As we have discussed, the Board of directors of Racing Queensland Limited ("RQL") has resolved to vary the terms and conditions of your employment in I am delighted to offer you the position of Senior Corporate Counsel/Company Secretary with Racing Queensland Limited ("RQL").

The attached Offer of Employment sets out the terms and conditions of employment that are being offered. If you accept this Offer of Employment, then a binding employment agreement will be created between you and RQL with effect from 1 July 2011. The Offer of Employment replaces any previous agreements, or representations, whether express in writing or otherwise, which set out the terms and conditions of your employment. Your start date in this position will be the date when RQL becomes the new racing control body in Queensland. This is scheduled to be 1 July 2010. You should not sign the enclosed Offer of Employment until 1 July 2010, when RQL commences operations. In the meantime, it would be appreciated if you could sign and return the enclosed Acceptance of Declaration.

If you have any questions regarding the enclosed offer please don't hesitate to contact me.

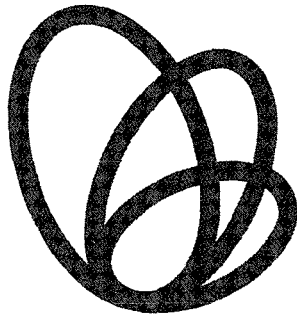
Congratulations on your appointment. I am looking forward to working with you in future.

Yours sincerely

Bob Bentley
Chairman
Racing Queensland Limited

Executive Employment Agreement

APAC-#10986132-v1



RACING
QUEENSLAND

OFFER OF EMPLOYMENT

CONFIDENTIAL

Made by:

Racing Queensland Limited; ACN 142 786 874

To:

Shara Murray

Executive Employment Agreement

APAC-#10986132-V1

1. OFFER OF EMPLOYMENT

- 1.1. Racing Queensland Limited ACN 142 786 874 (referred to in this document as "RQL") wishes to offer Shara Murray (referred to in this document as "you" or "your") employment in the position of Senior Corporate Counsel/Company Secretary.
- 1.2. This document sets out the complete terms of the contract of employment that is being offered to you and it ~~supercedes~~supersedes and replaces entirely any prior agreed terms regarding your employment with RQL. If you think that there are any other agreed terms not included in this document, please advise the Chairman of the Board, Mr Bob Bentley, before you sign this document.
- 1.3. Once this document has been signed by you it will become a binding contract of employment between you and RQL.

2. ENGAGEMENT

- 2.1. You shall be employed by RQL as Senior Corporate Counsel/Company Secretary and in such other offices or capacities, as may from time to time be assigned to you, in accordance with the terms of this Agreement. You will report to the Chief Executive Officer.
- 2.2. In your capacity as Senior Corporate Counsel, you will report to the Chief Executive Officer. In your capacity as Company Secretary, you will report to the Chairman of the Board of Directors.
- 2.3. The duties that you perform will be in line with your position description and may vary from time to time in accordance with the terms of this Agreement and business requirements. If your duties do vary, the terms and conditions set out in this Agreement will continue to apply unless otherwise agreed in writing.
- 2.4. You agree that RQL may alter your position from time to time, including changing your title, your duties and your workplace, provided that the altered position is reasonably comparable or an adequate alternative position to your position prior to the change. You agree that changes of that nature will not give rise to any termination, separation or redundancy entitlements.
- 2.5. This contract is for a term commencing 1 July 2010 and expiring 30 June 2013.
- 2.6. RQL will, before ~~4 July~~ 31 December 2012, negotiate with you any extension of time of this contract beyond 30 June 2013.
- 2.7. In your capacity as Senior Corporate Counsel, you are required from time to time to give legal advice to RQL. RQL acknowledges that in doing so, you are independent of RQL and must give that advice whether it be favourable to RQL or otherwise. RQL acknowledges it agrees that at no time may it use the giving of advice by you which may be unfavourable to its interests as ground for any disciplinary action of any nature or kind.

3. PLACE OF WORK

- 3.1. You will be employed at RQL's Deagon head office, but you may be required to perform your duties at other locations as reasonably requested. RQL may move your position to another location due to business requirements. If this is required RQL will provide you with notice of at least four weeks of the intention to move your position, and will discuss any such change with you as soon as possible.
- 3.2. The responsibilities of your position mean that you may be required to travel and work for extended periods throughout Australia and overseas.

