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14 May 2008

Hon. Andrew Fraser, MP
Member for Mt Coot-tha
Minister for Local Government,
Planning and Sport
PO Box 611
BRISBANE QLD 4000

OFFICE OF THE
16 MAY 2008
UNDER TREASURER

Dear Minister *Fraser*

RE: QUEENSLAND RACING LIMITED'S CONSTITUTION

Please find **enclosed** the matrix for the proposed changes to the Queensland Racing Limited's Constitution and a comparison to the existing Constitution as requested.

Yours faithfully

Bob Bentley
BOB BENTLEY
Chairman *B.B.*

Enc.

Summary

Old Constitution	New Constitution
Constitution Compliant Corporations Act	Constitution Compliant Corporations Act
Control Body Licence – 6 years 2012	Control Body Licence – 6 years 2012
Initial Term – 3 years – no elections	Initial Control Body Term - 6 years – no elections
First Election – September 2009	First Election – September 2012
Directors Retiring – 2 (2009)	Directors Retiring – 2 (2012)
Chairmans Term fixed to 2009 – Board election annually	Chairmans Term – 2012 – Initial Control Body Term
Lead Time – For advertising 7 months	Lead Time – For advertising 4 months
Interval – 1 year	Interval – 2 years
Annual Engagement of independent recruitment consultant est cost \$60 - \$100K	Removing independent recruitment consultant – no cost estimated savings between 2009 – 2012 approx. \$200,000 - \$300,000
Complicated process integrity concerns	Simplified industry selection panel
Difficult to change Directors	More democratic – easier process conducive to change
No Vice Chairman	Provision for a Deputy Chairman
2009 possibility of losing quality Directors	Quality Directors will chose exit possibly prior to 2012

Extended summary

Old Constitution	New Constitution
<p>"Initial Term" in clause 1.1 and throughout the Constitution.</p>	<p>changing the definition of "Initial Term" where it appears in clause 1.1 and throughout the Constitution to "Initial Control Body Term" as set out in the attached Constitution in clause 1.1 and to replace the words "Initial Term" where used throughout the Constitution with "Initial Control Body Term"</p>
<p>"Independent Recruitment Consultant" in clause 1.1 and throughout the Constitution.</p>	<p>removing the definition "Independent Recruitment Consultant" from clause 1.1 of the Constitution and elsewhere throughout the Constitution where it appears</p>
<p>"After the Initial Term an election of Directors must take place every year in accordance with clause 17."</p>	<p>(a) clause 15.3 is amended so that it reads: "At the Annual General Meeting next following the conclusion of the Initial Control Body Term an election of two directors must take place in accordance with clause 17."</p>
<p>"Two Directors must retire at each of the first and second Annual General Meetings following the Initial Term, and one Director must retire at the third Annual General Meeting following the Initial Term."</p>	<p>(b) clause 15.4 is amended to read: "15.4 Two Directors must retire at every second Annual General Meeting following the Initial Control Body Term."</p>
<p>"At the fourth Annual General Meeting following the Initial Term and at all subsequent Annual General Meetings, one third of the Directors in office shall retire from office by rotation. If the number of Directors is not a multiple of three, then the number nearest to but not exceeding one third of the Directors must retire by rotation. The Directors to retire by rotation at each Annual General Meeting are those to have been longest in office since their election, but as between Directors who have been in office at an equal length of time, those to retire must</p>	<p>(c) clause 15.5 will be amended to read: "The Directors to retire by rotation at every second Annual General Meeting are those to have been longest in office since their election, but as between Directors who have been in office an equal length of time, those to retire must in default of an agreement between them, be determined by lot in any manner determined by the Chairman."</p>

<p>in default of an agreement between them, be determined by lot in any manner determined by the Chairman."</p>	
<p>17.1 Seven months prior to the conclusion of the Initial Term a director selection process must take place in accordance with the provisions of this clause 17. Thereafter a director selection process must be initiated each calendar year in accordance with the provisions of this clause 17.</p> <p>17.2 Not less than seven months prior to the Annual General Meeting, the Company must by public notice (an "Advertising Notice"), advertise for Directors to fill positions which will be vacated on the Board of the Company at the next Annual General Meeting. The Company will send a copy of the Advertising Notice to each of the Class A Members and the Class B Members.</p> <p>17.3 Not less than five months prior to the Annual General Meeting a Shortlist of the applications received in response to the Advertising Notice must be prepared by the Independent Recruitment Consultant by reference to the Selection Criteria contained in Appendix A. The number of Director Candidates on the Shortlist is to be decided by the Independent Recruitment Consultant. However the Shortlist shall be no less than the number of director positions plus two.</p> <p>17.4 Not less than four months prior to the Annual General Meeting and subject to the application of the Selection Criteria and probity checks being conducted on all Director Candidates, the Shortlist will be provided to the Class A Members and the Class B Members (other than those who are Director Candidates) for</p>	<p>the provisions of clause 17 shall be deleted and replaced by the provisions set out in clause 17 (paragraphs 17.1 to 17.10 inclusive) in the attached Constitution.</p> <p>17.1 Four months prior to the Annual General Meeting of the conclusion of the Initial Control Body Term, a Director Selection process must take place in accordance with the provisions of this clause 17. Thereafter, a Director Selection process must be initiated every second year, in accordance with the provisions of this clause 17.</p> <p>17.2 Four months prior to the Annual General Meeting, the Company must by public notice (an "Advertising Notice"), advertise for Directors to fill positions which will be vacated on the Board of the Company at the next Annual General Meeting. The Company will send a copy of the Advertising Notice to each of the Class A Members and the Class B Members.</p> <p>17.3 Applications are to be received by the Company Secretary of the Company.</p> <p>17.4 Not less than three months prior to the Annual General Meeting, the Company Secretary must confirm the applicants details are suitable by reference to the Selection Criteria contained in Appendix A. The Company Secretary is to provide a list of all suitably qualified applicants to each of the Class A Members and the Class B Members (other than those Class B Members who are Director candidates).</p>

