

STATEMENT OF A WITNESS

In the matter of: Royal Commission into Trade Union Governance and Corruption
Place: Quakers Hill
Date: 28 July 2014

Name: Barry GIBSON

STATES:

BACKGROUND – EMPLOYMENT HISTORY

1. I was formerly employed by HSU NSW and worked there between 1998 until 2012. I started work at the Union about 2 months before Christmas in 1998, as an assistant to the Union Librarian. In around 2001 – 2002, I was employed as the Financial Controller of HSU NSW following the retirement of my predecessor, former Financial Controller Lynette Astill. In 2010, my job title changed to Chief Financial Controller, after HSU NSW amalgamated with Victorian and ACT Branches and became HSUeast. I performed this role until I retired from my employment with the Union in late 2012. At that time, the Administrators were in control of the Union.
2. I do not have any formal qualifications in finance and accounting, however when I took on the role of Financial Controller I had extensive prior experience in accounting from my past employment.


DUTIES & RESPONSIBILITIES

3. My duties as the Financial Controller and subsequently the Chief Financial Controller involved payment of supplier's accounts (MYOB), managing the payroll (Micropay), processing FBT returns, establishing a property portfolio and managing rental return, managing property maintenance, sitting on strata management committees, managing state and federal compliance requirements for the Union, producing management reports for council, and performing daily bank reconciliations.

PROCESSES

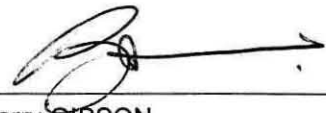
4. Over the time that I have been employed as the Financial Controller I have dealt with up to two hundred different suppliers in my role. Because of the large number of suppliers, I relied on

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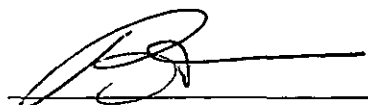
other people in the organisation to verify that the services invoiced were provided and are correct

5. The process for handling financial records of the Union has not substantially changed since I was first employed with the Union. Supplier's invoices were received by the Union, authorised for payment, paid to the supplier and subsequently filed in cheque order. The files were initially stored in my office and then after time (approximately 20 months) they were stored offsite with a company called "Recall Storage Management NSW". This was a secure storage facility. When the retention of records was no longer necessary under statutory requirements they were destroyed as part of a consistent uniform process (held for about 7 years). I am not aware of any of the Union's financial records being disposed of outside of these statutory requirements.
6. When an invoice was supplied for payment, I generated electronically and printed out a cheque requisition using the MYOB computer accounting software. This software would create an electronic record of the payment against the supplier on my computer database and also print a single page which contained the cheque requisition and the actual original cheque for making payment to the supplier. Once the cheque was separated from the requisition, two payment vouchers remained. One of these was given to the supplier with the cheque and the other was retained and attached to the original invoice and stored with Union financial records. The copy of the cheque requisition (payment voucher) that was retained with the original invoice was labelled "office copy".
7. The cheques that were used for payment of the Union's suppliers required two signatures to validate the cheque. There were only two authorised signatories from the time that I started with the Union until Michael Williamson took leave in September 2011. Michael Williamson was a signatory and Iris Knight was a signatory. It was common practice from the time that I started working with the Union for Iris Knight to pre-sign approximately 100 to 150 blank cheques at any particular time. I recall that this practice was questioned by the auditors on a number of occasions; however I always believed that it was not practical to change it.
8. At the time I accepted this practice believing it was necessary to keep the unions payments regular. Iris Knight was not a full time employee of the Union and she was not always available to sign a cheque if it was required. In saying this, it was obvious that by Iris pre-signing

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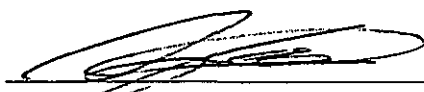
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cheques, this removed a checking system and effectively defeated the purpose of requiring two signatures on the cheques.

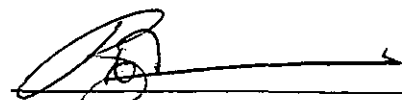
UNION MASTERCARDS

9. In relation to the acquitting of the Union credit card charges, to the best of my recollection, the process that was followed was:
10. At the end of each period, statements from the Commonwealth Bank, who was the issuing bank for the Union Mastercards would arrive via mail. These statements would arrive for each individual cardholder.
11. At the end of each month, the total amount of credit card charges was rolled-over and charged by the bank to the Unions everyday working account. Each months MasterCard records were filed together in folders.
12. As the credit card statements arrived, the Finance Department would photocopy those statements and send them to the individuals that they belonged to. Those people would be required to provide receipts and invoices to be attached to the copies of the statements. On the rare occasion that the receipts were grey or not legible, the cardholder would write down what the charges were for.
13. Upon return of the statement copy and supporting receipts and invoices by the cardholder, the Finance Department would check each transaction against the receipts and invoices and allocate the costs to the appropriate MYOB account (for example, petrol). A spreadsheet was also maintained, which would have all credit card holders, the total of each card and an allocation of costs. That information would also be posted into the general ledger. The statement, receipts and invoices were subsequently stored in an envelope and attached to the original Mastercard statement for filing.
14. In relation to credit card expenditure on restaurants and entertainment, this was a rare occurrence, which may only occur once a year for most cardholders. The exception to this was Michael Williamson, who used to have regular meetings with politicians and other people. When a large credit card charge was incurred for a restaurant bill and it was by Williamson, I would not usually get any detailed explanation, other than that it was incurred as a result of a

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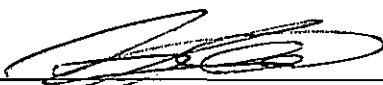
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meeting. I was never told who attended the meeting or the nature of the Union business being discussed. I also felt that I wasn't entitled to question how the charges were incurred.


