

TATTS GROUP LIMITED
ACN 108 686 040

**MINUTES OF MEETING OF THE GOVERNANCE AND NOMINATION COMMITTEE
HELD AT 615 ST KILDA ROAD, MELBOURNE, VICTORIA, 3004 ON WEDNESDAY 25
AUGUST, 2010 AT 4.00PM**

PRESENT: Harry Boon (Chairman) (by phone)
Bob Bentley
Julien Playoust
Kevin Seymour

IN ATTENDANCE: Penny Grau (Company Secretary)

APOLOGIES: Nil



**ANNUAL
ASSESSMENT OF
DIRECTORS
INDEPENDENCE:**

The Chairman spoke to the paper titled 'Annual Assessment of Independence of Directors'.

It was noted that there was no need to change the criteria for assessing a Director's independence.

The Committee assessed the Independence of all Directors other than Mr Bob Bentley.

**Director leaves the
meeting:**

Bob Bentley left the meeting.

**ANNUAL
ASSESSMENT OF
DIRECTORS
INDEPENDENCE
Cont:**

A discussion occurred about the position of Bob Bentley and whether he is independent. Kevin Seymour indicated that due to a restructure, Racing Queensland now controls 100% of Queensland Race Product Co which has an agreement with UNITAB. Therefore, in his opinion, it is even more important not to declare Bob Bentley Independent.

It was **RESOLVED** to recommend to the Board that Bob Bentley continue not to be considered as independent.

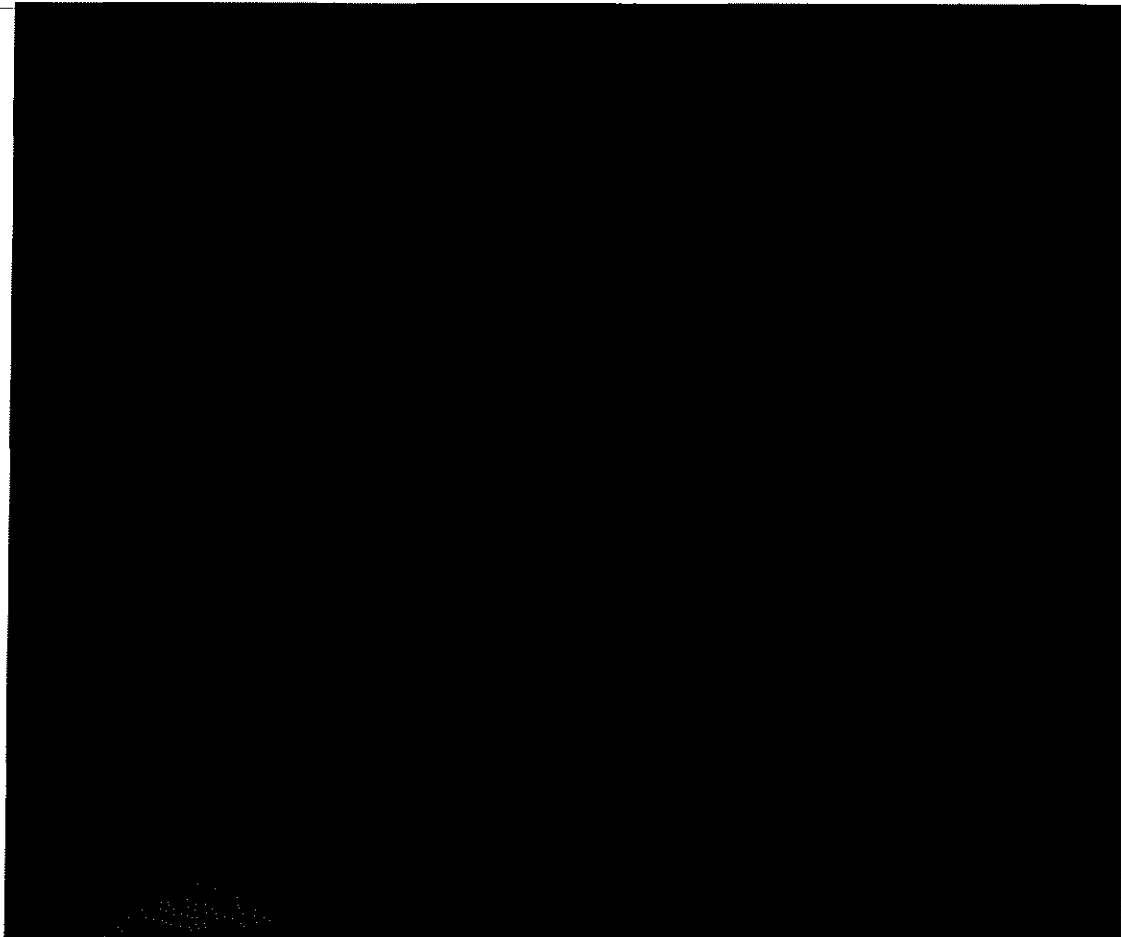
**Director rejoins the
meeting:**

Bob Bentley rejoined the meeting.