<p>consideration and determination of their preferred Director Candidates.</p> <p>17.5 Each of the Class A Members and the Class B Members (other than those Class B Members who are Director Candidates) shall determine the order of preference of the Director Candidates in accordance with Part I of Appendix B, before the Selection Committee meets under clause 17.6.</p> <p>17.6 Not less than eight weeks prior to the Annual General Meeting, a Selection Committee must be convened by the Chairman. The Selection Committee will be comprised of:</p> <p>(a) Member Representatives from the Class A Members; and</p> <p>(b) Class B Members who are not Director Candidates.</p> <p>17.7 The Chairman shall chair the meeting of the Selection Committee.</p> <p>17.8 The meeting shall first discuss the short list and try to agree who is to be the preferred candidate or candidates to fill the vacancy.</p> <p>17.9 If no agreement is reached on the preferred candidate or candidates after such time as the Chairman considers reasonable, the Selection Committee shall follow the ballot procedure in accordance with Part II of Appendix B for the selection of Directors.</p> <p>17.10 Where a meeting of the Selection Committee is convened pursuant to clause 17.6, that meeting must continue until such time as the Directors to be elected have been determined or the Chairman adjourns the meeting.</p>	<p>17.5 Not less than three months prior to the Annual General Meeting, a Shortlist of the suitable applications received in response to the Advertising Notice must be prepared by the Class A Members and the Class B Members (other than those Class B Members who are Director Candidates).</p> <p>17.6 Each of the Class A Members and the Class B Members (other than those Class B Members who are Director Candidates) shall determine the order of preference of the Director Candidates in accordance with Part I of Appendix B. The Shortlist will be provided to the Company Secretary.</p> <p>17.7 Not less than six weeks prior to the Annual General Meeting, the Company Secretary will provide the Shortlist to the Selection Committee.</p> <p>17.8 Not less than six weeks prior to the Annual General Meeting, a Selection Committee must be convened by the Chairman. The Selection Committee will be comprised of:</p> <p>Two Class A Member Representatives</p> <p>Two Class B Members (other than those Class B Members who are Director Candidates), and</p> <p>One independent – selected jointly and agreed by Class A Member Representatives and Class B Members (other than those Class B Members who are Director Candidates).</p>
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17.9 The Chairman shall chair the meeting of the Selection Committee save, where the Chairman is standing for re-election as a Director, the person nominated by the Board other than the Chairman shall chair the meeting. The Chairman will have one deliberative vote.

17.10 The decision of the Selection Committee shall effect the election of those Directors from the close of the next Annual General Meeting. The Chairman shall, at the Annual General Meeting announce the election of those Directors selected.

the provisions of Appendix B Part II are deleted.

Part II

Ballot procedure for voting by Class A Members and Class B Members for Directors

1 The Authorised Representative will vote on behalf of the applicable class of Members.

2 Ballot method:

(a) The voting must be conducted by secret ballot. The Company will supply the ballot papers.

(b) Each Authorised Representative will vote on their ballot paper in the order of preference as decided by the class of Members they represent.

(c) The Authorised Representative will indicate their preference by marking the squares opposite the names of the Director Candidates with the numbers 1, 2, 3 etc up to the number of Director Candidates appearing on the ballot paper. The highest number is to be allocated to the most preferred Director Candidate. For example, if there were three Director Candidates, they would mark the square opposite the most preferred candidate with the number 3.

(d) The company secretary will act as scrutineer to count the ballot papers and declare the result of the vote.

(e) The ballot papers are counted by adding together the numbers allocated to each Director Candidate by the Authorised Representatives to reach a total amount.

(f) If only one director is required to be elected the Director Candidate with the highest total amount allocated will be elected as Director.

(g) If more than one director is required to be elected then the company secretary will sort the Director Candidates into order of preference according to the total amount allocated to each Director Candidate from highest to lowest. For example, the Director Candidate with the highest total amount will be ranked first, and the Director Candidate with the second highest total amount will be ranked second and so on until each Director Candidate has a ranking.

(h) Subject to paragraph (i) if two or more Director Candidates receive the same total amount within the rankings relevant to the vacancies to be filled, then the Authorised Representatives of the Class A Members and the Class B Members must be given the opportunity to agree on a preferred Director Candidate to be elected as Director. If after a reasonable period of time, at the discretion of the Chairman the Authorised Representatives cannot reach agreement then the Company Secretary by drawing lots (in the presence of the Authorised Representatives) will determine the Director or Directors to be elected. The Director Candidates will be elected in the order their lot is drawn until the vacancies are filled.

(i) If there are two or more Director Candidates with the same total amount and sufficient vacancies to accommodate them then it is not necessary to follow the process set out in paragraph (h).

<p>(i) A ballot paper will be informal if marked other than in accordance with the above method and will not be counted.</p>	
<p>That the Constitution of the Company be amended by inserting the following as clause 16A after clause 16.</p> <p>"DEPUTY CHAIRMAN The Board of the Company may elect a Deputy Chairman to assist the Chairman as agreed by the Board."</p>	<p>There is currently no provision for a Deputy Chairman</p>

