

Racing Queensland Limited

POLICY ON DISPOSAL OF LAND BY NON-PROPRIETARY LICENSED CLUBS

DATE POLICY WAS MADE

This policy was made on 1 July 2010.

COMMENCEMENT DATE

This policy comes into effect on 1 July 2010.

PURPOSE

The *Racing Act 2002* (Qld) (Act) authorises Racing Queensland Limited (Racing Queensland) to make policies for the sound management of the Queensland racing industry. Section 81(u) of the Act requires Racing Queensland to make a policy on Disposal of Assets by Non-proprietary Race Clubs. Section 113(1) (b) of the Act extends the definition of assets to an interest in real property that is used for the purposes of a licensed venue or a place for exercising, conditioning, or training licensed animals. Further, section 81(b) of the Act requires Racing Queensland to make policies for the safeguarding of the public interest in the code.

This Policy does not apply to disposals covered by other policies of Racing Queensland. This is discussed in the Application section of this policy.

Licensed race clubs organise and run thoroughbred, harness or greyhound race meetings in Queensland. They are responsible for the development and maintenance of assets crucial to the Queensland racing industry. They generate revenue and profits and hold assets for the benefit of their members and on behalf of the industry. They operate in an increasingly competitive environment. The welfare of individual clubs and the industry as a whole depends on race clubs instituting sound financial management practice.

Safeguards are in place in the Act to prevent any club from disposing of land without appropriate due diligence being undertaken by Racing Queensland and a request being made to the Minister responsible for racing for the ultimate Disposal approval under the Act. These provisions were included in the Act to ensure that any funds received from a Disposal were used in such a way as to benefit not only an individual race club but the wider Queensland racing industry as well.

Queensland race clubs range from multi-million dollar businesses with substantial administration to those that race once or twice a year and are administered voluntarily. The corporate governance structures will therefore differ substantially from club to club but the fundamental principles of business management and control remain the same. Race clubs must ensure their Disposal of Assets is for legitimate purposes, that they receive proper consideration for the Disposal of Assets, and that they have appropriate documentation to support any Disposal of their assets.

The purpose of this policy is to enable Racing Queensland to ensure that the proceeds of any Disposal of racecourse land is expended in accordance with this policy and provides the racing industry, stakeholders and clubs, with the best possible economic benefit.

POLICY STATEMENT

Racing Queensland requires Queensland race clubs to manage their assets effectively and accountably for the benefit of the club, the Queensland racing industry, and the public as a whole.

Race clubs must manage their assets in accordance with the relevant legislation including the Act, the *Associations Incorporation Act 1981*(Qld) and the *Corporations Act 2001* (Cth). Race clubs must also manage and make disclosures about their assets in accordance with rules and procedures set down and administered by Racing Queensland, including the Rules of Racing, Licence Conditions and the Financial Management Procedures Manual prepared by Racing Queensland, which is available on the Racing Queensland web site. In addition to this is Racing Queensland's Policy on Dealing with Intangible Assets by Non-proprietary Licensed Clubs.

Race clubs must take particular note of the following requirements contained in the Act and the Financial Management Procedures Manual:

- Race clubs must not dispose of property that is used as a licensed racing venue or a place for exercising or training race horses without first obtaining the written approval of the Board of Racing Queensland and the Minister responsible for racing and the approval of a majority of the club's members present at a meeting where the matter was considered.
- Race clubs must establish appropriate internal control systems to minimize the risk of misappropriation of assets.
- Internal control systems must include clearly documented authorities for the Disposal of Assets by race club officers.
- All disposals of assets must be supported by appropriate documentation that must be maintained in accordance with the section on "Safeguarding and Retention of Accounting Records" in the Manual.

In addition to the requirements of this Policy, the Act, the Financial Management Procedures Manual, and the Policy on Dealing with Intangible Assets by Non-proprietary Licensed Clubs, a race club which is intending on using proceeds from the Disposal of land must take into consideration the requirements under the:

- TAB Race Clubs Capital Works Policy; and
- Policy on Spending by Non-proprietary Licensed Clubs.

Racing Queensland will monitor race clubs' asset management performance.

APPLICATION

This Policy applies to all Licensed Non-proprietary Race Clubs in Queensland, including those clubs' management committees and officers.

This Policy does not apply to the Disposal of Assets of a club that is land if the Disposal is dealt with under another policy of Racing Queensland.