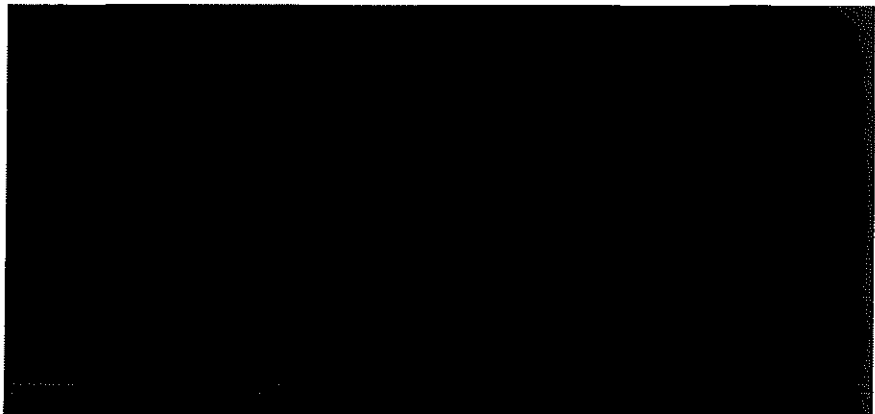
In relation to the non-executive Directors other than Bob Bentley, there was no additional or new information known to the Committee to suggest they were other than independent.

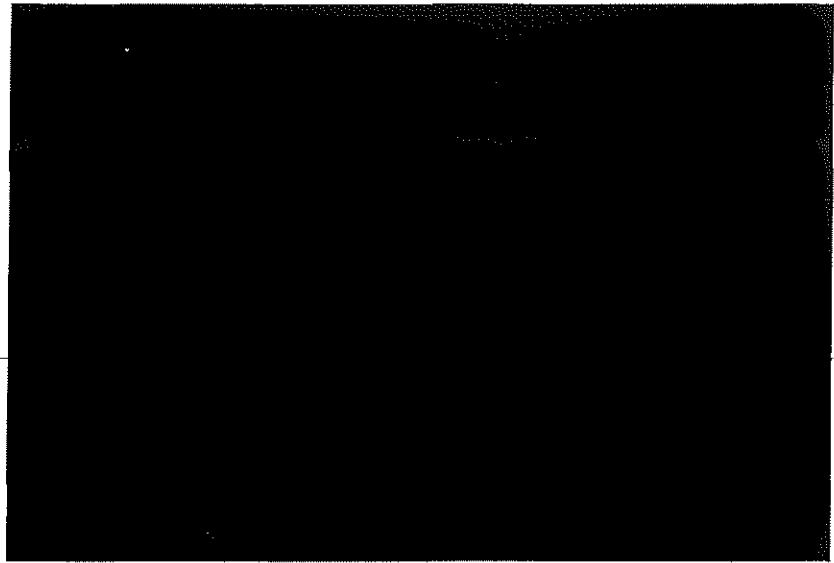
It was **RESOLVED** to recommend to the Board that each of the non-executive Directors are independent (other than Bob Bentley considered above).

It was further **RESOLVED** to recommend to the Board that Dick McIlwain continue not to be considered as independent by virtue of his executive role.



