

15 June 2010



Mr Andrew Eggleston
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Dear Mr Eggleston

I refer to your letters of 13 May 2010 and 14 May 2010 addressed to me and your letter of 13 May 2010 addressed to Mr Bentley which has subsequently been referred to me.

The letters to which I have referred contain a series of complaints or queries which have now been considered in accordance with the Queensland Racing Limited (QRL) Complaints Management Process. That process involved the collection of relevant information, the assessment of the complaints in the context of the collected information and a review of that assessment by the QRL Evidence Evaluation Committee.

Having undertaken that review, I can advise as follows in respect of the specific issues.

ALLEGED BREACH OF CONFIDENTIALITY IN RESPECT OF SKY BROADCASTING FEES

The Gold Coast Turf Club (GCTC) and QRL are parties to a Media Rights Agreement which contains a confidentiality provision. That agreement does not disclose the amount received by the GCTC in respect of broadcast fees. The amount of such fees would be set out in agreements between the GCTC and the broadcasters.

In a letter to stakeholders dated 10 May 2010, Mr Bentley referred to Sky broadcast fees (received by the GCTC) of \$240,000 (approx).

While Mr Bentley has been involved in negotiations of a new broadcast agreement, he has not been made aware of the broadcast fees received by individual clubs, including the GCTC.

The amount referred to by Mr Bentley is a conservative estimate and not a disclosure of the actual amount, which remains unknown to Mr Bentley. In those circumstances, there can be no such breach of confidentiality and accordingly no further action is required.

SOURCE OF INFORMATION FOR MR BENTLEY'S STATEMENT THAT A DECISION BY THE GCTC TO MEET WITH QRL ONLY ON SELF IMPOSED CONDITIONS WAS NOT MADE UNANIMOUSLY

In respect of this matter you seek to have Mr Bentley identify his source of information. I note that you do not dispute the accuracy of the statement, but rather state that your concern is that information you claim to be confidential has been disclosed to the Control Body.

In this regard, I note that as a Control Body, QRL expects industry participants to raise concerns with it. Sometimes such concerns will be raised directly with specific QRL officers (including Mr Bentley) and other times through the Complaints Management Process. Whenever possible, the identity of those raising concerns is not disclosed as to do so may discourage people coming forward to raise genuine concerns and therefore restrict QRL from fulfilling its duties as a Control Body.

For that reason, the source of information has not been disclosed. That is quite proper in the circumstances.

I note that you claim that the information was confidential to the GCTC. In this regard, I note that Mr Bentley did not disclose the information beyond sharing it with the GCTC. Any confidentiality was lost when you published the letter containing your concerns on your website.

Any concerns you might have from the GCTC's perspective in respect of release of information may, as you suggest, be referred to the Australian Securities and Investments Commission.

No further action is required in this regard by QRL.

LETTER TO STAKEHOLDERS 10 MAY 2010 – "GCTC RECEIVED \$1,100,000 FROM QRL FOR ON-COURSE TOTE COMMISSION"

The concern in this regard is apparently that tote commissions are received by GCTC from UNITAB as opposed to being received from QRL.

No issue is apparently taken with the amount of \$1,100,000. In this regard the letter of complaint refers to \$1,119,935 being received in tote commissions while the GCTC Annual Report refers to Totalisator Commission of \$1,121,980. The difference between these amounts and \$1,100,000 can be attributed to rounding.

In terms of the source of the payment, there is no issue with the fact that the amount is paid to GCTC by UNITAB and not QRL. However, despite the reference to funding being received from QRL, it is clear from the nature of the payments that some are in fact received from other parties. That is certainly the case in respect of the Sky broadcast fees and totalisator commissions where such payments are obviously paid by other parties.

I understand that the list of amounts received was intended to ensure that stakeholders were aware of amounts received by the GCTC in respect of its racing and training activities, whether paid by QRL directly (e.g. the administration subsidy) or from a third party as a consequence of being licensed by QRL.

In respect of the totalisator commission payment, it is clear that it is from a third party and there seems no basis upon which a person could be misled or prejudiced by the manner in which the letter was drafted. Accordingly, no action is required.

LETTER TO STAKEHOLDERS 10 MAY 2010 – NO CONTRIBUTION TO PRIZEMONEY BY GCTC

I understand the complaint in this regard to be that races held by the GCTC generate wagering income which is ultimately used by QRL for prizemoney.

In fact, races run at the GCTC are run on dates allocated by QRL in accordance with a programme established by QRL. The races are conducted under the oversight of QRL Stewards with the prizemoney contributed directly (and solely) by QRL. In that regard, GCTC played no part in the core activities which control wagering outcomes.

The statement in the letter to stakeholders that there is no contribution is an accurate reference to the fact that there is no direct contribution to prizemoney amounts by the GCTC. No further action is required.

LETTER TO STAKEHOLDERS 10 MAY 2010 – GCTC RECEIVES \$300,000 FROM QRL FOR RACEDAY INTEGRITY COSTS

The assertion in the letter of complaint that GCTC pays \$100,000 for integrity services is inaccurate. In fact, the GCTC received \$950,000 per annum as an administration subsidy, a portion of which is notionally allocated toward the cost of race day officials etc.

In addition, the cost of providing integrity services to GCTC race days has been estimated by the QRL Finance Department at \$300,000. Accordingly the reference in the letter to stakeholders of funding to the extent of \$300,000 for integrity services is an accurate reflection of the estimate provided. No further action is required.

LETTER TO STAKEHOLDERS 10 MAY 2010 – GCTC RECEIVES \$240,000 FROM QRL IN SKY BROADCASTING FEES

As stated above, the list of funding amounts was intended to set out the amounts received by the GCTC in respect of its racing and training activities. It is clear from the reference to the Sky broadcast fees that any amount is received from Sky, not QRL.

LETTER TO STAKEHOLDERS 10 MAY 2010 – GCTC RECEIVES \$300,000 FROM QRL AS A TRAINING TRACK SUBSIDY

Training track subsidies flow to clubs from two streams, both of which start at the Queensland government. In the case of the GCTC, \$145,000 is paid directly to the club from the government while \$131,050 is paid to the GCTC by QRL from funds provided to it by the government. The total amount was rounded to \$300,000.

Again, while the whole subsidy does not all come directly from QRL, the purpose of the list of amounts was to set out the amounts received by the GCTC in respect of its training and racing activities. No further action is required.

CONCLUSION

The individual complaints are addressed above. There seems no basis upon which to consider any further action in respect of those matters.

This is particularly so given that the majority of the matters concern the Letter to Stakeholders and the fact that that letter was published for the proper purpose of ensuring that all stakeholders are fully informed of the circumstances of the GCTC.

That being the case no further action is proposed in this case.

In light of the fact that as an employee of QRL I have considered the complaints against the Chairman of QRL, I have taken the liberty of advising the Queensland Government Office of Racing of the complaints and of my actions and assessments. My file is available for audit by that Office should the relevant officers consider that necessary or appropriate.

Yours sincerely,

A handwritten signature in cursive script, appearing to read 'A.J. Orchard'.

A.J. Orchard
Director of Integrity Operations