4. COMMENCEMENT AND HOURS OF WORK

- 4.1. ~~This contract~~ Your employment with RQL will commence on ~~1 July 2011~~ 10 or the date when RQL commences operation as an approved Control Body, whichever is the later date

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4.2. Your service with RQL will be calculated from the date you commenced employment with RQL and not from the date of this contract for the purpose of applicable service related entitlements and benefits under this contract.

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4.2.4.3. You will be employed on a full-time basis. Your TRV has been set taking into account that you are being appointed to a senior executive role. You are expected to devote your time, attention and skills as need to ensure that you effectively carry out the responsibilities of your role. You agree that this may regularly involve work outside of standard business hours, including work on weekends and public holidays if required, and that your TRV includes payment for all such hours worked.

4.3.4.4. Hours worked outside of RQL's standard office hours will not attract additional pay as you acknowledge that your TRV reasonably compensates you for all hours worked.

4.4.4.5. Punctuality is important in providing a proper service to clients. If you are unable to attend work on any day, or will be late for work, you must personally advise RQL of any absence as soon as possible.

4.5.4.6. You agree that RQL may direct you at any time to not attend work or carry out your duties and that, if RQL does issue you with such a direction, that this will not amount to termination of your employment or breach of your employment contract.

5. REMUNERATION AND SUPERANNUATION

5.1. Your remuneration is calculated on a total remuneration value (**TRV**) basis, which is inclusive of all remuneration entitlements and compulsory superannuation contributions. You will receive a gross TRV of ~~\$120~~^{\$156},000 per annum, including compulsory superannuation. If you choose to take up the option of RQL providing you with a vehicle, as outlined below at clause 5.4, then your TRV will also include your agreed contribution towards the vehicle's cost as set out in clause ~~5.4~~^{5.5}.

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5.2. That part of your TRV remaining after deduction of superannuation, including any deemed or notional contributions), any salary sacrifice arrangements implemented by you and any other entitlements we are obliged to provide will be your gross Salary. You authorise RQL to deduct the following, where applicable, from your TRV in order to calculate your actual net salary payments:

- a. Taxes required by law, including PAYG and FBT;
- b. Compulsory superannuation contributions;
- c. The cost of any salary sacrifice arrangements implemented by you;
- d. Any other deductions which you have authorised RQL to make;
- e. An amount equal to your TRV for the period of any unauthorised absences, any unpaid leave or periods when you have failed to provide the required notice of termination of your employment. You agree that your signing of this Offer of Employment amounts to express written consent to deduct an amount in accordance with the *Fair Work Act 2009*;
- f. Your contribution to the cost of the motor vehicle provided to you by RQL, as set out in clause ~~5.4~~^{5.5}.

5.3. Your Salary will be paid fortnightly, in arrears, direct to your nominated bank account.

5.4. RQL will provide you with a 4 cylinder vehicle, provided that you agree to salary sacrifice an amount equivalent to 75% of the nominal annual value of the vehicle agreed with RQL. You agree that, effective from 1 July 2010, a 4 cylinder vehicle is to be valued at \$12,000 per annum. If at any time you cease salary sacrificing this agreed amount you will no longer be entitled to the use of the vehicle. You may choose not to accept the offer of use of a vehicle but if you do so, RQL's provision of a vehicle cannot be cashed out and does not form part of your TRV.

5.5. RQL will pay superannuation contributions in accordance with statutory requirements into a nominated complying superannuation fund of your choice. You may elect to contribute additional amounts of your TRV, as agreed, into your superannuation fund.

5.6. In addition to your TRV, RQL will cover the following costs:

- a. Mobile telephone costs, including calls;
- b. Home internet connectivity;

provided that all such costs will be determined in accordance with any relevant RQL policies in place from time to time.

5.7. Your remuneration arrangements will be reviewed annually. There is no guarantee that your TRV will be increased each year. Any review will take into account market movement, your performance and RQL's financial situation.

5.8. RQL takes a flexible approach to the structuring of TRV and allows its employees to determine how they will receive their remuneration. You will be permitted to structure your TRV in accordance with the RQL Remuneration Policy and Procedures that are in place from time to time.

5.9. All costs associated with salary sacrificing will be deducted from your TRV before your Salary is calculated and paid. Any salary sacrifice is subject to Australian Tax Office rulings and, should there be any change to the current treatment of salary sacrificing, the salary sacrifice arrangement will be reviewed to ensure that there are no additional costs to RQL.