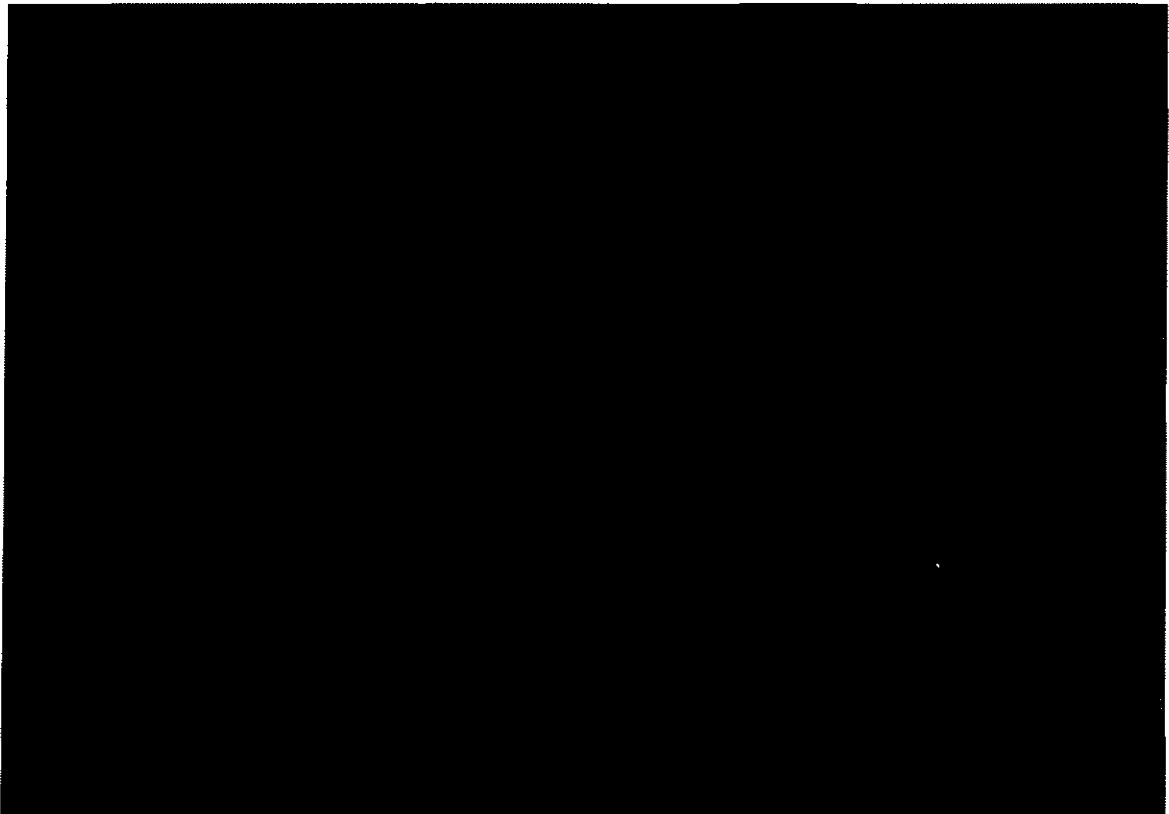
**PROPOSED
AMENDED
CHARTER:**

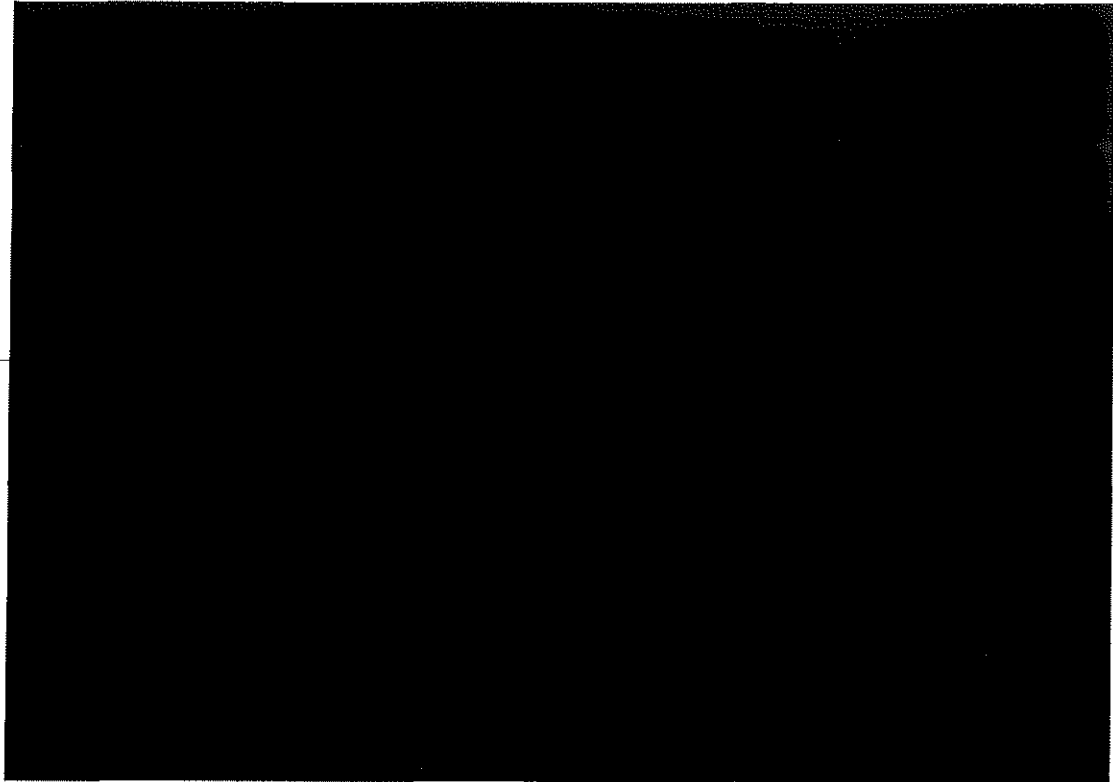




As an additional item, the Committee discussed the need for a policy regarding the appointment of executives to externally paid positions. It was noted that executives currently require the consent of the CE pursuant to their employment contracts. However, in addition, it was thought appropriate that the CE discuss any such requests with the Chairman prior to providing that consent.