FLOODING IN VICTORIA AND MANAGEMENT OF DOCUMENTS

15. I can't remember specifically how or when the flooding occurred (I believe it was around March 2010), however I recall that the floor of the office was waterlogged for about a month and the place smelt terrible. Initially, the repair and maintenance of the Victorian office was left to the staff in Victoria there to manage. I recall that the building was run down. It was my view that Kathy Jackson should have made arrangements to have the damage repaired.
16. I recall that Michael and Darren Williamson, Peter Mylan and I flew down to Victoria in relation to the flood damage. Ron Mah-Chut, the architect also attended that office but I can't remember whether that was at the same time or sometime after we travelled down, but I remember suggesting to Michael that we should get Ron involved in the repairs. We also submitted a claim to the insurance company however the settlement with insurance was substantially less than the actual repair bill.
17. As part of the clean-up and repair of the flooded Victorian office, I recall that there was a significant amount of Union paper records that were in the boardroom at the office, having been relocated there. To my recollection, Michael and Darren Williamson, Peter Mylan, Ken McIntosh and I were involved in sorting through the records in the boardroom. I vaguely remember that there were two other people involved in sorting through the records. I believe that Julie Astill may have been present to assist in the process and I am almost sure that Gerard Hayes was present. I recall that Kathy Jackson was in and out of the office but I don't recall her taking part in the sorting of the documents. To my mind, it was predominantly the Sydney office staff that were involved in the sorting of whether to dispose of or retain the records.
18. I would describe the volume of documents in the boardroom as significant. There were a number of boxes and it took all of the people I mentioned above (Michael and Darren Williamson, Peter Mylan, Ken McIntosh, Julie Astill, Gerard Hayes and I) about four hours to sort through the records that were there.

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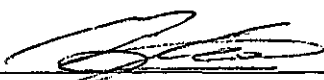
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19. In relation to the type of records in the boardroom, I recall that most of the documentation was old. Financial records were kept and the other documents that didn't seem to be of apparent significance, was disposed of. During the process of cleaning up and sorting the Union records, my recollection is that no-one in particular was in charge of deciding that it was necessary, it was more a collective decision that something needed to be done once we arrived at that office.
20. I was heavily involved in deciding which records to retain or save and which could be disposed of during the process. As my role was the Chief Financial Controller within the Union, I identified, as best as I could, which records were financial records that needed to be retained and to my knowledge, all of the financial records that could be identified were kept. Brad Bird was involved in managing the water-damaged electronic items.
21. When I was employed as the Chief Financial Controller of the HSUEast (NSW Health Services Union), I was responsible for organising the ordinary disposal of the Union's financial records. This would occur approximately once per year. The documents that I would order to be disposed of were financial documents that were no longer required to be kept under statutory requirements. This was generally documents that we had retained for 7 years. However, this flood event was an extraordinary event and in relation to the destruction of the records that we decided could be destroyed on this occasion, I recall that there was a garbage chute or similar that we threw those items into. I don't really know what happened to the documents, in terms of whether they were securely destroyed, but I recall that the Union had a contracted garbage service that I presume would have disposed of those records.

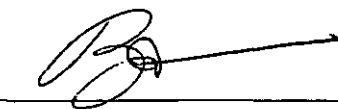
NHDA

22. Following the amalgamation in 2010, I recall having seen invoices for NHDA, however as this was to do with the financial affairs of the Victoria No. 3 Branch, I did not know what the invoices were for. I don't recall any NHDA invoices coming through my office after the amalgamation. I have not seen any minute book, collection of minutes, or anything else that explained what the NHDA did or how it was involved with the HSU, as the NHDA was not something that I had dealt with as part of my duties as the Financial Controller of HSU NSW prior to the amalgamation with the Victorian Branches. I have been following the media coverage of the Royal Commission in regards to the HSU. I can state that I have never seen any exercise book

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regarding the NHDA, do not know of the existence of any such book and definitely did not dispose or authorise the disposal of this book during either an ordinary destruction of financial records or during the flood clean-up.


23. The agency that was responsible for the disposal of the Union's financial records was "Recall" which was the same service provider that we used to store our financial records securely. As the Financial Controller, I would have been notified if any financial documents were disposed of. I was never aware of any other person ordering the disposal of financial records while I was the Chief Financial Controller of the Union. Recall also had specific procedures about how documents were accessed from storage. If a document is required from a specific storage box, the whole box would need to be transported by "Recall" to the Union office. The document can then be accessed and then the whole box would be transferred back to storage when it is no longer required. I am also not aware of any exercise book regarding NHDA being kept amongst the Union's financial records.

24. Julie ASTILL who also worked in the office was responsible for membership records and she looked after her records separately. I recall that she would order disposal of documents once or twice a year. I have never been asked by Peter MYLAN or Michael WILLIAMSON or Cheryl MCMILLAN to produce any invoices from our document storage provider (Recall) as evidence of document destruction.

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