5.10. You agree that in the event of an overpayment of salary, RQL may recover the amount of the overpayment by way of deduction from your future earnings. If this occurs, RQL will provide you with written notification of the intention to recover the overpayment and the amount to be recovered.

5.11. You agree that any monies owed by you to RQL as at the date of termination of employment may be deducted by RQL from your final termination pay.

5.12. You agree that your Salary has been set to include all allowances, penalties and loadings that may be payable to you, regardless of how that entitlement arises. You also agree that, if at any time during your employment, you are entitled to payment for overtime, penalties, loadings and allowances under an award or agreement, your Salary is being paid as a composite payment in satisfaction of both your contractual entitlements and all such award or agreement entitlements. You agree that if your Salary exceeds the amount that you would be entitled to for ordinary hours of work under an award or agreement, then the excess paid to you may be set off against any award or agreement entitlements and does not increase the rates payable to you under any applicable award or agreement.

6. EXPENSES

6.1. RQL will reimburse you in accordance with RQL's Expense Reimbursement Policy, as amended from time to time, for reasonable work-related expenses incurred by you in the performance of your duties.

7. LEAVE

7.1. You are entitled to 4 weeks' paid annual leave per 12 months of continuous employment, accrued in accordance with the *Fair Work Act 2009*. Annual leave entitlements accrue throughout the year and accumulate from year to year when accrued leave is not taken. All annual leave will be approved in line with organisational requirements and must be approved prior to you taking annual leave. The RQL Leave Policy contains more details about the taking of annual leave and management of annual leave balances. You agree that it is reasonable for RQL to apply that Leave Policy.

7.2. To ensure you maintain a healthy work and life balance, you will be encouraged to take leave each year. We may direct you to take annual leave in accordance with applicable legislation, which currently requires the giving of notice and says that we cannot direct you

to take all of your accrued leave. There are certain times during the year when annual leave will not usually be granted. Those times differ in various parts of the business. For example, employees working in the finance area will not generally be granted leave from May to September.

- 7.3. There is no separate leave loading payable to you as your TRV has been set taking this into account. On termination of employment, any accrued annual leave will be paid at your then current ordinary rate of pay.
- 7.4. You are entitled to paid personal leave of ten days per year in accordance with the *Fair Work Act 2009*. Personal leave includes sick leave and carer's leave.
- 7.5. Personal leave entitlements will accumulate from year to year but are not paid out upon termination;
- 7.6. The *Fair Work Act 2009* provides for carer's leave to be taken to care for a member of your immediate family or household who requires care or support due to an illness or injury or unexpected emergency affecting them. Your entitlement to take carer's leave is governed by the provisions of the *Fair Work Act 2009*. You may take unpaid carer's leave of up to two days per occasion if you have exhausted your paid personal leave entitlements.
- 7.7. If you are absent due to sick or carer's leave you are required to notify RQL at the commencement of your normal working time or as soon as reasonably practicable and, as far as practicable, state the estimated duration of the absence. You may be required to produce a medical certificate or other proof that RQL considers reasonable proof of the reason for your absence if you take sick or carer's leave. The RQL Leave Policy contains more information about these requirements.
- 7.8. You are entitled to paid compassionate leave in accordance with the *Fair Work Act 2009*. That Act currently provides for a maximum of two days for each occasion when a member of your immediate family or a member of your household contracts or develops an illness that poses a serious threat to their life, or sustains an injury that poses a serious threat to their life, or dies. You may be asked to provide reasonable evidence of the illness, injury or death before you are entitled to take this paid compassionate leave
- 7.9. You may be entitled to parental leave (maternity, paternity and adoption leave) if applicable in accordance with the *Fair Work Act 2009*.
- 7.10. You are entitled to thirteen weeks long service leave after ten years continuous service subject to and in accordance with the RQL Long Service Leave policy.

8. EMPLOYEE OBLIGATIONS

8.1. You agree that you will:

- a. Perform to the best of your ability and knowledge the duties assigned to you, in a manner consistent with your position, as determined by RQL.
- b. Exhibit professional behaviour and attitude in dealings with managers, employees, clients, and suppliers of RQL, and all others.
- c. Take all reasonable steps to meet performance criteria that RQL establishes from time to time.
- d. Abide by all safety, quality and security procedures applying to RQL's operations and premises.
- e. Refrain from all behaviour that could be perceived as discrimination, harassment or bullying in the workplace under applicable legislation.
- f. Observe and comply with all policies, procedures, and operational manuals, as amended by RQL from time to time and all reasonable directions given by RQL.