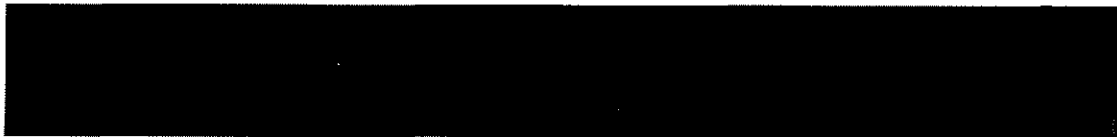
It was **RESOLVED** to recommend to the Board that it adopt a policy whereby the CE confer with the Chairman regarding the requests of any executives to be appointed to externally paid positions, prior to providing any response to such requests.





**CONTINUOUS
DISCLOSURE
ITEMS:**

There were no continuous disclosure issues raised.



CLOSE:

There being no further business, the Chairman closed the meeting at 5.20pm.

Signed as a true and correct record

.....
Mr H Boon, Chairman

.....
Date

[Handwritten signature]
20/9/10

Placed in Minute Book 24/09/10

Item for Decision

Agenda Item 4 - Annual Assessment of Independence of Directors

Distribution: Governance and Nomination Committee members

BACKGROUND

Section 4.5 of the Governance and Nomination Committee provides as follows:

"4.5.1 – Review the criteria for assessing a Director's Independence adopted by the Board.

4.5.2 – Undertake an annual assessment of, and make recommendations to the Board regarding, the independence of each Director and ensure appropriate disclosure is made in the Annual Report."

Principle 2 of the Revised ASX Corporate Governance Principles and Recommendations 2007 (**Revised ASX Guidelines**) underpins these paragraphs contained within the Charter.

Review the Criteria for Assessing a Director's Independence

The Committee reviewed and amended the Independence criteria at its May 2008 meeting to more closely align with the criteria suggested by the Revised ASX Guidelines. No changes have been made to the criteria contained in the Revised ASX Guidelines since that time. The Company reported against the current independence criteria in its 2009 Annual Report. Provided the Committee continues to consider the criteria to be consistent with indicating a person's independence, there would appear to be no reason to amend the current criteria which is set out in the attached table.

Annual Assessment of Independence of Each Director

The attached table sets out the position relating to each Director in relation to each of the independence criteria.

An assessment of each Director's Independence needs to occur in order for the Committee to make a recommendation to the Board regarding the independence of each Director and for that result to be appropriately disclosed in the 2010 Annual Report.

As at the date of this paper:

- (a) D. McIlwain is not independent given he does not meet criteria 2; and
- (b) Consideration needs to be given to the position of Bob Bentley in light of Criteria 4. The details in relation to his situation are specified in the table. Previously Mr Seymour's position also required consideration. However, as he resigned as Deputy Chairman and Director of Queensland Harness Racing effective 1 July, 2010, this is no longer necessary.

It should be noted that the Committee resolved in 2007 – 2009 that Mr Bentley was not independent in similar circumstances. The determination in 2009 was made after obtaining from Mr Bentley further information regarding the arrangements and practices he employs when he perceives a conflict of interest between his role as Chairman of Racing Queensland Limited (RQL) and a Director of the Company.

Mr Bentley has advised the following:

- (a) he is not a director of Queensland Race Product Co Limited, the supplier to UNITAB Limited – see attached diagram which details the structural arrangements;
- (b) at each meeting of RQL he declares he has a conflict of interest by virtue of his position as a director of the Company;
- (c) where there is, or could be perceived to be, a conflict of interest between his duties to RQL and the Company, he does not receive the RQL papers relating to the issue and he absents himself from the discussion and is not present to vote on the matter;
- (d) he does receive the minutes of the Board meeting which detail the results of any discussion from which he has absented himself;
- (e) he exercises his obligations of confidentiality and does not pass onto the Company any confidential information in relation to RQL and vice versa;

The Board followed the Committee's recommendation.