DEFINITIONS

'Capital Expenditure' refers to the application of funds towards the purchase or construction of items that will not be fully expensed through the club's statement of financial performance in the year of purchase.

'Disposal and Disposal of Assets' includes distribute, forfeit, relinquish possession of, sell or otherwise give up the asset.

'Financial Management Procedures Manual' refers to the publication prepared and distributed by Racing Queensland that provides comprehensive guidelines and standards for race clubs for their financial and business operations.

'Non-proprietary Race Club' refers to a not-for-profit race club - A non-proprietary race club has a constitution that both:

- (a) provides for the application of all of the club's profits and other income to the promotion of the club's objects; and
- (b) prohibits the payment of dividends to the members of the club.

PROCEDURES

A Non-proprietary Race Club wishing to dispose of land owned by the race club needs to obtain the approval of a majority of its members, the approval of Racing Queensland and the approval of the Minister responsible for racing.

Clubs will be asked to provide the following supporting documentation with any application to dispose of racecourse land:

- Latest audited financial statements of the club.
- Copy of the club's constitution.
- Current valuation of the full lands held by the club.
- Current valuation of the proposed sale portion.
- Copies of all materials considered by the club's board or committee in relation to the proposal.
- Copies of board or committee minutes relating to its consideration of the proposal.
- Current survey by registered surveyor.
- Current zoning of the land.
- Details of any covenants on the land.
- Details of any encumbrances on the land registered or unregistered.
- Copy of proposed sale documentation that the club is required to execute.
- Details of purchasers intended use of the acquired land and any proposed zoning or material change of use.
- Due diligence report on proposed purchaser and a report from the clubs bankers that the proposed purchaser can complete and satisfy the contract conditions.
- Documentation outlining all the costs legal, accounting, valuation and due diligence reports required.

- Report from the local authority on the suitability of the proposed use of the disposed land.
- Copy of documentation provided to members of the club regarding the Disposal of the land.
- Copy of the minutes of meeting approving the Disposal of the land.
- Documentation setting out the number of members of the club at the date of the resolution to approve the Disposal of the land and the number of members who voted on the motion.
- Any other information required by Racing Queensland to enable it to make a decision in relation to the application.

DETERMINING THE RECOMMENDATION

In determining the recommendation to the Minister responsible for racing, Racing Queensland will consider the following:

- Compliance with Racing Queensland policies.
- Club's strategic plan.
- Club's business plan.
- The proposed use of the funds.
- The benefit to be derived by the club and its impact on surrounding clubs and the region.
- The overall improvement to the regions infrastructure and the Queensland racing industry stakeholders generally.
- The impact on the strategic direction and advancement of the Queensland racing industry program and the impact on whole of industry wagering outcomes.

When deciding whether to approve the Disposal, Racing Queensland will have the authority to impose any conditions on the Disposal and use of the proceeds.

Each application for approval will be considered on its merits. Where necessary to properly consider a request for approval, Racing Queensland may request other information, documents or further submissions by any applicant.

A condition that Racing Queensland may impose is that the club enter into a written binding agreement with Racing Queensland which requires the club to dispose of the proceeds from the Disposal of land in a manner proposed by the club which has also been approved by Racing Queensland.

Such a written binding agreement could provide for a range of uses that could be made of the proceeds from the Disposal of land which may involve a mixture of outcomes including some contribution to the wider racing industry including an apportionment of the funds from the Disposal of the land between the club and the wider racing industry in the range of 50/50 or 30/70.

The discussion regarding possible conditions that Racing Queensland could impose above in no way limits the conditions that Racing Queensland may impose.

Where the conditions imposed by Racing Queensland on the disposal have not been approved by members of the club, the club will need to obtain further approval from its members before the Disposal occurs.

RACING QUEENSLAND LIMITED

Racing Queensland provides support and guidance to race clubs, monitors clubs' financial and asset management and financial performance and, if necessary, intervenes to ensure clubs manage their finances and assets appropriately.

Racing Queensland assesses proposed major Capital Expenditure by clubs and proposed expenditure by clubs not directly related to the conduct or encouragement of racing. Racing Queensland must comply with the directions from the Minister responsible for racing.

RULES OF RACING

Rules of racing will not be made for this policy.

REVIEW

Review date will be July 2012.

REVISION HISTORY

Version	Date	Description
1.01	July 2010	Board adopted under exceptional circumstances
1.02	September 2010	Board confirmed this policy continued to have effect