- g. Not engage in remunerated work or other activities outside of RQL that may be a conflict of interest or lead to a reasonably perceived conflict of interest, without RQL's prior written consent.
- h. Not claim or accept any fee, gratuity, commission or other benefit from any source other than RQL in payment for any services concerned with RQL's business.
- i. Devote the whole of your time and abilities during normal working hours, and at such other times as may be reasonably necessary, to the performance of your duties.
- j. Use your best endeavours to promote, develop and extend RQL's business interests and reputation and not do anything to the detriment of those business interests or reputation.
- k. Comply with, implement and enforce any legislation that applies to the duties or responsibilities of your position.
- l. Immediately notify RQL if you become aware or have reason to believe that another employee of RQL has failed to comply with any legislation applying to their duties or responsibilities.

9. CONFLICT OF INTEREST

- 9.1. You are being appointed as a senior executive. This means that you are required to always act in good faith in RQL's best interests and to ensure that you are not placed in a situation where your duties to RQL are in conflict with your personal interests. This extends to ensuring that you are not in a situation where there could be a reasonably perceived conflict between your duties to RQL and your personal interests. RQL's Conflict of Interest Policy contains more information about circumstances when conflicts can arise. If you are in doubt you must seek clarification from RQL. This clause does not limit your rights or duties to give independent legal advice when called upon to do so.
- 9.2. You must not accept any payment or other benefit from any person as an inducement or reward for any act or forbearance with any matter or operation transacted by RQL or on its behalf. You must report any actual or potential conflict of interest to RQL immediately.
- 9.3. You warrant that, from 1 July 2010, there will be no circumstances which would create a perceived or actual conflict of interest between your personal interests and your obligations to RQL. You will be required to complete and sign the Conflict of Interest and Racing Interest Declaration Form prior to commencing with RQL. This form will be required to be completed annually or where there is any change to your circumstances.
- 9.4. You agree that you will immediately notify the Chief Executive Officer in writing if a conflict or risk of conflict arises which will impact on your actual or perceived ability to carry out your obligations under this agreement. After assessing the conflict or risk of conflict, RQL may give you written notice requiring you to remedy the conflict or risk of conflict within a specified time.
- 9.5. You agree that you will not enter into or be involved in any other employment or business activity that could conflict with, be detrimental to or interfere with RQL's interests or the performance of the responsibilities of your position with RQL.

10. INFORMATION, POLICIES AND PROCEDURES

- 10.1. It is a term of your employment contract that you must comply with all lawful orders, instructions, standards, policies and procedures in existence at RQL. While you must observe and comply with these policies and procedures, the contents of those policies and procedures do not form terms and conditions of your employment contract with RQL unless expressly referred to in this Agreement. If there is any inconsistency between the terms of this Agreement and RQL's policies and procedures, the terms of this Agreement will prevail.

- 10.2. To the extent that RQL's policies and procedures refer to obligations on RQL, you agree that they are guides only and not contractual terms, conditions or representations on which you rely.
- 10.3. You will not knowingly withhold any information or material within your possession that may affect RQL's performance or reputation.
- 10.4. It is a term of your employment contract that you comply with the RQL Code of Conduct, as amended from time to time.

11. CONFIDENTIAL INFORMATION

- 11.1. You must not at any time during your employment with RQL, or at any time after your employment terminates, disclose to any other person or use or attempt to use any Confidential Information of RQL except:
- With RQL's prior written permission;
 - In the proper performance of your duties;
 - As expressly allowed under this Agreement; or
 - For the purposes of disclosure only where you are legally obliged to disclose by a Court, Commission or Tribunal.
- 11.2. During your employment with RQL, you must use your best endeavours to prevent the unauthorised disclosure of any Confidential Information or trade secrets by a third party. When Confidential Information is disclosed as permitted by clause 11.1 you must ensure that the person to whom the information is disclosed is made aware of its confidential nature and use your best endeavours to ensure that person does not use or disclose that information.
- 11.3. The obligations of this clause shall survive the termination of this Agreement. You must not, after termination of employment use Confidential Information for a purpose other than for the benefit of RQL.