Recommendation

That the Committee assess the independence of each of the Directors and make recommendations to the Board regarding the independence of each Director.

Penny Grau
GENERAL COUNSEL & COMPANY SECRETARY

For Governance & Nomination Committee Meeting held on 25 August, 2010

INDEPENDENCE CRITERIA SCHEDULE

	Independence Criteria	H Boon	D McIlwain	B Bentley	L Cattermole	B Jamieson	J Playoust	K Seymour
1.	The Director is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company.	X	X	X	X	X	X	X
2.	The Director is or has been employed in an executive capacity by the Group and there has not been a period of at least three years between ceasing such employment and serving on the Board.	X	✓	X	X	X	X	X
3.	The Director is or has been a material professional adviser or consultant to the Group or an employee materially associated with the service provided in the previous three years.	X	X	X	X	X	X	X
4.	The Director is a material supplier or customer of the Group or an officer of, or otherwise associated directly or indirectly with a material supplier or customer.	X	X	Note ¹	X	X	X	Note ²

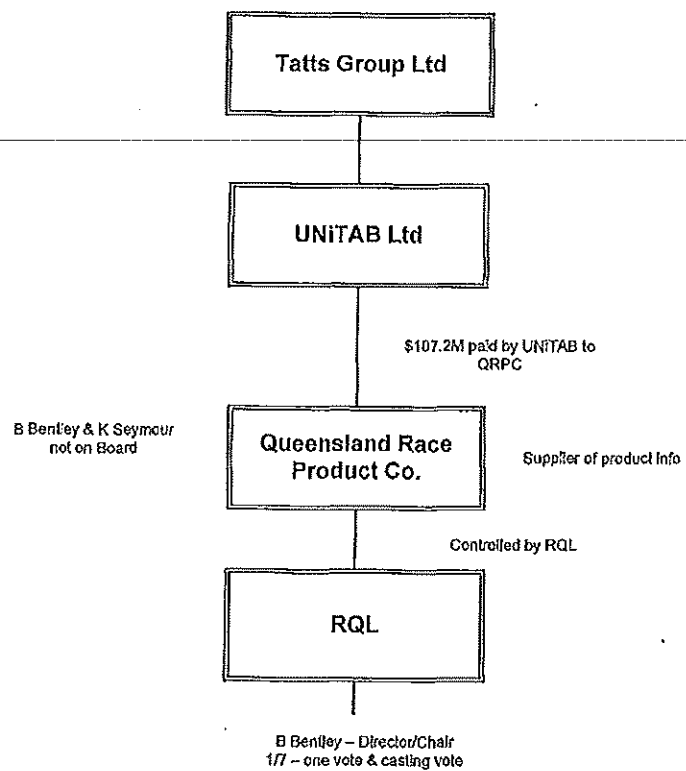
INDEPENDENCE CRITERIA SCHEDULE

5.	The Director has a material contractual relationship with the Group other than as a Director.	X	X	X	X	X	X	X
6.	No other relationship exists between the Director and the Company that may interfere with the exercise of independent judgement.	X	X	X	X	X	X	X

Note¹: B. Bentley is Chairman of Racing Queensland Limited (RQL). Through Queensland Race Product Co. (QRPC) RQL supplies product to UNITAB and UNITAB has made payments totalling \$107.2M (\$123.7M: 2009) to QRPC for the year ended 30 June, 2010. These payments equate to approximately 3.8% of the 2010 total expenses of the Group. Approximately 73% of QLD TAB turnover came from wagering on thoroughbred wagering last year. Previously UNITAB and in 2007 - 2009 the Company each considered B. Bentley not to be independent as he did not meet criteria 4.

Note²: K. Seymour was up to 1 July, 2010 Deputy Chairman and one of four directors of Queensland Harness Racing Limited (QHRL). Through Queensland Race Product Co. Limited (QRPC) QHRL supplies product to UNITAB and UNITAB has made payments totalling \$107.2M (\$123.7M: 2009) to QRPC for the year ended 30 June, 2010. 14.5% of this payment went to QHRL which equates to less than 0.5% of the 2010 total expenses of the Group. In addition, K. Seymour did not control QHRL as he held only one of four votes on the Board and the Chairman had a casting vote. Approximately 11% of QLD TAB turnover came from wagering on harness racing last year. Previously in 2008 and 2009, the Company considered K Seymour to be independent as QHRL did not control QRPC nor did K Seymour control QHRL. Therefore, the Committee considered he was not otherwise associated indirectly with a material supplier (QRPC). K. Seymour is no longer Deputy Chairman or a Director of QHRL and as such no further consideration of this issue is required.

STRUCTURE DIAGRAM OF ARRANGEMENT



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