12. INTELLECTUAL PROPERTY

- 12.1. You acknowledge and agree that all existing and future Intellectual Property Rights in any Confidential Information or in respect of any intellectual property developed, in development, created or conceived wholly or partly by you, alone or together with any other person or body, whether during or outside working hours:
- On RQL's premises or using RQL's facilities or resources, facilities or resources which were in the care and control of RQL, or any of RQL's employees, officers, agents, subcontractors or representatives;
 - Directly or indirectly as a result of the employee or anybody else's access to confidential information;
 - In the course of, as a consequence of or in relation to the performance of the employees duties;
 - Relating to RQL's general methods of operation; or
 - In respect of or associated with any of RQL's products or services, and any alterations or additions or methods of making, using, marketing, selling or providing those products or services;
- vest in and belong to RQL, and to the extent necessary to vest ownership in RQL, the intellectual property is deemed to be assigned to RQL as its exclusive property.
- 12.2. You agree to execute all documents, including any assignments, and do all acts and things, required by RQL for the purpose of effecting and perfecting the title of RQL or its nominee to the intellectual property rights described in the clause above, in Australia or such other

countries as RQL requires. You consent to RQL infringing any Moral Rights that you may have or become entitled to, in any work created, developed, modified or enhanced in the course of their employment.

12.3. You must immediately disclose to RQL in writing, any invention or improvement you make or think of during the course of your employment.

12.4. You consent to RQL infringing any Moral Rights that you may have or become entitled to in any Work created, developed, modified or enhanced in the course of your employment.

12.5. Your obligations under this clause will survive the termination of this Agreement.

13. PRIVACY

13.1. You must not remove or copy any information, including client or employee information, from RQL's premises without RQL's consent.

13.2. During the course of your employment, RQL may collect, use, handle and/or disclose your personal information in the proper course of business, such as to facilitate the provision of salary and benefits, and supply required information to external superannuation and insurance providers. This may include your address, date of birth, health information and professional associations.

14. RQL PROPERTY AND SECURITY

14.1. All documents, records, papers, manuals, materials of any nature and other property of, or relating to, the business of RQL, whether prepared by you or not, are and remain the property of RQL.

14.2. You agree to take all reasonable steps to ensure the security of and protect all Confidential Information and Intellectual Property Rights of RQL in your possession, power or control. You agree to comply with, and to the best of your endeavours ensure that other employees or contractors engaged by RQL comply with, all of RQL's security guidelines, procedures, rules and regulations (whether formal or informal).

14.3. Upon termination of this Agreement, you shall immediately deliver to RQL all documents, records, papers, materials of any nature whatsoever and other property of, or relating to, RQL's affairs or any of RQL's related business entities, which may be in your possession or under your control.

14.4. If you are provided with a security access device of any kind, such as a key or computer coded access card, you will:

- a. immediately return the device to RQL on termination of your employment or earlier request;
- b. not copy nor permit the copying of the device or any aspect of it which is integral to its function of security;
- c. not give the device to anybody else or permit anybody else to use the device; and
- d. use the device strictly in accordance with any conditions advised by RQL in respect of it.

15. TERMINATION OF EMPLOYMENT

15.1. If by reason of health or other personal issues you are unable to continue the fulfilment of your duties under this contract, you may resign from your employment at any time by giving six weeks' notice in writing. If you do not give that notice, you authorise RQL to deduct from any payment owing to you a sum equivalent to the TRV you would have been entitled to for the period by which your actual notice fell short of the required six week notice period. RQL may, at its discretion, decide to accept a shorter period of notice from you. Otherwise you are bound by the period of this contract.

EMPLOYMENT AGREEMENT

15.2. Within 14 days of the occurrence of a Material Adverse Change, you may resign from your employment by giving seven days' written notice. If you resign by reason of a Material Adverse Change, you will be entitled to:

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- a. a payment of a sum equivalent to the TRV you would have been entitled to receive had you remained employed until the end of the term referred to in clause 2.4 of this contract, however not exceeding a sum equivalent to 14 months of your TRV;
- b. a severance payment calculated in accordance with the relevant scale contained in any redundancy policy of RQL; and
- c. any accrued but unpaid entitlements.

For the purpose of this clause, Material Adverse Change means RQL ceasing to be the approved Control Body under the Racing Act 2002 (Qld), it being a stated policy of a parliamentary party who has control of the Queensland Legislative Assembly to materially alter the structure of RQL or to remove one or more of the directors of RQL, a material adverse change in the make up of the RQL Board of directors, or your reporting lines, or an organisational restructure that materially impacts on your role at RQL in a manner adverse to you.

15.3.15.3. RQL may terminate your employment by giving you six weeks' notice in writing if your employment is being terminated for any one or more of the following reasons:

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- a. Unsatisfactory performance other than a termination for Misconduct as provided for by clause 15.8~~15.8~~;
- b. Failure to comply with the terms and conditions of your employment contract;
- c. You suffer from an incapacity that renders you unable to carry out the inherent requirements of your position;

If you are over 45 years of age at that time and have more than 2 years continuous service with RQL, that notice will be increased to seven weeks notice. AT RQL's discretion, RQL may pay you in lieu of part or all of that notice period.

15.3.15.4. Should RQL cease to be the approved Control Body, RQL will provide you the opportunity to take redundancy. The redundancy will be at least equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the term of the contract.

15.4.15.5. If RQL terminates your employment for any reason other than those referred to in clauses 15.3, 15.4~~15.2~~ 15.3 and 15.8~~15.8~~, then you will be given six weeks' written notice of termination and will be paid on termination a payment equivalent to the TRV you would have been entitled to receive had you remained employed for the period of the contract until the end of the term referred to in clause 2.4 of this contract.

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15.5.15.6. During any period of notice, RQL may require you:

- a. To perform duties that are different from those that you were required to perform during the rest of your employment with RQL, provided that you have the necessary skills, training, education and experience to undertake them; or
- b. To not present yourself for work, do any work or contact any of RQL's clients or personnel for any period up to the date of termination of employment.

15.6.15.7. During any period of notice you will continue to be employed by RQL and you must not engage or prepare to engage in any business activity that is the same or similar to the duties you were performing for RQL. Up to the termination of your employment you and RQL shall remain bound by the mutual obligations of trust and confidence.

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15.7.15.8. RQL may terminate your employment summarily without notice or payment in lieu of notice if RQL reasonably concludes that you have committed Misconduct. If your employment is summarily terminated by RQL you will not be entitled to any notice payment, or other benefit on termination other than the statutory entitlements accrued up to and

including the termination date. Such payment will be in full satisfaction and discharge of all claims and demands by you against RQL in respect of your employment.

~~15.8.~~ 15.9. Following the termination of your employment, upon RQL's request, you agree to provide RQL with reasonable assistance regarding any matter relating directly or indirectly to your employment, or which arises out of events which occurred during the period of your employment, including providing statements or affidavits, attending meetings and attending hearings or inquiries.

~~15.9.~~ 15.10. If RQL terminates your contract without cause, including if RQL ceases to be the Control Body under the Racing Act 2002 (QLD), you will be entitled to a payment equivalent to the TRV you would have been entitled to receive had you remained employed until the term of the contract expired, 30 June 2013. For clarity, if by 31 December ~~1 July 2012~~ your contract has been extended, but after 31 December ~~1 July 2012~~ RQL ceases to be the Control Body or terminates you without cause, your entitlement to redundancy does not extend beyond the original term (expiring 30 June 2013) unless otherwise negotiated in a new contract.

16. ENTIRE AGREEMENT

16.1. This Agreement forms the entire agreement between you and RQL and shall operate to the exclusion of, and wholly replace, all other contracts or agreements that would otherwise apply to your employment. This Agreement supersedes all prior agreements, understandings and negotiations.

16.2. This Agreement represents a full record of the contractual terms and conditions with respect to your employment with RQL and supersedes any prior oral or written contract or understanding between you and RQL.

16.3. You agree that you will, if requested by RQL in the future, sign additional documents which include words to the effect that this Agreement forms the entire agreement between you and RQL regarding your terms and conditions of employment.

16.4. Any award or legislation applicable to your employment does not form a term of your employment contract.

17. VARIATION

17.1. Subject to RQL's right to amend any policies and to change your title, duties or position in accordance with clause 2.4 of this Agreement, the terms and conditions of this Agreement may only be amended by agreement in writing signed by you and RQL.

18. SEVERABILITY

18.1. If any provision in this Agreement is unenforceable, illegal or void, then it is deemed to be severable and independent and will not affect the validity or enforceability of any other provisions of this Agreement which will remain in force.

19. WORK ELIGIBILITY

19.1. Your employment is conditional upon you providing if requested by RQL, prior to your commencement, evidence of your eligibility to work in Australia.

20. WARRANTIES

20.1. You warrant that you have the expertise, qualifications, licenses and registration necessary to perform your duties and will perform them in a manner appropriate to a person having such expertise, qualifications, licenses or registration. You must maintain that expertise, qualifications, licenses and registration throughout your employment.

20.2. You acknowledge that RQL has relied upon the accuracy and truthfulness of any representations, whether written or verbal, made by you in relation to your professional

qualifications, skills and experience during the pre-employment process. This offer of employment has been made in reliance upon these representations.

21. CONFIDENTIALITY OF AGREEMENT

21.1. This Agreement and its contents are confidential and should not be communicated to any other party.

22. DEFINITIONS AND INTERPRETATION

22.1. Misconduct includes but is not limited to:

- a. Drunkenness or intoxication;
- b. Dishonesty;
- c. Neglect of duty or incompetence;
- d. Any form of misrepresentation, whether to RQL or others in the performance of your duties;
- e. Being charged with a criminal offence which, in RQL's opinion, affects your suitability for your position;
- f. Conduct which may injure RQL's reputation or operations;
- g. Refusal or failure to comply with RQL's lawful directions;
- h. Breach of your obligations under clause 11 of this Agreement; and
- i. You being prohibited from taking part in the management of RQL pursuant to the *Corporations Act 2001*.

22.2. Confidential Information means the trade secrets and all other information regarding RQL's affairs which become known to you in circumstances where you know, or should know, that the information is to be treated as confidential. This Confidential Information includes without limitation any information that:

- a. Would be of commercial value to a competitor of RQL.
- b. Relates to RQL's financial affairs; including financial information, accounts work, financing information, management reports and performance or profitability reports and margins.
- c. Relates to RQL's operational requirements.
- d. Relates to any arrangements or transactions between RQL and stakeholders in the racing industry.
- e. Relates to RQL's customers; including customer details, customer lists, details of customer requirements, details of customer prospects, the identity of any customer, their requirements and their financial affairs.
- f. Relates to any functions you perform in relation to the regulation, licensing, administering or policing of racing and its integrity
- g. Relates to or is contained in any of RQL's computer data bases or software.
- h. Relates to any arrangements or transactions between RQL and its respective suppliers or contractors; including their identity and the price or charges in respect of the supplies or services RQL acquires from them.
- i. Relates to or is contained in any manuals or handbooks produced by RQL.
- j. Relates to RQL fees, quotations, prices or charges in respect of services or products.
- k. Relates to the marketing and selling techniques used by RQL; including marketing plans, sales plans, research and data surveys.
- l. Relates to trade secrets, technical specifications, know how, plans, design concepts, ideas, design specifications, manufacturing or development processes, research,

formulae, processes, applications, unique features or techniques in respect of any of RQL's products, services or operations, whether existing or in development.

- m. Relates to or is associated with any of RQL's technology or software, or any related products or services, including any source code, programming, plans, concepts, specifications, alterations or additions, content, features, operation opportunities, benefits or market appeal, whether produced by you or otherwise.
- n. Is prepared by RQL or anybody else based on or incorporating information referred to in paragraphs (a) to (m) above, including all notes and other records, whether written or otherwise, and any copies of the information, notes and other records referred to in paragraphs (a) to (m) above.

But does not include information that:

- o. Was rightfully in your possession and not subject to an obligation of confidentiality before the negotiations leading to the commencement of your employment with RQL, whether pursuant to this Agreement or otherwise.
- p. Is or, after the commencement of your employment becomes, available in the public domain other than as a result of a breach of this Agreement

22.3. Intellectual Property Rights means any and all beneficial and legal ownership and intellectual and industrial protection rights throughout the world, both present and future, including rights in respect of or in connection with any confidential information, copyright, including future copyright and rights in the nature of or analogous to copyright), moral rights, inventions (including patents), trade marks, service marks, designs, circuit layout and performance protection (whether or not now existing and whether or not registered or registrable) and includes any right to apply for the registration of such right and all renewals and extensions.

22.4. Moral Rights has the meaning given to that term in the *Copyright Act 1968* (Cth)

22.5. Control Body has the same meaning given by the *Racing Act 2002* (Qld).

22.6. References to legislation are references to legislation as in force at the relevant time.



EMPLOYMENT AGREEMENT

Signed on behalf of RQL.

28 June 2010

Bob Bentley
Chairman

Date

I acknowledge that I have read the contents of this Offer of Employment and accept that offer on the terms and conditions set out in this Agreement.

Signature

Shara Murray

1 July 2010